BIG GAIN FOR STATE IN INHERITANCE TAX

Large Estates Expected to Increase Its Revenues This Year by $10,000,000.

MAY TOTAL $20,000,000

Those of Astor, Straus, Guggenheim, and Pulitzer to Swell the Returns —Last Year's Tax, $8,152,198.

State Controller William Sohmer declared this week that the revenue derived by the State from inheritance taxes is one of the principal sources of income of the State Government. Mr. Sohmer recently appointed special counsel to assist Thomas E. Rush, attorney for his department in this city, in preparing investigations into several large estates which became subject to taxation in the present fiscal year. Never in the history of the State, Mr. Sohmer stated, have so many notable fortunes been subject to this form of taxation.

Among the great estates on which the Controller's office expects to collect taxes are those of Joseph Pulitzer, John Jacob Astor, Benjamin Guggenheim, and Isidor Straus. The last three were victims of the Titanic disaster. Mr. Sohmer pointed out that although the inheritance tax receipts last year were nominally $60,536.84 less than in 1910, the revenue derived was second only to that from the corporation tax, the largest item of indirect revenue. The corporation tax netted $9,781,748.72, while the inheritance tax netted $8,152,198.77. The excise revenue was third with $7,832,498.91. The receipts from motor vehicle taxation were $878,799.25, while $1,787,621.66 was received from mortgage taxes. These figures, Mr. Sohmer said, showed the importance of the inheritance tax as a source of State income.

According to unofficial estimates by members of the Controller's staff, the revenue from the Astor estate will reach $5,000,000, while that from the Pulitzer estate is expected to run close to $1,000,000. Other extraordinarily large estates are expected to bring this total up to at least $10,000,000, and there is no reason to expect that the general run of estates becoming taxable this year will fail to yield as much revenue as the total realized in the fiscal year ended Sept. 30 last. This means that the inheritance tax revenue this year will run close to $20,000,000.

Estates that Have Paid Heavy Taxes.

Of the total revenue collected on decedents' estates, Mr. Sohmer reported that $4,998,963.77 had been collected in New York County, $878,226.61 in Kings County, $289,789.35 in Onondaga County, $260,073.21 in Nassau County, and $297,554.89 in Westchester County. The receipts from all other counties were below $200,000.

Controller Sohmer gave an interesting statement of the amounts received from various estates during his term of office. The largest collection was that of $1,984,733, from the estate of George Smith. The collection of this amount was made with difficulty. Smith was an old Scotchman, who amassed a fortune on the Western frontier of America and returned to become a merchant prince in London, where he died in 1899. His estate in this jurisdiction succeeded in evading the inheritance tax until the settlement of the estate of his nephew, James Henry, better known as "Silent" Smith, who received about one-half of his uncle's estate. Then Controller Clark Williams discovered that no payment of inheritance tax had ever been made on George Smith's property in this jurisdiction. He reopened the taxation proceedings on a ground of fraud, and after about two years of negotiations nearly $2,000,000 was paid into the State treasury. The estate of James Henry Smith, the nephew, paid $878,390.29 and that of Warren B. Smith $973,348.15.

The Controller's records also show that the estate of John S. Kennedy paid $1,077,105.31 transfer tax. This is the only payment in a class with the Smiths. In close order behind the Smiths come three railroad magnates—Collis P. Huntington, whose estate paid $665,000; E. H. Harriman, whose estate paid $675,000, and Jay Gould, whose estate paid $600,000. In a class with these was Russell Sage, the banker, whose estate paid $636,700. The estate of Cornelius Vanderbilt paid only $320,272.48, and that of H. H. Rogers, the Standard Oil magnate, $342,000. The estate of ex-Mayor Hugh J. Grant paid $317,109.50, while that of Mary G. Pinkney paid $75 more. William C. Whitney's estate paid $222,222.84, Wesley H. Tilford's $261,279.44, William Whitewright's $233,141.52, George C. Taylor's $296,111.17, and Emma K. Schley's $261,490.67.

How the Inheritance Tax Works.

There are two classes of beneficiaries under the inheritance tax law whose interests are taxed on parallel and differing schedules. The first class includes fathers, mothers, husbands, wives, children, brothers, sisters, wives and widows of sons and husbands of daughters of decedents. The other class includes all other persons named as beneficiaries in wills and all corporations not exempted from taxation on the ground of public policy.

Persons of the first class may receive bequests up to $5,000 without paying any tax whatever. On any amount in excess of $5,000 up to $50,000 their shares are taxed 1 per cent.; on amounts from $50,000 to $250,000 they are taxed 2 per cent.; on amounts from $250,000 to $1,000,000 the tax is 3 per cent., while in amounts in excess of $1,000,000 the tax is 4 per cent.

Persons of the second class may receive $1,000 without taxation, but are taxed 5 per cent. on any bequest from $1,000 to $50,000, 6 per cent up to $250,000, 7 per cent. up to $1,000,000, and 8 per cent. on any amount in excess of $1,000,000.

The history of transfer tax legislation was outlined yesterday by a member of the staff of Deputy State Controller Wallace S. Fraser, who said:

"The first enactment was in 1885, when bequests to collateral relatives and non-members of the family of more than $500 were taxed 5 per cent. In 1891 the law was amended to tax direct descendants, widows, husbands, fathers and mothers 1 per cent. on personal property only. This remained in force until 1903, when a 1 per cent. tax for direct descendants and immediate relatives was imposed on real estate.

"In July, 1910, the whole scheme of taxation was changed. The previous test of exemption, which rested on the total value of the estate being in excess of $10,000, was altered, and the test was made as to whether the interest passing to any particular person was in excess of $500 when the person was a collateral relative or non-member of the family, or in excess of $5,000 if the beneficiary was a widow or child."

The law was changed again in 1911, when the rates of taxation were reduced and the 5 per cent. formerly exacted on $1,000,000 bequests to relatives was reduced to 4 per cent. and the rates to collateral relatives, which were from 5 to 25 per cent. under the old schedule, were reduced to from 5 to 8 per cent. Controller Sohmer thus expressed the reasons for this reduction:

Old Law Drove Out Capital.

"From time to time the press of this and other States contained articles criticising the rates of tax as being excessive and a step toward partial confiscation. It was generally predicted that its continuation would cause the withdrawal of capital from investment in the stock of corporations of this State and from deposits in banks. Bankers published for distribution among their patrons a digest of the laws of various States and advised investors that their heirs would be best protected by limiting their investments to securities of corporations organized solely under the laws of the State of which they were then residents, and also advising that such securities should remain within the confines of that State.

"It was estimated from reasonably reliable sources that between $400,000,000 and $500,000,000 of invested capital had been removed from this State, and that upward of 6,000 safe deposit boxes in this State had been surrendered after the passage of the law of 1910. Subsequently the Harts bill was introduced to retain the progressive feature of higher rates of taxation on the larger estates, but which greatly reduced the rate of tax on transfers to collateral relatives. That this law has caused no loss in its reduced rate of taxation is shown by the comparative figures of the fiscal years of 1910 and 1911."

During the last fiscal year there were 10,633 estates appraised, an increase of 2,244 estates over the previous year. The amendment to the law brought a larger number of smaller estates into the taxable class, and it was the revenue derived from these which kept the record up to nearly the high water mark of 1910. This year, in view of the large number of great estates to be taxed, the revenue is expected to be at least double what it was in the last fiscal year.

One of the estates to be appraised—that of Joseph Pulitzer—has already paid $410,860 in advance of the completion of the appraisement in order to take advantage of the provision of the law which allows a rebate of 5 per cent. of the tax when paid within six months after the decedent's death. The Controller said that he expected the example of the Pulitzer estate would be followed by other large estates which became taxable this year, so that even if it should be impossible for the Appraiser's staff to complete the estimate of so many large estates before Sept. 30, the State Treasury will show the result of this revenue during the present fiscal year.

HUNGRY DOG BITES BABIES.

Attacks Four Before It Is Caught and Put to Death.

A starving mongrel dog ran through three streets in Jersey City yesterday afternoon, biting children, other dogs, and cats. The mongrel was finally killed by a shot from a policeman's revolver.

It was observed near the woter front slinking out from beneath a pier. In St. Paul's Avenue it attacked Joseph Pucito, the two-and-a-half-year-old child of an Italian fruit vendor, biting him on the hand and cheek. Pucito attempted to kill the dog with a club, but failed.

The dog ran into Beacon Avenue, and there bit Mary Kiernan, 6 years old. Pursued by a crowd, the dog turned into Hoboken Avenue. Gertrude Kiernan, 5 years old, heard a cry of "Mad dog!" and saw excited people pursuing the animal as it ran toward her. She rushed into her home, at 290 Hoboken Avenue, and fled up the stairs to the second floor, where her baby sister Dorothy, 21 months old, was asleep. Looking back as she neared the top of the stairs, she saw the dog coming through the front door, which she had left pen. Pursuers were close behind, but were not in time to prevent the dog from gaining the top of the stairs, where it bit Gertrude, tearing her left cheek, and then pounced upon the baby, which was asleep on the bed.

The dog sank his teeth in the baby's arm just as John Brainard gained the outer door. At his approach the dog ran down to the kitchen, where it found a cat. As Brainard reached the kitchen he found the cat dead in the dog's mouth, the two while fighting, having rolled under the kitchen stove.

A loop was thrown around the dog's neck and he was led to the street, where Policeman Seeney shot him after an agent of the Society for the Prevention of Cruelty to Animals had protested. The agent said he wished to have the dog observed to determine whether it had rabies, a brief examination having convinced him that the animal was starved nearly to death.

The four bitten children were sent to Christ's Hospital, while two dogs that had fought with the mongrel were killed in spite of protests from their owners.

Reception to Abdul Baha.

The Women's Social Committee of The New York Peace Society, of which Andrew Carnegie is the President, will give a reception to Abdul Baha Abbas, the Persian advocate of universal peace, and head of the Bahai movement for the unification of religions, at the Hotel Astor on Monday from 4 to 7 o'clock in the evening. Andrew Carnegie and other prominent peace advocates are expected to be present.

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