

# House's Oil Tax Hike Delayed by Senate as Consideration Reset

## State-Wide Delegation Is Present at Committee Hearing for Measure

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AUSTIN, Texas, March 30.—That the Senate will await the full tax program to be adopted by the House was made definitely certain Tuesday when its State Affairs Committee spent one hour on the House bill to raise the oil tax from 2½¢ to 6¢ per barrel and then postponed further consideration of the measure for two weeks, or until April 13. There was but one dissenting vote heard, that of Franklin Spears who made an unsuccessful motion to continue the hearing next Thursday. Rudolph A. Weinert of Seguin put over the two weeks' postponement. The discussion is to be resumed then, but no time has been fixed to vote the bill out of committee.

As a curtain raiser to Tuesday's proceedings eighty-five men from all walks of business life appeared and by standing registered their opposition to the proposed tax increase. They came from all parts of the State.

### Upholds Sentiment.

Tuesday's postponement was in furtherance of the unwritten but well-defined senatorial sentiment to withhold action on any tax bill until all such measures have been received from the House. The same committee has set for next Tuesday the Graves House bill raising the sulphur production tax from \$1.03 to \$1.28 per long ton. It will get the muchly amended Jones franchise-income tax bill if and when it passes the House. It went to engrossment Monday by the vote of Speaker Calvert, the ballot having been evenly divided. It now pends for final passage with its fate in the balance. Still another bill which would go to the Senate State Affairs Committee if it passes the House is that raising the schedule on natural gas, which made progress in the House Tuesday. Behind these are the several delinquent tax bills, the final disposition of which is uncertain. Any that pass go to Senate State Affairs Committee. Thus the latter committee holds the key to the Senate tax situation.

Representative Jasper N. Reed of Texarkana, minister and farmer, appeared Tuesday before the Senate committee as the only proponent of the oil tax raise and was opposed by Judge J. C. Hunter of Abilene and Ray Leeman of San Antonio, manager of the South Texas Chamber of Commerce.

### Says Money Needed.

Reed's bill originally carried a 10¢ tax per barrel while oil sold for \$1 per barrel or less and 10 per cent when bringing above that figure. The House changed it to 6¢ and 6 per cent, respectively, compared to the present levy of 2½¢ and 2¾ per cent in the two brackets.

Representative Reed argued that the tax is fair and that the money is needed. He said the House committee had given the bill three public hearings; that it originally proposed a 10¢ tax and was so reported by the committee, but amended by the House to make it 6¢. He called attention to the increase in the price of oil, starting several years ago at 10¢ per barrel and now at \$1 and above. Because of this prosperity, Reed argued, the oil interests should accept "this small tax of 6¢ per barrel." Since most of the stockholders reside outside of Texas, the oil companies should pay this tax like the industrial states collect on their industries, he said.

### Points to Expense.

Reed referred to the proration and other enforcement legislation at the expense of the State, but so helpful to the oil industry and as helping it back to prosperity. He said Texas will be getting back some of the money it has been paying to the Eastern industries.

Reed estimated that a 6¢ tax would bring about \$25,000,000 per annum.

Olan Van Zandt quizzed to prove that the amount is in excess of the known demands.

Reed replied that with 125,000 pensioners in sight and liberalization of the law every dollar available would be needed.

Chairman Will Pace remarked that the Senate might not join the House in liberalizing the pension law, making the larger sums not needed. It was argued by Reed that Texas is good to the oil companies as its citizens pay a 5¢ gasoline tax besides the levy on crude, while the oil companies are paying but 2½ per cent on a whole barrel of crude, which makes several gallons of gasoline and lubricants. He said the outside companies are removing 87 per cent of a natural resource never to be returned, therefore they should pay an adequate tax for this profitable privilege, and he thought 10¢ per barrel was fair. He compared the former and present price of oil as more than justifying a 10¢ tax.

### Compares With Cotton.

E. M. Davis used cotton as a product that is shipped outside of the State, fully 87 per cent, and no one would want to tax it.

"Yes, but oil is gone forever," answered Reed, "whereas cotton is raised every year."

Davis retorted: "But our soil is being depleted."

Further, Davis warned that a 6 per cent tax will close one half the marginal wells resulting in the loss of millions of dollars.

Reed denied the tax will close them and he cited the 31,000 flowing wells as being subject to the tax, and said they will be the stripper wells of tomorrow, the same as the strippers of today were the flush wells of yesterday. These wells do not come under proration, he said, and can pay the tax.

"Why do you want to single out one industry, oil, and vote against taxing all corporations?" asked Van Zandt.

"Because I think each subject should be handled separately," answered Reed.

### Hunter Leads Opposition.

Judge J. C. Hunter of Abilene, president of the West-Central Oil & Gas Association, took the lead opposing the tax and he introduced the large crowd present in opposition to the bill.

Ray Leeman, manager South Texas Chamber of Commerce, embracing fifty-five counties of which twenty-six are producing oil, spoke against an "inordinate taxing of natural resources," saying oil is really paying 8½¢ per barrel at this time. He denied all the revenue is needed and opposed saddling it all on one industry, oil. He said Comptroller Sheppard estimates an up of some \$10,000,000 or \$12,000,000 in the original estimates from the omnibus and other tax laws, hence the large additional amount is not needed.

Leeman, answering questions, said the fair, equitable method of obtaining revenue is through a sales tax.

J. G. Richards of Gainesville introduced as the man who brought in the first oil well in Grayson County, filed a statement with the committee protesting a tax raise and showing that the aggregate of all present oil taxes is 20 per cent of the income. He said it is too much and burdensome.

### Opposition Listed.

Then came postponement.

Appearances made Tuesday in opposition to the bill were by the following:

North Texas: C. W. Clark, C. J. Tuckey, C. H. Parker and Dudley Foy, all of Wichita Falls. West Central Texas: J. N. Sanderford, Breckenridge; B. L. Russell, Breckenridge; E. W. Montray and J. C. Hunter, Abilene; Al Buchanan, E. H. Cater, F. M. Frazier and George Morgan, San Antonio; J. C. Richards, Gainesville; Mike Griffith, Sinton; Dewey Granberry, Victoria; John Sutherland, Bay City; Dudley Tarlton, I. W. Keys, J. E. Bell, H. B. Baldwin, all of Corpus Christi; Irl Cherry, Beeville; L. A. Nordan, Laredo; Ray Leeman, San Antonio; Max Starcke, Seguin; Mel Davis, Lynn Boyd, E. J. Dunigan, all of Tampa; Oscar Barber and J. L. Baker, Bay City; Floyd G. Miller, Sheppard, R. L. Morgan, Fred Crock, V. F. Joekel, S. Maston Nixon, H. R. Jones, E. H. Hefley, Harold A. Burt, C. L. Halbert, J. W. Kain, J. N. Barnes and Willard Brown, all of Corpus Christi; Oscar Barber, J. L. Baker and John Sutherland, all of Bay City; Al Buchanan, R. A. Connor, Rodney Delange and George H. Coats, all of San Antonio; C. J. Bohann, Charles J. Tucker, J. E. Erwin, J. Newton Huff, R. L. Underwood, John W. Thomas and K. H. Martin, all of Wichita Falls; Hayden Perry, Robstown; D. L. Granberry and R. B. Roos Jr., Victoria; T. B. Wilson, Archer City; J. G. Richards, Gainesville; A. H. Housely, Albany; P. W. Pitzer, Breckenridge; L. A. Nordan and John G. Morris, Laredo; W. M. Griffith, Sinton; I. F. Cherry, Otis W. Montgomery, G. S. Thompson and George P. Morrill, all of Beeville; Gordon Gay, Houston, and W. C. Kinney, Austin.