

# 'Gross Margins' Tax Bill Stirs Up Legislators

By HENRY C. MACARTHUR  
SACRAMENTO — (CNS) —  
The proposal of Senator William E. Coombs, R-Rialto, for a complete and radical over-haul of the tax system in California, engendering new and untried concepts of providing revenues for state and local government alike, presumably will go no place this year, but at least, it provides some food for thought.

of levies on all available sources of revenue the legislature has dreamed up to compound and confuse the people of the state, as well as to present the taxpayer with constantly increasing burdens to finance state, county, city and district government.

The "gross margins" tax is different than a gross profits tax, in that it would hit everything, including all types of service. Senator Coombs anticipates that should such a tax eventually be approved, there would be a mad scramble for

exemptions, particularly from the tax on services.

However, he points out that to the extent any industry or service is exempted, it will lessen the ability of the tax to respond fully to changes in the population and price level.

Coombs also says what everyone else, particularly the taxpayers, that there is a desperate need for tax reform. He cites the fact that over two million voters voted for Proposition 9 last fall, the Watson amend-

ment, which he said was ill-conceived.

So far, all efforts in the tax reform field have succeeded in feeding the people nothing but pap, rather than reform, which seems to be no closer today than it was when propaganda for the defeated Watson amendment started last year.

Some of the features of Coombs' proposal include repeal of all personal property tax, including inventory, and limiting the tax of real property to 1½ per cent of the fair market value;

reducing sales taxes to one per cent for use in retiring county bonds; restoring personal income tax and bank and corporation franchise taxes to 1967 levels; imposing an oil severance tax and repealing taxes on transportation tax on persons and property.

His estimates indicate revenue losses through the reductions would be made up by the gross margins tax, which would be about four, or perhaps slightly more, per cent.

Schools would be financed through allocation of a percentage of the gross margins tax, with appropriate allocations to local government.

Among the advantages, he says, the tax is neutral with respect to forms of business, adding equally and proportionately to the costs of using labor, capital and entrepreneurial skills and talents, and consequently, should not distort the proportions in which these productive resources are employed.

Thus, it is the only tax which reaches all incomes arising

within the taxing jurisdiction, or the value of goods and services there produced, the senator states.

Apparently, what the proposal would do would be to switch the tax base from property in the main, to goods and services and the production thereof. And in the ultimate, taxes would be paid by the people as usual, but on the basis of the use of these goods and services, rather than on the basis of possessions the people have acquired or are acquiring.

Your Right to Know  
Is the Key to All Your Liberties

## Comment and Opinion

A-4 FRIDAY, MARCH 7, 1969

### Taxpayers' Revolt

About the only place the average taxpayer can meaningfully express his displeasure at the rapidly accelerating cost of government is at the local level.

One of the results of the mounting citizens' revolt is the rejection of the bond issues proposed for public school construction.

Last year local taxpayers defeated more than one-third of the 1,625 school bond issues proposed across the nation — voting a resounding "no" to projects that would have cost a total of \$945 million.

As school construction costs continue to rise, and with interest rates at a higher level, it will be even more difficult to obtain voter approval for bond issues.

All this doesn't mean that the public is turning against education; it just means overburdened taxpayers are protesting the never-ending upsurge in their taxes.

In areas where new construction is approved, community-minded citizens are looking into the new "systems approach" to school buildings, which involves the use of pre-built parts of a school, such as ventilating systems and other components.

Special school facilities ranging from gymnasiums to educational TV and language laboratories are being carefully examined. Frills are being eliminated.

This local rebellion against skyrocketing school costs, while hurting in areas which deserve better acceptance, should serve as a warning to all government units to cut spending generally. The taxpayer does not have a never-ending supply of finances for useless spending.

### Class in Three-D

A "three D program"—Demonstration, Disruption and Destruction—is currently being offered at Southwest Los Angeles College.

In a period of four days last week, members of the Black Student Union took over the administration building for about 40 minutes after forcing the college president and dean to leave and then returned during another "peaceful demonstration" to break windows in the same building bringing sheriff's deputies on campus to restore order.

Also in the same period, "persons unknown" bombed a classroom building with all the cunning of a demolition expert causing some \$1,000 damage.

Yet, administrators have failed to take any disciplinary action against a single student. Sheriff's deputies made one arrest in connection with the window breaking.

Campus demonstrations, called "rallies" by the participants, have been held as regularly as classes in English 1 since mid-December when the BSU presented the usual list of demands to the administration for "more of this and less of that."

Administrators have been patient — maybe too patient. The college president even gave up his office to the students in order to avert a major incident.

The time for such patience ended, however, when destruction became the goal of the demonstrators. Their acts — spurred on by less than a dozen students — has now resulted in the closing of the college.

School officials should determine whether they want to maintain an "institution of higher education" or a training camp for a handful of commandos.

### Other Opinions

Supposedly, taking the money out of our hands and putting it into the government's coffers will help halt inflation. The latest report from the Labor Department says the cost of living just went up another three-tenths of one per cent. And meanwhile, higher tax bills from the state, county, school district, and municipality continue to roll in.—*Flemington (N.J.) Democrat.*

☆ ☆ ☆  
The automobile, while the family's great advantage in a fast-moving world, still is a powerful instrument of death and destruction, statistics tell us. Consideration for the other driver can help.—*Norwalk (Conn.) Hour.*

### Question for College Demonstrators



From the Mailbox

## Set the Right Example, Concerned Parent Urges

To the Editor:

Do you ever mutter under your breath when kids dash in front of your car? Or bike riders may you jitter because you don't know where they're going next? If you are one of these individuals, this is for you. Have you:

● Ever crossed the street on a red light because no cars were coming and you were in a hurry, sometimes taking little Susie with you?

● Ignored the "Don't Walk" or "Wait" signs thinking these aren't for you?

● Driven past a group of children going home from school, see yours and honk for him to dash into the traffic to get a ride home?

● Or let him or her out of the car in the middle of the block to walk to school with a friend, again in front of oncoming traffic?

● Stood in the street waiting for the light to change and when you're almost across the street take off at an angle out of the crosswalk in front of the oncoming traffic to get to the curb quicker?

● Complained about the policeman (in front of your child) who gave your child a ticket for riding his bike on the left side (against traffic) instead of as close to the right curb (with the traffic) as possible.

If you think these don't apply to you, try following your child to school, the store, or to Joe's to play and see.

Help him to use common sense — don't cripple or perhaps even kill him. They are

our citizens of tomorrow and they will be good ones if we as parents teach them the right way to do things by setting a good example for them to follow.

A PARENT  
Torrance

### Airport Plan

To the Editor:

Thank you for the articles on the Torrance Municipal Airport.

Comments from neighbors have been favorable. As we discussed, there is no intention to deny the private plane owners (on my part) from using the airport. Many pilots come to this airport for "touch-and-go" operations as it appears to be favorable for that. They have full rights to use it, but such use is at the expense of the pilot who pays a "tie-down" or hangar fee here. Those who come from other

areas, other airports, pay nothing here but compound the noise and traffic problem.

Flight operations at the airport could pay their own way better, in my opinion. As stated, one thought of that would be some small fee charged for those pilots not based here who practice landings. One, or two, landings could be free. But a large and brightly colored deal on the proper place on the plane could serve to identify Torrance based aircraft. They would be exempt. Damage to runways and use of the facilities would be the reason for the charges. That plan does not appear to be too different from charges placed upon trucks and commercial delivery by some cities; indeed even Torrance. As it would be for found use, it does not appear that the FAA would have pre-empted the area of legislation.

JOHN W. JUDD  
Torrance

### NOT VERY GOOD BUSINESS!



### My Neighbors



"Guess you'll just have to face it, dad—I'm no child prodigy..."

### HERB CAEN SAYS:

## Sun Comes Out, So Dad Takes Chris for Outing

The weatherman had predicted gales but by 9 a.m., the clouds parted and the sun came out followed by children, dogs and people on the way to church, their prayers already having been answered.

I leaned across the breakfast table and patted young Christopher on the top of his three-year - and - nine-months-old dome. "A beautiful morning, my boy," I said paternally. "Why?" he asked. "Because the sun came out for a change." "Why the sun came out for a change?"

"Take me out to the music-go-round," commanded Christopher. "Why?" I said childishly. "And anyway, it's a merry-go-round." "Why?" he asked. Not a bad question. Music-go-round is quite descriptive, and don't ask me why.

We got in the car and rolled along the empty streets, every inch of curb space — legal or otherwise — crammed with a car for every two residents and only one garage for every two cars. This is a real mink-lined poverty pocket, filled with two car families.

The merry-go-round was dark, cold and gloomy, haunted by the laughter of children grown old. I strapped Christopher onto a big rooster and climbed aboard a green frog that had seen better days. A bored young man reading a comic book punched a button without even looking up, and

we were off to the strains of "La Ronde." Such sophisticated new-Vienese music in this drafty temple of innocence. An old man wearing a beret stood just outside the door, beaming at Christopher and dreaming dreams of sunnier days. At

Report from Our Man  
in San Francisco

least I hoped that was what he was dreaming.

"Let's go again, Daddy," said Christopher at the end of the interminable ride. I was tempted to ask "Why?" but we went again.

We bought some peanuts and went over to the Arboretum, its majestic fountain splashing silver in the thin sun, a giant Chinese magnolia supplying a distant early warning of Spring. Elderly ladies wearing coats down to their sensible shoes, and fedora hats redolent of Berlin in the 30s, strolled about, chatting in German. A group speaking French stood on the tiny wooden bridge, feeding the ducks.

The squirrels, so aloof during the tourist season, came running for peanuts. This is the thin time of year for them. Christopher was enchanted. To one squirrel that grabbed his hand while reaching for a peanut, he said huskily, "I love you," the squirrel cocked his head at him uncertainly before scampering away.

We drove out of the Park,

now filling rapidly with all those cars we have too many of, over back roads cracking and pitting under the strain. Back home, I said to Christopher, "Now, you have to take a nap." "Why?" he wailed. "Because I'm tired," I said sternly, secretly pleased that I'd found an irrefutable answer.

In one ear: Rudy Peterson, president of Bank of America, is off to Saigon to visit the several branches of the world's biggest bank in Vietnam. Peace may be closer than we know, although his long-range plans still don't include a branch in Hanoi... Russ Cline, the Dunhill's exec, jumped into a cab and said "Dunhill, please." Cabbie, after some thought: "Uh — down any particular one?"... Sticky sighthim: Actress Ann Sothern dashing out of a "famed" Fisherman Wharf restaurant, proclaiming "The worst food I've ever eaten anywhere".... Bob Bundsen's short report after a visit to Disneyland: "Strictly Mickey Mouse."

Oh, bless our readers, I say. Our item the other day about short poems ("Thurs-Hers," "Adam-Had 'em") has produced a rash of fifty contributions, among the best of which are Armita a Lambrecht's "God's Word: Leave, Eve".... Omar Barker's "Brief Essay on Things That Turned Out Worse Than Expected: Few-Do"

### THE MONEY TREE

## On a Stroll With Alice In the Land of Leisure

There's no business like the gambling business. A company aptly named International Leisure Corporation proved that last month when it raised \$26.5 million, easy as pie, through a combination stock-and-bond offering.

Investors in New York, Chicago, San Francisco, Los Angeles, Cleveland, Houston, New Orleans, Minneapolis and 20 other cities across the land snapped up the securities, which were expressly labeled "speculative."

1. International Leisure is a new company whose total revenues last year were about equal to what it raised in this public offering.

2. The bond sale brought the company's debt to \$46.9 million, and this represents 67 per cent of the total capitalization of the company.

3. Net income last year was \$1.9 million but the company will have interest payments of more than \$3 million to make in 1969.

Madness? No. This is Las Vegas we're talking about — and who can put a rational price on a company which is collecting the chips off those roulette and craps tables?

International Leisure is the creation of Kirk Kerkerian, who made his money in the airline business (Trans International). He follows another airline pioneer, Howard Hughes, into the Nevada casino business.

will then become the largest hotel in that gambling den. It's costing \$52 million to build this pleasure dome, hence the need to raise money from a willing public.

Whereas the Flamingo has 787 rooms, the International will have 1,512. The Flamingo's

A Look at the  
World of Finance

casino occupies 16,000 sq. ft. The new one will have double that space. The International will have 32 "21" tables (as against 14 at the Flamingo), 12 craps tables (six at the Flamingo), four roulette tables (two at the Flamingo) and seven poker tables (the Flamingo has none). The casino at the International Hotel will also have 1,000 slot machines. The poor Flamingo has only 300.

As you can see, the International is built for profit. How much so may be gleaned from the operating figures revealed for the Flamingo. In 1968, the Flamingo took in \$11.6 million from the hotel and \$17 million from the casino. But the hotel expenses ran to \$5.7 million while the casino expenses were \$5.5 million.

International Leisure admits that the name of the game is to get people to Vegas so that they can play in the casino. It gets 18 per cent of its business from all-expense group tours — and it offers these groups special rates. It "regularly invites individuals and groups to the hotel as its guests and furnishes such persons complimentary transportation and accommodations." It provides complimentary food and beverages to patrons of the casino.

So everything you've heard is true: You can have a cheap vacation in Las Vegas if you stay out of the casino.

During your stay you'll see top entertainers. The Flamingo last year spent \$3.3 million on entertainment. That's close to \$70,000 a week and represented 18 per cent of its total operating costs. International Leisure noted that it makes very little on entertainment but — and here's the kicker — "Gross revenues are materially affected by the popularity of the entertainment featured at the hotel." In short, the smart money in Las Vegas bets after you have been entertained you will head for the casino.

The crucial importance of entertainers was spelled out in last month's public offering, where International Leisure revealed that 50,000 shares of its common stock were being reserved for entertainers, with 20,000 of these shares to be offered immediately to two persons at \$5 a share. We don't know who these entertainers are but since International Leisure's stock shot up promptly to \$25, whoever they are, they have an immediate profit of 500 per cent.

That beats shooting craps.

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