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GOVERNOR REAGAN'S "TAX SHELTER" PALS

Governor Ronald Reagan is continuing to put out a smokescreen to fool the people as to why average persons are being squeezed out of their homes by not being able to pay the high local taxes. At the same time he is also preventing the people from learning why the State of California is in financial distress FROM THE SAME CAUSE THAT IS DRIVING THE PEOPLE FROM THEIR HOMES.

Here are the simple facts from a previous Newsletter "GOVERNOR REAGAN'S TAX DECEPTIONS". The State budget calls for the collection of \$4.6 billions for the year. But school districts all over the State do not collect the correct amount of taxes for education and come to the State and ask for \$1.2 billions a year WHICH IS 1/4 OF THE STATE BUDGET. Of course if the State has to give this large amount to the school districts, it becomes short of money itself!!!

Now the reason the school districts can not collect the correct amount of taxes for education on the local level, is that the power structure which consists mainly of Reagan supporters, have "tax shelters" and do not pay their correct local taxes. Here is a list that was given previously as examples:

Irvine Ranch (Orange County) escapes \$9 millions yearly
Kern County Land Co. (Kern County) escapes \$4 millions yearly
Allan Grant (Tulare County) escapes \$40,000 yearly. He was appointed by Governor Reagan to be Chairman of the State Agriculture Board and as such is a Regent of the University of California.

Dr. Francisco Bravo (Imperial County) escapes \$40,000 yearly on a big ranch. He was also appointed by Reagan to the State Board of Agriculture. He owns other ranches elsewhere.

It was also shown that Governor Reagan himself had a "tax shelter" in a ranch that he sold recently to 20th Century-Fox Film Co. for \$2 millions. On this ranch he escaped at least \$25,000 yearly in local property taxes. Walter Winshell in his column says that Reagan has about \$10 millions in property. If the rest is in ranches, the Governor is escaping about \$125,000 in yearly local taxes.

Now for a fuller explanation how a "tax shelter" works so that you people who are not millionaires will understand what is going on. You must realize that the biggest industry in California is farming. The big farm interests control the Assessors of every County with the possible exception of San Francisco. (The new Assessor of Sacramento County, Dr. Irene Hickman is not controlled by the big farm interests but this is an unusual instance). No Assessor can be elected without the campaign money given by the big ranch interests. The Assessors know that they will not be elected if they are uncooperative with big ranches. So with the passage of time, THEY DO NOT RAISE THE ASSESSMENTS OF THE BIG RANCHES AS THEIR VALUE GOES UP. The result is fake low assessments ON ALL RANCHES.

This is the secret of the "tax shelters". They all have fake low assessments, so that they escape most of the taxes like the instance of the Irvine ranch in Orange County where it escapes 86% of its correct local taxes. In counties with much cattle grazing land or much forest land, there are the same fake low assess-

ments where the Assessors cooperate with the cattle companies and the lumber companies.

Now this will surprise you. Most of these big landowners are absentee persons or corporations. They are millionaire manufacturers, millionaire bankers, millionaire businessmen, millionaire lawyers, millionaire doctors, or millionaire corporations and millionaire actors, etc. They make a great deal of money in their primary line of work and wish to escape paying the terrific Federal income taxes. So they buy these ranches, grazing lands or forest lands and spend tremendous amounts of money on improving their land holdings. This money spent as improvements like fertilizer, land leveling, ditches, etc. ARE DEDUCTIBLE BUSINESS EXPENSES and in this way the profits of their primary business are buried in the land AND THEY HAVE VERY LITTLE INCOME TAX TO PAY AND MANY TIMES DO NOT PAY ANY INCOME TAX AT ALL.

But the value of the ranch, grazing land and forest land is constantly going up with these improvements BUT THE ASSESSOR FAILS TO RAISE THE ASSESSMENT AND ALL THESE ABSENTEE LANDOWNERS ESCAPE THEIR CORRECT LOCAL TAXES. The Statewide Homeowners Association has shown that by means of these fake low assessments, these big landowners escape \$300 millions in local property taxes that could go to local school districts SO THAT THEY DO NOT HAVE TO ASK THE STATE FOR \$1.2 BILLIONS YEARLY. This is the cause of the financial distress of the State of California. This is also the cause of the high local taxes to the homeowners in the various counties.

The power structure of these big landowners control the newspapers which fail to explain all this to the people. For instance in Imperial County, these absentee landowners escape \$8 millions in local taxes but PINKLEY'S PROSTITUTED PRESS will not print this. It will not print that the Irvine Co. which owns \$16 millions of farmland here escapes \$150,000 in yearly local taxes. (This company owns the Irvine Ranch in Orange County). Instead Virgil Pinkley puts in an editorial in the Brawley News of Feb. 22, 1967 with this headline "VICTOR VEYSEY: BUDGET AUTHORITY". Victor Veysey is the Republican Assemblyman from this district who has a ranch here on which he escapes \$8,000 per year in local taxes.

Governor Reagan (Los Angeles Times Feb. 22, 1967) "sees no conflict in land purchased by his aides". This land is 2,000 acres for \$1 million in Nevada County, Calif. This is a typical "tax shelter". The \$300 millions in local taxes is not the only money that these big ranches escape. The bigness of farming in California is due to irrigation. There are over 250 irrigation and water districts in California. The big swindle here is that the big ranchers control these districts who sell the water below cost to the big ranches AND MAKE THE PEOPLE IN THE TOWNS AND CITIES PAY HIGH DISTRICT TAXES TO SUBSIDIZE THE BELOW COST IRRIGATION WATER TO THE RANCHES.

The lobbying organization for these districts is called THE IRRIGATION DISTRICTS ASSOC. OF CALIF. It gets the State Legislature to pass laws to continue this swindle and to prevent the stopping of the extortion of many millions of taxes from the homeowners. In Los Angeles County which ranks 8th in agriculture in the U.S., the Metropolitan Water District with Joseph Jensen scooping for the big ranches, does this type of swindling of the residents of the City of Los Angeles, Long Beach, Santa Monica, etc. Councilman Ernani Bernardi of the City of Los Angeles has in speeches told how the City of Los Angeles gets only 13% of the water BUT PAYS 32% OF THE TAXES OF THE METROPOLITAN WATER DISTRICT. It is this swindle that is driving the homeowners of Los Angeles County out of their homes.

The California Taxpayers Assoc. is another big rancher controlled organization that fools the taxpayers. It also is for Reagan. Here are some of its directors: C.H. Breusing, Kern Co. Land Co.; R.A. Colgan, Jr., Shasta Forest Co.; R.A. Hardison, rancher; H.S. Russell, Rancho Cuyama; P. Sesnon, Porter Estate Co.; K.V. Larkin, Bank of America; etc. Reagan's businessmen survey for efficiency is just propoganda. ALL THE BUSINESSMEN JUST LOVE THESE TAX SHELTERS...