

ALLISON H. DEAN CO.

RESIDENTIAL PROPERTY SPECIALISTS SINCE 1923
MEMBER, NATIONAL ASS'N REAL ESTATE BOARDS
MEMBER, HOME BUILDERS INSTITUTE

208 S. W. BROADWAY
PORTLAND 5, OREGON

April 5, 1945

Mr. Marriner Eccles
Federal Reserve Board
Washington, D. C.

Dear Sir:

I presume that your thoughtful judgment will stop any attempt to impose the "90% tax on real estate sales profits" but just in case you are hearing some strong argument from the other side, I would call your attention to a few facts.

Most residential sales are in the nature of an exchange - the seller is selling only to buy a different type of property - either a larger or smaller place - out in the country or back to the city, etc. Many times they are probably being transferred from one city to another and sell in Portland only to buy in Los Angeles. The 90% tax would be an intolerable burden on such persons, as they would pay a tax on their sale and also be paying a high price for what they purchase - thus paying a double tax, first to the Government and second to the owner of the property purchased at the 1945 price.

True, it is almost impossible to say what true profit is, for a man selling a home today which he purchased ten years ago might very easily show a mark-up because he probably bought in 1935 for a far less price than it was worth due to a distressed seller, low cost of material or low wages, and it is quite probable that the price obtained today is not at all inflationary because while higher than the original cost, it is still less than duplication value.

Every one, without exception, agrees that building costs for many years after the war, probably a decade, will be from thirty to forty per cent higher than they

Mr. M. Eccles

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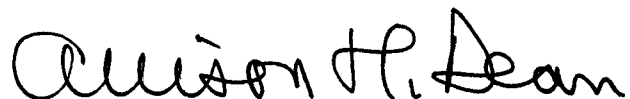
were prior to the war. Therefore, many of the prices obtained today are true values and not inflationary at all.

With this thought in mind it is easy to see that such a tax would be a severe blow to any hope of large employment in the building trade after the war since families selling their present home might have to pay thousands of dollars to the Government in taxes and, at the same time, pay thousands of dollars more for the new home than it would have cost before the war. This would mean, of course, that no one would build because they could not have the money to pay the future high prices plus the 90% tax on the "profit" on what they sold.

In closing I would like to go on record as stating that the greater bulk of the sales of this office are at prices below the duplication cost, many of them at prices lower than the cost to build before the war.

No one is obliged to buy a new home selling at inflated prices because we have plenty of older homes at reasonable prices. The inflation is all in the new homes - four, five and six years old and built in new attractive subdivisions. Buyers are eager to have these now rather than wait several years to build. There are few of these available and they usually sell for high prices; but, as I stated before, buyers do not have to purchase these if they do not wish to do so. There are plenty of other good values available.

Sincerely yours,



ALLISON H. DEAN

AHD/k

April 10, 1945.

Mr. Allison H. Dean,
Allison H. Dean Co.,
208 S. W. Broadway,
Portland 5, Oregon.

Dear Mr. Dean:

On behalf of Mr. Eccles who is temporarily absent, I wish to acknowledge your letter of April 5. It occurs to me that you may not have seen the full text of the explanatory statement which Mr. Eccles issued in regard to his proposal for a special wartime capital gains tax, and I am accordingly enclosing a copy.

I shall bring your letter to his attention upon his return.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

Enclosure

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