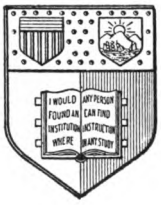

d Congress 2d Session - - - - - - House Document No. 406

THE FARMERS' TAX PROBLEM

LETTER

FROM THE

CHIEF OF THE BUREAU OF AGRICULTURAL ECONOMICS
DEPARTMENT OF AGRICULTURE

ADDRESSED TO THE

CHAIRMAN OF THE COMMITTEE ON AGRICULTURE

OF THE

HOUSE OF REPRESENTATIVES

TRANSMITTING

A REPORT ON THE FARMERS' TAX PROBLEM
TOGETHER WITH CERTAIN SUGGESTIONS
DIRECTED TOWARD THE IMPROVEMENT
OF THE FARM TAX SITUATION

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON: 1934

HOUSE RESOLUTION NO. 450

Reported by Mr. LAMBETH

IN THE HOUSE OF REPRESENTATIVES,
June 15 (calendar day, June 18), 1934.

Resolved, That the report of the Bureau of Agricultural Economics of the Department of Agriculture on The Farmers' Tax Problem, transmitted to the Chairman of the Committee on Agriculture of the House of Representatives June 16, 1934, be printed with illustrations as a House document.

Attest:

SOUTH TRIMBLE,
Clerk.

LETTER OF TRANSMITTAL

DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D.C., June 16, 1934.

Hon. MARVIN JONES,
House of Representatives.

DEAR MR. JONES: In response to your request, I am sending you herewith a report, The Farmers' Tax Problem, summarizing the principal facts resulting from our studies in this field and outlining certain suggestions with respect to considerations directed toward improving the farm tax situation. This report has been prepared in the Division of Agricultural Finance of this Bureau by Eric Englund in charge of that Division, and Donald Jackson, agricultural economist, assisted by Bushrod W. Allin, Janet L. Weston, and Gerhard J. Isaac of that Division. The data here summarized are based upon studies conducted in the Division of Agricultural Finance and in cooperation with State colleges and experiment stations.

Taxes per acre of farm real estate in the United States as a whole reached their peak in 1929, at 241 percent of the tax per acre in 1913. Since 1929, however, these taxes have declined about one-third of the 1913 level, or to 163 percent of the pre-war year. Comparable figures are available in the enclosed report, by years and for all States and geographic divisions, from 1913 to 1932, and for 23 States for 1933. The 1933 data for the remaining 25 States are being compiled.

The relation of property taxes to farm-land values is, we believe, a significant indication of the burden of these taxes. Although taxes per acre have declined substantially since 1929, land values declined even more up to the past year, thus increasing the burden of the tax in relation to the value of property. In 1932 taxes were nearly three times as high as in 1913, relative to land values. In the past year, however, estimated values of farm real estate per acre increased 4 percent while taxes declined about 13 percent, thus reversing for the first time in a decade and a half, the trend of taxes relative to land values. In 1932, farm real estate taxes took on the average $1.50 per $100 of full value of land and buildings, as compared with $1.25 in 1933.

The trend of farm property taxes relative to that of prices of farm products and of income in agriculture shows even more strikingly the increase in the farm tax burden. In 1932 gross income per acre from farm production was $5.08 compared with $7.73 in 1913 and $12.24 in 1929; the 1932 figure being 34 percent below that of 1913, while taxes per acre were 89 percent above the pre-war level. In 1932 the gross income from 9 acres was required to pay the taxes on 100 acres of land, whereas the gross income from only 3 acres was sufficient in 1913. Improvement is noted in 1933, income

having increased and taxes declined, with the result that the number of average acres, the gross income from which was required for the real-estate taxes on 100 acres, was reduced from 9 to 6. Taxes must be paid out of net income, unless paid out of savings or with borrowed money. Such data as are available on this point show that taxes in recent years have taken a very large part, in many cases all or more, of the net income in farming.

Out of all this tremendous pressure of taxes upon property values and income in agriculture, has resulted an alarming growth of tax delinquency in recent years, as shown by preliminary data compiled in a Nation-wide survey conducted by this Bureau in cooperation with the State agricultural experiment stations and financed by Civil Works funds. In 1,040 counties in 18 States, the number of tax-delinquent farm properties in 1932 was more than two and a half times as great as in 1928, the acreage in these properties two and three-fourths times as great, and the amount of tax delinquency about two and a third times as great as in 1928. This increase in extent of farm tax delinquency occurred despite the fact that the average tax per acre in the United States declined a fifth from 1928 to 1932.

Facts such as these indicate plainly that taxation presents one of the most important problems confronting farmers, and that some practical means to help meet this problem is urgently needed. This problem is due primarily to increased expenditures for State and local purposes, and continued dependence on the general property tax as a means of raising nearly four-fifths of the combined tax revenues of States and local governments and about nine-tenths of the revenues of the latter. Under the pressure of high rates and administrative difficulties the property tax has come to be little more than a real-estate tax, as large amounts of personal property—principally intangibles—escape taxation. The farmer's property consists of real estate and tangible personalty, such as livestock, implements, etc., which cannot be hidden from the tax assessor or removed to another taxing jurisdiction. Hence his property does not escape taxation. The farmer's dependence on these forms of property makes him especially subject to the "general" property tax. His income from sources other than his farm ordinarily is small, and his property taxes are high in relation to his income. Even in years when crop failures, low prices, or both, deprive him of net income, he must pay the property tax because, unlike income taxes, it is levied even in years when the taxpayer has no income.

In view of these facts, there are suggested in the enclosed report certain considerations which in our judgment must be taken into account in any attempt to meet the farmers' tax problem. These considerations relate primarily to economy in local expenditures through possible reorganization and consolidation of local government and reallocation of functions. Consideration also must be given to fundamental questions of tax revision aiming to reduce property levies, by securing more of the necessary revenues from other sources to replace a part of the property tax.

Sincerely yours,

NILS A. OLSEN,
Chief of Bureau.

CONTENTS

THE FARMERS' TAX PROBLEM

The purpose of this report is to summarize the principal facts on the farmers' tax problem in the United States, to state briefly the fundamental developments that have created this problem, and to outline a general basis for meeting the tax problem confronting farmers.

I. FACTS ON FARM TAXES

1. TOTAL DIRECT TAXES PAID BY FARMERS

The total of taxes on farm property in the United States in 1932 and of certain other taxes paid by farmers is estimated at $699,000,000.[1] The figure for 1930 is $850,000,000, and that for 1927 is $787,000,000. In 1932 these taxes represented 2.5 percent of the estimated value of the tangible capital of agriculture and 37.3 percent of net cash income before payment of taxes.[2]

The principal items in the total farm taxes in 1927, 1930, and 1932 are shown in table 1. Nearly two-thirds of the 1932 total was levied against farm real estate, and about one-tenth against personal property. A little more than one-fifth represented combined automobile license fees and gasoline taxes. Because of the increasing importance of the last item, the proportion which farm property taxes are of the total farm taxes decreased from about 80 percent in 1927 to 75 percent in 1932. The three minor items—income, inheritance, and poll taxes—cannot be estimated with certainty. But as the amounts represented are relatively small, considerable errors in these items would not significantly influence the total of all items.

2. TOTAL TAXES ON FARM PROPERTY

Property taxes—principally on real estate—are the chief levies against farmers, as shown in table 1 and figure 1. Estimates of total levies against all farm property in the United States, both real and personal, from 1913 to 1933 are shown in table 2. From about $256,000,000 in 1913, the amount rose to $568,000,000 in 1920, and to $668,000,000 in 1929. Between 1929 and 1930 it remained practically unchanged, but by 1932 it decreased to $529,000,000. In estimating these totals, real-estate taxes are entered at 85 percent and personal property taxes at 15 percent of the total property taxes, the proportions in which the two were reported by the 1930 Census of Agriculture.

[1] Data are not yet available for estimating the total taxes paid in 1933.

[2] Insofar as feasible, special assessments for drainage and irrigation are omitted from these estimates. The gasoline tax, here considered as a direct tax although it is technically a sales tax, is arrived at by assuming uniform annual consumption for all motor vehicles within a State. Taxes paid on farm property owned by persons who are not farmers are included in these estimates of property taxes.

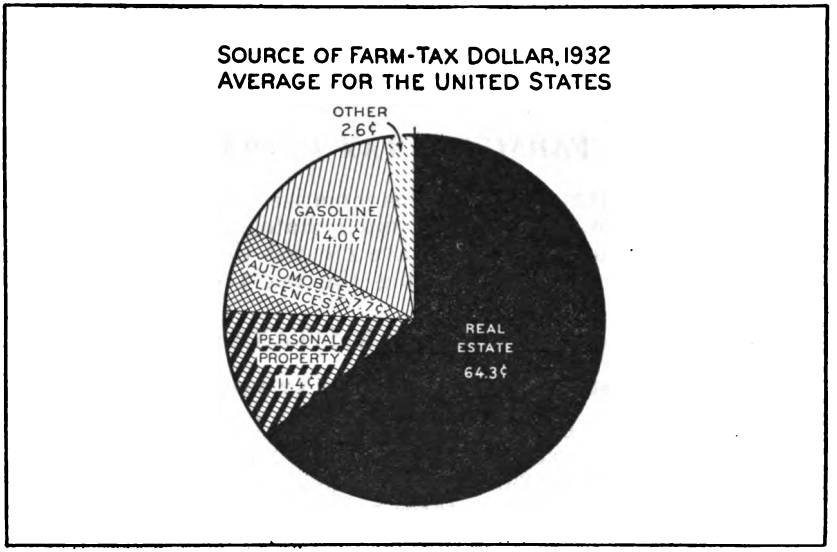

FIGURE 1.—Real-estate taxes constitute nearly two-thirds of all direct "farm taxes" in the United States. The personal property taxes, a little more than 11 percent of the total, are levied mainly on livestock and farm implements and equipment. Gasoline taxes and automobile license fees, here considered as "direct", are nearly 22 percent of the total, and, together with a substantial part of the property levy, represent for the most part the farmer's direct contribution to the construction and maintenance of roads.

TABLE 1.—*Total of taxes on farm property and of other specified taxes paid by farmers, 1927, 1930, and 1932*

Type of tax	1927		1930		1932	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Real estate	$545,000,000	69.2	$566,000,000	66.6	$450,000,000	64.3
Personal property	96,000,000	12.2	100,000,000	11.8	79,000,000	11.4
Automobile licenses	50,000,000	6.4	61,000,000	7.2	54,000,000	7.7
Gasoline	65,000,000	8.3	99,000,000	11.6	98,000,000	14.0
Income	15,000,000	1.9	8,000,000	.9	2,000,000	.3
Inheritance	10,000,000	1.3	10,000,000	1.2	10,000,000	1.4
Poll	6,000,000	.7	6,000,000	.7	6,000,000	.9
Total	787,000,000	100.0	850,000,000	100.0	699,000,000	100.0

Figures for 1927 revised from Taxation of Farm Property, U.S. Department of Agriculture Technical Bulletin 172, by Whitney Coombs.

TABLE 2.—*Total farm property tax levies in the United States, 1913–33*

Year	Amount	Year	Amount
1913	$256,000,000	1924	602,000,000
1914	261,000,000	1925	608,000,000
1915	286,000,000	1926	618,000,000
1916	306,000,000	1927	641,000,000
1917	343,000,000	1928	654,000,000
1918	366,000,000	1929	668,000,000
1919	462,000,000	1930	666,000,000
1920	568,000,000	1931	611,000,000
1921	600,000,000	1932	529,000,000
1922	599,000,000	1933	[1] 457,000,000
1923	608,000,000		

[1] Estimated on the basis of data for 23 States representing all parts of the country, giving the change in real-estate taxes per acre from 1932 to 1933.

3. TREND OF FARM REAL-ESTATE TAXES PER ACRE, 1913 TO 1933 [3]

Real-estate taxes per acre are a more significant measure of variations in farm taxes than are total real-estate taxes paid by farmers, because acreage in farms has changed greatly during the last 20 years. Figure 2 shows average real-estate taxes per acre by counties in 1929, as reported by owner-operators to the Bureau of the Census. As this represents farm property taxes at their peak, it is significant to compare the average real-estate taxes per acre by years from 1913 to 1933 by States, by geographic divisions, and in the United States as a whole. Table 3 shows the average tax per acre of all land in farms and table 4 gives index numbers of these taxes, with 1913 as 100.

Wide variations are found in tables 3 and 4, in the rate of increase among the States and geographic divisions. These variations are due to several causes, including differences in amounts and rates of increase in expenditures, in extent of dependence on property taxes for State and local revenue, in value of land per acre, and in rate of expansion in the area of land in farms into sections or localities of lower tax per acre thus reducing the average amount of taxes per acre and the average rate of increase.

The East North Central and the Mountain divisions represent, respectively, the highest and the lowest tax per acre over this 20-year period. The South Atlantic and the Mountain divisions represent, in general, the greatest and the least increase. This comparison is shown in figure 3, the lower half of which shows trends of taxes in percent of 1913 tax per acre in the country as a whole and in the three geographic divisions named.

[3] Data for all States and geographic divisions are available up to and including 1932, and for 23 States for 1933.

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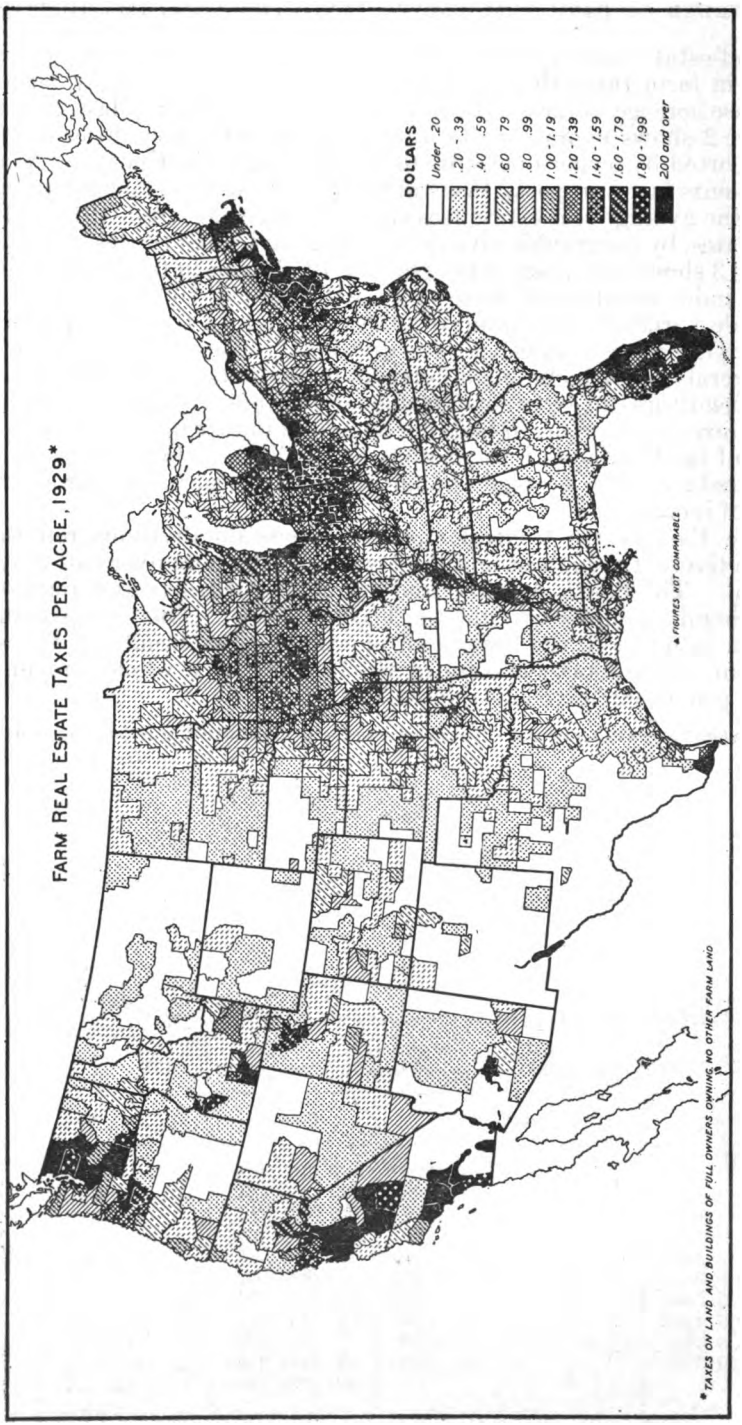

FIGURE 2.—Average real-estate taxes in 1929 per acre of all land in farms operated by the owners, as reported to the Bureau of the Census. These are county averages based on 2,019,000 farms with 245,280,000 acres representing nearly a fourth of all land in farms.

TABLE 3.—*Farm real-estate taxes per acre, by States and geographic divisions, 1913–33* [1]

State and geographic division	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
Maine	$0.32	$0.32	$0.33	$0.34	$0.39	$0.40	$0.45	$0.55	$0.55	$0.58	$0.63	$0.62	$0.62	$0.69	$0.70	$0.73	$0.76	$0.81	$0.82	$0.78	(2)
New Hampshire	.33	.35	.35	.36	.39	.41	.51	.57	.60	.59	.64	.64	.69	.72	.76	.81	.81	.76	.79	.70	(2)
Vermont	.22	.23	.25	.27	.29	.33	.37	.45	.45	.47	.48	.50	.51	.52	.54	.55	.56	.57	.56	.51	$0.44
Massachusetts	.88	.95	.98	1.02	1.02	1.10	1.23	1.55	1.66	1.78	1.81	1.87	2.00	2.14	2.20	2.16	2.16	2.12	2.15	2.16	(2)
Rhode Island	.48	.49	.54	.55	.59	.64	.70	.81	.88	.92	.97	.99	1.03	1.16	1.23	1.26	1.32	1.36	1.39	1.39	(2)
Connecticut	.53	.57	.61	.64	.71	.76	.95	1.08	1.12	1.20	1.23	1.28	1.36	1.42	1.47	1.46	1.59	1.61	1.64	1.58	(2)
New England (average)	.41	.43	.44	.46	.51	.53	.62	.74	.77	.81	.85	.86	.90	.96	.98	.99	1.01	1.02	1.03	.98	------
New York	.45	.48	.53	.54	.63	.64	.72	.87	.88	.90	.98	1.02	1.04	1.06	1.07	1.07	1.01	1.04	1.04	.98	(2)
New Jersey	.76	.77	.81	.86	.97	1.04	1.14	1.51	1.81	1.94	1.99	2.10	2.19	2.35	2.44	2.59	2.69	2.80	2.63	2.30	(2)
Pennsylvania	.50	.50	.51	.55	.57	.63	.68	.82	.90	.97	1.01	1.05	1.11	1.16	1.18	1.24	1.28	1.30	1.27	1.22	1.09
Middle Atlantic (average)	.49	.50	.54	.56	.62	.66	.73	.89	.94	.99	1.05	1.09	1.13	1.17	1.19	1.22	1.21	1.24	1.22	1.15	------
Ohio	.53	.51	.60	.67	.69	.73	.84	1.07	1.15	1.23	1.23	1.28	1.31	1.35	1.44	1.42	1.41	1.36	1.15	1.02	.91
Indiana	.59	.59	.66	.73	.76	.79	.90	1.26	1.41	1.41	1.45	1.45	1.40	1.38	1.36	1.38	1.39	1.41	1.32	.91	(2)
Illinois	.49	.46	.52	.61	.68	.65	.81	.99	1.05	1.06	1.02	1.08	1.15	1.13	1.12	1.11	1.14	1.16	1.03	.92	(2)
Michigan	.54	.55	.63	.65	.74	.80	1.07	1.23	1.32	1.31	1.29	1.24	1.26	1.27	1.35	1.35	1.38	1.34	1.18	.85	(2)
Wisconsin	.47	.45	.49	.53	.58	.62	.89	1.04	1.08	1.05	1.07	1.03	.96	.98	1.07	1.09	1.13	1.07	.89	.76	(2)
East North Central (average)	.52	.51	.57	.64	.69	.71	.89	1.10	1.18	1.19	1.19	1.20	1.21	1.21	1.25	1.25	1.27	1.25	1.10	.90	------
Minnesota	.30	.34	.35	.39	.46	.48	.64	.76	.79	.77	.84	.75	.78	.80	.81	.85	.86	.87	.84	.67	(2)
Iowa	.56	.56	.60	.64	.74	.76	.94	1.10	1.20	1.26	1.25	1.23	1.15	1.14	1.14	1.15	1.22	1.24	1.13	1.02	.90
Missouri	.14	.15	.16	.16	.18	.19	.25	.28	.38	.40	.40	.41	.43	.44	.45	.47	.47	.45	.41	.37	(2)
North Dakota	.15	.17	.20	.21	.21	.25	.43	.44	.45	.43	.38	.38	.37	.37	.39	.39	.38	.38	.33	.29	.27
South Dakota	.15	.15	.17	.18	.22	.26	.35	.45	.41	.41	.43	.43	.44	.44	.44	.45	.46	.44	.35	.32	(2)
Nebraska	.19	.19	.19	.20	.22	.23	.28	.42	.47	.41	.40	.39	.42	.42	.46	.46	.45	.44	.42	.36	.30
Kansas	.21	.22	.23	.24	.27	.28	.35	.42	.50	.45	.48	.48	.52	.54	.56	.57	.58	.55	.53	.41	.36
West North Central (average)	.24	.25	.27	.28	.32	.34	.45	.54	.59	.57	.58	.57	.58	.58	.59	.60	.61	.61	.56	.47	------
Delaware	.27	.29	.32	.34	.43	.47	.61	.68	.59	.62	.63	.69	.73	.79	.64	.64	.54	.52	.52	.49	.49
Maryland	.38	.41	.42	.47	.48	.58	.60	.72	.71	.76	.81	.85	.88	.89	.90	.92	.92	.93	.90	.85	.66
Virginia	.12	.13	.13	.16	.17	.18	.20	.23	.29	.30	.31	.33	.34	.34	.33	.34	.34	.34	.31	.26	.24
West Virginia	.13	.14	.17	.18	.20	.20	.28	.31	.33	.38	.43	.42	.43	.44	.45	.45	.49	.45	.44	.37	(2)
North Carolina	.10	.10	.12	.12	.14	.15	.20	.34	.41	.40	.48	.50	.55	.58	.63	.64	.60	.59	.51	.48	(2)
South Carolina	.14	.15	.15	.15	.17	.24	.28	.35	.36	.33	.32	.38	.39	.39	.40	.41	.43	.40	.40	.37	.32
Georgia	.13	.15	.15	.16	.17	.20	.23	.28	.28	.28	.27	.28	.29	.30	.29	.30	.30	.30	.28	.26	.23
Florida	.14	.20	.23	.24	.28	.31	.39	.46	.47	.56	.67	.72	.95	.93	.94	.92	.92	.70	.61	.57	(2)
South Atlantic (average)	.14	.15	.16	.17	.19	.22	.26	.33	.36	.37	.40	.42	.46	.47	.47	.48	.48	.45	.42	.38	------

[1] Data rounded to nearest cent.

[2] Figures for these States not yet computed.

TABLE 3.—*Farm real-estate taxes per acre, by States and geographic divisions, 1913–33*—Continued

State and geographic division	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
Kentucky	$0.16	$0.16	$0.17	$0.18	$0.18	$0.19	$0.28	$0.38	$0.41	$0.41	$0.44	$0.40	$0.40	$0.41	$0.43	$0.43	$0.42	$0.42	$0.42	$0.38	$0.33
Tennessee	.15	.16	.17	.18	.21	.23	.26	.40	.45	.44	.46	.48	.43	.46	.46	.46	.47	.47	.43	.40	.37
Alabama	.10	.10	.11	.12	.13	.14	.15	.19	.19	.20	.20	.20	.21	.23	.23	.23	.25	.25	.25	.23	.22
Mississippi	.16	.17	.16	.18	.25	.31	.37	.50	.47	.51	.55	.59	.59	.57	.59	.67	.68	.64	.60	.52	.55
East South Central (average)	.14	.15	.15	.17	.19	.22	.26	.36	.38	.39	.41	.42	.41	.42	.43	.44	.45	.45	.42	.38	------
Arkansas	.16	.16	.17	.18	.23	.24	.30	.33	.34	.36	.35	.35	.34	.28	.29	.31	.32	.32	.33	.30	(1)
Louisiana	.18	.19	.19	.21	.26	.34	.42	.55	.54	.47	.49	.53	.57	.54	.51	.53	.58	.57	.53	.49	(1)
Oklahoma	.20	.17	.23	.21	.24	.25	.37	.38	.40	.41	.44	.44	.42	.39	.44	.43	.46	.47	.41	.34	(1)
Texas	.08	.08	.09	.09	.11	.12	.15	.16	.16	.17	.18	.19	.20	.20	.20	.22	.22	.23	.21	.17	.16
West South Central (average)	.11	.11	.13	.13	.15	.17	.22	.24	.25	.25	.26	.27	.27	.26	.27	.28	.29	.30	.27	.23	------
Montana	.08	.08	.08	.09	.10	.10	.13	.14	.15	.14	.14	.13	.13	.14	.13	.13	.14	.14	.13	.12	.12
Idaho	.30	.27	.30	.30	.36	.38	.54	.63	.64	.62	.62	.57	.58	.58	.63	.62	.65	.65	.55	.55	(1)
Wyoming	.04	.04	.05	.05	.05	.05	.08	.09	.08	.08	.07	.07	.07	.07	.08	.09	.09	.09	.10	.08	.07
Colorado	.12	.13	.13	.13	.16	.17	.22	.27	.29	.29	.28	.27	.28	.29	.30	.29	.29	.28	.23	.22	(1)
New Mexico	.04	.04	.03	.03	.03	.04	.05	.05	.06	.05	.05	.05	.06	.06	.06	.07	.07	.07	.08	.07	(1)
Arizona	.08	.08	.09	.08	.10	.10	.13	.18	.18	.15	.17	.16	.19	.19	.20	.19	.22	.21	.21	.19	.16
Utah	.18	.20	.20	.22	.25	.25	.34	.47	.48	.44	.47	.44	.46	.50	.52	.54	.52	.54	.54	.51	(1)
Nevada	.08	.11	.11	.11	.13	.14	.17	.21	.22	.23	.22	.21	.22	.22	.21	.20	.17	.15	.15	.15	.15
Mountain (average)	.10	.10	.10	.10	.12	.12	.17	.20	.20	.19	.19	.18	.18	.19	.19	.19	.20	.19	.18	.17	------
Washington	.34	.32	.32	.33	.38	.42	.53	.67	.68	.68	.65	.61	.61	.61	.63	.67	.68	.68	.64	.52	.44
Oregon	.17	.16	.17	.19	.20	.22	.28	.37	.38	.37	.36	.36	.37	.40	.40	.41	.44	.40	.33	.33	(1)
California	.39	.44	.47	.49	.55	.55	.69	.93	.94	1.02	1.04	1.03	1.07	1.13	1.14	1.18	1.14	1.13	1.06	.94	.65
Pacific (average)	.33	.35	.36	.39	.43	.44	.55	.73	.74	.78	.78	.76	.78	.82	.83	.86	.85	.83	.77	.68	------
United States (average)	.24	.24	.26	.28	.31	.33	.41	.51	.54	.54	.55	.55	.56	.56	.57	.58	.58	.57	.53	.46	[2].39

[1] Figures for these States not yet computed.

[2] Preliminary. Based on figures for 23 States.

TABLE 4.—*Index numbers of farm real-estate taxes per acre, by States and geographic divisions, 1913–33* [1]

[Base 1913=100 percent]

State and geographic division	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent
Maine	100	102	103	108	122	125	143	173	174	183	197	195	195	217	219	229	238	255	258	245	[2]
New Hampshire	100	104	106	108	116	124	153	171	180	177	192	191	207	215	229	241	242	228	236	209	[2]
Vermont	100	107	114	122	131	150	167	206	207	214	221	226	233	239	247	250	255	261	256	230	202
Massachusetts	100	108	111	115	115	124	139	175	187	201	205	212	226	242	249	244	244	240	244	244	[2]
Rhode Island	100	102	114	115	124	134	145	170	184	192	202	206	216	242	257	263	275	284	292	291	[2]
Connecticut	100	106	114	119	132	143	177	202	209	225	232	240	256	267	276	274	299	302	308	296	[2]
New England (average)	100	105	109	114	124	130	151	182	189	199	208	212	222	235	242	243	249	250	253	242	------
New York	100	105	116	119	138	142	160	192	194	199	217	225	230	233	236	236	222	229	229	217	[2]
New Jersey	100	101	106	113	128	137	150	198	237	254	261	276	288	308	321	340	353	368	346	302	[2]
Pennsylvania	100	100	102	110	114	126	135	163	179	194	201	209	221	231	236	248	255	259	254	242	218
Middle Atlantic (average)	100	102	109	114	126	134	148	180	190	201	213	221	229	237	242	248	246	252	248	234	------
Ohio	100	97	113	128	131	139	160	203	218	233	234	243	248	257	274	269	267	258	218	193	172
Indiana	100	99	111	123	128	133	151	212	238	237	245	244	236	232	228	233	234	237	222	153	[2]
Illinois	100	94	106	124	138	132	165	202	214	215	208	220	233	230	227	226	233	235	209	187	[2]
Michigan	100	101	116	120	137	149	198	227	244	242	238	228	233	234	249	248	256	247	218	158	[2]
Wisconsin	100	95	104	113	122	132	188	220	228	223	226	218	202	208	226	230	238	226	188	162	[2]
East North Central (average)	100	97	110	122	132	136	170	211	227	228	229	230	231	232	240	240	244	240	211	172	------
Minnesota	100	114	117	129	152	158	212	254	264	255	281	250	261	268	270	281	287	291	278	224	[2]
Iowa	100	100	108	115	132	136	169	197	215	225	224	220	206	204	203	206	218	222	202	183	162
Missouri	100	101	109	113	122	133	171	196	264	273	277	280	294	301	312	321	325	311	286	254	[2]
North Dakota	100	110	128	134	138	162	277	284	292	281	249	245	243	242	253	252	246	248	216	185	172
South Dakota	100	99	110	117	145	172	226	289	265	268	278	276	287	284	283	290	298	288	229	209	[2]
Nebraska	100	102	104	106	121	122	150	225	256	221	216	211	229	224	249	250	245	240	227	195	161
Kansas	100	104	110	118	130	136	168	204	241	217	233	231	250	260	271	276	279	266	254	197	175
West North Central (average)	100	104	111	117	133	141	184	222	243	237	241	234	239	240	246	250	254	251	230	196	------

[1] These index numbers were computed before the tax-per-acre data were rounded to the nearest cent.

[2] Figures for these States not yet computed.

TABLE 4.—*Index numbers of farm real-estate taxes per acre, by States and geographic divisions, 1913–33*—Continued

[Base 1913=100 percent]

State and geographic division	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
	Per-cent	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*
Delaware	100	106	120	124	158	172	227	253	218	228	234	253	269	292	237	236	199	192	191	179	181
Maryland	100	109	110	124	126	152	160	190	187	202	215	225	232	234	237	242	241	245	237	226	174
Virginia	100	103	107	130	135	150	161	187	232	243	254	268	274	279	266	273	276	272	253	209	198
West Virginia	100	108	126	134	153	150	211	239	254	291	325	317	328	335	344	346	372	345	333	285	[2]
North Carolina	100	106	121	129	142	159	207	352	427	420	504	529	581	609	661	674	631	624	540	504	[2]
South Carolina	100	104	105	107	122	171	200	250	256	234	230	274	276	278	288	292	305	283	283	261	225
Georgia	100	117	120	126	138	158	181	222	220	221	219	220	230	237	233	239	242	238	227	206	186
Florida	100	138	160	168	194	217	274	321	331	393	469	508	663	652	659	640	637	494	428	398	[2]
South Atlantic (average)	100	110	118	128	140	161	191	243	264	272	294	312	337	344	349	353	350	334	309	280	------
Kentucky	100	103	110	113	114	121	177	240	259	262	277	252	256	262	271	270	266	269	265	241	209
Tennessee	100	107	114	122	142	156	175	268	303	299	310	325	290	309	313	313	316	320	293	271	249
Alabama	100	102	106	120	132	141	150	186	185	194	196	201	207	227	230	230	244	251	247	230	216
Mississippi	100	102	98	111	152	188	228	303	287	314	336	359	358	348	361	408	413	394	369	318	338
East South Central (average)	100	104	107	116	135	151	186	255	265	274	288	292	285	292	300	313	316	314	299	269	------
Arkansas	100	103	105	111	141	151	187	206	214	224	217	216	211	174	180	191	197	198	203	186	[2]
Louisiana	100	106	111	117	150	195	240	313	308	269	278	305	323	307	293	305	330	328	301	282	[2]
Oklahoma	100	84	113	104	118	123	181	190	197	205	220	218	206	195	218	215	228	231	205	169	[2]
Texas	100	100	117	114	135	150	194	199	209	221	230	242	255	250	258	272	283	296	267	214	205
West South Central (average)	100	96	114	111	132	146	194	208	215	221	230	236	239	226	237	244	256	262	239	199	------
Montana	100	102	107	113	130	137	171	191	202	187	182	178	175	182	174	172	185	183	172	162	157
Idaho	100	90	101	101	122	127	184	212	217	211	210	192	197	196	214	210	220	218	186	186	[2]
Wyoming	100	100	113	112	124	125	190	215	198	188	174	166	169	173	192	200	208	212	223	186	160
Colorado	100	106	107	110	133	139	186	225	240	241	236	224	232	242	247	242	244	236	195	184	[2]
New Mexico	100	99	73	69	90	94	124	136	153	134	124	142	164	154	161	177	186	192	200	183	[2]
Arizona	100	100	116	102	121	125	170	234	228	192	211	206	237	238	257	239	282	266	264	239	205
Utah	100	107	107	120	134	136	186	256	263	242	254	242	251	272	282	293	286	292	296	280	[2]
Nevada	100	142	135	142	166	184	217	273	280	291	278	268	280	276	267	249	219	192	193	185	192
Mountain (average)	100	101	103	105	124	128	172	204	210	197	193	184	188	192	198	196	203	200	184	173	------
Washington	100	94	93	97	110	121	153	196	197	197	189	178	177	176	183	194	199	199	185	152	128
Oregon	100	94	100	110	115	126	160	211	220	210	204	207	214	229	230	233	248	231	188	191	[2]
California	100	114	121	128	143	143	179	241	243	264	271	268	277	293	296	306	296	294	276	244	170
Pacific (average)	100	106	112	118	131	135	170	225	227	238	238	234	239	250	254	262	259	255	235	208	------
United States (average)	100	101	110	116	129	137	172	209	223	224	228	228	232	232	238	239	241	238	218	189	[3] 163

[2] Figures for these States not yet computed.

[3] Preliminary. Based on figures for 23 States.

REAL-ESTATE TAXES PER ACRE, UNITED STATES AVERAGE, EAST NORTH CENTRAL STATES, SOUTH ATLANTIC STATES, AND MOUNTAIN STATES, 1913-1933

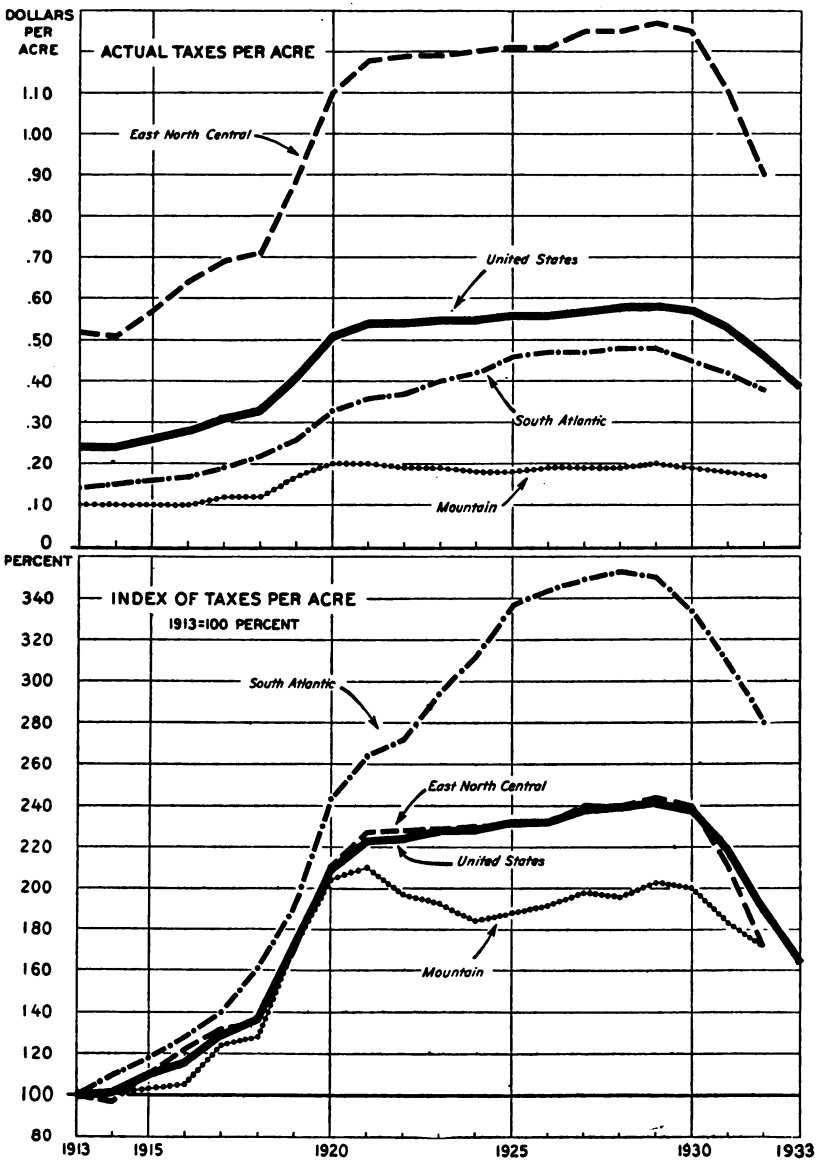

FIGURE 3.—The amount and the trend of farm real-estate taxes per acre from 1913 to 1932 are here shown for the United States and for the East North Central, the South Atlantic, and the Mountain States. These geographic divisions represent the highest, the lowest, the nearest to the average rate of increase among the nine geographic divisions.

Average taxes per acre for the United States as a whole rose from 24 cents in 1913 to 58 cents in 1928 and 1929, an increase of approximately 140 percent. Two-thirds of this rise occurred from 1917 to 1921. These 4 years included a period of rapidly expanding functions and expenditures of State and local government and increasing indebtedness. In this period also occurred a rapid rise in prices, wages, and salaries, the effects of which continued to influence tax levies several years after the post-war break in prices. From 1921 to 1929, a gradual increase occurred in taxes per acre, the total change for the 8 years being 8 percent. Between 1929 and 1932, taxes per acre decreased to 46 cents, a drop of 22 percent. The year 1932, with an index of 189, was the first after 1919 with average tax per acre less than twice the 1913 level.

Since 1932 farm real-estate taxes per acre have declined substantially, as indicated in the 1933 column of tables 3 and 4 for the 23 States for which data are available at this time.[4]

4. THE BURDEN OF FARM TAXES AS MEASURED BY THEIR RELATION TO FARM REAL-ESTATE VALUES, 1913–33

Taxes per $100 of farm real-estate value in the United States as a whole increased from 55 cents in 1913 to $1.50 in 1932, then declined to $1.25 in 1933. Prior to 1933 they decreased in only 1 year, and then but slightly, from 58 cents in 1917 to 57 cents in 1918 because of a more rapid increase in land values than in taxes per acre. The practically continuous increase in the ratio of taxes to value is due, of course, to the fact that taxes per acre have risen more or fallen less than have the land values. As shown in figure 6, farm real-estate values rose rapidly from 1915 to a peak in 1920, and then declined continually to 1933. A slight increase occurred from 1933 to 1934. The rate of decline was most rapid from 1919 to 1921 and from 1929 to 1932. Farm taxes, on the other hand, continued to increase until 1929. Both land values and taxes decreased from 1929 to 1933, but the decline in values was much greater than in taxes. In terms of the 1913 level, March 1 values for all farm real estate stood at 160 percent in 1920, at 114 in 1929, and at 87 in 1932. Real-estate taxes levied the same years are 209 percent, 241 percent, and 189 percent of 1913.[5] On the basis of these two indexes it is possible to compute ratios of taxes to land values, which are reasonably comparable with the ratio in 1929 as shown by census data.

Average taxes per $100 of farm real-estate value in 1929, as reported to the Bureau of the Census, are given by counties in figure 4. Weighted averages by States and geographic divisions, as calculated for all land in farms, are given in table 5. The highest State rates in 1929, the peak year for taxes per acre for the country as a whole, were $2.06 in New Hampshire and Mississippi and $2.04 in Michigan. The lowest were $0.67 in Virginia and $0.72 in Delaware.

[4] Data for 1933 in tables 3 and 4 were obtained in connection with the C.W.A. Project F-6, Tax Delinquency, Mortgage Foreclosures, and Land Values, conducted by the Bureau of Agricultural Economics in cooperation with the State experiment stations.

[5] The real-estate values used here are derived from the Bureau's land-value series compiled by the Division of Land Economics, adjusted to census values in each census year, so as to give each year average values for all land in farms, instead of values on the same acreage in all years.

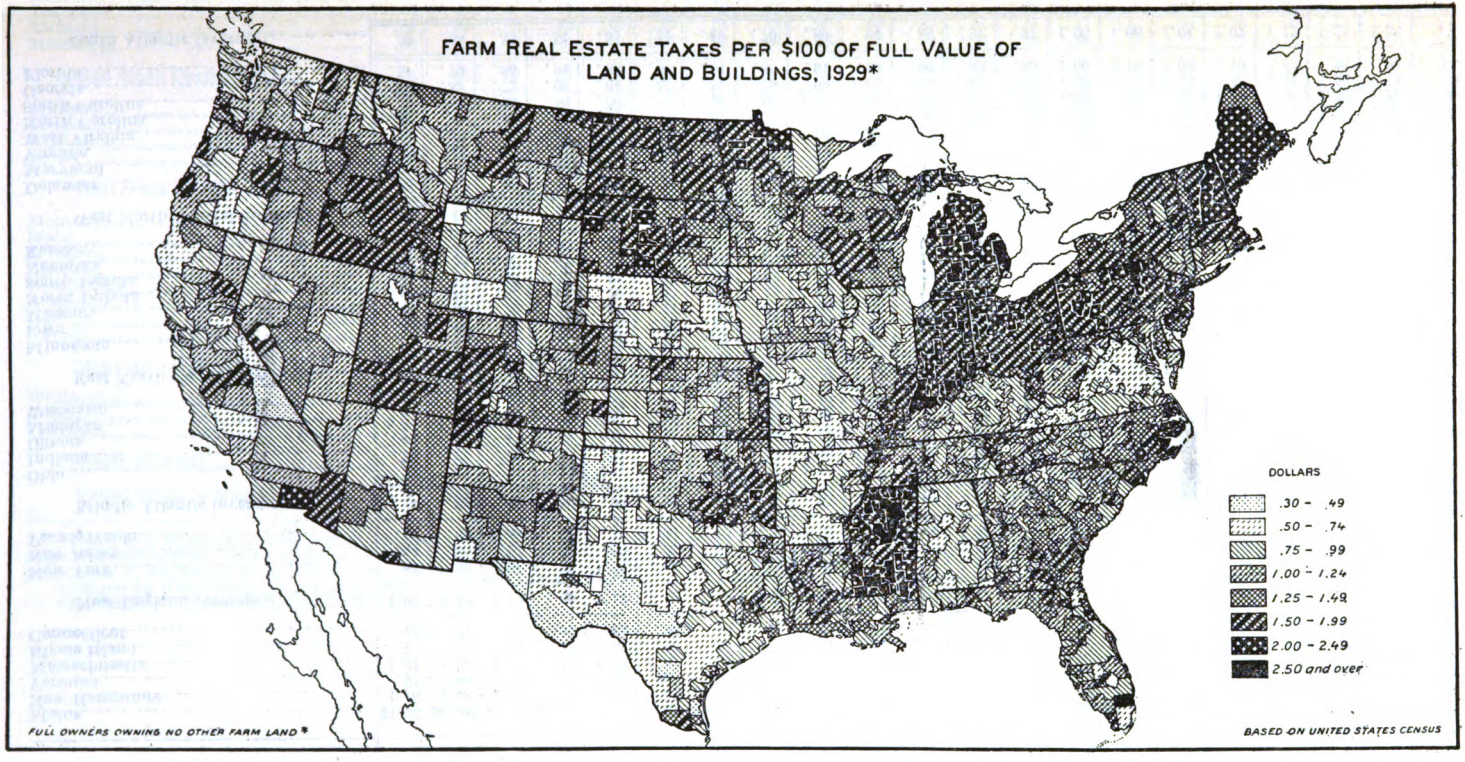

FIGURE 4.—Farm real-estate taxes in 1929 per $100 of full value of land and buildings as reported by the Census varied greatly among different parts of the country. This chart and figure 2 are based upon the same volume of data, from 2,019,000 farms operated by their owners and including 245,280,000 acres or nearly one-fourth of all land in farms in 1930.

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TABLE 5.—*Farm real-estate taxes per $100 of value, by States and geographic divisions, 1913–33* [1]

State and geographic division	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
Maine	$1.26	$1.28	$1.29	$1.18	$1.29	$1.21	$1.20	$1.54	$1.55	$1.55	$1.67	$1.62	$1.57	$1.74	$1.73	$1.80	$1.81	$1.95	$2.19	$2.45	(2)
New Hampshire	1.16	1.25	1.29	1.27	1.29	1.31	1.48	1.64	1.60	1.71	1.80	1.67	1.76	1.84	1.93	2.06	2.06	1.94	2.19	2.14	(2)
Vermont	.91	.90	.88	.86	.88	.98	.98	1.17	1.19	1.32	1.36	1.43	1.42	1.44	1.49	1.49	1.49	1.55	1.64	1.66	1.45
Massachusetts	1.21	1.36	1.37	1.30	1.26	1.30	1.24	1.59	1.66	1.75	1.75	1.74	1.76	1.85	1.82	1.72	1.66	1.64	1.80	1.93	(2)
Rhode Island	.77	.76	.82	.79	.81	.85	.88	.99	1.07	1.11	1.12	1.10	1.06	1.09	1.09	1.07	1.07	1.11	1.19	1.28	(2)
Connecticut	.74	.81	.85	.82	.85	.86	.95	1.08	1.05	1.13	1.12	1.16	1.15	1.12	1.08	1.02	1.05	1.06	1.14	1.17	(2)
New England (average)	1.07	1.13	1.12	1.05	1.13	1.12	1.15	1.38	1.40	1.48	1.52	1.51	1.51	1.58	1.56	1.55	1.53	1.56	1.70	1.78	------
New York	.82	.89	.96	.93	1.04	1.04	1.04	1.33	1.36	1.34	1.44	1.44	1.46	1.48	1.49	1.47	1.38	1.52	1.60	1.69	(2)
New Jersey	.84	.88	.91	.90	.99	1.03	1.04	1.30	1.60	1.72	1.59	1.54	1.47	1.52	1.53	1.56	1.58	1.68	1.64	1.54	(2)
Pennsylvania	.87	.89	.88	.87	.88	.94	.90	1.14	1.33	1.40	1.44	1.46	1.49	1.54	1.54	1.59	1.63	1.74	1.80	2.11	1.88
Middle Atlantic (average)	.84	.88	.92	.90	.96	1.00	.99	1.25	1.37	1.41	1.46	1.46	1.48	1.51	1.52	1.53	1.51	1.63	1.69	1.84	------
Ohio	.72	.66	.74	.78	.73	.76	.74	1.11	1.26	1.34	1.34	1.46	1.53	1.65	1.79	1.76	1.79	1.89	1.87	1.98	1.64
Indiana	.72	.73	.75	.80	.75	.74	.71	1.08	1.49	1.52	1.63	1.70	1.73	1.85	1.87	1.89	1.94	2.18	2.46	1.92	(2)
Illinois	.40	.38	.42	.46	.48	.42	.43	.55	.71	.73	.74	.79	.88	.96	.98	.98	1.04	1.21	1.31	1.44	(2)
Michigan	1.04	1.05	1.14	1.09	1.12	1.19	1.42	1.62	1.76	1.75	1.78	1.74	1.81	1.84	1.96	1.96	2.04	2.08	2.18	1.89	(2)
Wisconsin	.76	.72	.71	.73	.74	.75	.90	1.04	1.16	1.14	1.19	1.18	1.14	1.20	1.32	1.36	1.43	1.52	1.44	1.39	(2)
East North Central (average)	.63	.61	.65	.69	.69	.67	.70	.91	1.12	1.14	1.19	1.23	1.29	1.37	1.44	1.45	1.51	1.65	1.73	1.67	------
Minnesota	.54	.61	.55	.55	.58	.56	.59	.70	.83	.86	.93	.94	1.00	1.09	1.14	1.20	1.25	1.45	1.65	1.64	(2)
Iowa	.50	.46	.44	.45	.48	.44	.41	.52	.69	.75	.80	.83	.81	.86	.88	.90	.98	1.14	1.28	1.59	1.28
Missouri	.25	.27	.28	.26	.27	.26	.28	.34	.54	.58	.63	.67	.75	.80	.83	.86	.89	.98	1.06	1.17	(2)
North Dakota	.48	.55	.61	.61	.59	.67	1.05	1.11	1.18	1.22	1.22	1.28	1.30	1.39	1.49	1.53	1.54	1.72	1.75	1.71	1.54
South Dakota	.35	.36	.38	.38	.43	.45	.49	.66	.71	.82	.93	.96	1.05	1.17	1.19	1.24	1.30	1.40	1.38	1.54	(2)
Nebraska	.38	.38	.37	.37	.35	.32	.32	.52	.67	.60	.64	.65	.70	.72	.80	.80	.81	.84	.95	1.05	.85
Kansas	.51	.51	.51	.50	.53	.51	.56	.68	.92	.83	.94	.96	1.06	1.10	1.15	1.17	1.20	1.24	1.38	1.35	1.16
West North Central (average)	.43	.44	.44	.44	.46	.44	.47	.60	.76	.76	.84	.86	.90	.96	1.00	1.02	1.08	1.20	1.31	1.36	------
Delaware	.52	.56	.60	.59	.69	.73	.89	1.04	.95	.96	1.04	1.04	1.05	1.14	.90	.88	.72	.72	.82	.92	.92
Maryland	.72	.78	.77	.80	.75	.86	.74	.99	.97	1.03	1.08	1.10	1.12	1.15	1.15	1.16	1.13	1.17	1.28	1.43	1.11
Virginia	.40	.45	.38	.44	.41	.37	.36	.43	.61	.56	.59	.64	.68	.70	.67	.67	.67	.76	.82	.77	.69
West Virginia	.44	.49	.58	.57	.58	.53	.65	.77	.90	.97	1.08	1.06	1.10	1.16	1.17	1.16	1.26	1.24	1.46	1.36	(2)
North Carolina	.41	.42	.44	.39	.38	.35	.37	.71	1.00	.81	.96	1.00	1.09	1.18	1.29	1.34	1.28	1.48	1.52	1.89	(2)
South Carolina	.52	.59	.56	.50	.50	.52	.43	.66	1.01	.88	.78	.88	.96	1.07	1.09	1.09	1.18	1.26	1.56	1.85	1.43
Georgia	.66	.82	.72	.68	.64	.57	.51	.79	.99	1.05	.99	1.05	1.09	1.20	1.14	1.16	1.16	1.27	1.52	1.74	1.38
Florida	.51	.79	.85	.84	.85	.83	.84	.86	.91	.95	.96	.88	.88	1.06	1.10	1.08	1.10	.86	.88	.96	(2)
South Atlantic (average)	.52	.58	.56	.54	.53	.51	.49	.70	.89	.84	.88	.91	.97	1.06	1.06	1.08	1.07	1.12	1.25	1.36	------

Kentucky	.51	.52	.50	.47	.41	.37	.46	.73	.90	.92	1.03	.94	.92	.96	1.02	1.00	.96	1.06	1.26	1.39	1.18
Tennessee	.54	.60	.58	.56	.55	.52	.50	.89	1.07	.97	1.05	1.13	1.02	1.11	1.12	1.12	1.13	1.23	1.34	1.52	1.31
Alabama	.64	.66	.73	.75	.65	.63	.54	.82	.90	.88	.87	.81	.81	.91	.87	.84	.86	.96	1.23	1.31	1.11
Mississippi	.80	.89	.72	.75	.96	1.01	.85	1.69	1.58	1.75	1.99	2.06	1.99	1.96	1.97	2.15	2.06	2.12	2.43	2.66	2.50
East South Central (average)	.58	.65	.59	.61	.58	.58	.56	.95	1.08	1.08	1.18	1.20	1.15	1.20	1.22	1.22	1.22	1.34	1.51	1.66	------
Arkansas	.84	.89	.82	.72	.80	.73	.70	.91	.98	1.03	1.04	1.01	1.01	.83	.86	.90	.93	1.12	1.32	1.56	[2]
Louisiana	.74	.81	.74	.77	.75	.90	.89	1.41	1.59	1.31	1.41	1.44	1.44	1.38	1.27	1.25	1.29	1.39	1.52	1.62	[2]
Oklahoma	.75	.68	.84	.71	.71	.69	.87	.92	1.12	1.20	1.36	1.30	1.22	1.12	1.24	1.20	1.25	1.39	1.50	1.54	[2]
Texas	.40	.41	.46	.42	.44	.46	.46	.55	.64	.70	.69	.68	.70	.72	.72	.78	.77	.90	1.04	.98	.86
West South Central (average)	.52	.54	.61	.55	.55	.58	.61	.74	.88	.90	.92	.90	.88	.86	.88	.90	.93	1.07	1.19	1.21	------
Montana	.41	.42	.45	.49	.52	.49	.59	.75	.88	.89	.94	.94	.99	1.12	1.06	1.07	1.18	1.21	1.36	1.54	1.51
Idaho	.68	.64	.70	.62	.67	.64	.78	.98	1.19	1.20	1.26	1.24	1.30	1.31	1.43	1.40	1.46	1.48	1.50	1.87	[2]
Wyoming	.34	.33	.46	.45	.36	.30	.40	.55	.55	.64	.63	.76	.80	.81	.92	.94	.98	1.05	1.44	1.44	1.26
Colorado	.42	.49	.46	.46	.56	.56	.62	.81	.92	1.00	1.10	1.10	1.19	1.34	1.39	1.34	1.34	1.32	1.35	1.56	[2]
New Mexico	.48	.49	.40	.37	.37	.48	.55	.64	.85	.75	.77	.80	.96	.94	.93	1.06	1.04	1.05	1.47	1.52	[2]
Arizona	.25	.28	.34	.31	.37	.36	.44	.71	.83	.83	1.06	1.23	1.32	1.27	1.28	1.14	1.27	1.20	1.42	1.49	1.25
Utah	.56	.64	.61	.62	.68	.59	.70	1.19	1.24	1.13	1.22	1.14	1.19	1.29	1.34	1.38	1.33	1.41	1.76	1.96	[2]
Nevada	.42	.57	.58	.58	.63	.58	.60	.84	.96	1.12	1.17	1.26	1.37	1.38	1.32	1.27	1.09	.98	1.21	1.45	1.45
Mountain (average)	.47	.49	.50	.48	.54	.50	.63	.84	.94	.97	1.06	1.09	1.12	1.22	1.22	1.22	1.26	1.24	1.44	1.65	------
Washington	.64	.63	.62	.58	.64	.69	.76	1.01	1.10	1.15	1.11	1.06	1.06	1.07	1.10	1.18	1.20	1.21	1.35	1.36	1.15
Oregon	.40	.40	.42	.46	.46	.48	.56	.73	.80	.82	.81	.83	.89	.99	1.01	1.07	1.15	1.06	1.05	1.29	[2]
California	.56	.62	.64	.59	.64	.62	.66	.86	.86	.92	.93	.90	.94	1.00	1.01	1.05	1.02	1.02	1.13	1.23	.84
Pacific (average)	.56	.59	.59	.59	.62	.61	.66	.87	.90	.95	.95	.92	.95	1.01	1.04	1.08	1.06	1.06	1.16	1.26	------
United States (average)	.55	.56	.57	.57	.58	.57	.59	.79	.94	.96	1.01	1.03	1.07	1.12	1.15	1.18	1.19	1.28	1.42	1.50	[3] 1.25

[1] These data represent farm real-estate taxes per $100 of "full" value as distinguished from "assessed" value. The values used for census years are census estimates. Those for other years were determined by applying to the census values the indexes of farm real-estate values computed by E. H. Wiecking and B. R. Stauber, and which appear in the annual publication of the Bureau of Agricultural Economics, entitled "The Farm Real Estate Situation."

[2] Figures for these States not yet computed.

[3] Preliminary. Based on figures for 23 States.

In order to show the extent of the influence of agricultural expansion into areas of relatively low tax per acre, an index of tax per acre has been constructed in which constant weight is assumed throughout the period in arriving at averages for individual States and regions. In 1932 this index was 9 percent higher than the index based upon varying acreage in farms. The difference develops largely during the periods of expansion into areas of cheaper lands and lower taxes per acre, from 1915 to 1920 and from 1925 to 1930. The index based on constant weight shows better the trend in tax rates levied by given jurisdictions on the same parcels of property and reflects more nearly the influence of fiscal policy on changes in taxes per acre. It does not show, however, the changes in average tax on all lands in farms, which changes are more useful in comparing taxes with average farm income, rent of land, and property values. In either case the differences in actual tax per acre at a given time reflect in large part, differences in land values.

Value of property is the basis of levying property taxes. Laws governing assessment and taxation are based on the actual or implied assumption that the value of land measures its "ability to bear the cost of government." Hence, the relation of taxes to the value of farm real estate affords one significant indication of the burden of these taxes in one period compared with another.

Taxes per acre in the various regions followed the same general trend except for the Mountain and New England divisions. In the former, taxes reached their peak in 1921 instead of in the late twenties, and in the latter no decline appeared until 1932, and then only a very slight one. Individual States, though varying more than the geographic divisions, show considerable similarity of trend. The Montana and New Mexico indexes show the smallest rates of increase, touching 200 only once. The greatest rates of increase occurred in North Carolina and Florida, where the indexes rise above 650 percent of 1913, then decline to 504 and 398, respectively. The high rate of increase in some States was due in large part to a comparatively low tax per acre in 1913, the starting point of this series, followed by increased levies to meet a shortage of improvements and services (mainly schools and roads), and does not mean exceptionally high tax per acre in later years.

These real-estate taxes per acre represent taxes on all land in farms (and improvements), approximately the average that would be obtained if it were possible to divide total taxes actually levied on all farm real estate in each year by the total acreage in farms. The trend of these taxes, therefore, not only represents changes from year to year in taxes per acre of particular farms but it also reflects an influence upon the averages, due to the expansion and regional shifts in total acreage of land in farms. Since the expansion took place largely in the newer agricultural areas, where taxes per acre were low, a proportionately greater weight is given to regions of low taxes per acre in the latter part of the two decades covered by the index.

Annual increases in taxes per $100 of farm real-estate value during the years of falling land values since 1920 were in general larger than the annual increases preceding 1920, because taxes continued to rise from 1920 to 1929. Meanwhile, land values declined under the pressure of low farm prices, still lower purchasing power of farm products, and rising taxes. In 1932, the average tax per acre was about 10 percent higher than in 1919; but real-estate values had

decreased nearly a half and the tax per $100 of full value consequently increased more than 150 percent. By 1932 tax per $100 stood at 273 percent of 1913, whereas tax per acre stood at 189. From 1929 to 1932, despite a decrease of one-fifth in taxes per acre, taxes per $100 of value increased by one-fourth, because of a drop of one-third in real-estate values. With a decrease of 13 percent in taxes per acre from 1932 to 1933, and an increase of 4 percent in land values, the estimated tax per $100 of full value of land and buildings declined from $1.50 in 1932 to $1.25 in 1933. This is the first decline in taxes relative to land values since 1917–18. (See fig. 5.)

Although the fall in agricultural prices and income is the main cause of the drop in land values, the increasing tax load undoubtedly

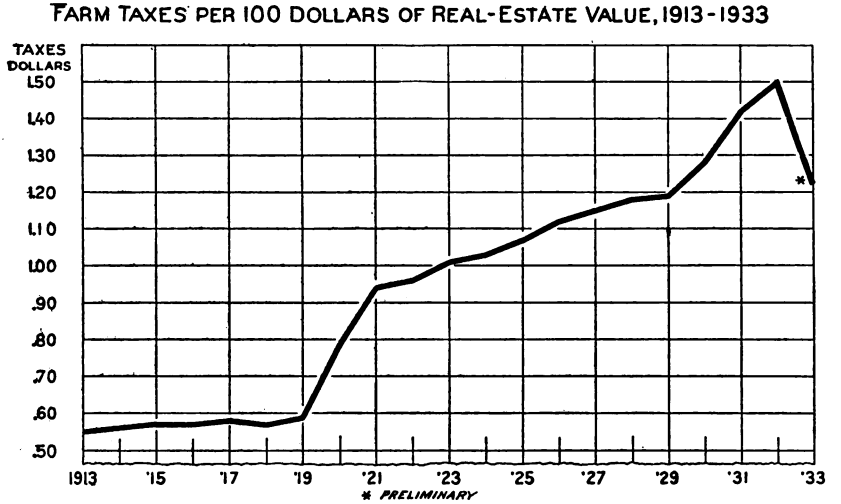

FIGURE 5.—Property taxes per $100 of full value of land and buildings increased only slightly from 1913 to 1919 whereas taxes per acre in that period increased rapidly. Land values per acre increased at nearly the same rate as taxes. Taxes continued to rise rapidly until 1921 and gradually from that time until 1929, whereas land values declined sharply from 1920 to 1921 and gradually from that time until 1929. The advance in taxes in the face of declining land values accounts for the sharp advance in taxes per $100 of value from 1919 to 1921 and a somewhat less rapid increase from that year to 1929. While taxes declined from 1929 to 1932, land values declined more rapidly. This accounts for the very sharp increase in the ratio of taxes to value from 1929 to 1932. The term "value" as here used refers to value as reported by the Bureau of the Census and estimated by the Bureau of Agricultural Economics between Census years.

has been an important factor. This in turn has reduced the farmers' equities and impaired the security of creditors. In effect, the taxing authority has the first lien on property; the holder of a first mortgage, after all, has a secondary claim. Hence the creditor has a common interest with the farmer not only in more remunerative prices of farm products but also in a more equitable system of taxation to avoid unduly burdensome taxes.

5. FARM TAXES COMPARED WITH THE TREND OF PRICES RECEIVED BY FARMERS

A comparison of farm taxes with the prices which farmers receive for their products indicates the change in physical quantity of produce which farmers must sell to pay their taxes. In 8 out of the 19 year-to-year changes, shown in figure 6, relative price increases actually

exceeded relative tax increases, but the excesses were in most cases small. In the remaining 11 cases, the tax increases on the average greatly exceeded the price increases.

Since 1920, the ratio of the index of farm taxes per acre, with 1913 as 100, to the index of prices received by farmers has never fallen below 158 percent. In 1930 it was more than double that of 1913, and by 1932 it had risen to 332. In other words, to pay their 1932 real-estate taxes, farmers had to sell an average of 3⅓ times as much produce as they sold for the same purpose in 1913.

FARM REAL-ESTATE TAXES PER ACRE, PRICES RECEIVED BY FARMERS, AND LAND VALUES PER ACRE, 1913-1933

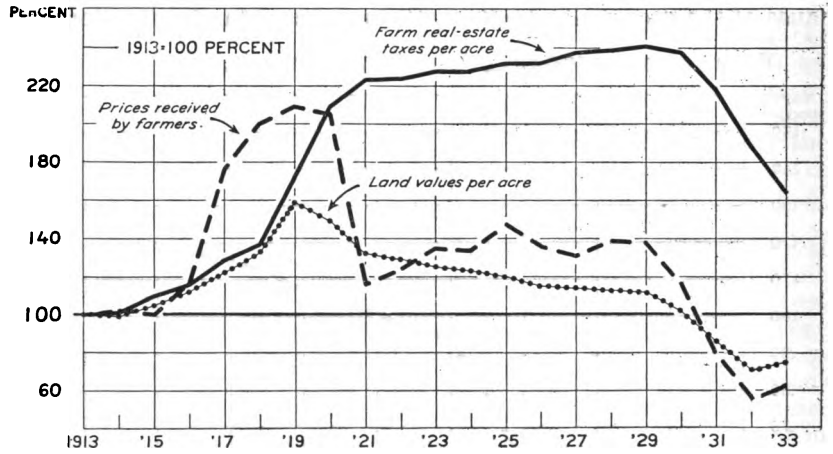

FIGURE 6.—Prices received by farmers for products sold, real-estate values, and taxes on farm property have fluctuated greatly during the past 2 decades. Instability of price is the principal cause of these fluctuations. The difficulty of farmers in meeting their increased taxes is indicated by the fact that in 1932 approximately 3⅓ times as large a volume of farm products was required to pay taxes as in 1913. While declining prices and income are the principal cause of the fall in land values, the increase in taxes also has contributed to the fall of real-estate values and served to diminish the equity behind farm mortgage loans.

6. TAXES COMPARED WITH INCOME IN AGRICULTURE

Taxes in relation to income in agriculture afford a better comparison of tax levies with ability to pay, reasonably interpreted, than is afforded either by property taxes per acre or by property taxes in relation to values. Yet, because of the varied forms of organization of the agricultural industry, no one measure of income is wholly satisfactory. Certain comparisons are offered, however, as indicative of taxes in relation to income as measured in terms of (1) gross income to owners of cash-rented farms, (2) gross income per acre, and (3) income from owner-operated farms.

(1) Gross income to owners of cash-rented farms is represented by the cash rents received, and this can be compared with the real-estate taxes levied against cash-rented farms. Comparison with net rents is not possible for recent years, as adequate data are not available on landlords' outlays which must be deducted from gross rent to arrive at net rent.

The Bureau of the Census has compared cash rents contracted in the spring of 1930 with the 1929 real-estate taxes.[6] For the United States as a whole, real-estate taxes required 21.9 percent of the gross rentals on cash-rented farms. Corresponding ratios for geographic divisions are given in table 6. Ratios of taxes to net rents obviously would be significantly higher than to gross rents. Wide variation in ratios was shown between States. In Michigan, taxes equaled 56.6 percent of rents on cash-rented farms, and in Alabama only 11.1 percent.

TABLE 6.—*Percentage of gross rent required for real-estate taxes on cash rented farms. 1930 Census of Agriculture* [1]

State and geographic division	Percent	State and geographic division	Percent
Maine	33.3	South Carolina	17.9
New Hampshire	42.6	Georgia	18.6
Vermont	28.9	Florida	19.2
Massachusetts	37.8		
Rhode Island	28.3	South Atlantic (average)	21.6
Connecticut	32.5		
		Kentucky	19.4
New England (average)	33.8	Tennessee	17.6
		Alabama	11.1
New York	35.1	Mississippi	18.9
New Jersey	40.9		
Pennsylvania	46.9	East South Central (average)	15.8
Middle Atlantic (average)	40.6	Arkansas	12.4
		Louisiana	19.1
Ohio	35.1	Oklahoma	27.0
Indiana	34.0	Texas	17.8
Illinois	22.7		
Michigan	56.6	West South Central (average)	19.4
Wisconsin	26.9		
		Montana	22.3
East North Central (average)	29.3	Idaho	20.6
		Wyoming	20.8
Minnesota	23.6	Colorado	25.7
Iowa	17.1	New Mexico	25.2
Missouri	17.4	Arizona	16.7
North Dakota	30.1	Utah	21.2
South Dakota	25.8	Nevada	18.9
Nebraska	17.7		
Kansas	27.9	Mountain (average)	21.6
West North Central (average)	19.3	Washington	22.7
		Oregon	26.1
Delaware	19.9	California	20.1
Maryland	34.6		
District of Columbia	72.4	Pacific (average)	21.0
Virginia	21.1		
West Virginia	37.6	United States (average)	21.9
North Carolina	23.2		

[1] From Taxes on Farm Property in the United States, by Warder B. Jenkins, Census of Agriculture, 1930. These figures represent the ratios of taxes paid or payable in 1929 to rents contracted for 1930.

In many cases lands actually used for agriculture are assessed on the basis of their values for more intensive uses. This is an important influence in increasing the ratio of taxes to rents in some of the Northeastern States, as indicated by comparisons for districts within States. In New York, for instance, by far the highest ratio appeared in the crop-reporting district adjacent to New York City. In Pennsylvania the highest ratios occurred in the Pittsburgh and Philadelphia industrial areas.

Comprehensive study of this relation of taxes to net rent was made by the Bureau of Agricultural Economics in cooperation with the

[6] In arriving at the probable amount of taxes levied on rented farms, it was assumed that the ratio of taxes to full value of rented farms was the same as on owner-operated farms.

agricultural experiment stations in 14 States in 1923–27. Even in that period, with farm income relatively favorable as compared with that of recent years, taxes took about one-third of net cash rent, varying from 58 percent in Michigan to 18 percent in Arkansas.[7]

Since that period farm prices and buying power of farm products have declined far more rapidly than have taxes per acre. As average prices received by farmers declined 53 percent from 1926 to 1932, while average prices paid by farmers declined only 29 percent and taxes per acre 18 percent, it follows that both gross and net rent in 1932 were materially lower than in the period 1923–27, covered by the earlier studies, and that taxes require a much higher percentage—in many cases all, or more than all, of the net cash rent.

Cash rents per acre for the three years 1930, 1931, and 1932 have been reported to the Bureau of Agricultural Economics by crop correspondents. These reports permit a general comparison of changes in rents and taxes for this critical period. For the country as a whole, the reported rents per acre contracted at the beginning of the season showed a decline of approximately 25 percent for the 2-year period 1930 to 1932. Real-estate taxes levied in 1929 and 1931, payable principally close to the end of these years or in the beginning of the next, fell only 10 percent.

Even the taxes levied during 1930 and 1932 for collection near the end of those years fell 20.6 percent as compared with 25 percent decline in rents. Early in 1932 farm owners made rental contracts at only three-fourths as much per acre as in 1930, but the real-estate taxes which they had recently paid amounted to 90 percent of those paid in 1930. Then, during the year 1932, there were levied against these farms, with rentals reduced by a quarter, real-estate taxes of 79.4 percent of the levies of 1930. Evidently real-estate taxes on cash-rented farms in 1932 represented even more than the 22 percent of contract rent required for taxes in 1930. Furthermore, it is better than a fair presumption that, on the average, rents actually paid fell further below contracted amounts in 1932 than in 1930, because farm prices and income had fallen more than farm costs, as indicated by the ratio of prices received to prices paid by farmers.

(2) Property taxes compared with gross income per acre afford an additional indication of the rapidly mounting farm taxes in relation to the ability of the industry to bear taxes. Average gross income per acre in 1932 was only 66 percent of that of 1913, as contrasted with real-estate taxes per acre at 189 percent of 1913. In other words, taxes in 1932 were 89 percent above, while gross income per acre was 34 percent below, the pre-war level. (See table 7 and fig. 7.) By 1933 gross income per acre had improved, and stood at 84 percent of 1913. Taxes per acre (based on data for 23 States) had declined to 163 percent of 1913.

Direct comparison of real-estate taxes with gross income per acre shows that in 1913 the gross income from 3.1 average acres was sufficient to pay the real-estate taxes on 100 acres of average land, compared with 4.7 acres in 1929, 9.1 acres in 1932, and 6 acres in 1933. Farm real-estate taxes per $100 of gross income from 1913 to 1933, shown in table 7, are also the measure of the average

[7] These data were published in detail by the agricultural experiment stations cooperating in the study, and in summary form in Taxation of Farm Property, U.S. Department of Agriculture Technical Bulletin 172, in 1930, by Whitney Coombs.

number of acres the gross income of which was required to pay real-estate taxes on 100 acres. As indicated earlier in this report, however, taxes in relation to gross income do not afford a complete indication of the burden of farm taxes because in the long run taxes must be paid out of net income.

INDEXES OF FARM REAL ESTATE TAXES PER ACRE, PER 100 DOLLARS OF VALUE AND PER 100 DOLLARS OF GROSS INCOME, UNITED STATES, 1913-1933

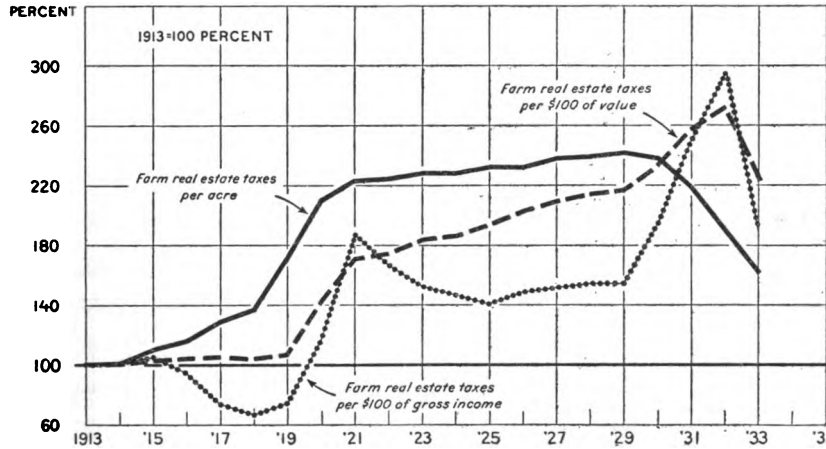

FIGURE 7.—The burden of farm real-estate taxes was greater in 1932 than at any time since 1913. The tax per acre declined after 1929, but the tax per $100 of farm real-estate value and the tax per $100 of gross income from farm production increased. (For sources of data see tables 2, 4, and 5.)

TABLE 7.—*Gross income from farm production and real-estate taxes per acre of c l land in farms*

Year	Gross income per acre [1]		Real-estate taxes per $100 of gross income		Year	Gross income per acre [1]		Real-estate taxes per $100 of gross income	
	Amount	Index, 1913=100	Amount	Index, 1913=100		Amount	Index, 1913=100	Amount	Index, 1913=100
		Percent		*Percent*			*Percent*		*Percent*
1913	$7.73	100	$3.10	100	1924	12.19	158	4.51	145
1914	7.72	100	3.12	100	1925	12.95	168	4.32	139
1915	8.06	104	3.23	104	1926	12.26	159	4.57	147
1916	9.63	125	2.91	94	1927	12.23	158	4.66	150
1917	13.75	178	2.26	73	1928	12.21	158	4.75	153
1918	16.06	208	2.06	66	1929	12.24	158	4.74	153
1919	17.86	231	2.30	74	1930	9.54	123	5.98	192
1920	14.19	184	3.59	116	1931	6.91	89	7.67	247
1921	9.41	122	5.74	185	1932	5.08	66	9.06	292
1922	10.55	136	5.12	165	1933	[2] 6.49	84	6.01	194
1923	11.77	152	4.67	150					

[1] The gross income per acre as used in this table was arrived at by dividing the gross agricultural income in the United States by the total acreage in farms as reported by the Bureau of the Census and interpolated on a straight-line trend between census years.

[2] This includes rental and benefit payments under the Agricultural Adjustment Act. These amounted to about $289,000,000 compared with a gross income of $6,114,000,000 from crops and livestock, making a total of $6,403,000,000. (Published by the Bureau of Agricultural Economics, Mar. 3, 1934.)

(3) Property taxes compared with returns on groups of owner-operator farms from 1923 to 1932 indicate the changing burden of taxes as shown by their relation to receipts, on the farms for which operations are reported in sufficient detail to permit comparison. As these farms probably do not represent the average of all farms

in the United States, it is necessary to point out the limitations and the significance of these particular data.

Each year since 1923, in reply to a mail questionnaire sent by this Bureau, individual farmers in all sections of the country have submitted itemized figures of receipts and expenses of the farms which they owned and operated in the previous year. From 6,000 to 16,000 reports have been received and have been tabulated annually and the principal data pertinent to this report are summarized in table 8 and figure 8.[8]

TABLE 8.—*Average property tax per farm, in relation to income, of groups of owner-operators, 1923–32* [1]

Year	Cash receipts		Food produced and used on farm	Increase in inventories [3]	Cash and noncash receipts		Property taxes	Taxes as percent of—			
								Cash receipts		Cash and noncash	
	Gross	Net (before taxes) [2]			Gross	Net (before taxes) [2]		Gross	Net	Gross	Net
								Percent	*Percent*	*Percent*	*Percent*
1923	$2,240	$710	$265	$130	$2,635	$1,105	$190	8.5	26.8	7.2	17.2
1924	2,434	853	266	181	2,881	1,300	192	7.9	22.5	6.7	14.8
1925	2,551	909	274	223	3,048	1,406	191	7.5	21.0	6.3	13.6
1926	2,448	815	282	158	2,888	1,255	183	7.5	22.5	6.3	14.6
1927	2,505	886	273	242	3,020	1,401	180	7.2	20.3	6.0	12.8
1928	2,608	946	269	244	3,121	1,459	184	7.1	19.5	5.9	12.6
1929	2,669	960	262	201	3,132	1,423	187	7.0	19.5	6.0	13.1
1930	2,211	664	242	−221	2,232	685	196	8.9	29.5	8.8	28.6
1931	1,549	388	200	−304	1,445	284	183	11.8	47.2	12.7	[4] 64.4
1932	1,014	204	161	−191	984	174	149	14.7	73.0	15.1	[4] 85.6

[1] The groups each year are somewhat different in number, distribution, and description of the farms for which reports were received, yet they are believed to be fairly representative of the more commercialized farms.

[2] Any taxes other than real-estate and personal-property taxes levied against the farm specifically described in the report were included in farm-business expense (other than taxes) deducted from receipts.

[3] Personal property only—crops for sale or for farm use, livestock, machinery and equipment, and farm supplies. Minus sign (−) indicates a decrease. Changes in values of land and buildings have been excluded. Inventory changes combine changes in quantities and changes in prices.

[4] The higher ratio of taxes to cash and noncash income than to cash income alone in 1931 and 1932 is due to downward adjustments for inventory changes in excess of upward adjustments for food produced and used on the farm. This adjustment was made in cash and noncash receipts, and not in cash receipts alone.

The weight of the tax on the taxpayer depends largely on the amount of money available after paying the expenses (other than taxes) of doing business. Even when the amount of tax is low, the burden may be great if receipts also are low. On the other hand, when the receipts are large, expenses other than taxes may take so large a part of the receipts as to make the tax a heavy burden. Many combinations of circumstances are represented in these farm reports, varying from cases in which taxes were in excess of the money available to pay them, to comfortable margins for family living and savings.

The general effect of declining prices on receipts from farming from 1929 to 1932 is clear. While the expenses of farming were reduced drastically by these farmers as by farmers in general, the sums left after paying business expenses other than taxes declined much more rapidly than receipts. Hence, the proportion of available income required for taxes mounted. In 1932 the reports of 6,383 farmers, on farms averaging 233 acres valued on the 1st of January with livestock, equipment, and supplies at $9,981, showed an average of $204

[8] These data are compiled by the Division of Farm Management and Costs. The details have been reported annually in Crops and Markets and summary tables may be found in the Yearbooks of the Department of Agriculture.

available to pay taxes averaging $149. The tax thus took 73 percent of the cash receipts remaining after paying business expenditures. These averages apply to the particular farms reporting for 1932, and are not offered as representing all farmers in the United States or all owner-operated farms. The data are believed to be substantially comparable from year to year notwithstanding some variations in the composition of the group. [9]

It is apparent that the data shown in table 8 cannot be taken as comparable with census figures, as the two sets of data are based on substantially unlike concepts. (See footnote 9.) These data, how-

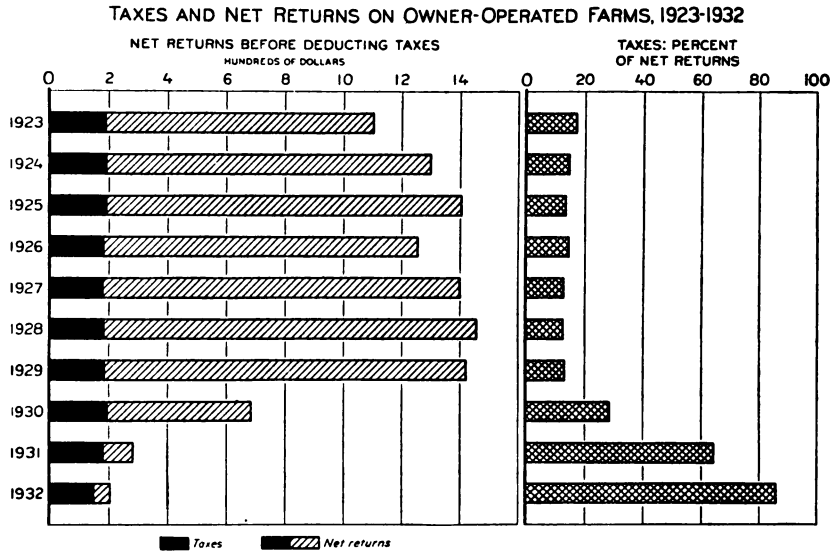

FIGURE 8.—Taxes in relation to net returns of owner-operated farms represented by these data remained fairly constant from 1923 to 1924, but increased sharply from the latter year to 1932, because of the much greater decline in income than in taxes. Income as used in this illustration represents not only cash returns but also estimated value of food and other products produced on the farm and used by the farm household and change in inventory value of personal farm property.

ever, although representing a relatively small sample, are typical of a much larger number of farms. The data shown do emphasize the

[9] An adjustment has been made in the data reported by farmers to bring the results closer to common definitions of income from the business for the year. First, the reported value of food produced on the farm and used by the family has been added as real income of the farm family. This item is reported as a lump sum and is likely to be somewhat lower than if detailed data had been obtainable on amounts and value. Such fuel as may have been furnished by the farm and the rental value of the dwelling have not been included as income, as data on these items were not available. These considerations would, of course, have increased somewhat the average returns per farm.

Value of the use of dwellings was estimated for 2,886 white farm families in the years 1922–24, in a study by the Bureau reported in U.S. Department of Agriculture Bulletin 1466, The Farmer's Standard of Living, by E. L. Kirkpatrick. The average annual value of the use of the dwelling was estimated in that study at nearly $200. There is no basis for accurate comparison of these farms reported in that study and those included in the report summarized in table 7. The values in 1932 generally were lower than in the period covered by the study reported in Bulletin 1466. The net income (cash and noncash) shown in table 8 would have been substantially higher had a value been attributed to the dwelling and included as noncash income.

The change in value of crops and livestock on hand at the end of the year as compared with the beginning, and the value of the items purchased during the year and remaining at the end of the year, have been applied to the differences between cash receipts and cash expenses. Had the same farms reported each year, these adjustments for inventory changes would not be needed.

Through 1929 the majority of the farmers reporting were increasing their personal property values as a result of higher prices or by purchasing equipment during the year in excess of the amount needed to maintain the values at the same figure. Such sums have been considered as "noncash receipts." In 1930, 1931, and 1932 unit values of equipment declined and purchases of equipment were not sufficient to meet normal depreciation. The figures reflecting these changes have been deducted from the income of the year. In 1931 and 1932 the deductions exceeded the additions and therefore reduced the returns. Consequently, the ratio of taxes to income was materially higher than if these changes in inventory had not been deducted.

sharp difference between comparing taxes to gross returns whether gross farm income or gross rent of land and to net returns. The ratio of taxes to gross income falls far short of showing the burden of taxes, either in a given year or as a trend over a series of years.

Taxes must be paid out of net cash income, unless they are paid out of savings or borrowed funds. The data given in table 8 indicate that from 1923 to 1928 a slightly decreasing percentage of the average net cash receipts was required to pay taxes on the reporting farms, but even in the year of lowest ratio (1928) the portion required by taxes fell but fractionally below 20 percent. Then it increased from 19.5 percent in 1929 to 73 percent in 1932. In the latter year the reporting farmers had left an average of only $55 with which to pay all cash expenses for living. The assumption that the farm property taxes are three-fourths of the total direct taxes levied against the agricultural industry, as estimated in table 1, would indicate that in 1932, taxes, if fully paid, took a very large part, in many cases all, of the net cash receipts of owner operators before deducting taxes.

Of the total net income, cash and noncash (the farmer's returns for his capital, labor, management, and unpaid family labor), more than 12 percent was required for property taxes even in the best years. In 1930 more than one-fourth was required, in 1931 nearly two-thirds, and in 1932 approximately five-sixths.

In the above comparisons of taxes and income, indirect taxes are not included. Although no attempt has been made here to measure the amount of indirect taxes paid by farmers, it should be noted that the problem here as with other taxpayers is not merely one of direct taxes paid but also of the incidence of taxes. It is a well-established principle that, generally speaking, taxes on land are not shifted. Nearly two-thirds of the farmer's taxes, as shown in table 1, are real-estate taxes, of which by far the greater share rests on land alone. The nature of his business is such that these taxes, and probably most of the other taxes as well, are not shifted to others by being added to the price of things a farmer sells. On the other hand, the farmer pays a part of various taxes that are levied on others but are shifted through prices of goods and services. Some taxes undoubtedly are deducted from prices paid to producers, as for instance those railroad taxes that become a part of freight charges. Other taxes—tobacco taxes and numerous other excises and duties—are paid in part by farmers as consumers. In short, farmers are obliged to bear, in the form of higher prices paid or in the form of lower prices received, some portion of taxes levied on others, while being unable to shift to others the taxes levied on their farms.

7. FARM TAX DELINQUENCY

The weight of taxes, particularly real-estate taxes, upon farmers has increased to a point where a great many are unable or unwilling to carry it. In spite of the importance of the subject, no estimate is now available of total tax delinquency for the country as a whole. Data available up to this time have been fragmentary and have been but partially comparable among the States. In spite of partial noncomparability, the available figures have indicated the same general problem of extensive and increasing delinquency in most States. Even in New England, where delinquency appears to have been light,

it has been reported as increasing. (See table 9.) Some counties in various parts of the country apparently had as much as three-fourths of their 1931 levies delinquent. In one of the good agricultural counties of the Middle West, about 30 percent of the farms and about the same proportion of the acreage were advertised to be sold for taxes late in 1932.

Much of the evidence has pointed to an increase in delinquency between 1931 and 1932, although this must now be qualified. As explained below in connection with data now being compiled, it appears that the total amount of new delinquency in 1932 may have fallen slightly under the corresponding amount in 1931. This, however, appears to have been due largely to a reduction in tax levies, as the total number of properties and the total number of acres delinquent continued to increase in many of the counties for which data are at hand.

TABLE 9.—*Delinquent taxes in percent of taxes levied in selected States, 1927–31* [1]

State	Percentage of levy delinquent				
	1927	1928	1929	1930	1931
Arkansas	7.1	7.2	7.3	8.1	14.3
Colorado	------	------	10.3	15.4	20.6
Indiana	------	------	2.3	3.0	4.1
Kansas	------	------	8.5	12.6	14.6
New Hampshire	------	------	8.4	10.5	12.3
North Dakota	10.1	10.3	15.5	24.5	32.2
Virginia	6.3	7.7	9.0	11.6	14.0

[1] Reported by State tax commissions.

The Federal Land Bank of Wichita reported increases in delinquency from 1931 to 1932, as shown in table 10. On the assumption that the farms on which loans had been made were of average quality, the land-bank figures indicate that many indebted farmers, even on good land, were not paying their taxes. Insofar as the creditors paid them or advanced the money with which to pay them, of course, actual delinquency did not occur.

Recently this Bureau, under a Civil Works project, in cooperation with agricultural experiment stations in all States, collected from the records of 2,150 counties in all States a record or rural tax delinquency for the last 6 years. These data are now being compiled, and certain preliminary tabulations are available.

The preliminary results for 1,040 counties in 18 States indicate that the total amount of new delinquency, or delinquency on current levies, reached a peak in 1931. The total volume in the 1,040 counties in 1931 was $48,228,000 as compared with $19,947,000 in 1928, an increase of 142 percent. By 1932 the amount had declined slightly, to $46,152,000, or 131 percent above that of 1928. Both the number of properties and the number of acres delinquent, however, continued to increase from 1931 to 1932, as shown in table 11. The data summarized in this table are given by States in tables 16 to 33, inclusive, in the appendix.

TABLE 10.—*Percentage of loans by Federal Land Bank of Wichita on which 1931 real-estate taxes were delinquent; also percentage increase between 1931 and 1932 in number and amount of loans with delinquent taxes*

State	Percent of loans on which 1931 taxes were delinquent	Percentage increase between 1931 and 1932 of loans with delinquent taxes	
		Number of loans	Amount of loans
Colorado	47.5	36.5	33.5
Kansas	29.0	49.5	64.5
New Mexico	39.6	−5.7	17.0
Oklahoma	44.0	−4.0	8.2

TABLE 11.—*Farm real-estate tax delinquency in 1,040 counties in 18 States,*[1] *1928–32*

Year	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of United States average tax per acre of farm real estate	
	Number	Percent of 1928	Number	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
	Thous.		*Thous.*		*Thous. dollars*			
1932	909	256	140,517	278	46,152	231	189	79
1931	799	225	111,933	221	48,228	242	218	91
1930	565	160	83,310	165	33,748	169	238	100
1929	406	115	58,308	115	24,039	121	241	101
1928	355	100	50,626	100	19,947	100	239	100

[1] These States are: Alabama, Georgia, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Michigan, Nebraska, Nevada, Ohio, South Dakota, Texas, West Virginia, and Wyoming.

The comparatively slight decline in new delinquency which did occur from 1931 to 1932 must be credited to reduction in tax levies rather than to improvement in the ability of farm property to bear taxes. Between 1931 and 1932 farm property taxes per acre in the United States as a whole declined from 218 percent to 189 percent of the 1913 level. Between 1932 and 1933, however, the ability of farmers to meet their tax payments apparently improved materially, because of increased cash farm income resulting from higher prices and from benefit payments under the Agricultural Adjustment Act.

A decline both in acreage delinquent and in the amount of new delinquency from 1932 to 1933 is indicated by data for 193 counties in 6 States (table 12). The data are given for individual States in tables 34 to 39 inclusive in the appendix. It is necessary to use this more restricted sample here because 1933 data for the remainder of the 1,040 counties are not available.[10]

[10] The relation of tax delinquency to tax levies in the 193 counties is difficult to determine accurately because of uncertainty as to the total amount of taxes levied on farm real estate in these counties. An estimate of these levies has been made from the computed total levies on all farm real estate in these counties in 1929 and the trend of farm real-estate taxes per acre. Data for tax changes in some of the counties were not available, and had to be assumed similar to those for the other counties.

TABLE 12.—*Farm real-estate tax delinquency in 193 counties in 6 States,*[1] *1928–33*

Year	Properties delinquent		Acreage delinquent		Taxes delinquent		Weighted average index of taxes per acre in the 6 States	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
	Thousands	*Percent*	*Thousands*	*Percent*	*Thous. dollars*	*Percent*		
1933	87	193	14,374	177	2,746	140	[2] 187	71
1932	79	173	14,915	184	3,077	157	213	80
1931	80	176	13,795	170	3,337	170	252	95
1930	63	139	11,531	142	2,650	135	262	99
1929 [3]	50	111	9,183	113	2,148	110	267	101
1928	45	100	8,128	100	1,959	100	265	100

[1] Nevada, Maryland, Kansas, Georgia, Alabama, and Kentucky.
[2] The tax index for 1933 is computed tentatively on the assumption that the change from 1932 to 1933 for the 6 States is the same as for Alabama, Kentucky, Kansas, and Maryland, for which the data showing the change are available.
[3] In 1929 these 193 counties contained 29,663,057 acres of land in farms.

Even for the 193 counties, the estimates are admittedly rough, but are believed to afford a significant indication of the relationship between delinquent farm taxes and total taxes levied on farm real estate in these counties. This relationship is shown in the following figures, which must be taken as tentative and subject to revision as additional data are tabulated.

Year	Amount of delinquency	Estimated taxes on farm real estate	Percent ratio of tax delinquency to estimated taxes
1933	$2,746	$10,138	27
1932	3,077	11,775	26
1931	3,337	13,126	25
1930	2,650	13,506	20
1929	2,148	13,520	16
1928	1,959	13,532	14

The decline in tax delinquency for these counties was due in part to the decline in total tax levies; there appears to have been no decline in the ratio of delinquent taxes to taxes levied. Yet, decline in delinquent acreage in addition to decline in the amount of delinquency suggests that the acute pressure of tax delinquency abated somewhat from 1932 to 1933.

Total property tax delinquency in 285 counties.—Delinquency of all property taxes in 285 counties has been compiled from data gathered primarily as a supplement to the main project on delinquent farm property taxes, gathered in connection with this Civil Works project.

The general similarity between the data pertaining exclusively to farms and those relating to all property necessarily follows from the fact that the counties for which the data showing delinquent taxes on all property were obtained are primarily agricultural. In table 13 is summarized the delinquency in the 285 counties, and in tables 40 to 48, inclusive, in the appendix are given the same data for each of the 9 States represented by the 285 counties. The first three columns of these tables show the amount of property taxes levied in the years

from 1928 to 1933, and the amount of each year's levy that became delinquent, expressed in dollars and in percentage of the original levy.

TABLE 13.—*Total property tax delinquency in 285 counties in 9 States compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date [1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount [2]	Percent of original delinquency	Percent of original levy
	Thous. dollars	*Thous. dollars*		*Thous. dollars*		
1933	94,318	37,231	39.5			
1932	103,471	36,444	35.2	15,996	43.9	15.5
1931	118,389	40,543	34.2	14,906	36.8	12.6
1930	127,543	39,786	31.2	8,214	20.6	6.4
1929	127,150	31,807	25.0	4,276	13.4	3.4
1928	122,336	30,806	25.2	2,718	8.8	2.2

[1] The last penalty date here means the date on which 1933 taxes became delinquent. The amount of delinquent taxes ($15,996,000) appearing on the 1932 line in the first of these columns is the amount of the 1932 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise, the amount appearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from the levy of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

[2] The total of this column ($46,110,000) is the total delinquent taxes still outstanding from the levies of 1928–32, inclusive, on the date when 1933 taxes became delinquent. This total, plus the amount that became delinquent when penalty was first applied to the 1933 levy, is the grand total ($83,341,000) of delinquency for 1928–33, on the last penalty date, exclusive of any penalties and interest on delinquent taxes.

The last three columns show, as explained in footnotes 1 and 2 of the table, the amount of tax delinquency carried over from each year's levy, 1928 to 1932, that remained unpaid on the date when the 1933 taxes became delinquent. It will be observed in these columns that the amount of delinquency of each year's levy still outstanding diminished materially in subsequent years. For example, the original delinquency of the 1928 levy in the 9 States averaged 25.2 percent on the date when the unpaid part of that levy became delinquent. This, however, was reduced to 2.2 percent of the original levy over the 5-year period up to the date of delinquency for the 1933 levy. This reduction no doubt took place through the payment of back taxes, liquidation by tax sales, or scaling down by adjustment between the taxpayer and the taxing authority over the 5-year period. The extent to which the reduction took place by each of these means is not known at present, but some light will be thrown on this question by the detailed tabulation now being made of delinquency payments and tax sales. It is probable, especially in the earlier years of this 5-year period when income was more favorable, that the greater share of the original delinquency was paid as back taxes.

Even with substantial liquidation of back taxes after the original delinquency date, the relation of the accumulated tax delinquency over the period 1928–32 to the total 1933 levy is significant. In the summary for the 9 States (table 13) back taxes accumulated since 1928 up to the delinquent date for 1933 levy amounted to $46,110,000. This is nearly 50 percent of the total levy of $94,318,000 for 1933. An examination of the individual State tables will disclose among the States a marked variation from this average.

The relation of the accumulated back taxes, beginning with 1928, to the total levy of 1933, points to the fact that tax delinquency necessitates higher tax rates on all property in order to meet the fiscal requirements of the community. Although a substantial part of the $46,110,000 of accumulated back taxes no doubt will be paid after the 1933 delinquency date, it is inevitable that a very large part will not be paid, thus necessitating higher tax rates on property in general and heavier burdens on those owners who are in a position to pay their taxes. This increase in the tax rate with the added burden on property, stimulates further tax delinquency.

The delinquency problem remains serious despite the improvement in farm income and the slight decrease in new delinquency between 1931 and 1932. Total delinquency must continue to accumulate until such time as current payments on old delinquencies shall equal or exceed the total of new delinquencies or until the total is reduced by tax sales, abatement, or other procedure.

Until comparatively recently rural tax delinquency on an extensive scale was largely a problem of the "poor-land areas" unsuited for farming. Tax delinquency in such States as Michigan and Minnesota appeared mainly on cut-over lands of little or no agricultural value. This is illustrated in table 12, reporting data for "forest" and for "farm" counties in Michigan. The problem is an old one in the cut-over areas. Compared with a total of 8,800,000 acres delinquent in 1928, Michigan had about 7,000,000 acres delinquent in 1900.[11] Recent increases in Michigan, as shown in table 14, have been far greater in "farm" counties, large numbers of "good farms" having become delinquent on the 1931 and later levies. Rural tax delinquency is no longer purely a forest-land and waste-land problem but occurs in large volume in all agricultural areas. Reversion of land to public ownership and public forestry, or tax concessions to encourage private forestry, cannot alone solve the difficulty. A great deal of land which is now tax delinquent is of a quality which cannot be expected to be taken permanently out of farming. The need is for such an adjustment as will reduce the crushing burden of farm taxes.

TABLE 14.—*Tax delinquency in forest counties and farm counties, Michigan, 1920–31*

Area	Percent of acreage delinquent					
	1920	1925	1928	1929	1930	1931
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
State	15	21	25	27	28	34
Forest counties	28	36	40	41	41	45
Farm counties	2	8	11	13	16	23

Data from Michigan State auditor's reports.

[11] See the Forest Taxation Inquiry, Progress Report No. 13, table 40.

II. TAX REVISION WITH SPECIAL REFERENCE TO FARM PROPERTY TAXES

Tax revision in any State presents many complex problems. When an attempt is made to suggest certain lines of action which are believed to be applicable to most States, the matter becomes even more involved. Moreover, extensive State tax revision necessarily must be considered in relation to Federal taxes. It is important, therefore, to recognize that the problem as a whole has many complex ramifications which are beyond the scope of this report. Detailed specifications for revision could be given only on the basis of a most exhaustive investigation by research workers who are especially familiar with the various problems involved and by persons who are experienced in various phases of practical tax administration. It is plain, therefore, that this report can only direct attention to certain general lines of action, most of which have been suggested previously by this Bureau and by students of taxation generally.

A. Basic Developments Necessitating Tax Revision

Since the farm tax problem, indicated by the facts summarized in the first part of this report, is related mainly to property taxes, it is important to note certain basic developments in State and local finance which have brought about the present heavy burden of property taxes on farms and homes, and which necessitate careful consideration of tax revision.

1. INCREASED EXPENDITURES

The burden of farm taxes in recent years is due in large part to the precipitous fall in farm prices and farm income. Yet, while farm taxes at a given level obviously are less burdensome if farm prices and income are increased, the farmer's tax problem is not attributable to low farm returns alone. It is due in the first instance to increased expenditures and to the slowness with which they decline with the fall in income of the taxpayer.

The sharp increase in public expenditures, especially during recent decades, has been so universal and is so well known as to require here only a passing comment. Expenditures everywhere increased by leaps and bounds, especially from about the beginning of the World War to 1929—the beginning of the present depression. Consequently taxes increased rapidly. In table 15 are shown the increases in State and local expenditures in the United States and in total tax levies on farm real estate alone for selected years.

TABLE 15.—*Expenditures by State and local governments and estimated farm property taxes in the United States in selected years*

Year	State government expenditures [1]	Local government expenditures [1]	Estimated farm property taxes [2]
1913	$383,000,000	$1,844,000,000	$256,000,000
1924	1,432,000,000	5,421,000,000	602,000,000
1929	1,990,000,000	7,126,000,000	668,000 000

[1] Cost of government in the United States, 1929-30. National Industrial Conference Board.
[2] Bureau of Agricultural Economics.

Farm property taxes are levied mainly by local taxing jurisdictions and are spent largely for education and for roads. In the State of Kansas local levies accounted for 88.4 percent of the taxes on farm real estate in 1929, as shown in figure 9. A classification of farm property taxes in that State by purposes for which the revenues from these taxes were expended (fig. 10) shows that nearly three-fourths was spent for education and roads. The importance of strictly local levies in the total taxes on farm property is further illustrated in figure 11, which shows the distribution of the taxes on farm property in Louisiana, as reported in a study by this Bureau

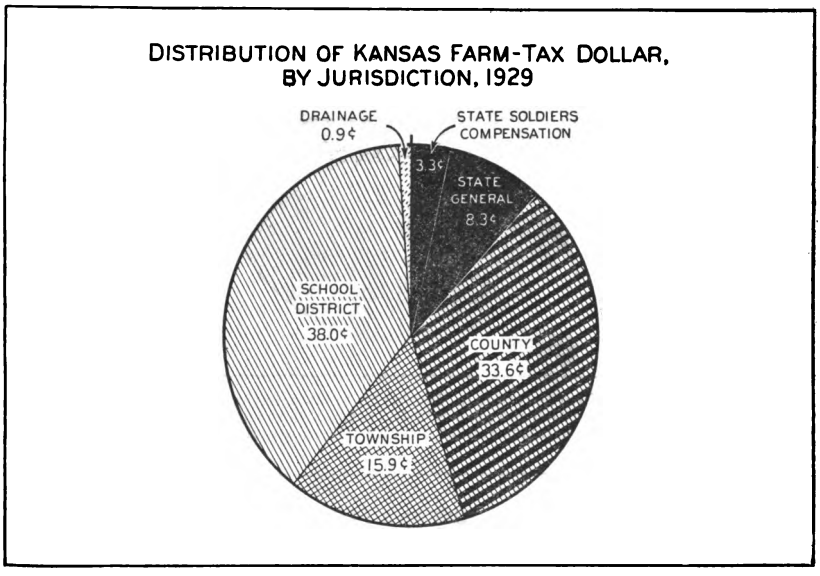

FIGURE 9.—Of the total taxes levied on farm real estate in Kansas in 1929, 88.4 percent were levied by counties and minor civil divisions and only 11.6 percent by the State. (Data from Kansas Agricultural Experiment Station Bulletin 235 and Circular.)

in cooperation with the agricultural experiment station of that State.

2. CONTINUED DEPENDENCE ON PROPERTY TAX

The farm tax problem is due not only to increased expenditures but also to the fundamental fact that State and local governments together have depended, and still depend, mainly on the general property tax to support the higher level of expenditures, although the States alone rely less on general property than formerly. This tax has become mainly a real-estate tax and fails to reach a large part of the wealth and income not represented by this class of property. Consequently it is a particularly severe burden on farmers and on home owners of moderate means.

It is plain, therefore, that any promising plan to meet the farmers' tax problem must take into account two fundamental considerations, (1) the bearing of the prevailing tax system itself (dependence on the property tax) upon the increase in the farmers' tax burdens, and (2) the fact that the improvements and services for which taxes on farm property are spent benefit the public in gen-

eral, and that this suggests that these improvements and services should be met to a greater extent than at present by revenue derived from sources other than farm property as such.

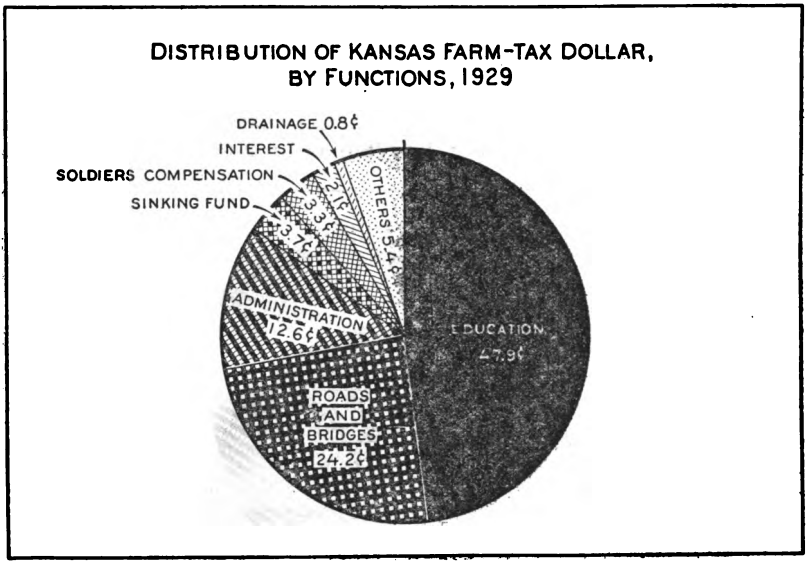

FIGURE 10.—Taxes levied on farm real estate in Kansas 1929 by all taxing jurisdictions—State, counties, and minor civil divisions—for education and roads were 72.1 percent of the total levied for all purposes. (Data from Kansas Agricultural Experiment Station Bulletin 235 and Circular.)

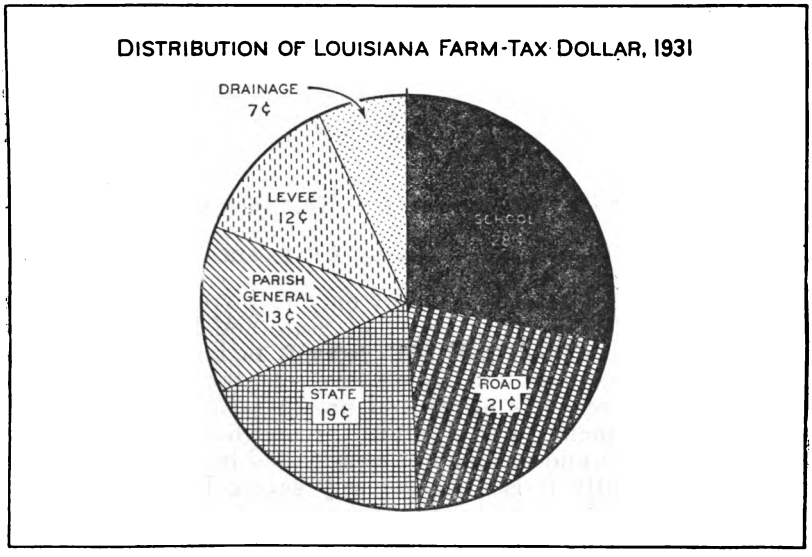

FIGURE 11.—Taxes levied for schools and roads accounted for 49 percent of the total of all levies on farm real estate in Louisiana in 1931.

The general property tax is the means of raising nearly four-fifths of the combined tax revenues of State and local governments and almost

90 percent of local revenue alone.[12] This tax worked more satisfactorily, on the whole, in the early days when tangible property was a better basis for determining ability to pay. But economic change has caused a large increase in another class of property—intangibles, that is, stock, bonds, notes, etc.—most of which escapes the assessor, especially in the States that attempt to levy on this class the full rate of the general property tax. Consequently, those classes of property that cannot be hidden from the assessor or removed to another taxing jurisdiction bear the burden. This in turn serves to increase the levy on real estate beyond what it would be if a greater amount of property were on the tax rolls.

Then, too, a much larger number of persons than formerly, derive their income wholly or in principal part from personal services rather than from the ownership of property. Upon this income, in the majority of the States, comparatively little or no direct tax is levied for State and local purposes. Nevertheless, the persons receiving this type of income enjoy the benefits of government, including schools, roads, and other specific services and improvements.

It may be contended, and with good reason, that those who are not reached directly by the property tax, pay indirect taxes in various forms. But farmers and other property owners likewise pay indirect taxes in the price of goods bought. In addition, as noted earlier in this report, some taxes are "shifted backward", that is, they are in part deducted from the price paid to producers.

Under the prevailing system of taxation, the greater part of the combined increase in State and local expenditures must be borne by those, such as farmers, whose income is based largely on real estate that cannot escape the assessor. In addition, the farmers' personal property is for the most part readily seen by the assessor and is taxed in most States at the same rate as real estate. In the United States as a whole, taxes on personal property on farms are about 15 percent and real-estate taxes 85 percent of all farm property taxes. The tax levy on farm property bears no uniform relation to the income in a particular year or to the farmers' equity in their farms. This rigidity has important, practical significance, especially in years of sharply falling income or in years of no cash income, due to crop failure or other causes. It makes the present extensive dependence on the farm property tax even more unsatisfactory than other characteristics of the tax suggest.

There are three approaches to the problem of tax revision, with special reference to farm property. These are, (1) the equalization of the property tax within each taxing jurisdiction through improved assessment of property and the listing of taxable property that now escapes taxation, (2) making taxes on farmers more readily adjustable to their income, and (3) reduction of total taxes on farm property. The first two of these relate particularly to difficulties which are inherent in the system. Action looking toward a better distribution of the property tax through better assessment, is a problem for the States. They control the valuation of property for taxation and the levying of property taxes. The Federal Government is not directly concerned in this particular phase of taxation as it levies no property taxes.

[12] In 1922, the last year for which official statistics are available on the levies by States and all subdivisions, the general property tax represented 79 percent of all State and local revenues and 89 percent of local revenues alone. This is based on the report, "Wealth, Debt, and Taxation", by the Bureau of the Census.

Students of taxation, generally, have recognized for many years the importance of improved assessment to get onto the tax rolls all the property legally taxable and to assess it at reasonably uniform valuations. Equalization of assessments in itself would not necessarily result in less total taxes on farm property in all jurisdictions, but it would distribute the burden more equitably among individual property owners, according to the intent of the law. Studies conducted by the Bureau, by the agricultural experiment stations in several States, and by others, reveal a striking inequality in valuation among individual properties, irrespective of size. Moreover, there is a definite tendency to assess small properties and land of lower value per acre at a higher rate in relation to full value. This regression in the property tax causes the burden to fall with particular severity on small property owners.[13]

The National Tax Association, the various taxpayers' organizations, taxing officials, and others, have repeatedly urged the necessity of more centralized control over assessments within the States, selection of competent assessors, and removal of assessing practice so far as possible from ordinary political influences. It has been proposed, for instance, that township assessors elected by the people of the townships should be eliminated and that the property within the county should be assessed under the supervision of a county assessor appointed by the county authorities, or, better still, by the state tax commission. Even if not appointed by the commission, he should be under its supervision. This would go far toward overcoming the highly inequitable assessments that have been demonstrated to exist as among individual properties. Property which is legally taxable but which now escapes taxation should be, and can be, put on the tax roll more fully than at present, under a vigorous State program of tax administration headed by a central authority reasonably well financed and with sufficient independence of authority for impartial and effective action.

It is a fundamental weakness of the general property tax that it is applied with relentless uniformity from year to year, despite the fact that the taxpayer in a given year, and even in a series of years, may have practically no income, by reason of crop failure, low prices, or both. It may be contended that if the fiscal requirements of State and local governments were reduced with reduction in the income of the people, this problem would largely solve itself. Two difficulties present themselves in connection with this contention:

First, the income of the people of a larger taxing jurisdiction as a whole may not be greatly reduced, whereas the income of the people of a given community within that jurisdiction or of certain individuals, may be drastically curtailed, or eliminated, on account of various hazards over which taxpayers have no control. They especially feel the severity of the property tax, the amount of which is determined without relation to the taxpayers' income in a given year. This presents a much more serious problem now under high property taxes than in earlier times when property taxes were low.

Second, fiscal requirements of government, even under most prudent administration of fiscal affairs, are everywhere less flexible than the

[13] See, for example, U.S. Department of Agriculture, Technical Bulletin 172; Kansas Agricultural Experiment Station Bulletin 232; Oregon Station Bulletin 233; Delaware Station Bulletin 169; Taxation in Minnesota, by Roy G. Blakey, pp. 42 and 44 (University of Minnesota Press, 1932); and U.S. Bureau of the Census, monograph "Taxes on Farm Property in the United States."

incomes of taxpayers. This is particularly true in those States and communities where a large part of the tax levy each year goes for interest and sinking-fund payments on account of bonded indebtedness. Even requirements for current expenditures are only gradually adjustable in accordance with decreases in income. The greater part of current expenditure goes for wages, salaries, and commodities, of which building materials are an important item. Although some changes occur from year to year in wages and salaries met with public revenues, these changes usually occur slowly as compared with the sudden and drastic changes that may occur in the income of the farming community. Salaries of public officials, from the governor of the State to minor local functionaries, to a large extent are fixed by law. To some extent this is also true of school teachers' salaries. Although these have been reduced greatly during the last few years and in many States very severely, for the most part they probably have not declined in proportion to the income of property owners. Even where property taxes have been materially reduced, the reduction has lagged behind the fall in income.

An income tax is automatically adjusted to the income of individual taxpayers, while excise or sales taxes are automatically adjusted to the individual's expenditures for the commodities subject to the tax. A broadening of the tax base would result in a wider distribution of total tax levies, and may be achieved by a more extensive reliance upon other taxes than the general property levy. In many jurisdictions the property tax certainly has failed to provide adequate revenue in recent years because of a rapidly mounting tax delinquency. The yield of other taxes likewise has diminished greatly.

Obviously total tax levies cannot vary exactly with both fiscal needs and taxpaying ability because governmental expenditures are relatively more fixed than are incomes. In times of severe depression as in recent years, expenditures for relief and other emergency purposes increase the fiscal needs of government precisely when the taxable capacity of the people as a whole is lowest. This undoubtedly accounts in large part for the fact that income paid out by government in this country increased from $6,459,000,000 in 1929 to $6,794,000,000 in 1932, or 5.2 percent, whereas the total income paid out of all classifications, including that of government, declined from $81,040,000,000 to $48,952,000,000, or 39.6 percent.[14]

The basic purpose of a tax system is to provide revenue for the support of essential functions of government. Although it is possible to provide for flexible income-tax rates for this purpose, this tax, like many other expenses, will be more of a burden in poor times than in good. It applies, however, only to those individuals with substantial income and is automatically adjustable to variations in the taxpayer's income. Property taxes, on the other hand, cannot be made to vary properly with income from year to year. Sales taxes ordinarily apply only where funds are spent, but unless great care is used in determining their form and in selecting objects to be taxed, they apply with great severity to those without substantial income and prove excessively burdensome to those least able to pay.

[14] The National Income, 1929–32, by the Department of Commerce, prepared in response to S.Res. 220, 72d Cong.

B. Possible Means of Reducing Farm Property Taxes

Reduction in taxes on farm property may be achieved in one or more of three ways, (1) economy in local government, to get the same amount of services and improvements for less money, (2) curtailment of the functions of State and local government, which means less services and less improvements for the community, and (3) tax revision to reduce the dependence on the general property tax, supplementing and replacing a part of the property levy from other sources of revenue. This, however, does not mean exempting the farmer from those supplementary taxes which he would pay, on an equality with other taxpayers. For instance, he would pay income taxes in years when his income is sufficient.

1. REORGANIZATION OF LOCAL GOVERNMENT

Economy in local government may be achieved through reallocation of functions and to some extent through consolidation of local governmental units. Studies of local finance point to the conclusion that modification in the organization and methods of local government and reallocation of functions would obtain present services with less expenditures and therefore with lower taxes. Recently, Indiana has transferred the administration of township roads to the county; in all but four counties of Virginia county road administration has been transferred to the State; and in North Carolina the administration of the roads and the constitutional school term have been taken over by the State. Lesser changes have been made elsewhere.

Reorganization and consolidation of local government aims to reduce costs and taxes with the least possible sacrifice of essential services. Differences in, and complexity of, local situations require specific measures designed to meet conditions in each area or locality. General principles applicable to all areas are not enough. Moreover, action in nearly all cases is dependent upon both the State and local groups, and is likely to result only from a public opinion definitely convinced of the advantages of proposed changes in a given community.

A study by this Bureau, in cooperation with the Wisconsin Agricultural Experiment Station, indicates that in a representative area in northern Wisconsin 10 percent of the cost of local government could be saved by, (1) substituting a rural county-unit school system for the present school-district system, (2) transferring township road administration to the county, (3) enlarging the county, and (4) enlarging townships by consolidation. If the possible savings from these changes should be used to reduce local taxes, the farmers' tax bill might be reduced as much as 20 percent—partly because of the large portion of the cost now defrayed by State aids. The latter figure is essentially a maximum, and the saving would be very unevenly distributed among farm taxpayers.

By reason of its relation to current questions of public policy in land utilization as well as to that of reorganization for greater economy in local government, this study in Wisconsin will be reported in some detail.

Only to the extent that the savings exceed any consequent reduction of State aids, would there be any tax reduction for the citizens of the counties included in this study. The entire amount, and even more, might easily be used to reduce State aids, and hence reduce taxes in other parts of the State. The amount of the State aid is such as to afford to the State a means for inducing desirable reorganization of local government. Even if State aids were not reduced, savings made possible by the suggested changes in local government still might not be used to reduce local taxes. They might be used to improve the services of local government. In fact, it is quite probable that the people of a local unit of government would not favor greater centralization unless present services were improved. This probability in no way weakens the case for centralization, but it tends to weaken the prospect for tax reduction as improved and increased services nearly always mean larger expenditures.

There are some further important qualifications to the conclusion that farm taxes might be reduced 20 percent in this area by reorganizing local goverment. In the first place, for a considerable number of farmers who would otherwise receive some income from the township for road work, the curtailment of income by the changes proposed would undoubtedly be greater than the reduction of their taxes. Population is sparse in many of the townships in the area, and the number of persons who fill public office and who do road work is relatively large. Nonresident taxpayers of the county and resident taxpayers who are not on the local public pay roll stand to gain most from the proposed changes.

In the northern Wisconsin county principally concerned in this study, there are 101 units of local government, distributed as follows: 76 school districts, 21 townships, and 4 villages. The total cost of all units in 1930 was $421,000 or almost $38 per capita, and nearly 4 cents for every dollar of taxable property in the county. Fifty percent of the cost was for schools and 20 percent was for highways. Local property taxes supplied only 59 percent of the 1930 revenues of local government in this county, 28 percent being provided by State aids and the remaining 13 percent coming from minor tax sources, fees, and departmental earnings. Practically all of the State aids were for schools and highways.

Despite the large proportion of State aids, farmers of the county discussed immediately above find it very difficult to pay their taxes, and they have slight reason to expect that their tax burden will be lightened by an increase in taxable wealth. The number of farms, and the land in farms, have declined since 1920. The small amount of remaining timber is being removed, the area of cut-over and nonproducing land is increasing, and the value of the land is decreasing. The fiscal problem of the county is aggravated by tax delinquency.

Of the total area of the county, 61 percent is cut-over forest land, 19 percent is suitable neither for forest nor farms, 13 percent is in cultivated fields and cleared pastures, and the remaining 7 percent is in lakes and roads. About a third of the total land area is in farms and more than half the land in farms is cut-over forest land. In August 1931 the county held at least one tax certificate against 36.6 percent of its land area; most of the land covered by certificates was forest land. It had already taken tax title to 7.7 percent of its area,

and at that time could legally have taken title to an additional 15 percent.

The objection might properly be raised that for an area of this kind proposed changes thus far discussed are inadequate to meet the problem—that more far-reaching changes are needed. The foregoing estimates of possible savings assumed no changes in the residence of the present population of the county. If the people living in the sparsely settled portions of the county could be induced to move to the more densely settled portions, large additional savings would be possible. This presents an opportunity for public authority to carry out a rural zoning program in the interest not only of the better utilization of land, but also of increased efficiency in the expenditure of public funds.

Wisconsin county boards now have the power to zone their counties for agriculture, forestry, and recreation; and to prohibit nonconforming uses within such zones. For instance, in a forest zone, future development of agriculture and all other uses except forestry and summer recreation can be forbidden. Future road and school construction within such an area can be restricted to the minimum needed for forest and recreational areas.

In the northern part of the county discussed there is a contiguous area of about 200,000 acres of land not well suited to agriculture. Scattered throughout are isolated farmers using parcels of real estate with a value of only 3.7 percent of the total value of all real estate in the area. Over a period of slightly more than 3 years the cost of schools alone in this area is equivalent to the value of all real estate owned or rented by the parents of the school children.

The practical bearing of these studies on legislative action is indicated by the fact that a committee of the Wisconsin Legislature requested an analysis of possible savings in the consolidation of two other counties, and has used the preliminary results of that study in framing a bill for county consolidation subject to local referendum. Information is also being made available to aid the voters in their decision.

Consolidation and reorganization of local government promise good results in terms both of tax levies and standards of service but it is readily possible to overestimate the results that are likely to be achieved in actual practice. In many rural areas in the United States, roads, especially secondary roads, are still of poor quality. This condition, together with the fact that a comparatively small proportion of the population in such localities own automobiles, tends to limit the possibility of substantial tax reduction through enlargement of local governmental units.

There is reason to believe, nevertheless, that even in such areas there are opportunities for important savings by improvements in organization and practices of government. For example, a study of a rural Kentucky county made by this Bureau in cooperation with the Kentucky Agricultural Experiment Station shows among other things that the present extreme decentralization of spending authority has resulted for several years in the issuance of county warrants in excess of county revenues. This practice, in turn, has caused serious depreciation in the market value of county warrants. It would be possible for the county to keep its expenditures within its revenues without sacrifice of essential services, and thus protect its credit.

Proposed changes in rural government, such as State centralization and county and township consolidation, generally encounter considerable opposition. Where such changes will actually improve the services without increasing farm taxes, they are in the farmers' interest and, when careful study and clear presentation of the facts show a change to be definitely desirable, farmer opinion and public opinion generally are likely to sanction and even to demand change. This was demonstrated, for example, in the State of Kansas where research in taxation in relation to agriculture by the State agricultural experiment station, and the launching of a definite program based on this research, resulted in significant changes in the State's system of taxation.

The Office of Education, United States Department of the Interior, quotes the following in a report on land-grant colleges.[15]

A prominent Kansan, speaking of the period before 1924, states that "tax revision has been discussed desultorily in Kansas for 20 years", despite the fact that every report of the State tax commission contained excellent suggestions for improvement. All the while taxes were increasing. Taxes on farm real estate in Kansas increased 132 percent and selling value only 28 percent from 1913 to 1923. The people wanted relief but they were not adequately supplied with facts concerning the operation of their taxation system. These facts and—what was more important—a complete and well worked out plan of tax revision were presented by the agricultural experiment station during the years 1923, 1924, and 1925. Discovery of concrete facts pertaining to assessment and equalization, trend in taxation relative to selling value, and comparative tax burdens resulted from extensive research and this knowledge was published in three experiment station bulletins. A complete and thorough-going plan of tax revision was presented in a series of newspaper articles as early as April 1923, in addresses over the State, and in the station bulletins.

The report by the Office of Education adds:

Four recommendations have been adopted and are now in effect in Kansas. The State tax code commission, a specially appointed body to study taxes, is now recommending to the legislature that it enact laws covering four other recommendations. The results of such study have been less far-reaching, perhaps, in most States but have contributed to much-needed basic facts for tax programs.[16]

Governmental services in areas now inadequately provided with these advantages might be improved, without increasing farm property taxes, by increasing the efficiency of government, or by increasing public revenues from sources other than the general property tax, or by both.

There is a definite trend toward State centralization of traditional local functions, the purpose being to improve service and to reduce local tax levies. When the change in administrative control of schools and roads from local to State authorities is accompanied by a partial substitution of other forms of revenue for the general property tax, some farm tax reduction is virtually certain to follow.

2. REDUCTION IN EXPENDITURES AND CURTAILMENT OF GOVERNMENTAL SERVICES

Curtailment of governmental services is another means by which farm taxes per acre were reduced 22 percent between 1929 and 1932 and again nearly 13 percent from 1932 to 1933. A large part of this

[15] Survey of Land-Grant Colleges and Universities (1930), vol. 2, p. 643.

[16] The experiment station reports referred to in these paragraphs are: Kansas Station Bulletin 232, Assessment and Equalization of Farm and City Real Estate in Kansas; Bulletin 234, Tax Revision in Kansas; Bulletin 235, The Trend of Real Estate Taxation in Kansas from 1910 to 1923; and Bulletin 237, Federal Aid as a Part of a Long-time Agricultural Policy, with Special Reference to the Distribution of Tax Levies.

reduction, however, was due to lower prices of goods bought with taxpayers' money and to lower wages and salaries. Reduction in services may be both necessary and desirable, within certain limits, in a period of serious economic depression such as that of the last few years. But there is danger that curtailment may be carried to the point of seriously impairing essential institutions such as schools. It is especially to the detriment of the community to lower educational standards. Schools and other educational facilities available to farm children, generally speaking, have been of lower standard than those available to urban children. Public concern with the farm tax problem is not confined to the question of fairness of the farmers' tax burden; it involves the question of whether basic public functions (such as education) shall be continued unimpaired. Many schools have actually been closed and the terms of a larger number have been drastically reduced.

Extreme curtailment of these essential elements of the standard of living which are provided by public endeavor through community institutions financed by taxation would hardly be compatible with the objective of State and National economic policy to raise the standard of living of the people and to strengthen the foundation of social well-being. Tendencies in modern times have been and still appear to be in the direction of enlarged functions performed collectively through public agencies, designed to promote the common good according to a standard of values determined by public opinion. These tendencies appear to be so fundamental in American thought that increased expenditures for these purposes seem very likely to occur with the return of better times. This prospect, however, strongly suggests the necessity of broadening the tax base through tax revision designed to overcome at least the most glaring defects of the property tax and at the same time to avoid inequalities and added regression in our revenue system as a whole.

3. REDUCTION IN PROPERTY LEVIES BY TAX REVISION TO INCREASE REVENUES FROM OTHER SOURCES

A program to increase revenue from sources other than the property tax, as a means of reducing the latter, necessarily presupposes that a substantial part of such revenue will be used to meet the expenditure heretofore met by the property levy. The rapid increase in the total of all taxes during the last two decades and the fact that farm property levies also increased have created the widespread belief that the adoption of new taxes for the support of schools, roads, or other purposes, simply means that the new revenues will be added to the aggregate expenditures and that the result will be only more total taxes upon all groups—not less for farmers or home owners. Hence those who oppose State income taxation, for example, contend that the adoption of this tax would result in "just another tax"—not property-tax reduction.

This point of view has a strong appearance of validity on account of the fact that the adoption of new taxes—income taxes, business levies, excises, etc.—in the decade and a half prior to 1929 nearly always was accompanied or followed by further increase in property levies and very rarely by a reduction. It should be remembered, however, that expenditure and taxes in that period increased every-

where under every system of taxation. It does not necessarily follow, therefore, that a new tax meant only increased total expenditures above what the expenditures would have been if the new tax had not been levied. It may also be said that taxes on property would have increased even more had not the new taxes been added to the revenue system of the various States.

In one sense it is probably true that new taxes have resulted in higher total expenditures. Public demand for added services and new improvements no doubt was met to a larger extent because of the levying of new taxes without which the old sources of revenue might have reached sooner the limit of taxable capacity.

During the years 1929 to 1933 farm property taxes per acre have declined about 33 percent. In the last year particularly, the sharp decline in some States is due in large part to substantial revenues having been raised by sales taxes. General sales taxes are regressive in that they fall most heavily on those least able to pay and they are shifted wholly or in large part to persons other than those from whom they are collected in the first instance, either by being added to prices paid by the buyer or by being deducted from prices that otherwise would be received by the seller. As taxes are shifted through the medium of price of goods and services, those who actually pay the tax are often largely or wholly unaware of the fact that the tax is paid by them. This tends to conceal the real nature of the tax and to hide the inequalities resulting from it.

From the standpoint of sound public policy, particularly with reference to just distribution of tax burdens among all classes, the general sales tax as a source of State and local revenue may readily be overdone, creating new and serious maladjustments in the effort to mend the faults of the general property tax.

Tax revision designed to reduce taxes on farms and homes by broadening the tax base to produce revenue for replacing a part of the property levy, necessarily involves consideration of the personal-income tax. This tax, now in force in various forms in several States, might well be a part of a State system to reduce and supplement property taxation. As a general principle, the State personal-income tax should provide for exemptions as low as is consistent with economical and effective administration, and for a reasonably progressive rate.

Farmers have good reason to favor the personal-income tax in view of the manner in which the property tax generally affects them. Although they would pay income taxes in years of sufficient net income to exceed exemptions, other persons who may have little or no taxable property but who nevertheless enjoy substantial income would be required to help the farmers and other owners of tangible property to pay the cost of State and local government. This would reduce the property tax, provided, of course, that expenditures were not increased by the amount of the revenue collected under the income tax. The farmer now is called on to pay the high tax on his property every year, no matter how small his income may be. The income tax, on the other hand, would reach him only when his net income exceeded exemption. If his income were wiped out in any given year or were greatly reduced by crop failure, low prices, or both, he would be exempt automatically from the income tax. In the meantime, assuming that the new revenue is not used merely to increase total expenditures, his property tax would be lower than if no income tax

were levied, because others not deprived of income would help support the State and local government.

A properly constituted income tax would result in a wider distribution of the cost of State and local government than would be attainable under the property tax alone. It would require the individual who owns no taxable property to contribute directly to the support of State and local institutions. The wider distribution of the obligation to bear the cost of government by direct contribution should stimulate interest in State and local affairs and in economical use of public funds.

Without here going into the controversial question of separation of sources of revenue, it may be suggested as a general principle that sources of revenue relatively better suited to Federal taxation should be left so far as possible to the central government, while other sources should be left to the States.

There is no sharp line of demarcation between taxes better suited to the Federal Government and those better suited to the States. Nevertheless, as the States and the Federal Government are obliged to reach out for new sources of revenue, it becomes increasingly necessary to coordinate State and Federal taxes. The relative suitability of particular taxes for the States and for the National Government must be considered on the basis of several factors, among them economy and convenience in administration, national extent of the source of revenue, constitutional limitations, and importance of uniformity in taxation among the States especially with reference to taxation of competing businesses.

Any change in taxation directly affecting the farmers' tax problem necessarily must be made by the States because practically all direct taxes paid by farmers are levied under State law. This, however, does not preclude action by the Federal Government to aid in securing better coordination of revenue systems and to encourage the adoption by the States of tax measures better suited to conditions now prevailing in the States, especially with reference to the property levy.

Fundamental tax revision must be based on a recognition of the fact that, notwithstanding local and State boundaries, the whole country is essentially a great community of interdependent economic relationships. From a legal standpoint, revision of State and local taxes is a State problem, but for economic and ethical reasons these taxes should be considered in relation to national taxes. This is essential to an equitable distribution of the obligation to bear the cost of government, and to proper consideration of economic effects of tax levies and administrative practicablity of particular taxes.

As new taxes are levied, or old ones are increased, to supplement and to replace a part of the property tax, many persons who are then required to pay the new State or local taxes—an income tax for example—will be already paying taxes to the Federal Government. Unless special care is exercised, new inequalities may result from an attempt to remedy old ones. This in itself is an important reason for better coordination of Federal, State, and local taxes.

In addition to avoiding harmful double taxation, and other detrimental inequalities, it is highly desirable in tax revision to recognize that citizens and impersonal businesses generally derive daily benefits which cannot readily be distinguished as coming from the expenditures of any one particular taxing jurisdiction. Roads afford an example

of this daily intermingling of benefits; national, State, and local revenues are often used jointly in the construction and maintenance of roads. In a real sense, expenditures by local, State, and national authority are related, as are the taxes levied to meet these expenditures.

There is need for a clarification and restatement of State and Federal relationships in taxation, recognizing the importance of avoiding harmful double taxation with detrimental economic and social effects. The central aim should be to achieve ultimately a revenue system in which local, State, and Federal taxes would be coordinated into a more logical scheme. This effort should recognize the essential economic unity of the country as a whole and should be consistent with the basic differences among national, State, and local authority from the standpoint of effective and economical administration of various taxes.

APPENDIX

STATE TABLES PERTAINING TO TAX DELINQUENCY

1. Farm real-estate tax delinquency in 18 States, 1928–32. For summary of the data for these States, see table 11.

TABLE 16.—*Farm real-estate-tax delinquency in 67 counties in Alabama, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	59,484	207	11,219,454	196	$1,999,586	180	230	100
1931	52,977	184	9,668,649	169	2,010,585	181	247	107
1930	42,237	147	8,020,575	140	1,715,605	155	251	109
1929	34,848	121	6,826,945	119	1,345,238	121	244	106
1928	28,763	100	5,718,234	100	1,108,528	100	230	100

TABLE 17.—*Farm real-estate-tax delinquency in 67 counties in Georgia, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	33,961	225	7,564,308	197	$1,188,323	145	206	86
1931	28,627	190	6,669,920	173	1,270,289	155	227	95
1930	22,212	147	5,941,194	154	1,115,174	136	238	100
1929	17,409	115	4,482,845	116	923,525	112	242	101
1928	15,110	100	3,846,346	100	821,301	100	239	100

TABLE 18.—*Farm real-estate-tax delinquency in 99 counties in Iowa, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	114,636	312	12,588,831	306	$10,055,309	291	183	89
1931	102,643	279	12,175,703	296	11,353,859	328	202	98
1930	63,503	173	7,358,221	179	7,135,848	206	222	108
1929	40,750	111	4,597,181	112	4,356,867	126	218	106
1928	36,761	100	4,117,798	100	3,457,708	100	206	100

TABLE 19.—*Farm real-estate-tax delinquency in 105 counties in Kansas, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	100,499	320	16,327,069	349	$4,734,118	259	197	71
1931	78,678	251	2,519,609	54	4,798,530	262	254	92
1930	50,862	162	6,989,869	150	2,927,630	160	266	96
1929	33,227	106	4,899,076	105	1,987,791	109	279	101
1928	31,400	100	4,676,689	100	1,828,902	100	276	100

TABLE 20.—*Farm real-estate-tax delinquency in 85 counties in Kentucky 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	11,163	109	1,042,006	122	$312,306	139	241	89
1931	22,313	217	1,878,371	220	557,819	249	265	98
1930	16,171	157	1,387,397	162	356,511	159	269	100
1929	11,657	113	967,238	113	256,849	114	266	99
1928	10,284	100	855,588	100	224,241	100	270	100

TABLE 21.—*Farm real-estate-tax delinquency in 7 counties in Louisiana, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	3,649	126	763,553	88	$192,327	79	282	92
1931	3,623	125	794,993	91	218,541	90	301	99
1930	2,835	98	628,235	72	216,166	89	328	108
1929	3,353	116	750,578	86	255,875	106	330	108
1928	2,893	100	870,664	100	242,320	100	305	100

TABLE 22.—*Farm real-estate-tax delinquency in 23 counties in Maryland, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	17,723	158	1,509,862	173	$974,299	158	226	93
1931	14,616	130	1,250,684	144	858,262	139	237	98
1930	12,494	112	998,163	115	691,688	112	245	101
1929	11,409	102	913,788	105	667,239	108	241	100
1928	11,200	100	871,220	100	617,748	100	242	100

TABLE 23.—*Farm real-estate-tax delinquency in 8 counties in Michigan, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	25,026	257	1,605,661	270	$1,116,628	225	158	64
1931	21,649	222	1,363,749	229	1,193,284	240	218	88
1930	15,502	159	956,304	161	859,008	173	247	100
1929	11,399	117	698,407	117	637,236	128	256	103
1928	9,751	100	595,407	100	496,070	100	248	100

TABLE 24.—*Farm real-estate-tax delinquency in 19 counties in Minnesota, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	46,666	168	4,868,662	165	$1,972,545	162	224	80
1931	45,345	163	4,845,713	164	2,368,359	195	278	99
1930	35,500	128	3,783,381	128	1,696,992	140	291	104
1929	31,257	112	3,279,641	111	1,430,033	118	287	102
1928	27,772	100	2,953,172	100	1,216,214	100	281	100

TABLE 25.—*Farm real-estate-tax delinquency in 77 counties in Mississippi, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	33,789	674	4,333,723	692	$1,276,708	525	318	78
1931	29,911	597	4,126,868	659	1,411,977	581	369	90
1930	18,106	361	2,456,177	392	1,017,595	419	394	97
1929	6,989	140	896,176	143	367,374	151	413	101
1928	5,011	100	626,003	100	243,108	100	408	100

TABLE 26.—*Farm real-estate-tax delinquency in 68 counties in Missouri, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	85,502	203	6,992,525	221	$1,947,617	179	254	79
1931	74,015	176	5,862,572	185	1,937,064	178	286	89
1930	56,345	134	4,351,494	138	1,465,286	134	311	97
1929	43,196	103	3,312,928	105	1,149,611	105	325	101
1928	42,070	100	3,165,650	100	1,091,260	100	321	100

TABLE 27.—*Farm real-estate-tax delinquency in 87 counties in Nebraska, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	69,608	164	17,256,752	159	$6,057,311	135	195	78
1931	73,428	173	18,114,097	167	7,735,143	172	227	91
1930	55,434	131	13,246,543	122	5,803,899	129	240	96
1929	48,772	115	12,150,153	112	5,393,439	120	245	98
1928	42,394	100	10,862,480	100	4,490,818	100	250	100

TABLE 28.—*Farm real-estate-tax delinquency in 15 counties in Nevada, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	1,474	419	914,316	890	$142,113	126	185	74
1931	840	239	580,703	565	80,885	717	193	78
1930	541	154	193,503	188	24,564	218	192	77
1929	418	119	123,103	120	16,919	150	219	88
1928	352	100	102,721	100	11,288	100	249	100

TABLE 29.—*Farm real-estate-tax delinquency in 76 counties in Ohio, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	82,794	321	4,949,255	324	$3,611,126	323	193	72
1931	64,833	251	4,009,191	262	2,844,568	255	218	81
1930	45,606	177	2,824,659	185	2,089,187	187	258	96
1929	31,535	122	1,887,475	124	1,428,011	128	267	99
1928	25,815	100	1,528,486	100	1,117,546	100	269	100

TABLE 30.—*Farm real-estate-tax delinquency in 40 counties in South Dakota, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	45,122	330	8,527,825	347	$3,296,063	258	209	72
1931	41,825	306	8,058,417	328	3,484,013	273	229	79
1930	25,905	189	4,737,158	193	2,420,539	190	288	99
1929	16,817	123	3,101,008	126	1,593,594	125	298	103
1928	13,688	100	2,457,182	100	1,276,677	100	290	100

TABLE 31.—*Farm real-estate-tax delinquency in 119 counties in Texas, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	122,288	374	31,348,587	713	$5,511,914	557	214	79
1931	95,671	293	21,743,415	494	4,292,634	434	267	98
1930	70,350	216	14,497,936	330	3,067,253	310	296	109
1929	40,231	123	5,742,912	131	1,310,781	132	283	104
1928	32,652	100	4,397,618	100	990,064	100	272	100

TABLE 32.—*Farm real-estate-tax delinquency in 55 counties in West Virginia, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	43,177	328	3,394,595	366	$1,191,480	253	285	82
1931	35,594	271	2,803,626	302	1,154,615	245	333	96
1930	24,151	184	1,725,133	186	736,595	156	345	100
1929	16,120	123	1,159,792	125	583,246	124	372	108
1928	13,149	100	927,407	100	471,131	100	346	100

TABLE 33.—*Farm real-estate-tax delinquency in 23 counties in Wyoming, 1928–32*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1932	12,339	224	5,309,930	259	$571,754	236	186	93
1931	12,020	218	5,466,704	266	657,626	272	223	112
1930	7,724	140	3,214,056	156	408,820	169	212	106
1929	6,761	123	2,518,307	123	334,995	139	208	104
1928	5,506	100	2,053,107	100	241,761	100	200	100

2. Farm real-estate-tax delinquency in six States, 1928–33. For summary of the data for these States see table 12.

TABLE 34.—*Farm real-estate-tax delinquency in 10 counties in Alabama, 1928–33*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1933	11,170	108	2,564,508	112	$322,643	79	216	94
1932	13,895	134	2,999,459	131	532,895	131	230	100
1931	13,621	132	2,832,216	123	566,144	139	247	107
1930	12,545	121	2,654,810	116	514,337	127	251	109
1929	11,517	111	2,564,556	112	435,693	107	244	106
1928	10,355	100	2,295,367	100	406,376	100	230	100

TABLE 35.—*Farm real-estate-tax delinquency in 67 counties in Georgia, 1928–33*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1933	33,133	219	7,123,439	185	$969,416	118	(1)	----------
1932	33,961	225	7,564,308	197	1,188,323	145	206	86
1931	28,627	190	6,669,920	173	1,270,289	155	227	95
1930	22,212	147	5,941,194	154	1,115,174	136	238	100
1929	17,409	115	4,482,845	116	923,525	112	242	101
1928	15,110	100	3,846,346	100	821,301	100	239	100

[1] Not available.

TABLE 36.—*Farm real-estate-tax delinquency in 85 counties in Kentucky, 1928–33*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1933	23,713	231	1,894,758	222	$517,215	231	209	77
1932	11,163	108	1,042,006	122	312,306	139	241	89
1931	22,313	217	1,878,371	220	557,819	249	265	98
1930	16,171	157	1,387,397	162	356,511	159	269	100
1929	11,657	113	967,238	113	256,849	114	266	98
1928	10,284	100	855,588	100	224,241	100	270	100

TABLE 37.—*Farm real-estate-tax delinquency in 11 counties in Kansas, 1928–33*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1933	6,860	269	1,417,036	259	$442,190	293	175	63
1932	7,383	290	1,864,566	341	374,048	248	197	71
1931	5,690	223	1,233,825	226	364,145	241	254	92
1930	4,040	159	807,205	148	245,616	163	266	96
1929	2,866	112	547,997	100	163,337	108	279	101
1928	2,547	100	546,526	100	151,049	100	276	100

TABLE 38.—*Farm real-estate-tax delinquency in 12 counties in Maryland, 1928–33*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1933	11,639	170	957,732	178	$416,640	119	174	72
1932	11,205	164	969,757	180	587,060	168	226	93
1931	9,218	135	803,968	149	521,817	149	237	98
1930	7,601	111	626,874	116	403,193	115	245	101
1929	6,786	99	562,379	104	359,584	103	241	100
1928	6,844	100	538,260	100	350,231	100	242	100

TABLE 39.—*Farm real-estate-tax delinquency in 8 counties in Nevada, 1928–33*

Year of levy	Properties delinquent		Acreage delinquent		Taxes delinquent		Index of tax per acre	
	Number	Percent of 1928	Acres	Percent of 1928	Amount	Percent of 1928	1913=100	1928=100
			Number					
1933	880	527	416,740	904	$78,151	1,386	[1]	
1932	926	554	474,835	1,030	82,079	1,456	185	74
1931	466	279	376,770	817	56,799	1,008	193	78
1930	285	171	113,080	245	14,723	261	192	77
1929	182	109	58,259	126	9,036	160	219	88
1928	167	100	46,116	100	5,637	100	249	100

[1] Not available.

3. Total property tax delinquency in nine States compared with the amount of property taxes levied, 1928–33. For summary of these data see table 13.

TABLE 40.—*Total property tax delinquency in 4 counties in the State of Colorado compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date [1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount [2]	Percent of original delinquency	Percent of original levy
1933	$3,283,000	$1,129,000	34.4			
1932	3,642,000	1,156,000	31.7	$409,000	35.3	11.2
1931	3,869,000	1,120,000	28.9	279,000	24.9	7.2
1930	4,151,000	1,180,000	28.4	157,000	13.3	3.8
1929	4,086,000	1,165,000	28.5	71,000	6.1	1.7
1928	4,001,000	1,058,000	26.4	63,000	6.0	1.6

[1] The last penalty date here means the date on which 1933 taxes became delinquent. The amount of delinquent taxes ($409,000) appearing on the 1932 line in the first of these columns is the amount of the 1932 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amount appearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from the levy of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

[2] The total of this column ($978,000) is the total delinquent taxes still outstanding, from the levies of 1928 to 1932, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount that became delinquent when penalty was first applied to the 1933 levy is the grand total ($2,108,000) of delinquency for 1928 to 1933 on the last penalty date exclusive of any penalties and interest on delinquent taxes.

TABLE 41.—*Total property tax delinquency in 20 counties in the State of Georgia compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date[1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount[2]	Percent of original delinquency	Percent of original levy
1933	$1,988,000	$686,000	34.5			
1932	2,333,000	1,373,000	58.9	$575,000	41.9	24.7
1931	2,756,000	1,544,000	56.0	499,000	32.3	18.1
1930	3,069,000	1,526,000	49.7	306,000	20.0	10.0
1929	3,085,000	1,264,000	41.0	147,000	11.7	4.8
1928	3,026,000	1,171,000	38.7	112,000	9.5	3.7

[1] The last penalty date here means the date on which 1933 taxes became delinquent. The amount of delinquent taxes ($575,000) appearing on the 1932 line in the first of these columns is the amount of the 1932 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amount appearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from the levy of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

[2] The total of this column ($1,639,000) is the total delinquent taxes still outstanding, from the levies of 1928 to 1932, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount that became delinquent when penalty was first applied to the 1933 levy is the grand total ($2,325,000) of delinquency for 1928 to 1933 on the last penalty date exclusive of any penalties and interest on delinquent taxes.

TABLE 42.—*Total property tax delinquency in 13 counties in the State of Kansas compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date[1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount[2]	Percent of original delinquency	Percent of original levy
1933	$7,962,000	$4,131,000	51.9			
1932	8,863,000	2,789,000	31.5	$796,000	28.5	9.0
1931	10,706,000	3,078,000	28.7	1,332,000	43.3	12.4
1930	11,547,000	2,628,000	22.8	800,000	30.4	6.9
1929	11,513,000	2,426,000	21.1	611,000	25.2	5.3
1928	10,440,000	2,585,000	24.8	390,000	15.1	3.7

[1] The last penalty date here means the date on which 1933 taxes became delinquent. The amount of delinquent taxes ($796,000) appearing on the 1932 line in the first of these columns is the amount of the 1932 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amount appearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from the levy of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

[2] The total of this column ($3,927,000) is the total delinquent taxes still outstanding, from the levies of 1928 to 1932, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount that became delinquent when penalty was first applied to the 1933 levy is the grand total ($8,058,000) of delinquency for 1928 to 1933 on the last penalty date exclusive of any penalties and interest on delinquent taxes.

TABLE 43.—*Total property tax delinquency in 9 counties in the State of Mississippi compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date[1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount[2]	Percent of original delinquency	Percent of original levy
1933	$4,117,000	$410,000	10.0			
1932	4,226,000	305,000	7.2	$187,000	61.5	4.4
1931	4,904,000	271,000	5.5	182,000	67.0	3.7
1930	5,494,000	184,000	3.3	116,000	63.0	2.1
1929	5,325,000	116,000	2.2	69,000	59.9	1.3
1928	5,256,000	91,000	1.7	53,000	58.0	1.0

[1] The last penalty date here means the date on which 1933 taxes became delinquent. The amount of delinquent taxes ($187,000) appearing on the 1932 line in the first of these columns is the amount of the 1932 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amount appearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from the levy of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

[2] The total of this column ($607,000) is the total delinquent taxes still outstanding, from the levies of 1928 to 1932, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount that became delinquent when penalty was first applied to the 1933 levy is the grand total ($1,017,000) of delinquency for 1928 to 1933 on the last penalty date exclusive of any penalties and interest on delinquent taxes.

TABLE 44.—*Total property tax delinquency in 58 counties in the State of Nebraska compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date [1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount [2]	Percent of original delinquency	Percent of original levy
1933	$22,226,000	$12,707,000	57.2			
1932	25,435,000	12,400,000	48.8	$4,223,000	34.1	16.6
1931	30,272,000	17,417,000	57.5	2,456,000	14.1	8.1
1930	31,915,000	16,606,000	52.0	1,038,000	6.3	3.3
1929	31,899,000	17,052,000	53.5	537,000	3.2	1.7
1928	30,818,000	15,108,000	49.0	319,000	2.1	1.0

[1] The last penalty date here means the date on which 1933 taxes became delinquent. The amount of delinquent taxes ($4,233,000) appearing on the 1932 line in the first of these columns is the amount of the 1932 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amount appearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from the levy of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

[2] The total of this column ($8,583,000) is the total delinquent taxes still outstanding, from the levies of 1928 to 1932, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount that became delinquent when penalty was first applied to the 1933 levy is the grand total ($21,290,000) of delinquency for 1928 to 1933 on the last penalty date exclusive of any penalties and interest on delinquent taxes.

TABLE 45.—*Total property tax delinquency in 15 counties in the State of North Dakota compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date [1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount [2]	Percent of original delinquency	Percent of original levy
1933	$3,737,000	$2,854,000	76.4			
1932	3,925,000	2,083,000	53.1	$1,562,000	75.0	39.8
1931	4,976,000	2,313,000	46.5	1,464,000	63.3	29.4
1930	5,486,000	2,281,000	41.6	967,000	42.4	17.6
1929	5,157,000	1,498,000	29.1	460,000	30.7	8.9
1928	5,518,000	1,564,000	28.3	471,000	30.1	8.5

[1] The last penalty date here means the date on which 1933 taxes became delinquent. The amount of delinquent taxes ($1,562,000) appearing on the 1932 line in the first of these columns is the amount of the 1932 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amount appearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from the levy of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

[2] The total of this column ($4,923,000) is the total delinquent taxes still outstanding from the levies of 1928 to 1932, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount that became delinquent when penalty was first applied to the 1933 levy is the grand total ($7,777,000) of delinquency for 1928 to 1933 on the last penalty date exclusive of any penalties and interest on delinquent taxes.

TABLE 46.—*Total property tax delinquency in 4 counties in the State of South Carolina compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date [1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount [2]	Percent of original delinquency	Percent of original levy
1933	$856,000	$354,000	41.4			
1932	1,002,000	311,000	31.0	$254,000	81.7	25.3
1931	1,070,000	302,000	28.2	213,000	70.4	19.9
1930	1,138,000	287,000	25.2	135,000	47.1	11.9
1929	1,132,000	255,000	22.5	121,000	47.7	10.7
1928	1,107,000	155,000	14.0	67,000	43.0	6.0

[1] The last penalty date here means the date on which 1933 taxes became delinquent. The amount of delinquent taxes ($254,000) appearing on the 1932 line in the first of these columns is the amount of the 1932 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amount appearing on the line of each of the other four years (1928, 1929, 1930, and 1931) is the delinquency from the levy of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

[2] The total of this column ($790,000) is the total delinquent taxes still outstanding, from the levies of 1928 to 1932, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount that became delinquent when penalty was first applied to the 1933 levy is the grand total ($1,144,000) of delinquency for 1928 to 1933 on the last penalty date exclusive of any penalties and interest on delinquent taxes.

ABLE 47.—*Total property tax delinquency in 82 counties in the State of Tennesse compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date [1] and carried over from the levy of each of the preceding year		
		Amount	Percent of levy	Amount [2]	Percent of original delinquency	Percent of original levy
33	$30,741,000	$8,584,000	27.9			
32	33,992,000	8,913,000	26.2	$3,565,000	40.0	10.
31	35,024,000	7,088,000	20.2	4,462,000	63.0	12.
30	40,188,000	8,494,000	21.1	1,544,000	18.2	3.
29	41,494,000	4,741,000	11.4	897,000	18.9	2.
28	40,750,000	6,482,000	15.9	488,000	7.5	1.

The last penalty date here means the date on which 1933 taxes became delinquent. The amount o
linquent taxes ($3,565,000) appearing on the 1932 line in the first of these columns is the amount of th
32 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amoun
pearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from th
y of each of these years that still remained unpaid on the delinquency date for the 1933 levy.

The total of this column ($10,956,000) is the total delinquent taxes still outstanding, from the levie
1928–32, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount tha
ame delinquent when penalty was first applied to the 1933 levy, is the grand total ($19,540,000) of delin
ency for 1928–33 on the last penalty date exclusive of any penalties and interest on delinquent taxes

ABLE 48.—*Total property tax delinquency in 80 counties in the State of Texa compared with the amount of property taxes levied, 1928–33*

Year	Amount of taxes levied	Taxes that became delinquent when penalty was first applied		Taxes still delinquent on last penalty date [1] and carried over from the levy of each of the preceding years		
		Amount	Percent of levy	Amount [2]	Percent of original delinquency	Percent of original levy
33	$19,409,000	$6,376,000	32.8			
32	20,053,000	7,115,000	35.5	$4,416,000	62.1	22.
31	24,812,000	7,411,000	29.9	4,020,000	54.2	16.
30	24,555,000	6,603,000	26.9	3,152,000	47.7	12.
29	23,458,000	3,290,000	14.0	1,363,000	41.4	5.
28	21,420,000	2,592,000	12.1	756,000	29.2	3.

The last penalty date here means the date on which 1933 taxes became delinquent. The amount o
inquent taxes ($4,416,000) appearing on the 1932 line in the first of these columns is the amount of th
2 levy that was still unpaid on the date when the 1933 taxes became delinquent. Likewise the amoun
pearing on the line of each of the other 4 years (1928, 1929, 1930, and 1931) is the delinquency from the lev
ach of these years that still remained unpaid on the delinquency date for the 1933 levy.

The total of this column ($13,707,000) is the total delinquent taxes still outstanding, from the levies o
8 to 1932, inclusive, on the date when 1933 taxes became delinquent. This total plus the amount tha
ame delinquent when penalty was first applied to the 1933 levy is the grand total ($20,083,000) of delin
ency for 1928 to 1933 on the last penalty date exclusive of any penalties and interest on delinquent taxes