

REAL ESTATE TAX  
NORTHBURGH

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THE CITY REAL ESTATE TAX  
IN PITTSBURGH

PITTSBURGH, PENNSYLVANIA  
1934

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# THE CITY REAL ESTATE TAX IN PITTSBURGH

*by*

J. P. WATSON



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## DIRECTOR'S PREFACE

The government of a large city represents a complex set of social machinery. The operations of that machinery, although expensive, are an essential part of an orderly society; and the financing of such operations is a major economic problem. An adequate appraisal of the economic welfare of the Pittsburgh district must comprehend an analysis of the financial basis of public functions. This observation applies with particular force to an analysis of the real estate tax in Pittsburgh because the city tax, under the graded tax system, differs from that in the other major American cities and because the importance of the real estate tax in local governmental revenues is considerably greater in Pittsburgh than in the other large American cities.

The owners of real estate in Pittsburgh have in the past three or four years become increasingly aware that the City's budget is dependent primarily on the real estate tax. No ready solution to this problem is available, nor is one in prospect. Those who are directly burdened with real estate taxes usually advance one or both of the following proposals: first, that the cost of government be reduced; second, that a large share of the tax burden be shifted from real estate to other forms of wealth or sources of income. Such proposals, of course, should be given full consideration. Reduction of public financial requirements, however, cannot be accomplished by a simple bold stroke. Intelligent public retrenchment involves a judicious weighing of the necessity or the relative desirability of the various activities for which public money is spent and due regard for the requirements to meet the public debt. On the other hand, it is by no means easy for a local government to lighten the local burden on real estate by tapping other sources of income, for the revenue systems of the legally superior governmental units—the Federal



Government and the state government—limit very much the fruitful choices open to local governments. Essentially, then, the local governments, after doing what they may to reduce revenue requirements, are left with the necessity of doing the best they can with the real estate tax.

The City of Pittsburgh, in common with most other cities in 1934, is having difficulties with its budget. One step always essential in such contingency is to take stock of the local revenue system. The major analysis required in such stock-taking is the analysis of the real estate tax. This monograph is intended as a contribution on the character and the functioning of the real estate tax in Pittsburgh.

Publication of this monograph is part of a program in regional economic research under an eight-year grant from The Buhl Foundation, supplemented by the University of Pittsburgh. The purpose of this program is to lay a basis for constructive action in the solution of economic problems confronting the Pittsburgh district through objective analysis of these problems.

RALPH J. WATKINS  
*Director*

June 1934

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## APPENDICES



## APPENDIX A

### Non-Revenue Receipts

City revenue data used in this study were compiled from the annual reports of the City Controller. Those at all familiar with the Controller's reports will realize at once that reported "receipts" amount to much more than the amounts called "revenue" in Chapter 3. This difference requires explanation.

The explanation will be facilitated by immediate reference to a definition of "revenue." The Bureau of the Census defines municipal revenue as "amounts of money or other wealth received by or placed to the credit of the local governments for

TABLE A-1

City Revenues and Non-Revenue Receipts, Pittsburgh, 1915-1932\*

| Year | Total<br>Reported Receipts | Total<br>Revenues† | Total<br>Non-Revenue Receipts† |
|------|----------------------------|--------------------|--------------------------------|
| 1915 | \$23,002,730               | \$12,439,854       | \$10,562,876                   |
| 1916 | 19,301,566                 | 13,418,765         | 5,882,801                      |
| 1917 | 15,610,381                 | 12,891,287         | 2,719,094                      |
| 1918 | 19,761,588                 | 15,016,455         | 4,745,133                      |
| 1919 | 23,619,022                 | 15,423,842         | 8,195,180                      |
| 1920 | 26,913,432                 | 18,639,256         | 8,274,176                      |
| 1921 | 28,245,717                 | 19,367,495         | 8,878,242                      |
| 1922 | 26,393,955                 | 19,054,263         | 7,339,692                      |
| 1923 | 24,630,242                 | 19,995,088         | 4,635,154                      |
| 1924 | 25,948,633                 | 20,729,092         | 5,219,541                      |
| 1925 | 25,816,468                 | 20,323,631         | 5,432,837                      |
| 1926 | 35,240,811                 | 22,639,663         | 12,601,148                     |
| 1927 | 42,547,995                 | 23,947,236         | 18,600,759                     |
| 1928 | 36,881,759                 | 26,461,021         | 10,420,738                     |
| 1929 | 31,220,281                 | 26,827,928         | 4,392,353                      |
| 1930 | 38,403,277                 | 28,457,946         | 9,945,331                      |
| 1931 | 34,721,426                 | 26,714,311         | 8,007,115                      |
| 1932 | 31,736,230                 | 23,494,489         | 8,241,741                      |

\*Compiled from the respective issues of the *Annual Report of the City Controller*, Pittsburgh. The grand totals compiled are consistent with the grand totals shown in the Controller's reports except as follows: the 1915 total shown here exceeds the published total by \$11,259; the 1918 total exceeds the published total by \$7,901; the 1919 total, by \$89. The data are not adjusted for the item ordinarily reported as "payments for the correction of erroneous receipts," the published data not being so classified as to make possible a consistent adjustment in the classified totals. The amounts of such payments, shown in Table A-2, are not large enough to make material difference with respect to the purposes of this study.

†Classification explained in accompanying text.

TABLE A-2

## Reported Payments by the City of Pittsburgh for Correction of Erroneous Receipts, 1915-1932\*

| Year | Erroneous Tax Receipts | Erroneous Water Service Receipts† | Total Erroneous Taxes and Water Receipts | Total Correction of Erroneous Receipts‡ |
|------|------------------------|-----------------------------------|--|---|
| 1915 | \$3,452.59             | \$12,733.90                       | \$16,186.49                              | \$16,186.49                             |
| 1916 | 3,372.56               | 28,785.56                         | 32,158.12                                | 32,158.12                               |
| 1917 | 936.54                 | 13,168.61                         | 14,105.15                                | 14,985.38†                              |
| 1918 | 900.64                 | 11,325.85                         | 12,226.49                                | 12,381.99†                              |
| 1919 | 1,543.49               | 17,624.71                         | 19,168.20                                | 19,168.20                               |
| 1920 | 984.89                 | 13,449.12                         | 14,434.01                                | 15,116.01†                              |
| 1921 | 902.89                 | 9,488.33                          | 10,391.22                                | 10,391.22                               |
| 1922 | 3,383.30               | 9,815.83                          | 13,199.13                                | 13,199.13                               |
| 1923 | _____                  | _____                             | 14,149.67                                | 14,149.67                               |
| 1924 | _____                  | _____                             | 4,998.89                                 | 4,998.89                                |
| 1925 | _____                  | _____                             | 11,243.86                                | 11,243.86                               |
| 1926 | _____                  | _____                             | 20,597.87                                | 21,416.89†                              |
| 1927 | _____                  | _____                             | 11,720.32                                | 11,720.32                               |
| 1928 | _____                  | _____                             | 9,421.94                                 | 43,178.17†                              |
| 1929 | _____                  | _____                             | 9,884.15                                 | 19,805.15†                              |
| 1930 | _____                  | _____                             | 12,364.89                                | 12,364.89                               |
| 1931 | _____                  | _____                             | 15,112.74                                | 15,112.74                               |
| 1932 | _____                  | _____                             | 12,864.47                                | 12,864.47                               |

\*From *Annual Report of the City Controller, Pittsburgh*, for the respective years.

†This item appears to arise largely as a bookkeeping adjustment due to exoneration of charitable institutions from water assessments. In the published reports, erroneous tax receipts and erroneous water service receipts have not been shown separately since 1922.

‡In addition to erroneous taxes and water rents, the totals include unclassified refunds of erroneous receipts as follows: 1917, \$880.23; 1918, \$155.50; 1920, \$682.00; 1926, \$819.02; 1928, \$33,756.23; 1929, \$9,921.00.

governmental purposes, under such conditions that they increase the assets without increasing the debt liabilities or decrease the debt liabilities without decreasing the assets."<sup>1</sup> The criterion given in this definition has been applied as nearly as it was possible to apply it. It is fully recognized that there is likely to be a measure of inaccuracy in the classification. In the first place, the data are mainly from published reports, and the lumping of odds and ends necessary for purposes of condensed publication results in occasional difficulties of classification. In the second place, over the long period studied there were occasional changes in the classification of receipts for purposes of publication. Every effort has been made to make the data consistent throughout the period studied, and it is believed that the remaining inaccuracies are not serious enough to distort the analysis of budget revenues.

In Table A-1, the grand total of "receipts" is divided into revenues and non-revenue receipts. A summary of the more important classes of non-revenue receipts is shown in Table A-3.

<sup>1</sup> *Financial Statistics of Cities*, 1930, p. 13.

**TABLE A-3**

**Non-Revenue Receipts of the City of Pittsburgh, by Major Classes, 1915-1932\***

| Year | Realization from Borrowing | Reimbursements from Other Local Units | Transfers   | Investment Transactions | Sales of Real Estate | Refunds and Miscellaneous | Total Non-Revenue Receipts |
|------|----------------------------|---------------------------------------|-------------|-------------------------|----------------------|---------------------------|----------------------------|
| 1915 | \$ 4,710,621               | \$ 42,000                             | \$2,545,423 | \$3,020,100             | \$192,825            | \$ 51,907                 | \$10,562,876               |
| 1916 | 1,194,478                  | 39,250                                | 2,483,525   | 1,852,600               | 241,583              | 71,366                    | 5,882,802                  |
| 1917 | 266,400                    | 39,250                                | 1,917,771   | 204,900                 | 28,050               | 262,722                   | 2,719,093                  |
| 1918 | 911,035                    | 39,250                                | 2,511,667   | 1,165,600               | 69,884               | 46,697                    | 4,745,133                  |
| 1919 | 5,824,357                  | 29,438                                | 1,913,320   | 317,000                 | 71,735               | 29,330                    | 8,195,180                  |
| 1920 | 5,799,075                  | 49,062                                | 2,195,664   | 161,600                 | 57,464               | 11,313                    | 8,274,178                  |
| 1921 | 5,887,705                  | 70,216                                | 2,392,766   | 406,300                 | 112,526              | 8,731                     | 8,878,244                  |
| 1922 | 4,374,573                  | 54,589                                | 2,701,612   | 304,400                 | 89,789               | 14,727                    | 7,539,690                  |
| 1923 | 1,248,166                  | 85,842                                | 2,756,731   | 349,800                 | 187,169              | 7,445                     | 4,635,153                  |
| 1924 | 1,070,750                  | 70,216                                | 2,686,970   | 1,045,400               | 344,983              | 1,220                     | 5,219,539                  |
| 1925 | 1,974,131                  | 86,341                                | 2,788,679   | 533,200                 | 40,218               | 10,268                    | 5,432,837                  |
| 1926 | 9,296,247                  | 89,266                                | 2,922,212   | 253,300                 | 36,049               | 4,074                     | 12,601,148                 |
| 1927 | 14,589,369                 | 70,216                                | 3,159,649   | 753,800                 | 22,710               | 5,018                     | 18,600,762                 |
| 1928 | 6,628,804                  | 83,000                                | 3,497,228   | 184,400                 | 22,759               | 4,550                     | 10,420,741                 |
| 1929 | 22,000                     | 470,000                               | 3,548,325   | 314,900                 | 20,294               | 10,834                    | 4,392,353                  |
| 1930 | 5,971,902                  | 83,000                                | 3,596,856   | 267,500                 | 2,676                | 23,397                    | 9,945,331                  |
| 1931 | 2,885,269                  | 83,000                                | 4,335,298   | 216,400                 | 38,378               | 448,771                   | 8,007,116                  |
| 1932 | 3,234,461                  | 83,000                                | 4,463,782   | 297,742                 | 3,362                | 159,393                   | 8,241,740                  |

\*From Annual Report of the City Controller, Pittsburgh, for the respective years. Classifications explained in accompanying text.

NON-REVENUE RECEIPTS

The predominant part consists of two classes—borrowings and transfers. A brief discussion of the several classes of non-revenue receipts is given in the following sections.

### ***Realization from Borrowing***

In most of the years since 1915, borrowing has been of considerable amount. The par amount received and premium and accrued interest are included under "Realization from Borrowing" in Table A-3. The city's bonded debt is increased exactly by the par amount of bonds issued. Interest to be paid by the city is immediately increased by the amount of accrued interest received when the bonds are sold. The relationship of premium to the obligations created is not so immediate; it arises from the fact that the rate of interest stipulated in the bonds is higher than the rate demanded by the successful bidder or bidders. Presumably, then, it may be considered as the present value (at the time of sale of the bond) of an annuity equal to the amount of excess interest for the life of the bonds. At any rate, premium on bonds sold is derived from borrowing operations, not from revenue operations.

### ***Reimbursements from Other Local Units***

The city school district makes annual payments to the city in compensation for collection of school taxes by the city treasurer, who is officially school treasurer also, and for medical inspection in schools by the city department of health. In three of the years studied, payments were made by the county to the city under a plan of cost-sharing on public works projects. The amounts reported as received from the county were as follows: in 1925, \$16,125; in 1926, \$19,050; in 1929, \$387,000. With these exceptions, the amounts in this classification in Table A-3 are payments by the school district. Since the amounts covering these reimbursements enter the local governmental picture as receipts of the school district or of the county, they were ruled out as city receipts. (Correspondingly, they would be counted as reductions of city expenditures, since they are finally charges on the school budget or the county budget.)

### *Transfers*

Another large part of the non-revenue receipts is made up of transfers (Table A-3): The largest transfer each year is that from the general fund to the sinking funds for amortization of debt. Amounts reported as interest received on sinking fund investments are classified in this study as transfers from general fund to sinking fund, since the sinking fund investments are city bonds. In some of the years, amounts are reported as transfers from sinking fund surplus to general sinking fund, i.e., surpluses in specific sinking funds made available to meet amortization requirements in other sinking funds. Transfers from bond funds (balances of borrowed money) to sinking funds occur with respect to amounts remaining in the bond funds after the projects for which the bonds were issued have been completed. Special assessment receipts in street and sewer funds, after final payments to contractors have been covered by funding bond issues, are transferred to the general fund. Receipts reported under the heading "Stores for Distribution" are usually mere appropriation transfers by means of which the revolving fund used for centralized purchases is replenished as supplies are issued to the several departments; they may be new appropriation transfers for the enlargement of the purchasing fund.

Transfers to or from the guarantee of deposit fund require a little fuller explanation. By an ordinance enacted in 1912, it was provided that \$100,000 per year should be set aside from interest received on city deposits (except sinking fund deposits) until a fund of \$500,000 had been accumulated. Thereafter, interest received on deposits of general funds (not sinking funds) was to be used, when necessary, to replenish this fund. If a depository should fail to meet its deposit obligation to the city, transfers were to be made from this fund to offset the immediate reduction in available cash, and subsequent recoveries from the bank were to be placed in the guaranty fund. When transfers of general fund interest receipts plus recoveries from failed depositories raised the fund above \$500,000, the excess was to be returned to the general fund. This guaranty fund was merely a part of the treasury machinery for handling the tie-up or the loss of city funds through bank failure; it was in no sense an instrumentality for producing revenue. (This plan was

abolished in 1931, another method of deposit guaranty being established.)

### ***Investment Transactions***

Receipts arising from investment transactions (Table A-3) are made up of two reported items. One is from redemption of matured investments. The investments are city bonds. Payment of city bonds at maturity brings cash into the sinking funds in place of the matured bonds. The other item of investment transactions is that frequently referred to as "sales inter se," cash of one sinking fund being traded for bonds in another. (The published reports do not deal with sinking fund profit or loss on investment transactions. It is assumed for purposes of this study that such profit or loss would not be of material consequence.)

### ***Sales of Real Estate***

Realization from the sale of property makes city resources available in liquid form, thus introducing into the current flow of cash something that was not there before. In the absence of profit and loss data, however, these amounts must be counted as mere changes in form of city assets, not additions to assets. (It may be argued that receipts from minor sales of property other than real estate should likewise be counted as non-revenue. But minor departmental sales are so mixed with services that they cannot be accurately separated from earnings of departments.)

### ***Refunds and Miscellaneous Non-Revenue Receipts***

Receipts called refunds are ordinarily understood to be returns of amounts or parts of amounts once paid out. Disbursing officers, being human, sometimes make mistakes. An erroneous payment returned to the treasury is a refund. Sometimes it is found that a payment has been made on an erroneous invoice or on a claim that was in part or wholly fraudulent—not necessarily because of any avoidable mistake of the finance officer. Recovery of such payment would usually be treated as a refund. In the published reports, there is occasional lumping of miscellaneous minor entries, so that refunds cannot be uniformly segre-

gated from minor revenues or non-revenues. Sometimes the description of what appears to be comparable items in other years serves as a guide in classification.

Along with refunds in the total designated "Refunds and Miscellaneous" (Table A-3), there are several odds and ends. One of the more important items consists of recoveries from failed depositories. It has been pointed out in the discussion of transfers that recoveries from depositories failing while the guarantee of deposit fund was in operation were carried to this fund. Apparently, in some of the years after 1915 there were recoveries from banks that failed before the guaranty fund was established. The guaranty fund was abolished in 1931, a different system of deposit insurance being established. In 1932, recoveries from failed banks are in this miscellaneous total. Another group of small items consists of amounts temporarily in trust, such as fines collected for the state or taxes and water rents over-paid. Any other item not otherwise classified but apparently not city revenue was placed in the classification "Refunds and Miscellaneous."

## APPENDIX B

### Minor General Budget Revenues of the City of Pittsburgh

Real estate tax collections are readily recognized as revenues. Among other reported "receipts," however, there are large amounts that must be classed as non-revenue (discussed in Appendix A). Among the revenues, those received from the water service have been excluded as not properly a part of the general budget picture (Table 12, in Chapter 3). Appendix B is intended mainly to show the yield of the several classes of minor general budget revenues in comparison with the yield of the real estate tax and to indicate the kinds of items that make up each class of minor revenues. It is thus merely a summary of minor revenues, supplementary to the real estate tax study. It is in no sense offered as a thoroughgoing analysis of minor revenues of the city.

As an introduction to the discussion of minor revenues, a precaution should be observed. Administrations change, and there is no certainty that data published by one administration are exactly comparable with data released by other administrations. Indeed, within a single report issued by one administration, the data are not always consistent. The attempt has been made, however, with a great deal of courteous assistance from the City Controller's office, to present data comparable over the period studied.

In 1915 the minor revenues produced about one-fifth of the total general budget revenues. Since the war the range has been from about one-sixth to about one-ninth (Table 13, in Chapter 3). By reference to Table 12, Chapter 3, it will be noted that the total of general budget revenues tended generally upward from \$9,700,000 in 1915 to \$25,200,000 in 1930. The total from the minor revenues was somewhat over \$2,000,000 in 1915. Although more irregular than the tax total, the minor revenues



TABLE B-1

Minor General Budget Revenues\* of the City of Pittsburgh, by Classes,† 1915-1932

| Year | Total       | Special Assessments | Licenses and Permits | Rents and Concessions | Interest on Deposits | Fines and Penalties | Grants and Donations | Pittsburgh Railways | Miscellaneous |
|------|-------------|---------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|---------------------|---------------|
| 1915 | \$2,025,661 | \$ 200,874          | \$860,429            | \$136,450             | \$190,509            | \$192,513           | \$ 117,651           | \$144,404           | \$182,741     |
| 1916 | 1,989,010   | 237,105             | 823,866              | 136,263               | 141,397              | 238,447             | 141,432              | 136,053             | 134,447       |
| 1917 | 2,193,415   | 391,819             | 814,802              | 135,934               | 114,626              | 237,011             | 116,641              | 132,382             | 250,200       |
| 1918 | 2,210,792   | 504,772             | 771,453              | 142,880               | 195,777              | 277,660             | 124,111              | 66,012              | 128,127       |
| 1919 | 1,757,304   | 316,334             | 283,767              | 145,667               | 174,017              | 278,609             | 228,037              | —                   | 130,873       |
| 1920 | 2,449,044   | 418,489             | 879,699              | 166,705               | 360,381              | 335,235             | 137,089              | —                   | 151,446       |
| 1921 | 2,531,924   | 653,942             | 500,109              | 211,672               | 455,787              | 286,678             | 285,622              | —                   | 138,114       |
| 1922 | 2,517,139   | 714,722             | 345,126              | 220,050               | 426,232              | 403,127             | 250,786              | —                   | 157,116       |
| 1923 | 2,176,607   | 436,642             | 266,972              | 243,517               | 417,747              | 425,621             | 154,632              | —                   | 231,476       |
| 1924 | 2,638,095   | 544,881             | 230,540              | 255,350               | 364,478              | 504,958             | 238,210              | 273,225             | 226,453       |
| 1925 | 2,878,881   | 750,736             | 245,126              | 247,731               | 311,958              | 476,173             | 299,424              | 352,609             | 195,124       |
| 1926 | 2,880,462   | 742,967             | 237,876              | 247,153               | 287,591              | 467,284             | 217,993              | 452,609             | 226,989       |
| 1927 | 3,588,179   | 980,469             | 264,987              | 261,596               | 575,255              | 414,774             | 374,255              | 467,195             | 249,648       |
| 1928 | 3,526,313   | 1,042,249           | 246,522              | 248,567               | 679,586              | 392,868             | 323,822              | 382,054             | 210,645       |
| 1929 | 3,338,357   | 802,073             | 243,890              | 255,890               | 629,029              | 362,142             | 394,306              | 384,811             | 266,216       |
| 1930 | 3,491,076   | 983,958             | 237,424              | 242,612               | 515,894              | 423,697             | 466,056              | 384,810             | 236,625       |
| 1931 | 2,636,731   | 590,115             | 225,203              | 250,755               | 459,050              | 368,463             | 465,211              | 58,207              | 219,727       |
| 1932 | 2,788,278   | 328,705             | 178,145              | 225,035               | 236,388              | 362,569             | 1,207,016            | 84,061              | 166,356       |

\*All revenues other than real estate tax and water revenue. See Table 12 in Chapter 3, item "Other General Budget Revenue."

†Refer to explanation of the respective classifications in the accompanying text.

MINOR REVENUES

also moved generally upward until 1927, when the aggregate was close to \$3,600,000. By 1932 the total had fallen below \$2,800,000.

In Table B-1 the amounts received annually from the various classes of minor revenues are shown for the years 1915-1932. In Table B-2 the percentage of general budget revenue from each classification is shown. These tables will be clarified by a brief explanatory statement concerning each of the classifications.

**TABLE B-2**  
**Per Cent of City General Budget Revenue, Pittsburgh,**  
**from Each Class of Minor Revenues, 1915-1932\***

| Year | Total | Special Assessments | Licenses and Permits | Rents and Concessions | Interest on Deposits | Fines and Penalties | Grants and Donations | Pittsburgh Railways | Miscellaneous |
|------|-------|---------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|---------------------|---------------|
|      | %     | %                   | %                    | %                     | %                    | %                   | %                    | %                   | %             |
| 1915 | 20.82 | 2.06                | 8.84                 | 1.40                  | 1.96                 | 1.98                | 1.21                 | 1.49                | 1.88          |
| 1916 | 17.99 | 2.14                | 7.45                 | 1.23                  | 1.28                 | 2.16                | 1.28                 | 1.23                | 1.22          |
| 1917 | 20.83 | 3.72                | 7.74                 | 1.29                  | 1.09                 | 2.25                | 1.11                 | 1.26                | 2.37          |
| 1918 | 17.67 | 4.03                | 6.16                 | 1.14                  | 1.56                 | 2.22                | 0.99                 | 0.53                | 1.04          |
| 1919 | 13.80 | 4.05                | 2.23                 | 1.14                  | 1.37                 | 2.19                | 1.79                 | ---                 | 1.03          |
| 1920 | 15.53 | 2.65                | 5.58                 | 1.06                  | 2.29                 | 2.13                | 0.87                 | ---                 | 0.95          |
| 1921 | 15.17 | 3.92                | 3.00                 | 1.27                  | 2.73                 | 1.72                | 1.71                 | ---                 | 0.82          |
| 1922 | 15.44 | 4.38                | 2.12                 | 1.35                  | 2.61                 | 2.47                | 1.54                 | ---                 | 0.94          |
| 1923 | 12.58 | 2.52                | 1.54                 | 1.41                  | 2.41                 | 2.46                | 0.89                 | ---                 | 1.35          |
| 1924 | 14.69 | 3.03                | 1.28                 | 1.42                  | 2.03                 | 2.81                | 1.33                 | 1.52                | 1.27          |
| 1925 | 16.31 | 4.25                | 1.39                 | 1.40                  | 1.77                 | 2.70                | 1.70                 | 2.00                | 1.10          |
| 1926 | 14.58 | 3.76                | 1.20                 | 1.25                  | 1.46                 | 2.37                | 1.10                 | 2.29                | 1.15          |
| 1927 | 17.00 | 4.65                | 1.26                 | 1.24                  | 2.73                 | 1.97                | 1.77                 | 2.21                | 1.17          |
| 1928 | 14.94 | 4.42                | 1.04                 | 1.05                  | 2.88                 | 1.66                | 1.37                 | 1.62                | 0.90          |
| 1929 | 14.00 | 3.36                | 1.02                 | 1.07                  | 2.64                 | 1.52                | 1.65                 | 1.61                | 1.13          |
| 1930 | 13.87 | 3.91                | 0.94                 | 0.96                  | 2.05                 | 1.68                | 1.85                 | 1.53                | 0.95          |
| 1931 | 11.24 | 2.52                | 0.96                 | 1.07                  | 1.96                 | 1.57                | 1.98                 | 0.25                | 0.93          |
| 1932 | 13.56 | 1.60                | 0.87                 | 1.09                  | 1.15                 | 1.76                | 5.87                 | 0.41                | 0.81          |

\*Amounts shown in Table B-1 for each year expressed as percentages of the corresponding annual amounts shown in Table 12 as "Total General Budget Revenue."

### *Special Assessments*

Special assessments, in the most common usage of the term, are charges of some part of the cost of a public improvement against properties abutting on, or located near, the improvements. In other words, within the assessment area on a given project, they are charges on real estate, additional to the general levy. The assumption on the basis of which such special charges are justified is that the improvements are of special benefit to the owners of neighboring properties. In Pittsburgh, special assessments are made to cover part of the cost of street and sewer construction.

### *Licenses and Permits*

Licenses and permits, in the generally accepted sense of the words, are alike in that they are special charges imposed in connection with governmental regulation of private possession or conduct. Grants of authority for a fixed period of time—month, season, or year—usually are called licenses, and the fees collected in connection with such grants of authority are called "license fees" or simply "licenses." An authorization relating to a single performance of a specific action, such as erecting a building, is ordinarily called a permit. The distinction between these two classes of revenues is not always clear in the city records. Moreover, items under other names, such as "registration of electricians," are of the same general character. Whatever the name under which the item is recorded, all items recognizable in the published reports of the city as being of the character of licenses or of permits have been so classified.

In the years 1915-1918 and again in 1920, this class of revenue was the largest of the minor groups (Table B-1). The reason was liquor licenses—well in excess of \$600,000 in the earlier years.

Aside from this major item in earlier years, this classification includes a rather large number of other licenses, most of which may be grouped roughly into three classifications. First, licenses are required for a wide range of amusement and recreational businesses—theaters, operatic performances, circuses and other transient exhibitions, carnivals and street fairs, dance halls, baseball parks, shooting galleries, pool or billiard parlors, skating rinks, penny arcades, merry-go-rounds, and roof gardens. Second, licenses are required for a number of businesses other than those in the amusement and recreational bracket—milk dealers, beauty parlors, junk dealers, second-hand dealers, pawn brokers, fumigators, street venders, and vending machines. A license is required of anyone selling or storing explosives. Sale of fireworks is permitted only under license and only for one month preceding July 4. Third, a few licenses relate to occupations (not necessarily in connection with a specific place of business). Licenses, under one name or another, are required of auctioneers (each auction), beauty parlor operators (personal license in addition to license for place of business), electricians, engineers,

plumbers, and picture machine operators. In addition to these three main groups, city licenses are required for the operation of horse-drawn vehicles or bicycles and for the possession of dogs.

Most of the amounts received by the city for permits are for the several types of permits related to building, i.e., for the main structure, for wiring, for heating equipment, and for plumbing. A number of related inspectional fees have been included with permits in Table B-1.

### *Rents and Concessions*

Aside from the amounts received for rental of miscellaneous properties scattered here and there throughout the city, three classes of city rental income should be mentioned—that from the markets owned by the city, that from the wharves and landings, and rents and concessions from the parks. Fees for parking automobiles on the wharves are included in the total of rents and concessions; golf permits and golf locker rentals also are included.

### *Interest on City Deposits*

The interest item shown in Table B-1 includes interest received on deposits of general and special revenue funds, of bond funds, and of sinking funds. It does not include interest on sinking fund investments. (See "Transfers" in Appendix A.) Accrued interest on bonds sold is not included. (See "Realization from Borrowing" in Appendix A.)

Although direct water service receipts are not counted general budget revenues, interest that might be attributable to water funds is included in Table B-1. Allocation of interest receipts would have to be arbitrary and has not been made. For present rough purposes, it need not be made, since the general expenditure budget (including all expenditures other than directly identifiable water service expenditures) carries important items part of which are costs of the water service (for example, the City Treasurer's office).

A great deal of the interest received is attributable to bond fund balances (borrowed money in hand); and much of the variation in amount of interest receipts is due to changes in bond fund balances. For example, at the end of 1925 the balance of

bond fund cash (not adjusted for warrants outstanding) was \$2,779,610; at the end of 1927 the total was \$14,716,095. The first amount was the lowest end-of-year bond fund balance in the period 1919-1932; the second amount was the highest. Such wide variation, of course, is extreme; but considerable changes are common and have much to do with variations in interest received.

To whatever extent the rate paid on bonds exceeds the rate received on balances of borrowed cash, the carrying of large balances in bond funds is costly. Consequently, interest receipts from large balances of borrowed funds are deceptive and are classifiable as "revenues" (see definition in Appendix A) only in a doubtful sense.

### *Fines and Penalties*

In the usual meaning of the words, "fines" are imposed by the courts and "penalties" are imposed by administrative offices. The exceptions are not of material importance in this summary. Fines received by the city are mainly from the police courts, a small amount being from the aldermen's courts. The penalties included in this classification are mainly penalties and interest on delinquent taxes and on water rents. (No allocation of penalties and interest attributable to delinquent water rents was attempted. The reason is the same as that for not allocating interest, explained above under the caption "Interest on City Deposits.") The large volume of penalties for delinquent taxes and water rents in 1931 and 1932 is the reason why the total of fines and penalties was as large in those years as in 1929. Police court fines fell in each of the years 1926-1932.

### *Grants and Donations*

Most of the revenue of this class is received from the state. One item, the city share of the fire insurance tax, is a legally fixed share of the gross premiums tax collected by the state from foreign fire insurance companies (i.e., companies chartered outside Pennsylvania). Another item in this classification is state aid to the city for charities. The sharp increase in the amount of grants and donations in 1932 was due almost entirely to emergency unemployment relief, under the Talbot Act.

Beginning in 1930, there were limited grants from the state on improvement projects on main roads in the city.

Donations from private sources are received by the city now and then, either for outright expenditure or to be held as income-producing trusts. The largest private donation is for the maintenance of Frick Park, received annually from the income of a trust created from the Frick estate. Other donations rarely have much effect on the total in this class of receipts.

### *Pittsburgh Railways*

For the years 1915-1919, the amounts shown include items reported as charges for street cleaning and as taxes on gross receipts and on cars. The amounts shown for the later years are made up of three items explainable only in terms of the agreement signed in 1921 between the Pittsburgh Railways Company and the City. Under that agreement, all past-due claims for street cleaning, paving, and special taxes were pooled in one sum thereafter referred to in the city reports as "old claims." A stipulated sum (subject to change if mileage of street railways was changed) was set to take the place of special taxes and other charges except paving and repaving in the car tracks. This payment is later reported as "franchise." Another stipulated amount (also subject to change if mileage changed) was set to take the place of all special assessments of paving costs. This was later reported as "paving and repaving." The amounts shown in Table B-1 for the years 1924-1930 include payments separately reported in the published data as "old claims," "franchises," and "paving and repaving." For 1931 and 1932, the amounts reported in the published data were called "franchises."

### *Miscellaneous Minor Revenues*

In addition to the classes of revenues already explained, there are numerous odds and ends of city revenues, some being of distinct classes but too small for separate classification in a summary, and some being of mixed character, straddling various classifications.

Among the receipts classified as miscellaneous in Table B-1, the more important items are what would commonly be called departmental earnings. Considerable amounts appear as charges

made by the Bureau of Highways and Sewers for making excavations in streets (for water connections or gas connections, usually), for constructing sidewalks, and for other services specifically chargeable against individuals or firms. Special charges for bridge repairs are reported by the Bureau of Engineering. At least in part, these seem to be related to the street railways paving charge, mentioned above. The Department of Health collects pay or part-pay from some of the patients at the municipal hospital; other receipts of this department are derived from the sale of milk and the sale of vaccine anti-toxin. The Department of Welfare receives a few thousand dollars a year as pay or part-pay for the care of persons at Mayview Home. Various fees and costs incident to legal actions are collected by the Department of Law. Several thousand dollars a year are collected for the printing of private ordinances. The Bureau of Police reports an item "special police," consisting of payment for extra police detailed on private property.

In addition to such items of departmental earnings, each year shows several amounts, scattered here and there among the departmental reports, representing a variety of sales and charges. In some of the years of the period studied, sale of horses was reported by several departments, most of these sales occurring, of course, in the process of motorizing city departments. Several departments report sales of material or of scrap. Recoveries for damages to city equipment or property appear occasionally, as well as receipts in liquidation of judgments. Numerous small items of unclassified charges appear. An attempt has been made to eliminate refunds to appropriations; but probably some minor items of this sort remain in the total set up as miscellaneous in Table B-1. On the other hand, it is probable that some minor amounts of actual revenue are erroneously included in non-revenue (Appendix A). The totals of the items, however, are so small that no considerable error could arise from a mistake in the classification of them.

Unclassified amounts received from the treasury assets of annexed areas are included here as miscellaneous. Inasmuch as the city assumes the debts of annexed units, receipts incident to annexation are not consistent with the definition of revenue given

in Appendix A; but it is not possible, from published data, to work out the book gain or loss to the city from annexation. The volume of receipts thus doubtfully classified as revenue is not large enough to make substantial difference in the total.

A group of collections from public utility companies has been placed in the miscellaneous total. The more important are gross receipts taxes from two utility companies; charges against steam railway companies for rights-of-way over or across streets or alleys; and charges for the suspension of pipes, cables, and conduits on bridges. (Note, however, that the major collections from utilities are segregated under the heading "Pittsburgh Railways," explained above.)



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| (A combination of Number 2 and Number 3, above.)   |      |
| Barometer Number 1 <i>The Iron and Steel Industry</i> . . . . .  | 1927 |
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### MISCELLANEOUS PUBLICATIONS

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| <i>Changes in Pittsburgh's Business Conditions</i> . . . . .  | 1928 |
| <i>Consumer Attitude Toward Packaging of Meats</i> † . . . . .  | 1930 |
| (Published by the <i>National Provisioner</i> , Chicago; distributed by the Bureau of Business Research.) |      |

### PERIODICAL

*Pittsburgh Business Review*, A Monthly Summary of Business and Economic Conditions in the Pittsburgh District (Vol. I, Nos. 1-13, December, 1930—December, 1931, inclusive. Thereafter, 12 numbers to the volume.)

### BUREAU OF BUSINESS RESEARCH MONOGRAPHS

|   |      | Price  |
|---|------|--------|
| Number 1 <i>Housing Status of Salaried Workers Employed in Pittsburgh</i> . . . . . | 1932 | \$1.00 |
| Number 2 <i>Regulation of Intercoastal Commerce</i> . . . . .                       | 1932 | \$1.00 |
| Number 3 <i>The City Real Estate Tax in Pittsburgh</i> . . . . .                    | 1934 | \$1.00 |

\* Available without charge unless otherwise noted.

† Supply exhausted.