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New England Office, 11 Beacon St., Boston, Mass.

850 EAST FIFTY-EIGHTH STREET
CHICAGO, ILLINOIS

TAX LIMITS APPRAISED

By

A. MILLER HILLHOUSE

Director of Research, Municipal Finance Officers' Association

and

RONALD B. WELCH

Research Consultant, National Association of Assessing Officers

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FOREWORD

THE movement for over-all tax limits, although depression born, is still making a strong bid for popular approval. Legislatures of 1937 will witness a veritable flood of new proposals. The proponents of tax limitation are not asleep. They have been consolidating their lines all along the front for a final drive. This pamphlet is designed to furnish facts and arguments by which to judge these proposals.

The main source of revenue of local governments must be protected. Local finance officers and other public officials are urged to make a careful study of this material. Legislators should be consulted and the facts placed in their hands. Other pamphlets and articles on this subject are listed in the Selected Bibliography at the end of this study.

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This acknowledgment, however, should by no means be interpreted as committing these persons either for or against over-all tax limitation. In many cases we do not know their positions on this question. The authors take full responsibility for interpretations placed upon the factual material secured. It is further to be understood that the viewpoints expressed herein are our own and not the officially adopted opinions of the organizations with which we are associated.

Chicago, Illinois
January 20, 1937

A. M. HILLHOUSE
R. B. WELCH

II. OVER-ALL TAX LIMITATION LAWS IN NINE STATES (Continued)

As of January 1, 1937

Additional Rates Requiring No Special Authorization	Additional Rates Requiring Special Authorization			Tax Districts Not Subject To Limit
	Amount	Authorizing Agency	No. Years to Which Authorization Applies	
Rates necessary for service of debts outstanding Aug. 8, 1932, and for judgments	Unlimited for emergency purposes of local governments	5/7 of members of county board of tax adjustment	1	None
Rate necessary for service of debts outstanding Dec. 1932	3.5%	2/3 of electorate voting on proposition	Not more than 5	Cities and villages subject to different over-all rate limit by charter provision ¹
None	None	—	—	None
Rate necessary for service of any debts; special levies on specific classes of property	Unlimited provided enabling legislation is passed	Majority of electorate voting on provision	Not specified	None
Rate necessary for service of debts issued or authorized prior to Jan. 1, 1934, provided they were issued or authorized outside the former 1.5% limit	Unlimited except for statutory limits for special expenditures	For current school expenses and certain debt service, majority of electorate voting on proposition; for other purposes, 65% of electorate	Not more than 5, except in case of debt service, not more than life of indebtedness	Incorporated municipalities subject to different over-all rate limits or to rate limits for operating expense by charter ²
Rate necessary for service of debts outstanding on Aug. 15, 1933, within such limits as existed prior to said date ³	1% for school purposes	Majority of electorate casting ballots	Not specified	None
Rate necessary for service of any debts	Unlimited	State budget director upon petition of town or city council	1	Special districts
Rate required for service of specified debts ⁴	Unlimited for counties and other local tax districts	60% of those voting on proposition, provided at least 40% as many vote as voted for governor at last election	1	Port districts; special tax districts not coterminous with a county other than road and school districts
Excess of rates required for service of indebtedness outstanding on Nov. 8, 1932 over 30% of basic rates. ⁵	50% of basic rates	2/3 of qualified electorate	Not more than 3	None

tax district and used by it in the same manner as if originally available to it for payment of contractual indebtedness outstanding on Nov. 8, 1932. If, in passing on an excess, two or more tax districts

are within the class entitled to receive it, the tax commissioner may apportion it among them. Tax rates originally available to tax districts by classes of property are as follows:

	Class I		Class II		Class III		Class IV	
	Prior debt	Other purposes	Prior debt	Other purposes	Prior debt	Other purposes	Prior debt	Other purposes
State	.02%	.01%	.04%	.01%	.08%	.01%	.08%	.01%
Counties	.0625	.0940	.125	.187	.25	.375	.25	.375
School districts	.03	.1585	.06	.328	.12	.665	.12	.665
Municipalities	.0375	.0875	.075	.175	—	—	.15	.35
Total	.15	.35	.30	.70	.45	1.05	.60	1.40

¹This additional levy requires approval of tax commissioner. Additional levies are made in the following ratios: Class I, 1%; Class II, 2%; Class III and IV, 4%.

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