

STATE AND LOCAL GOVERNMENT

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# PROPERTY TAXATION 1941

*State and Local Property Tax Collections*  
*Comparisons among States and Cities*  
*Geographic Distribution of Taxes*  
*Decrease in Special Assessments*  
*Behavior of Assessed Valuations*

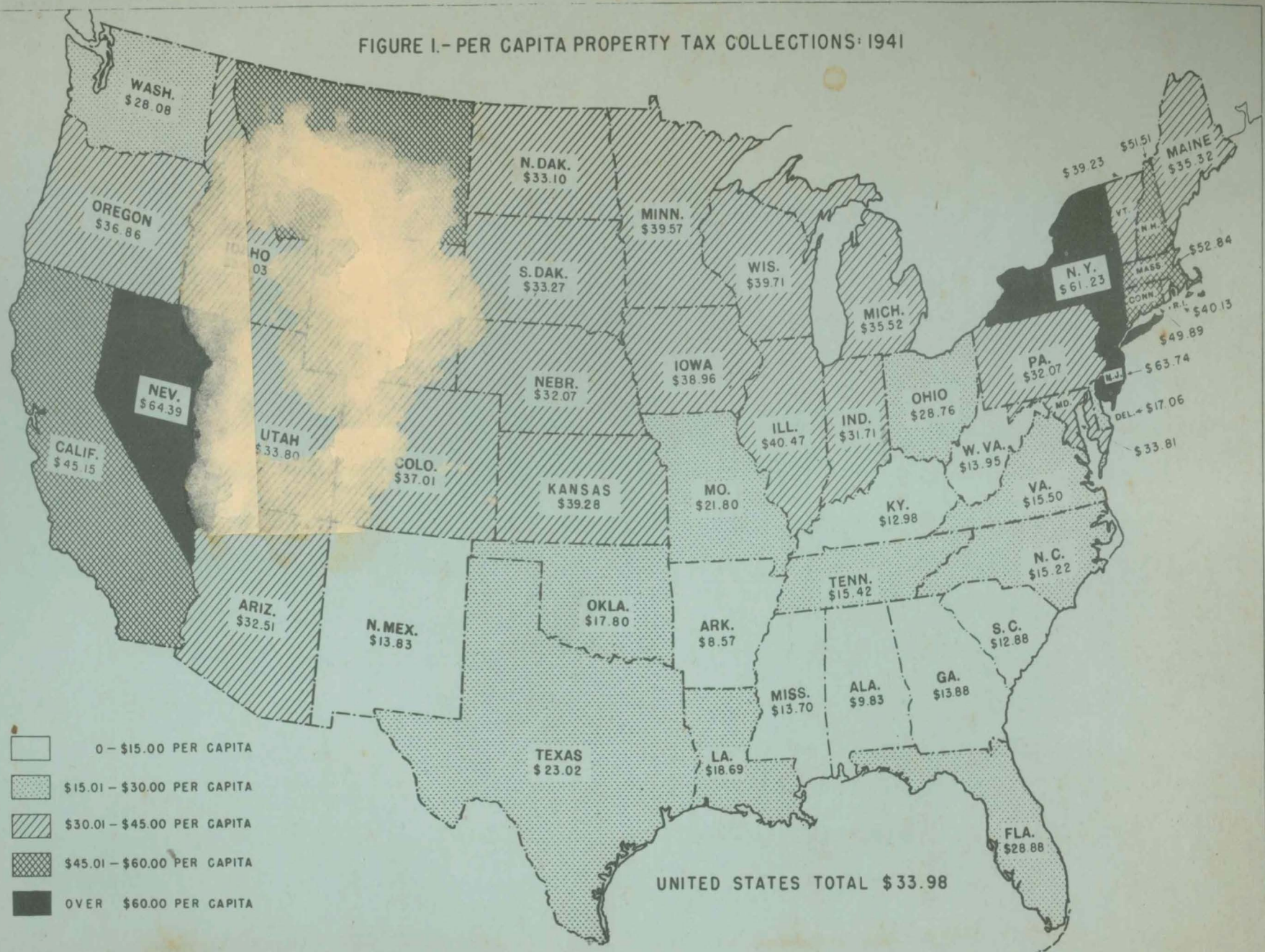
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FIGURE I.- PER CAPITA PROPERTY TAX COLLECTIONS: 1941



- 0 - \$15.00 PER CAPITA
- \$15.01 - \$30.00 PER CAPITA
- \$30.01 - \$45.00 PER CAPITA
- \$45.01 - \$60.00 PER CAPITA
- OVER \$60.00 PER CAPITA

## TABLE OF CONTENTS

CHAPTER I. PROPERTY TAX COLLECTIONS	
Significance of the property tax.....	4
Development and limitations.....	5
Position in State and local revenue structures.....	6
Trend of collections.....	11
Distribution by types of government.....	15
State property taxes--general and selective.....	18
Special property taxes.....	20
CHAPTER II. SPECIAL ASSESSMENTS	
Relation to taxation of property.....	22
Trend of collections.....	23
Use by types of government.....	23
CHAPTER III. ASSESSED VALUATIONS	
Significance of assessment.....	25
Classification of property for taxation.....	27
Valuations of taxable property.....	28
Valuations of selective property.....	32
Trend of assessed valuations.....	34
Proportion of property tax burden borne by real estate...	40
Ratio of assessed to full value.....	42
CHAPTER IV. CITIES HAVING OVER 100,000 POPULATION	
Role of cities in the national economy.....	44
Position of the property tax in city revenue structure...	45
Property tax collections.....	48
Special assessment collections.....	48
Valuation of taxable property in cities.....	49
Trend of tax collections and valuations.....	49
Factors affecting city finances, 1932-1941.....	50
DETAILED TABLES	
Sources of data in detailed tables.....	55
Fiscal years.....	55
Population.....	55

3-35735

## LIST OF TABLES

	Page
Table 1--Total and per capita State and local general-government revenue, property tax collections, and all other revenue: 1941 and 1932.....	7
Table 2--Collections of general-government revenue from property tax and from all other revenue and ratio of property tax to total revenue for States, counties, and municipalities: specified years 1902-1941.....	9
Table 3--Property tax collections of State and local governments, by States: 1941, 1932, and 1922.....	12
Table 4--Property tax collections of State and local governments, by type of government: selected years 1902-1941.....	15
Table 5--Per capita property tax collections of State and local governments: selected years 1902-1941.....	17
Table 6--State property tax collections, general and selective: 1941	19
Table 7--Special assessment collections of local governments, by type of government: selected years 1912-1941.....	22
Table 8--Assessed valuation of general and selective property for State and local purposes, by States: 1940.....	29
Table 9--Assessed valuation of selective property for State and local purposes, by type of property: 1940.....	32
Table 10--Total and per capita assessed valuation of property subject to State or local property taxes, by States: 1940, 1932, and 1922.....	36
Table 11--Assessed valuation of property subject to property taxes for State or local purposes: selected years 1902-1940.....	37
Table 12--Assessed valuation of property subject to property taxes, by class of property: selected years 1902-1939.....	39
Table 13--Collections of property taxes and of special assessments, and assessed valuation, of cities over 100,000 population: 1941 and 1932.....	46

3-35735

## LIST OF FIGURES

	Page
Figure 1--Per capita property tax collections: 1941.....	Frontispiece
Figure 2--Per capita collections from the property tax and from other revenue, State and local: 1941 and 1932..	8
Figure 3--Distribution of property tax collections, by type of government: 1902 and 1941.....	16
Figure 4--Per capita property tax collections of State and local governments: selected years 1902-1941.....	17
Figure 5--Per capita assessed valuation of property subject to property taxes: selected years 1902-1940.....	38
Figure 6--Per capita property tax collections: selected years 1902-1941.....	38

3-35735

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PROPERTY TAXATION: 1941

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This report was prepared in the Division of State and Local Government by C. E. Rightor and Inez A. Applebee. Wylie Kilpatrick was general consultant on the study; Louise H. Clickner of the Municipal Reference Service supplied material on the three major subjects covered. The assistance of State and local officials who supplied information for the survey is gratefully acknowledged.

## CHAPTER I

### PROPERTY TAX COLLECTIONS

**F**EDERAL requirements for taxes to finance the war will have their effect on State and local government revenues in future years, and because of its important role in the latter revenue structure, the property tax may best record that impact.

Even in a war period--during which the Federal Government must have the main supply of revenue--the 48 States and local governments, numbering in excess of 175,000 in the United States, must continue to operate. The millions of persons backing up those on the firing lines will expect the essentials of public services to continue--police and fire protection, education, health and hospitalization, highways, institutions for the handicapped and delinquent, and other necessary functions--and for maintaining such services ways and means of financing must be found. Preservation of credit by States and local governments through continuance of ample provision for debt service is essential, and in some cases a minimum of capital outlay expenditures must necessarily be financed. Consideration, therefore, must be given to financing governmental activities from the well-established property tax and other sources of income which supplement that tax.

That the Federal tax program will have its repercussions on the finances of States and their subdivisions is taken for granted. How far-reaching the effects may be, however, cannot be predicted at this time because the Federal program is just getting under way and its impact on the other levels of government, while reflected only slightly in 1941, will be more pronounced during 1942 and subsequent years. The property tax is still the largest single source of combined State and local revenue in the United States, and thus it is desirable to review the facts about its use and yield in 1941, as a background for planning the financial programs of our State and local governments in the immediate future.

This report presents statistics on property tax collections, both general and selective, of State and local governments in 1941, and on 1940 assessed valuations of property subject to this tax, with historical tables showing the trend in collections and assessed valuations since 1902. Supplementary data on special property taxes and on special assessment collections are also included in order to indicate the total role played by property in the revenue structure of State and local governments. Data for cities having over 100,000 population are presented separately.

3-35735



## Significance of the Property Tax

Of a total of \$18.6 billion of revenues collected in 1941 by all American governments—Federal, State, territorial, and local—\$4.5 billion, or 24.1 percent, came from the property tax.<sup>1/</sup> Of tax revenues alone, totaling \$17.1 billion, property taxes yielded 26.4 percent. The yield of this family of taxes was only \$213 million less than the revenues of the family of sales, gross income and customs taxes, which was in 1941 the largest revenue producer for governments in the United States. Property tax revenue was larger by \$60 million than the total amount received from the family of individual and corporation income, inheritance, estate, and gift taxes.

Of the national income in 1940, estimated at \$77.1 billion, 13.2 percent originated in government, compared with only 7.6 percent in 1929. This growth is traceable very largely to an increase in Federal disbursements. Over the 11-year period, the State and local government portion changed but little, rising as high as \$4.3 billion in 1930 and 1931, and falling a little below \$3.9 billion in 1934; the total of \$4.9 billion for 1940 showed only a small increase from 1939. All government (including work relief) accounted for \$10.2 billion of the 1940 income; State, county, local, and public education accounted for \$4.9 billion.<sup>2/</sup> The national income for 1941 is estimated at \$94.5 billion, of which one-eighth (\$11.8 billion) originated in government,<sup>3/</sup> but the major portion of the increase represents the expansion of the Federal military program, while the amount of the total represented by State and local governments increased only slightly. It is evident, however, that the property taxes paid annually by many millions of owners contribute a sizeable share toward financing the activities entering into the national economy.

"The property tax is perhaps the most familiar aspect of public finance in the United States," in the words of one authority.<sup>4/</sup> "It is one of the oldest taxes in our revenue systems. It has up to the present yielded more revenue than any other single tax. It reaches the largest group of direct taxpayers. And it is almost the only important tax administered by local officials. Nevertheless, there are many aspects of property taxation with which even well-informed citizens are unfamiliar, and the familiarity of the better informed seldom extends beyond the boundaries of their city, county, or State." It is the purpose of this report, not to resolve all of these aspects but to indicate that their existence affects the application of the property tax as a source of State and local government revenue.

<sup>1/</sup> For a complete revenue statement, see Bureau of the Census, American Government Revenues: 1941. The cited total of \$18.6 billion of revenue includes amounts used for intergovernmental fiscal aid but it avoids the duplicate accounting of treating the amount of fiscal aid as revenue of both the disbursing and receiving governments. The most recent complete statement of fiscal aid is the Bureau of the Census report, Federal and State Fiscal Aid: 1941.

<sup>2/</sup> Survey of Current Business, Bureau of Foreign and Domestic Commerce, June 1941: total estimated income revised from \$76.0 to \$77.1 billion, in Survey of Current Business, February 1942.

<sup>3/</sup> Survey of Current Business, Bureau of Foreign and Domestic Commerce, February 1942.

<sup>4/</sup> Assessment Organization and Personnel--p. 33. National Association of Assessing Officers, 1941.

The property tax is one tax not used by the Federal Government. The constitutional provision that "direct taxes shall be apportioned among the several States which may be included within this Union according to their respective numbers" has made it impracticable for the Federal Government to levy a property tax. For this reason, primary attention on the property tax is directed to its position in the State and local revenue system. In spite of long-continued and widespread condemnation of its principles and practices, the tax is used in every State, the territories, and the District of Columbia. In all but a few States it still affords revenue for the State as well as for all of its political subdivisions--counties, cities, towns, and school and other districts. In only a few States does the State government derive little or no revenue from this source, and even in these cases other types of taxes used may be only modifications of the property tax.

Of \$10.2 billion general government revenue collected by State and local governments in 1941, excluding interlevel flow of revenues, the \$4.5 billion collected from the property tax comprised 43.8 percent, and of \$9.1 billion total tax revenue, the property tax yielded 49.1 percent, or nearly one-half.<sup>5/</sup>

While the property tax is the chief source of revenue of State-local fiscal systems, State and local taxation varies greatly from State to State, and there are practically as many systems as there are States. State constitutions provide the outlines of the systems, and the States control by general laws all the taxes levied by their political subdivisions. The intimate relation of State and local taxes in each State makes it possible to discuss State and local taxation as a single subject.

#### Development and Limitations

The property tax as it exists in the United States today is an evolution of the original, relatively simple, tax on land and other common tangibles. The tax originated in the belief, appropriate in simple self-sustaining agricultural communities, that individual ability to pay toward the support of government was measured by property. The oldest form of this tax was the land tax, and to land were later added other forms of wealth, such as farm buildings, cattle, mills, and furniture. This was substantially the basis of the property tax even as recently as in the time of the American colonies. Gradually different classes of land were recognized for tax purposes, land being classified according to its utility or cultivation rather than merely its area; and, further, personal property was classified as to tangible and intangible.

During the nineteenth century, the industrial revolution brought new types of economic activity, concentration of wealth in cities, the corporate form of business organization, and development of credit institutions. With the resulting complexity of the composition of wealth,

<sup>5/</sup> Bureau of the Census, American Government Revenues: 1941, May 24, 1942.

especially of intangibles in the form of stocks, mortgages, and other rights and interests, the general property tax became unsuitable for the chief tax base of governments. Successful administration of any type of property tax made it essential that the new economic institutions and devices be recognized. Thus, there are commonly existent today in our State and local property tax system two main types of tax: the general property tax, which is levied on property in general, by methods and at rates which apply to substantially all property in a taxing jurisdiction; and the selective property tax, which is levied on one or more specified types of property, by methods and at rates which are not applied to property in general.

One phase, incidentally, of the classification of property for tax purposes has been the growth in the kinds and quantity of property which it is recognized should be exempted, for one reason or another, from contributing toward the support of public business. While this subject is not discussed in detail in this report, it may be stated that the application of this practice is found in the case of public property used for general governmental purposes, and for religious, charitable and educational purposes, and, more recently, public housing; and also, in the total exemption, or partial exemption through preferential tax rates, of homesteads, property of veterans, agricultural products, and industrial and other property. The field of exemptions appears to be spreading so that it may constitute a factor in reducing the use of property as a substantial revenue base in the future. Assessing officials not uncommonly make an assessment of exempt properties in their jurisdictions, but as the valuation is not included in the tax base data, the value of exempt property is not shown in this report.

One barrier to the unlimited use of the property tax as a major source of revenue for States and municipalities is the practice, as evidenced in recent years in some States, of setting a legal maximum on the over-all rate of taxes to be levied in any year for all public purposes. This subject, while important as affecting the proceeds from the property tax, is not developed in this report.

#### Position in State and Local Revenue Structures

In general, over a considerable period, States have tended to relinquish the property tax to the local taxing units and to lighten the burden of the local taxpayer, both by exemptions and by tax rate limitations. More recently, a number of States have resorted to the use of State aid from other taxes to compensate local governments for the loss of revenue because of homestead exemptions, although in some States the loss is adjusted by imposing higher rates on taxable property.

General government revenue, total and per capita, derived by State and local governments from the property tax and from all other revenue combined, are shown in Table 1 for the years 1941 and 1932.

**TABLE 1.--TOTAL AND PER CAPITA STATE AND LOCAL GENERAL-GOVERNMENT REVENUE, PROPERTY TAX COLLECTIONS, AND ALL OTHER REVENUE: 1941 AND 1932**

(Amounts in thousands)

Type of revenue	A m o u n t			
	S t a t e		L o c a l	
	1941	1932	1941	1932
Total revenue	\$5,746,571	\$2,420,670	\$7,045,918	\$6,087,540
Property tax	249,812	323,477	4,223,733	4,361,307
All other revenue	5,496,759	2,097,193	2,822,185	1,726,233
	<u>Per capita</u>			
Total revenue	\$ 43.56	\$ 19.52	\$ 53.14	\$ 48.88
Property tax	1.91	2.61	32.08	35.02
All other revenue	41.66	16.92	21.06	13.86

A comparison of the per capita collections by State governments from the property tax and from all other revenue for the years 1941 and 1932 with similar per capita collections by local governments indicates the relatively greater importance of the property tax as a source of local revenue than as a source of State revenue, and also the more marked decline in its importance in the State revenue structure.

For State governments, the property tax yield in 1941 was only \$1.91 per capita as compared with a return of \$41.66 from all other sources including Federal and local aid; the parallel 1932 figures were \$2.61 and \$16.92. In contrast, local governments realized \$32.08 per capita from the property tax in 1941 as compared with \$21.06 from all other sources including Federal and State aid, while parallel 1932 figures were \$35.02 and \$13.86.

Thus in terms of per capita collections the property tax provided 13.4 percent of State revenue in 1932 and only 4.3 percent in 1941, while its contribution to local revenues was 71.6 percent in 1932 and 60.4 percent in 1941. The position of the property tax in State and local revenue structures is indicated in Figure 2 in terms of per capita collections for 1941 and 1932.

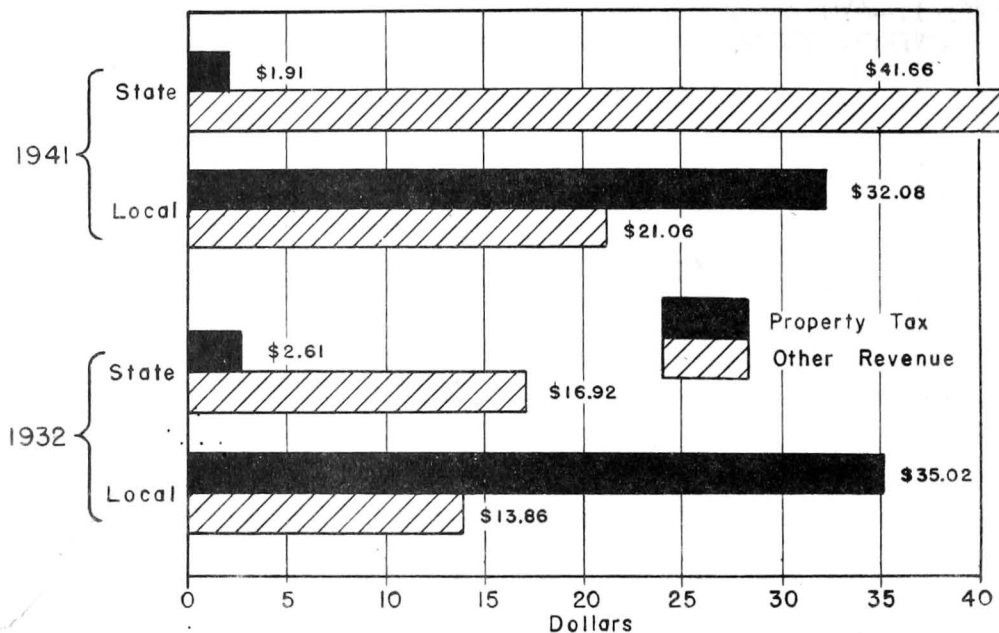


Fig.2- - Per Capita Collections from the Property Tax and from Other Revenue, State and Local: 1941 and 1932

The relative dependence placed upon the property tax as a source of revenue by State, by county, and by municipal governments--exclusive of other local units of government--is shown in table 2 for the four decades from 1902 to 1941 for which data are available. While State governments received only \$82 million from the property tax in 1902 as compared with \$250 million in 1941, it will be noted that, because of the very substantial expansion in the fiscal operations of the States, the proportion of their total revenue derived from the property tax had shrunk from 43.7 percent to 4.3 percent between 1902 and 1941. On the other hand, the tendency of county revenue from the property tax to decline was much less marked, and the property tax as a source of revenue of cities tended to fluctuate slightly at between two-thirds and three-fourths of all revenue for the entire period.

TABLE 2.--COLLECTIONS OF GENERAL-GOVERNMENT REVENUE FROM PROPERTY TAX AND FROM ALL OTHER REVENUE AND RATIO OF PROPERTY TAX TO TOTAL REVENUE FOR STATES, COUNTIES, AND MUNICIPALITIES: SPECIFIED YEARS 1902 - 1941

(amounts in thousands)

Division of government	Amount of revenue			
	1941	1932	1912	1902
<b>State:</b>				
Total revenue	\$5,746,571	\$2,420,670	\$365,870	\$188,394
Property tax	249,812	323,477	139,750	82,320
All other revenue	5,496,759	2,097,193	226,120	106,074
<b>County:</b>				
Total revenue	1,777,122	1,313,011	369,630	196,706
Property tax	925,072	945,154	282,077	143,265
All other revenue	852,050	367,857	87,553	53,441
<b>Municipal:</b>				
Total revenue	3,440,270	2,886,593	988,017 <sup>1/</sup>	443,283 <sup>2/</sup>
Property tax	2,213,085	2,184,914	661,127	315,662
All other revenue	1,227,185	701,679	326,890	127,621

Percent of total revenue

<b>State:</b>				
Total revenue	100.0	100.0	100.0	100.0
Property tax	4.3	13.4	38.2	43.7
All other revenue	95.7	86.6	61.8	56.3
<b>County:</b>				
Total revenue	100.0	100.0	100.0	100.0
Property tax	52.1	72.0	76.3	72.8
All other revenue	47.9	28.0	23.7	27.2
<b>Municipal:</b>				
Total revenue	100.0	100.0	100.0	100.0
Property tax	64.3	75.7	66.9	71.2
All other revenue	35.7	24.3	33.1	28.8

<sup>1/</sup> Incorporated places over 2,500 population.

<sup>2/</sup> Incorporated places over 8,000 population.

The degree of reliance upon the property tax as a source of revenue by States and by local governments in 1941, State by State—expressed in percent of total revenue represented by property taxes—is shown in the following exhibit. Percentages are computed on the base of tax collec-

PERCENT <sup>1</sup> OF STATE AND LOCAL REVENUES FROM PROPERTY TAXES: 1941			
State	State and local governments	State govern- ments	Local govern- ments
United States Total	40.5	4.3	59.9
Alabama	23.0	6.6	32.1
Arizona	35.1	12.4	49.9
Arkansas	24.3	6.9	45.0
California	38.5	3.5	55.9
Colorado	39.6	8.7	50.4
Connecticut	44.8	1.8	75.2
Delaware	21.1	---	42.1
District of Columbia	42.7	---	42.7
Florida	35.8	4.5	52.0
Georgia	34.1	5.0	51.8
Idaho	41.3	11.8	64.5
Illinois	44.1	.2	66.4
Indiana	42.8	4.8	61.9
Iowa	46.5	3.9	67.1
Kansas	53.8	8.9	72.0
Kentucky	31.0	8.3	58.8
Louisiana	29.0	7.1	48.5
Maine	44.3	13.7	68.3
Maryland	42.7	7.8	63.0
Massachusetts	49.0	7.8	62.1
Michigan	37.6	4.7	57.6
Minnesota	45.0	9.0	59.9
Mississippi	34.8	5.3	50.5
Missouri	34.7	3.5	66.0
Montana	47.1	6.9	76.2
Nebraska	46.5	12.9	56.8
Nevada	45.9	13.5	76.3
New Hampshire	50.8	3.9	81.5
New Jersey	54.4	18.1	88.4
New Mexico	19.5	8.0	32.5
New York	46.5	.3	61.0
North Carolina	29.1	2.3	51.3
North Dakota	48.7	15.5	68.0
Ohio	31.3	2.0	47.8
Oklahoma	30.5	.0	55.6
Oregon	39.8	---	77.2
Pennsylvania	37.2	2.4	69.9
Rhode Island	43.6	---	75.1
South Carolina	27.9	1.3	49.9
South Dakota	41.1	.1	76.7
Tennessee	29.6	1.7	43.3
Texas	41.9	9.8	62.1
Utah	37.9	12.8	60.8
Vermont	40.3	3.4	60.5
Virginia	29.5	4.3	54.3
Washington	30.1	4.0	46.7
West Virginia	24.2	.6	54.0
Wisconsin	45.6	10.8	56.5
Wyoming	31.5	3.4	51.1

<sup>1</sup> Percents computed on the base of tax collections shown in Table 3 of this report and of total general government revenue shown in the Bureau of Census report entitled Financing Federal, State, and Local Governments: 1941.

States depended upon this source for over half of their total revenue. In 12 States, the property tax provided from two-thirds to over three-fourths of the support of local governments.

3-35735

tions shown in table 3 of this report and of total general government revenue shown in the Census report entitled Financing Federal, State, and Local Governments: 1941. In order to avoid including the same funds twice, the ratios in column 1 were computed on a base of State and local revenue combined that excludes the amount of State aid to local units and of local aid to States. Ratios for State and local units as shown separately in columns 2 and 3, however, are computed on a base which includes such fiscal aid as revenue of the State and of the local governments.

State and local governments as a whole derived 40.5 percent of their total general-government revenues, including Federal aid, from the property tax, ranging by States from less than 20 percent to over 50 percent. While State governments in general depend upon this source for a relatively small proportion of their revenue, in 9 States the property tax constituted over 10 percent of total revenue for State purposes. Local governments as a whole derived 60 percent of their revenue from property tax collections, and in 38

## Trend of Collections

Total collections of the property tax in 1941, for both State and local purposes, were \$4,474 million, or \$33.98 per capita, as shown in Table 3. Of this total, \$250 million, or \$1.91 per capita, was for States, and \$4,224 million, or \$32.08 per capita, for local purposes. In that year, therefore, 94.4 percent of the total amount collected was on behalf of the local governments, and only 5.6 percent was for State governments.

The same table shows that property tax collections increased from \$3.3 billion in 1922 to \$4.5 billion in 1941, or 34.7 percent, but that the peak year of collections was in or near 1932 and that the yield in 1941 was approximately 5 percent under that of 1932. Measured in terms of per capita tax collections, the reduction of 9.7 percent between 1932 and 1941 was more pronounced, reflecting the effect of population growth during that period. Per capita receipts for State purposes declined 26.9 percent between these two years, while receipts for local governments shrank only 8.4 percent.

The table shows by States the collections of the property tax for the three decennial periods 1922 to 1941 and the percent change in per capita returns from 1932 to 1941. The data afford opportunity for study of the variation among States in the trend of the property tax as a source of revenue. In 1941, three States collected no property taxes for State purposes; in several other States the collection was relatively small, and represents taxes on selective property and delinquencies, usually not large, on levies of the general property tax made in years before the latter was abandoned for State purposes. The types of property tax used by the various States are discussed in some detail subsequently in this report.

In 19 States, total collections of the property tax for State and local governments combined were greater in 1941 than in 1932, the increases being predominantly for local governments. The aggregate increase for these States was more than offset, however, by the smaller collections in the other 29 States and the District of Columbia.

Measured in terms of per capita taxes for the support of State and local government combined, in 37 States and the District of Columbia the average tax burden during the 9-year period from 1932 to 1941 was lightened by amounts ranging from 51.1 percent in West Virginia and 41.8 percent in New Mexico to only 0.7 percent in Nevada and 0.4 percent in Utah. In eleven States, property was called upon for a greater per capita contribution than in 1932, the increase ranging from 0.6 percent in New York to 26.2 percent in Vermont; the latter represents the net result of a reduction of 51.3 percent for the State and an advance of 35.7 percent for local units. The percentage reductions for State purposes were general and were substantial in many instances, while those for local purposes were less frequent and less pronounced.



## PROPERTY TAXATION: 1941

TABLE 3.--PROPERTY TAX COLLECTIONS OF STATE AND LOCAL GOVERNMENTS,  
BY STATES: 1941, 1932, and 1922 (Continued)

STATE	TOTAL			PER CAPITA		
	1941	1932	1922	1941	1932	Percent change 1932-1941
North Dakota	\$ 21,245	\$ 23,310	\$ 27,485	\$ 33.10	\$ 34.08	- 2.9
State	3,633	2,628	3,365	5.66	3.84	47.4
Local	17,612	20,682	24,120	27.44	30.24	- 9.3
Ohio	198,674	278,928	219,668	23.76	41.40	-30.5
State	7,342	5,000	17,076	1.06	.74	43.2
Local	191,332	273,928	202,592	27.70	40.66	-31.9
Oklahoma	41,591	52,658	44,319	17.80	21.64	-17.7
State	42	4,777	1,146	.02	1.96	-98.8
Local	41,549	47,881	43,173	17.78	19.68	- 9.7
Oregon	40,161	41,198	35,405	36.86	42.43	-13.1
State	---	4,612	7,303	---	4.75	1/
Local	40,161	36,586	28,102	36.86	37.68	- 2.2
Pennsylvania	317,463	340,372	224,975	32.07	35.00	- 8.4
State	11,107	---	---	1.12	---	1/
Local	306,356	340,372	224,975	30.95	35.00	-11.6
Rhode Island	26,629	27,435	18,413	40.13	39.42	1.8
State	---	1,185	1,180	---	1.70	1/
Local	26,629	26,250	17,233	40.13	37.72	6.4
South Carolina	24,462	25,045	19,558	12.88	14.36	-10.3
State	902	2,834	4,943	.48	1.63	-70.6
Local	23,560	22,211	14,615	12.40	12.73	- 2.6
South Dakota	21,390	29,627	30,374	33.27	42.38	-21.5
State	191	4,304	3,466	.30	6.15	-95.1
Local	21,199	25,323	26,908	32.97	36.23	- 9.0
Tennessee	44,975	40,243	35,202	15.42	15.21	1.4
State	1,242	893	6,106	.42	.34	23.5
Local	43,733	39,350	29,096	15.00	14.87	0.9
Texas	147,696	145,822	94,890	23.02	24.54	- 6.2
State	20,097	24,309	19,677	3.13	4.09	-23.5
Local	127,599	121,513	75,213	19.89	20.45	- 2.7
Utah	18,601	17,436	15,398	33.80	33.92	- 0.4
State	4,056	4,506	3,727	7.37	8.77	-16.0
Local	14,545	12,930	11,671	26.43	25.15	5.1
Vermont	14,093	11,133	9,075	39.23	30.93	26.8
State	552	1,138	1,608	1.54	3.16	-51.3
Local	13,541	9,995	7,467	37.69	27.77	35.7
Virginia	41,500	40,498	32,093	15.50	16.65	- 6.9
State	3,839	3,480	6,095	1.43	1.43	0.0
Local	37,661	37,018	25,998	14.07	15.22	- 7.6
Washington	48,747	67,274	60,186	28.08	42.47	-33.9
State	3,998	12,755	10,915	2.30	8.05	-71.4
Local	44,749	54,519	49,271	25.78	34.42	-25.1
West Virginia	26,531	50,050	35,058	13.95	28.50	-51.1
State	440	3,395	3,064	.23	1.93	-88.1
Local	26,091	46,655	31,994	13.72	26.57	-48.4
Wisconsin	124,600	125,709	106,248	39.71	42.33	- 6.2
State	14,600	7,540	16,991	4.65	2.54	83.1
Local	110,000	118,169	90,257	35.06	39.79	-11.9
Wyoming	8,400	8,747	7,438	33.50	42.56	-21.3
State	518	1,604	1,668	2.05	7.40	-72.3
Local	7,882	8,003	5,780	31.45	35.16	-10.6

1/ Not computed.

8-32783

PROPERTY TAX COLLECTIONS

TABLE 3.--PROPERTY TAX COLLECTIONS OF STATE AND LOCAL GOVERNMENTS,  
BY STATES: 1941, 1932, and 1922

(amounts in thousands)

S T A T E	T O T A L			P E R C A P I T A		
	1941	1932	1922	1941	1932	Percent change 1932-1941
Grand Total	<u>4,473,545</u>	<u>4,684,784</u>	<u>3,321,484</u>	<u>33.98</u>	<u>37.62</u>	- 9.7
Total, State	249,812	323,477	348,293	1.91	2.61	-26.9
Total, Local	4,223,733	4,361,307	2,973,191	32.08	35.02	- 8.4
Alabama	<u>27,852</u>	<u>32,395</u>	<u>22,706</u>	<u>9.83</u>	<u>12.10</u>	-18.8
State	5,207	7,909	6,633	1.84	2.98	-38.3
Local	22,645	24,426	16,073	7.99	9.12	-12.4
Arizona	<u>16,229</u>	<u>21,211</u>	<u>18,558</u>	<u>32.51</u>	<u>47.56</u>	-31.6
State	3,319	5,731	5,680	6.65	12.85	-48.2
Local	12,910	15,480	12,878	25.86	34.71	-25.5
Arkansas	<u>16,700</u>	<u>19,979</u>	<u>16,718</u>	<u>6.57</u>	<u>10.71</u>	-20.0
State	3,331	4,453	4,686	1.71	2.39	-28.5
Local	13,369	15,526	12,032	6.86	8.32	-17.5
California	<u>311,843</u>	<u>310,696</u>	<u>157,507</u>	<u>45.15</u>	<u>52.61</u>	-14.2
State	16,030	4	5	2.32	.00	1/
Local	295,813	310,692	157,502	42.83	52.61	-18.6
Colorado	<u>41,571</u>	<u>43,757</u>	<u>42,550</u>	<u>37.01</u>	<u>41.83</u>	-11.5
State	5,183	4,951	6,575	4.61	4.73	- 2.5
Local	36,388	38,806	35,975	32.40	37.10	-12.7
Connecticut	<u>85,282</u>	<u>73,943</u>	<u>46,610</u>	<u>49.89</u>	<u>45.36</u>	10.0
State	1,627	1,842	2,289	.95	1.13	-15.9
Local	83,655	72,101	44,321	48.94	44.23	10.6
Delaware	<u>4,547</u>	<u>5,310</u>	<u>4,478</u>	<u>17.06</u>	<u>22.13</u>	-22.9
State	---	3	505	---	.02	1/
Local	4,547	5,307	3,973	17.06	22.11	-22.8
District of Columbia	<u>23,591</u>	<u>24,697</u>	<u>10,554</u>	<u>35.58</u>	<u>47.31</u>	-24.8
State	---	---	---	---	---	---
Local	23,591	24,697	10,554	35.58	47.31	-24.8
Florida	<u>54,797</u>	<u>48,497</u>	<u>30,156</u>	<u>28.88</u>	<u>31.93</u>	- 9.6
State	3,592	3,414	5,417	1.89	2.25	-16.0
Local	51,205	45,083	24,739	26.99	29.68	- 9.1
Georgia	<u>43,351</u>	<u>41,169</u>	<u>34,362</u>	<u>13.88</u>	<u>14.15</u>	- 1.9
State	4,705	6,222	6,342	1.51	2.14	-29.4
Local	38,646	34,947	28,020	12.37	12.01	3.0
Idaho	<u>17,859</u>	<u>19,447</u>	<u>17,233</u>	<u>34.03</u>	<u>43.60</u>	-21.9
State	2,613	2,854	2,717	4.98	6.40	-22.2
Local	15,246	16,593	14,516	29.05	37.20	-21.9
Illinois	<u>319,584</u>	<u>332,913</u>	<u>217,694</u>	<u>40.47</u>	<u>42.97</u>	- 5.8
State	513	18,154	13,222	.06	2.34	-97.4
Local	319,071	314,759	204,472	40.41	40.63	- 0.5
Indiana	<u>108,711</u>	<u>140,318</u>	<u>113,467</u>	<u>31.71</u>	<u>42.91</u>	-26.1
State	6,839	14,516	12,420	1.99	4.44	-55.2
Local	101,872	125,802	101,047	29.72	38.47	-22.7
Iowa	<u>98,884</u>	<u>93,683</u>	<u>96,601</u>	<u>38.96</u>	<u>37.81</u>	3.0
State	3,909	9,852	8,916	1.54	3.98	-61.3
Local	94,975	83,831	87,685	37.42	33.83	10.6
Kansas	<u>70,737</u>	<u>79,028</u>	<u>65,901</u>	<u>39.28</u>	<u>41.77</u>	- 6.0
State	5,468	7,321	6,642	3.04	3.87	-21.4
Local	65,269	71,707	59,259	36.24	37.90	- 4.4

1/ Not computed.  
3-26735

## PROPERTY TAXATION: 1941

TABLE 3.--PROPERTY TAX COLLECTIONS OF STATE AND LOCAL GOVERNMENTS,  
BY STATES: 1941, 1932, and 1922 (Continued)

(amounts in thousands)

STATE	TOTAL			PER CAPITA		
	1941	1932	1922	1941	1932	Percent change 1932-1941
Kentucky	\$ 36,948	\$ 48,157	\$ 39,686	\$ 12.98	\$ 18.28	-29.0
State	6,491	10,675	10,650	2.28	4.05	-43.7
Local	30,457	37,482	29,036	10.70	14.23	-24.8
Louisiana	44,173	50,705	43,092	18.69	23.78	-21.4
State	7,323	9,313	10,580	3.10	4.37	-29.1
Local	36,850	41,392	32,512	15.59	19.41	-19.7
Maine	29,922	28,896	21,511	35.32	36.12	- 2.2
State	5,042	4,885	3,670	5.95	6.11	- 2.6
Local	24,880	24,011	17,841	29.37	30.01	- 2.1
Maryland	61,571	53,999	36,293	33.61	32.73	3.3
State	6,040	6,068	4,739	3.32	3.68	- 9.8
Local	55,531	47,931	31,554	30.49	29.05	5.0
Massachusetts	228,085	219,913	155,222	52.84	51.26	3.1
State	16,542	7,500	12,000	3.83	1.75	118.9
Local	211,543	212,413	143,222	49.01	49.51	- 1.0
Michigan	186,692	244,261	163,271	35.52	49.23	-27.8
State	13,461	36,060	28,362	2.56	7.27	-64.8
Local	173,231	208,201	134,909	32.96	41.96	-21.4
Minnesota	110,500	112,446	100,654	39.57	43.55	- 9.1
State	11,326	9,921	10,282	4.06	3.84	5.7
Local	99,174	102,525	90,372	35.51	39.71	-10.6
Mississippi	29,923	33,776	30,713	13.70	16.62	-17.6
State	2,583	5,600	6,490	1.18	2.76	-57.2
Local	27,340	28,176	24,223	12.52	13.86	- 9.7
Missouri	82,511	99,586	79,077	21.80	27.27	-20.1
State	4,744	5,889	4,971	1.25	1.61	-22.4
Local	77,767	93,697	74,106	20.55	25.66	-19.9
Montana	26,052	23,466	22,067	46.57	43.62	6.8
State	1,863	1,989	2,054	3.33	3.70	-10.0
Local	24,189	21,477	20,013	43.24	39.92	8.3
Nebraska	42,204	46,635	54,348	32.07	33.65	- 4.7
State	5,047	5,928	9,748	3.83	4.28	-10.5
Local	37,157	40,707	44,600	28.24	29.37	- 3.8
Nevada	7,099	5,965	5,241	64.39	64.84	- 0.7
State	1,146	1,377	1,295	10.39	14.97	-30.6
Local	5,953	4,588	3,946	54.00	49.87	8.3
New Hampshire	25,319	22,087	14,662	51.51	47.19	9.2
State	885	2,812	3,109	1.80	6.01	-70.0
Local	24,434	19,275	11,553	49.71	41.18	20.7
New Jersey	265,163	235,824	135,342	63.74	57.07	11.7
State	24,761	35,661	22,351	5.95	8.63	-31.1
Local	240,402	200,163	112,991	57.79	48.44	19.3
New Mexico	7,356	10,225	10,262	13.83	23.78	-41.8
State	2,262	1,927	2,537	4.25	4.48	- 4.9
Local	5,094	8,298	7,725	9.58	19.30	-50.4
New York	825,366	779,530	463,851	61.23	60.84	0.6
State	2,559	2,230	23,971	.19	.17	11.8
Local	822,807	777,300	439,880	61.04	60.67	0.6
North Carolina	54,363	55,785	35,252	15.22	17.26	-11.8
State	2,845	3,306	1,265	.80	1.02	-21.6
Local	51,518	52,479	33,987	14.42	16.24	-11.1

On the State level, there was a notable increase in the per capita property tax burden in only 3 States--Massachusetts, North Dakota, and Wisconsin--from 1932 to 1941. On the local level, the cost of government to the property owner had experienced a substantial increase in 8 States--Connecticut, Iowa, Montana, Nevada, New Hampshire, New Jersey, Rhode Island, and Vermont.

### Distribution by Types of Government

Information relating to over-all property tax collections is supplied in table 3 according to a two-fold classification of unit of levy: State governments and local governments. It is desirable, further, to indicate the distribution of tax collections according to type of local government, with the trend of collections for each. This information is given in table 4 for decennial periods 1902 to 1941, both as to absolute amounts and as to percent of total property taxes collected, subject to the limitations of available data as noted. The percent change from one decade to the next is also shown for the various types of local units.

TABLE 4.--PROPERTY TAX COLLECTIONS OF STATE AND LOCAL GOVERNMENTS,  
BY TYPE OF GOVERNMENT: SELECTED YEARS 1902 - 1941

YEAR	TOTAL	STATE GOVERNMENTS	LOCAL GOVERNMENTS			
			Total	County	Municipal	School and other districts
1902	\$ 706,660	\$ 82,320	\$ 624,340	\$ 143,265	\$ 315,662 <sup>1/</sup>	\$ 165,413 <sup>2/</sup>
1912	1,317,148	139,750	1,177,398	282,077	661,127 <sup>3/</sup>	234,194 <sup>4/</sup>
1922	3,321,484	348,293	2,973,191	687,286	1,344,763 <sup>5/</sup>	941,142 <sup>6/</sup>
1932	4,684,784	323,477	4,361,307	945,154 <sup>7/</sup>	2,184,914 <sup>8/</sup>	1,231,239
1941	4,473,545	249,812	4,223,733	925,072 <sup>7/</sup>	2,213,085 <sup>8/</sup>	1,085,576
<u>Percent of total</u>						
1902	100.0	11.6	88.4	20.3	44.7	23.4
1912	100.0	10.6	89.4	21.4	50.2	17.8
1922	100.0	10.5	89.5	20.7	40.5	28.3
1932	100.0	6.9	93.1	20.2	46.6	26.3
1941	100.0	5.6	94.4	20.7	49.5	24.2
<u>Percent change</u>						
1902-1912	+ 86.4	+ 69.8	+ 88.6	+ 96.9	+109.4	+41.6
1912-1922	+152.2	+149.2	+152.5	+143.7	+103.4	+301.9
1922-1932	+ 41.0	- 7.1	+ 46.7	+ 37.5	+ 62.5	+ 30.8
1932-1941	- 4.5	- 22.8	- 3.2	- 2.1	+ 1.3	- 11.8

<sup>1/</sup> Incorporated places over 8,000 population.

<sup>2/</sup> Other minor civil divisions.

<sup>3/</sup> Incorporated places over 2,500 population.

<sup>4/</sup> Statistics are of tax levies; tax collections not reported.

<sup>5/</sup> Incorporated places, excluding towns in Maine, New Hampshire, Vermont, and Connecticut of less than 2,500 population.

<sup>6/</sup> Includes school and special districts and towns of less than 2,500 population in Maine, New Hampshire, Vermont, and Connecticut.

<sup>7/</sup> Includes all townships not classified as municipal by footnote 8.

<sup>8/</sup> Includes townships of New England, New Jersey, New York, Pennsylvania, and Wisconsin.

It will be noted that there was a tendency, by all classes of governmental units, to place an increased tax load on property from the turn of the century until 1932, since when there has been some relief to property owners in the tax load for each type of government except municipal. For State governments, the burden eased off slightly beginning in 1922. A most marked increase, for all types of units combined, was that between the years 1912-1922, when a rise of 152.2 percent was shown for the decade. The distribution of this rise was fairly even among all classes of government--State and local--except for those local units included under "Other Districts." The increase of 302 percent for "Other Districts" in this decennial period is accounted for in part by the creation of new types of special districts having taxing powers. Included with collections reported for "Other Districts" are collections for school districts of \$1.1 billion in 1932 and \$1.0 billion in 1941. Municipalities have absorbed from 40 percent to 50 percent of the entire property tax revenues consistently through the years. Too much reliance should not be placed, however, on the data relating to "municipalities" because of various classifications of school and other special districts and of towns and townships during the several decennial censuses. Figure 3 indicates, for 1902 and 1941, the distribution of property tax collections among various types of government levying this tax.

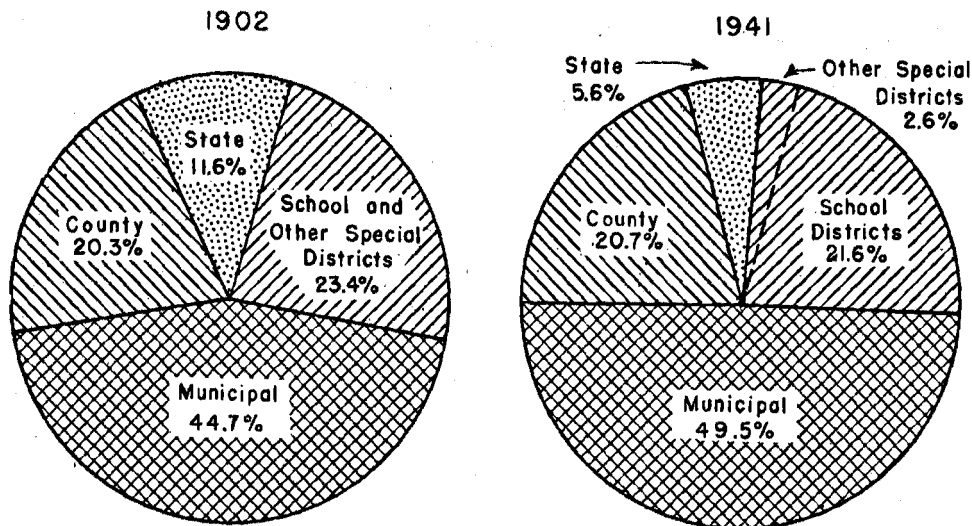


Fig.3.--Distribution of Property Tax Collections,  
By Type of Government: 1902 and 1941

Per capita data on property tax collections are available for States and for all local governments combined. It is not feasible to compile per capita statistics for the individual types of local government, however, because of the variable of population. Total tax revenues by type of government may be compiled without relation to the population affected; this fact permits the presentation in table 4 of the data by types of local units below the county as well as for the State. For per capita data, however, comparative figures are limited to State and to combined local governments. In table 5 and the accompanying figure 4 the long-term trends

TABLE 5.--PER CAPITA PROPERTY TAX COLLECTIONS OF STATE AND LOCAL GOVERNMENTS: SELECTED YEARS 1902 - 1941

YEAR	TOTAL		STATE		LOCAL	
	Amount	Percent change	Amount	Percent change	Amount	Percent change
1902	\$ 8.99	---	\$ 1.05	---	\$ 7.94	---
1912	13.56	50.8	1.44	37.1	12.12	52.6
1922	30.55	125.3	3.22	123.6	27.34	125.6
1932	37.62	23.1	2.61	- 18.9	35.02	28.1
1941	33.98	9.7	1.91	- 26.8	32.08	- 8.4

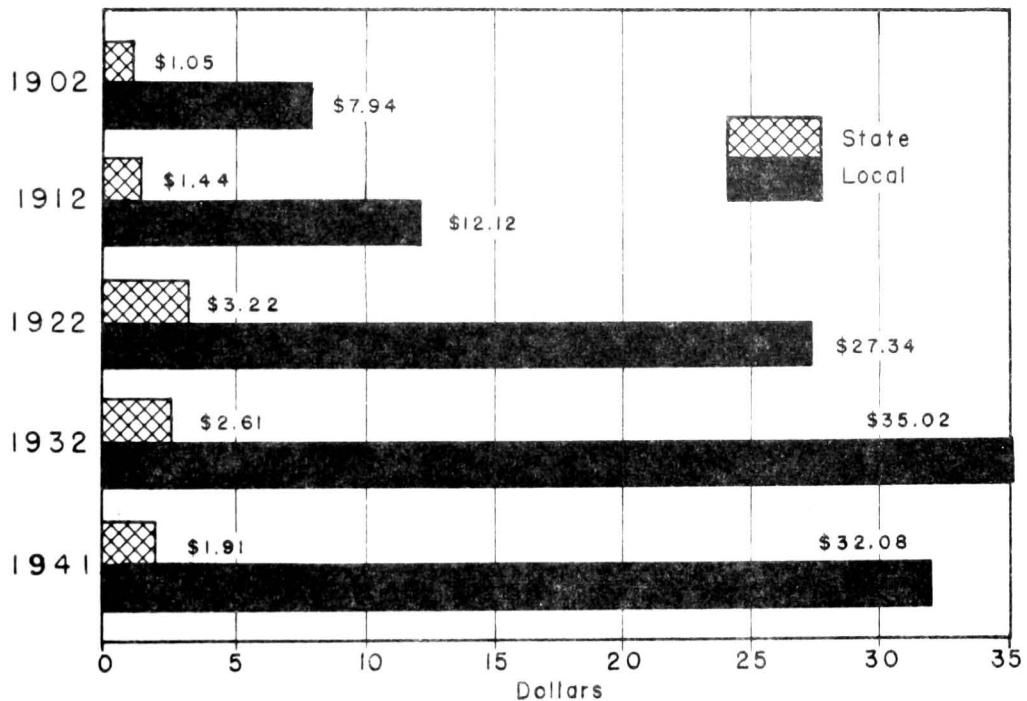


Fig. 4-- Per Capita Property Tax Collections of State and Local Governments: Selected Years, 1902 - 1941

from 1902 through 1941 for these two classes are shown. It will be noted that the aggregate per capita tax load of \$33.98 in 1941 was over three and one-half times as much as the \$8.99 collected in 1902. The amount for States, however, has fluctuated from \$1.05 per capita in 1902 to \$3.22 in 1922, since when it has fallen off substantially, although for 1941 it was still in excess of the 1902 figure. The \$35.02 per capita required by local governments in 1932, on the other hand, was more than four times the \$7.94 per capita in 1902, and a slight recession occurred between 1932 and 1941.

#### State Property Taxes--General and Selective

It is pertinent to analyze tax collections not only by type of government levying the tax but also by type of property tax levied. The discussion to this point has covered general and selective property taxes combined, without segregation of amounts derived from each of the two classes. This differentiation is especially significant at the State level, whereas local governments avail themselves almost universally of the general property tax.

Table 6 shows, for the year 1941, the amount of taxes collected from general and from selective property taxes by States for State purposes. Of a total of \$249.8 million collected in that year, \$160.1 million, or 64.1 percent, was from general property taxes collected in 43 States, and \$89.7 million, or 35.9 percent, was from selective property collected in 30 States, for which collections were separately reported. The States of Delaware, Oregon, and Rhode Island collected neither a general property nor a selective property tax. Two other States--Illinois and Oklahoma--levied neither type of tax but a small amount of general property taxes of prior years' levies was realized, although the tax has been discontinued. Of the remaining 41 States for which general property tax collections are shown, however, the amount was only nominal for three States--California, North Carolina, and Virginia--and inconsiderable for three other States--Michigan, South Carolina, and South Dakota--and for all six States represents collections of delinquencies on levies of this tax made in years prior to its discontinuance by these States. For two other States--New Hampshire and Vermont--a general property tax is levied by the State on property in unorganized areas or in unincorporated places only, to defray the cost of State administration of functions of government in localities not within the limits of any minor civil unit. The result is that 33 States may be said to have relied on the general property tax in 1941. Twenty-one of these 33 States collected revenue also from one or more selective property taxes, while 12 levied no selective property taxes.

While in the majority of cases the general property tax in these 33 States is an ordinary levy for State purposes, some of the levies merit special mention. The amounts classified as general property tax for Connecticut and Massachusetts represent a State tax on towns which is apportioned on the basis of assessed valuation, and the rate, therefore, is fixed locally. The tax of \$15.4 million in New Jersey is the

State school tax, of which 90 percent is returned to counties for school purposes, immediately, on the basis of the original collection, and the remaining 10 percent is apportioned by the State to poor school districts. The tax of \$2.6 million in New York is limited to a small levy for armories and for court stenographers, with separate levies inside and outside New York City. Wisconsin levies an annual State tax on general property, not in excess of .2 mills and only for the purpose of conservation and development of State forests, unless the legislature provides other funds equal to the amount such a mill tax would produce.

TABLE 6.--STATE PROPERTY TAX COLLECTIONS, GENERAL AND SELECTIVE:  
1941

(amounts in thousands)

STATE	TOTAL	General property	Selective property
Total	\$ 249,812	\$ 160,069	\$ 89,723
Alabama	5,207	5,207	---
Arizona	3,319	3,222	97
Arkansas	3,331	3,308	23
California	16,030	1	16,029
Colorado	5,183	4,973	210
Connecticut	1,627	1,616	11
Delaware	---	---	---
Florida	3,592	2,517	1,075
Georgia	4,705	4,519	186
Idaho	2,613	2,613	---
Illinois	513	513	---
Indiana	6,839	5,405	1,434
Iowa	3,909	3,858	51
Kansas	5,468	4,997	471
Kentucky	6,491	1,538	4,953 <sup>1/</sup>
Louisiana	7,323	7,323	---
Maine	5,042	5,021	21
Maryland	6,040	6,040	---
Massachusetts	16,542	16,500	42
Michigan	13,461	825	12,636
Minnesota	11,326	10,916	410
Mississippi	2,583	2,583	---
Missouri	4,744	4,744	---
Montana	1,863	1,819	44
Nebraska	5,047	4,871	176
Nevada	1,146	1,146	---
New Hampshire	885	16	869
New Jersey	24,761	15,400	9,361
New Mexico	2,262	2,218	44
New York	2,559	2,559	---
North Carolina	2,845	4	2,841
North Dakota	3,633	3,633	<sup>2/</sup>
Ohio	7,342	---	7,342
Oklahoma	42	42	---
Oregon	---	---	---
Pennsylvania	11,107	---	11,107
Rhode Island	---	---	---
South Carolina	902	85	817
South Dakota	191	152	39
Tennessee	1,242	1,242	---
Texas	20,097	20,097	---
Utah	4,056	4,056	---
Vermont	552	22	530
Virginia	3,839	8	3,831
Washington	3,998	2,682	1,316
West Virginia	440	440	---
Wisconsin	14,600	864	13,736
Wyoming	515	494	21

<sup>1/</sup> Includes a small amount of special property taxes.

<sup>2/</sup> Not separately reported.



The selection of specific kinds of property for taxation by States at rates different from those on general property is common, and the types of property selected for taxation vary among the States. Eight States--California, Michigan, North Carolina, Ohio, Pennsylvania, South Carolina, South Dakota, and Virginia--levy no general property tax, but these States continue to rely on selective property taxes. To this number might be added also New Hampshire and Vermont, which, except for relatively small State levies for local purposes in unorganized or unincorporated places, levy no general property tax for State purposes. Selected types of property subject to taxation by the 31 States imposing such taxes in 1941 consist of a few major kinds: intangibles, motor vehicles, equipment cars, public utilities, and other. The variation among States in the application of taxes on selected types of property is discussed in detail in connection with table 9, which presents assessed valuations of selective property.

The absolute amounts of collections reported in table 6 by States for 1941 vary in some instances from those published in the Bureau's report: State Tax Collections: 1941.<sup>6/</sup> These differences are accounted for in a number of ways, but arise primarily because revised data have been received for this report.

Data on the property tax as a source of revenue in cities having over 100,000 population are presented in the final table of this report.

#### Special Property Taxes

A third type of property tax, termed "special property" taxes, exists in over half the States. In its annual report, Financial Statistics of States, the Bureau in past years (through 1940) has included as property taxes, in addition to general and selective property taxes, certain taxes levied and collected by States which it classifies as "special property" taxes. While these taxes are levied on an ad valorem basis, as are both general property and selective property taxes, they are assessed, levied, and collected by methods that are not generally applied in the case of general and selective property. Special property taxes are levied at a fixed rate per dollar of a valuation other than an assessed valuation applied to all property, such as taxes upon the property of corporations levied upon the basis of the amount of corporate stock, corporate indebtedness, or both corporate stock and indebtedness; taxes upon savings banks and kindred corporations which are levied in proportion to a certain specified portion of deposits, as their excess above the value of specified investments; and taxes upon insurance corporations assessed upon the basis of the valuations of their policies.

The special property tax, as thus defined, is found in 26 States, and in 1940--the latest year for which the data have been compiled by the Bureau--produced a total of \$97.3 million. The range in collection of such taxes was from \$45.0 million, or more than two-fifths of the total, in Pennsylvania, to \$19 thousand in Florida.

<sup>6/</sup> Bureau of the Census, February 1942.

PROPERTY TAX COLLECTIONS

The types of property subject to special taxation varied among the several States, but such levies were made predominantly on the capital stock of corporations. In many cases, corporations so taxed include banks, trust companies, building and loan associations, and insurance companies. In Pennsylvania, a tax on private and public corporation loans yielded \$10.5 million.

Collections of special property taxes in 1940, by States, are shown in thousands of dollars in the array at the right.

Beginning with the Bureau's reports for 1941, the collections of special property taxes are not included with the figures for property tax collections. Since the taxes included in this category are franchise, privilege, and license taxes, they are now classified as business taxes.

Total	\$97,259
Alabama	1,401
Arkansas	359
Connecticut	524
Delaware	86
Florida	19
Illinois	2,531
Kentucky	440
Louisiana	2,824
Maine	237
Maryland	141
Massachusetts	11,793
Michigan	5,452
Mississippi	336
Missouri	1,514
New Hampshire	73
New Mexico	215
New York	10,864
North Carolina	2,222
Ohio	4,225
Oklahoma	613
Pennsylvania	44,953
Rhode Island	2,135
South Carolina	422
Tennessee	1,717
Texas	1,723
Vermont	440

## CHAPTER II

### SPECIAL ASSESSMENTS

#### Relation to Taxation of Property

**T**HE FULL import of the property tax in the United States requires that consideration be given, however briefly, to special assessments as a type of tax burden on property.

A special assessment, strictly defined, is not a "tax," because it is levied on property to defray the cost of an improvement or service which is a specific benefit to the property assessed, and is levied but once. It savors of a tax, however, in that it is levied and collected under the sovereign power of the State, commonly called taxing and police powers, and is a compulsory charge on the property benefited. In practice, the difference between a special assessment and a tax levy may be difficult to discern in the case of certain types of local improvement projects. There are various aspects in which a special assessment resembles a tax, and others in which there is a distinct difference. It is unnecessary to discuss these features in detail in this report, but because the burden falls on property--land, rather than on land plus improvements--the subject should be considered in connection with the property tax.

TABLE 7. —SPECIAL ASSESSMENT COLLECTIONS OF LOCAL GOVERNMENTS,  
BY TYPE OF GOVERNMENT: SELECTED YEARS 1912 - 1941  
(Amounts in Thousands)

YEAR	TOTAL		COUNTY	MUNICIPAL	SPECIAL DISTRICT
	Amount	Per Capita			
1912	\$106,764	\$ 1.10	\$ 9,323	\$ 97,441	1/
1922	195,883	1.80	19,475	149,459	\$26,949
1932	295,105	2.37	32,759	231,206	31,140
1941	102,121	.77	10,870	63,181	28,070

1/ Not reported.

3-35735

### Trend of Collections

To supplement the over-all figures on the property tax in the preceding tables of this report, table 7 presents collections of special assessments by selected types of local governments for the decennial periods 1912 through 1941. Total collections of special assessments in 1941 were \$102 million. The table shows that the use of this form of financing local improvements grew substantially from 1912 to 1932, but since then has fallen off. This reduction reflects the effect of the depression in curtailing local expenditures for improvements, as well as the Federal financing of local improvements as unemployment relief projects.

### Use by Types of Government

Municipalities are the largest users of special assessment financing while counties ordinarily do not conduct so wide a scope of those governmental activities which may be financed by special assessments. Special assessment districts of considerable extent in area are created frequently for a specific purpose, such as irrigation, drainage, water supply or levee construction, with power to levy special assessments but not general property taxes. Local improvement districts which may comprise only a limited area within a municipality are created commonly with similar limitation.

In 1941, the municipalities of all the States except New Hampshire, the counties of 14 States, and special districts in 41 States, collected revenue from special assessments. The amount realized from this source by all the local units within a State varied from less than \$1 million, for 18 States and the District of Columbia, to more than \$10 million, in two States--New York and Ohio. In 24 States, total collections ranged from \$1 million to \$5 million; and in 3 States, from \$5 million to \$10 million.

All States authorize their local subdivisions to use the special assessment as a means of financing local improvements, and frequently this method is extended to the financing of certain types of services. In some cases special districts have been created to conduct a specific governmental activity, for which they are authorized to levy special assessments but not to levy taxes. Conditions vary widely among the local governments of the several States as to the purposes for which special assessments may be levied, the area or district deemed to be benefited by an improvement or service, the distribution of the cost of the improvement as between public and private property, the basis for spreading the special assessment on parcels of property within the area, and other phases of such financing.

The concept of special assessments as reported for 1941 varies from that in decennial reports of the Bureau for 1912, 1922, and 1932. In 1941, special assessment collections are limited to amounts collected by counties, municipalities, and special districts for capital outlays to be financed from this source. In the Bureau reports for 1912 through 1932,

the collections included revenue of States as well as local units of government, and included collections of levies or charges for certain current services as well as for outlays. It is impossible in the reports for 1912 through 1932 to segregate the amounts collected on current account from those collected on capital account, so the total collections are reported. For comparability, however, the amount of collections of special assessments by States has been deducted for the earlier years.

## CHAPTER III

### ASSESSED VALUATIONS

#### Significance of Assessment

**O**NE OF the most important aspects of the property tax is the assessment of property for purposes of taxation. Assessment means listing property on the tax rolls at full or proportionate value. Valuations within an assessment district are subject to review by a local agency, with the objective of equalizing valuations among the separate parcels or items on the tax roll. Further, when the valuation of the district is to be used, along with the valuation of other districts, as the basis of county or State levies, the valuations of all districts are subject to review by a county or a State agency for equalization among the various districts.

In general, for any taxing district, the tax levy divided by the sum of the values placed on all property--individual and corporate--gives the tax rate. The tax rate applied to the property owner's assessment, therefore, gives the amount of taxes to be paid by him. The impact of taxation on the property owner is through the valuation placed on his holdings, rather than through the total tax levy or the tax rate. Thus, there is ever present in the assessing process the pressure of property owners for low valuations.

The social and economic aspects of assessment entitle each property owner to be able to determine that the tax to be levied against him is in proportion to his share of the total valuation of all property in the district for which the taxes are levied. The assessing procedure should provide not only for taxpayer appeal to a local review agency and possibly for review by a superior equalization agency, but also for certain minimum essentials, such as separate assessment of land and of improvements, tax maps, land value maps, depth rules, a building classification, individual description records, and the like.

The character of the administrative process often contributes to the variances in assessments expressed as absolute totals or as per capita. That is, the end-product of assessment reflects the organization and equipment of assessing offices, the composition of the assessment unit, the competence of the assessing personnel, the functioning of local and State agencies reviewing and equalizing the original valuations, and the nature of State supervision of assessments.

It may be added that the assessed valuation of a governmental unit--State or local--enters into the economy of that unit as an important

3-35735

factor because of its utility for purposes other than that of serving as a base for the property tax. One of these uses is that of serving as a gauge or limit for incurrence of debt. Another is its use as a basis for distribution to local subdivisions of State aid in the form of shared taxes and grants. Assessments, therefore, exert a powerful influence on the financing of these two levels of government and are a factor of concern in determination of their credit. The assessed valuation of property in a State or local unit serves also as an index of its estimated wealth if allowance is made for the ratio of full value used in fixing the valuation and also for the valuation of property exempt from taxation which is not included in the total assessed valuation. Because of the dynamic character of property and of the economic elements entering into its creation, utility, and disposition or destruction, public agencies have found it highly desirable to provide for annual or other frequent appraisals to keep their assessed valuations up to date. The discussion in this report is limited to valuations made for taxation.

Responsibility of assessing property for tax purposes varies among the States, dependent upon the nature of the tax to be levied. The fixing of assessments on real property as a base for taxation by counties and other divisions below the State commonly rests with the officials of primary local assessing districts, of which, according to the National Association of Assessing Officers, there are in excess of 25,000 in the United States.<sup>1/</sup> The assessment fixed by local assessors is commonly accepted, after equalization by a State agency, as the base for general property taxation for State purposes.

In addition to taxable land, there were over 29 million urban and rural nonfarm residential structures and rural farm dwelling units in the United States in 1940,<sup>2/</sup> all of which are included on local assessment rolls. Further, there are the many thousands of commercial and industrial structures, which, like residential structures, are subject to property taxes. In New York City, with a population of 7,454,995 in 1940, there are over 820,000 separate pieces of real estate; in Miami, Florida, having a population of 172,172, there are 85,000 separate legal descriptions, of which 35,000 are improved. In San Diego County, California, having a population of 289,348, there are 300,000 parcels of real estate entered on the assessment rolls. The assessment rolls of Detroit, Michigan, with a population of 1,623,452, contain 473,000 descriptions of real property and approximately 58,000 personal property assessments. All of these properties must be locally assessed, annually or at other frequent intervals, for the purposes of raising revenues for local governments. These figures indicate not only the stupendous size of the problem of administering the property tax, but also the reason for the nation-wide interest in the subject of property assessment for tax purposes.

<sup>1/</sup> Assessment Organization and Personnel, Part 2, Chapter I.

<sup>2/</sup> Bureau of the Census, Housing census, 1940. Series H-6, No. 1.  
3-25735

## Classification of Property for Taxation

For purposes of taxation, property is classified essentially as follows:

## Real property:

- Land
- Improvements to land

## Personal property:

- Tangible
- Intangible

Mixed property (not separated as between real and personal)

The classes of property subject to general, as distinct from selective, property taxes vary widely in the several States. The classes of property subject to taxation for State, as distinct from local, purposes also vary widely in the several States. Valuations assessed for general property taxation include real property and commonly, but not universally, tangible personal property, and may include intangible personalty and mixed property; valuations subject to selective property taxation comprise only personal and mixed property, with a single exception. General property is assessed for State taxation by over two-thirds of the States and universally for local taxation by one or more units of government; selective property is assessed for State taxes predominantly, although it is subject to taxation by counties, municipalities and school or other special districts in several States and by the District of Columbia.

The assessment of tangible personalty is usually made according to the same procedure as is used for the assessment of realty, although the taxing of this class of property does not follow rigorously the same course, as exemptions are more prevalent and lower rates may obtain than those on general property. The method of assessment of intangible personal property is peculiar to the various States and ranges all the way from legal provision for its inclusion on the tax rolls together with real property subject to the general property tax rate in some States, to exemption from all property taxes in other States.

Mixed property, however, which consists largely of the property of various types of public-service corporations, is usually assessed by the State tax commission or other assessing agency, which assigns to the several local taxing districts the valuations subject to local taxation.

The tax systems of the several States also vary considerably as to the extent that real and personal property, or their component classes, and mixed property, are assessed for State and for local purposes. In order to arrive at an aggregate of the assessed valuation of general and



selective property taxed for either State or local purposes, it is necessary to add the totals of locally-assessed valuations to the total of State-made assessments, regardless of the different circumstances affecting the making of the assessments. The composite figure over a period of years, however, in spite of widely divergent factors affecting it, affords a basis for study of the trend of the property tax valuations.

#### Valuations of Taxable Property

Table 8 shows, by States, the total assessed valuation, classified as to general and selective property, for both State and local government purposes, in the continental United States in 1940. The valuations presented in this and other tables are those designated as 1940 by the assessing agencies. The maximum assessed valuation subject to either State or local taxation or both was \$144.6 billion, of which \$131.7 billion, or 91.1 percent, was general property, and the remaining \$12.9 billion, or 8.9 percent, was selective property. Of the total, \$94.2 billion was subject to State and \$137.8 billion to local taxation. For States as a whole, valuations of general property subject to local taxation greatly exceeded those subject to State taxation, while for valuations of selective property the reverse is true.

The valuation of \$94.2 billion subject to general or selective property taxes for State governments consisted of valuations assessed in 43 States, only 5 States--Delaware, Illinois, Oklahoma, Oregon, and Rhode Island--assessing neither general nor selective property for State purposes. The larger portion of this valuation, \$82.8 billion, or 87.9 percent, consisted of general property, which was assessed for State purposes in all but 13 States, although this type of property was relatively less important for State than for local taxation. As has been explained earlier in the section of the report relating to tax collections, the valuations subject to the general property tax in some States were limited as to extent and purpose. The remaining valuation subject to State taxation, \$11.4 billion, was the valuation of selective property, so far as the data were available, assessed for State purposes in 31 States.

Of the valuation of \$137.8 billion subject to taxation by local governments, \$130.4 billion, or 94.6 percent, consisted of general property, there being no exception in any State to the use of this type of property as a tax base for local purposes. The small remainder, \$7.4 billion, was made up of selected types of property assessed for local purposes in 15 States and in the District of Columbia.

The State-by-State figures show that, in most States, the valuations assessed for State and for local purposes differ, because of variations in statutory provisions or in administrative procedures governing taxation of property. Assessments may differ because of exemption of specified property from either State or local taxation, and also because of variation in the ratio of assessed to full value applied by State and by local assessing officers.

TABLE 8.--ASSESSED VALUATION OF GENERAL AND SELECTIVE PROPERTY FOR STATE AND LOCAL PURPOSES, BY STATES: 1940

(amounts in thousands)

STATE	TOTAL	GENERAL PROPERTY	SELECTIVE PROPERTY
<b>Grand Total</b>	<b>\$ 144,636,317</b>	<b>\$ 131,707,550</b>	<b>\$ 12,928,767</b>
<b>Total, State</b>	<b>94,235,020</b>	<b>82,837,910</b>	<b>11,397,110</b>
<b>Total, Local</b>	<b>137,779,947</b>	<b>130,363,907</b>	<b>7,416,040</b>
Alabama <sup>1/</sup>	976,110	976,110	---
State	808,542	808,542	---
Local	976,110	976,110	---
Arizona	395,774	376,841	18,933
State	395,774	376,841	18,933
Local	393,280	376,841	16,439
Arkansas <sup>2/</sup>	443,104	442,488	616
State	408,020	407,404	616
Local	442,488	442,488	---
California	8,609,315	7,138,547	1,470,768
State	742,534	---	742,534
Local	7,866,781	7,138,547	728,234
Colorado	1,112,976	1,112,976	3/
State	1,112,976	1,112,976	3/
Local	1,112,976	1,112,976	3/
Connecticut	3,147,258	3,146,730	528
State	3,147,258	3,146,730	528
Local	3,146,730	3,146,730	---
Delaware	326,374	326,374	---
State	---	---	---
Local	326,374	326,374	---
District of Columbia	1,402,011	1,330,703	71,308
State	---	---	---
Local	1,402,011	1,330,703	71,308
Florida	1,373,828	524,389	849,439
State	1,224,422	374,983	849,439
Local	524,389	524,389	---
Georgia	1,518,942	917,830	601,112
State	1,518,942	917,830	601,112
Local	1,518,942	917,830	601,112
Idaho	387,240	387,240	---
State	387,240	387,240	---
Local	387,240	387,240	---
Illinois	5,302,045	5,302,045	---
State	---	---	---
Local	5,302,045	5,302,045	---
Indiana	5,078,592	3,806,709	1,271,883
State	5,078,592	3,806,709	1,271,883
Local	4,540,465	3,806,709	733,756
Iowa <sup>2/</sup>	3,316,640	2,957,021	359,619
State	3,316,640	2,957,021	359,619
Local	3,314,921	2,957,021	357,900
Kansas	2,798,972	2,592,754	206,218
State	2,798,972	2,592,754	206,218
Local	2,791,045	2,591,283	199,762
Kentucky <sup>1/</sup>	2,737,686	2,428,605	309,081
State	2,737,686	2,428,605	309,081
Local	1,863,575	1,863,575	---

For footnotes, see end of table.  
1-35735

## PROPERTY TAXATION: 1941

TABLE 8.--ASSESSED VALUATION OF GENERAL AND SELECTIVE PROPERTY FOR STATE AND LOCAL PURPOSES, BY STATES: 1940 (Cont'd)

(amounts in thousands)

STATE	TOTAL	GENERAL PROPERTY	SELECTIVE PROPERTY
Louisiana <sup>5/</sup>	\$ 1,377,531	\$ 1,377,531	\$ ---
State	1,172,581	1,172,581	---
Local	1,377,531	1,377,531	---
Maine	698,220	698,220	3/
State	684,764	684,764	3/
Local	698,220	698,220	3/
Maryland	2,480,390	2,480,390	---
State	2,474,362	2,474,362	---
Local	2,480,390	2,480,390	---
Massachusetts	6,436,784	6,137,691	299,093
State	6,138,902	6,137,691	1,211
Local	6,435,573	6,137,691	297,882
Michigan	6,362,550	6,027,720	334,830
State	334,830	---	334,830
Local	6,027,720	6,027,720	---
Minnesota <sup>6/</sup>	2,128,248	1,303,991	824,257
State	2,128,248	1,303,991	824,257
Local	2,128,248	1,303,991	824,257
Mississippi	575,304	575,304	---
State	442,559	442,559	---
Local	575,304	575,304	---
Missouri	3,825,631	3,825,631	---
State	3,825,631	3,825,631	---
Local	3,825,631	3,825,631	---
Montana <sup>7/</sup>	321,985	320,055	1,930
State	321,985	320,055	1,930
Local	320,055	320,055	---
Nebraska	2,039,748	1,922,272	117,476
State	2,039,748	1,922,272	117,476
Local	2,036,895	1,922,272	114,623
Nevada	198,880	198,880	---
State	198,880	198,880	---
Local	198,880	198,880	---
New Hampshire	582,432	552,478	29,954
State	41,176	11,222	29,954
Local	582,478	552,478	---
New Jersey	5,685,307	5,489,669	195,638
State	5,506,034	5,310,396	195,638
Local	5,489,669	5,489,669	---
New Mexico	317,430	315,646	1,784
State	317,430	315,646	1,784
Local	315,646	315,646	---
New York	25,752,029	25,752,029	---
State	25,752,029	25,752,029	---
Local	25,573,855	25,573,855	---
North Carolina	3,244,202	2,394,252	849,950
State	849,950	---	849,950
Local	2,394,252	2,394,252	---
North Dakota <sup>8/</sup>	446,873	446,474	399
State	446,873	446,474	399
Local	446,474	446,474	---

For footnotes, see end of table.  
2-35735

TABLE 8.--ASSESSED VALUATION OF GENERAL AND SELECTIVE PROPERTY FOR STATE AND LOCAL PURPOSES, BY STATES: 1940 (Cont'd)

(amounts in thousands)

STATE	TOTAL	GENERAL PROPERTY	SELECTIVE PROPERTY
Ohio <sup>2/</sup>	\$ 9,180,877	\$ 9,180,877	\$ 10/ <sup>10/</sup>
State	10/ <sup>10/</sup>	--	10/ <sup>10/</sup>
Local	9,180,877	9,180,877	10/ <sup>10/</sup>
Oklahoma	1,629,332	1,195,099	434,233
State	--	--	--
Local	1,629,332	1,195,099	434,233
Oregon	896,787	896,787	--
State	--	--	--
Local	896,787	896,787	--
Pennsylvania	11,240,051	8,247,219	2,992,832
State	2,992,832	--	2,992,832
Local	11,240,051	8,247,219	2,992,832
Rhode Island	1,485,927	1,485,927	--
State	--	--	--
Local	1,485,927	1,485,927	--
South Carolina <sup>11/</sup>	675,939	372,513	303,426
State	303,426	--	303,426
Local	372,513	372,513	--
South Dakota	944,501	911,897	32,604
State	32,604	--	32,604
Local	944,233	911,897	32,336
Tennessee	1,431,802	1,431,802	--
State	1,431,802	1,431,802	--
Local	1,431,802	1,431,802	--
Texas	4,273,322	4,273,322	--
State	3,580,408	3,580,408	--
Local	4,273,322	4,273,322	--
Utah	513,814	513,814	--
State	513,814	513,814	--
Local	513,814	513,814	--
Vermont	355,745	277,728	78,017
State	79,222	1,205	78,017 <sup>2/</sup>
Local	277,728	277,728	--
Virginia	2,290,894	1,660,477	630,417
State	630,417	--	630,417
Local	1,660,477	1,660,477	--
Washington <sup>2/</sup>	1,175,567	1,087,812	87,755
State	1,175,567	1,087,812	87,755
Local	998,614	998,614	--
West Virginia	1,840,425	1,840,425	--
State	1,840,425	1,840,425	--
Local	1,840,425	1,840,425	--
Wisconsin	4,959,534	4,416,233	543,301
State	4,959,534	4,416,233	543,301
Local	3,966,463	3,966,463	--
Wyoming	341,389	330,023	11,366
State	341,389	330,023	11,366
Local	341,389	330,023	11,366

1/ Legal basis of assessment is 60 percent of full value.  
 2/ Legal basis of assessment is 50 percent of full value.  
 3/ Data not available.  
 4/ Assessment of 1939. No later data available.  
 5/ Legal basis of assessment 10 percent for specified securities; by local option parishes may value property at less than full value for purposes of local taxation.  
 6/ Taxable value, which varies from 5 percent to 100 percent of full value according to type of property.  
 7/ Taxable value, which varies from 7 percent to 100 percent of full value according to type of property.  
 8/ Taxable value, which is 50 percent of full value.  
 9/ Legal basis of assessment varies from 50 to 100 percent according to type of property.  
 10/ Valuation of intangibles not available.  
 11/ Includes valuation of specified foreign and domestic corporations assessed on a basis of 25 percent of full value for local purposes and also valuation of the same property assessed at full value for State purposes.

## Valuations of Selective Property

Valuations of selected types of property taxable for State and local purposes in 1940 are given in table 9. Reference has been made to this table in the discussion of tax collections shown in table 6.

TABLE 9.--ASSESSED VALUATION OF SELECTIVE PROPERTY FOR STATE AND LOCAL PURPOSES, BY TYPE OF PROPERTY: 1940

(amounts in millions)

State	Total	Intangibles	Motor vehicles	Equipment cars	Public utilities	Other
Total	\$12,928.8	\$10,041.7	\$1,216.9	\$30.9	\$1,507.1	\$132.2
Arizona	18.9	--	16.4	2.5	--	--
Arkansas	.6	--	--	.6	--	--
California	1,470.8	728.2	731.0	11.6	--	--
Colorado	1/	--	1/	--	--	--
Connecticut	.5	--	--	--	--	.52/
District of Columbia	71.3	--	71.3	--	--	--
Florida	849.4	849.4	--	--	--	--
Georgia	601.1	601.1	--	--	--	--
Indiana	1,271.9	1,268.9	--	3.0	--	--
Iowa	359.6	357.9	--	1.7	--	--
Kansas	206.2	201.3	--	4.9	--	--
Kentucky	309.1	309.1	--	--	--	--
Maine	1/	--	1/	--	--	--
Massachusetts	299.1	--	299.1	--	--	--
Michigan	334.8	1/	--	--	334.8	--
Minnesota	824.3	824.3	--	--	--	--
Montana	1.9	--	--	1.9	--	--
Nebraska	117.5	114.6	--	2.3	--	.62/
New Hampshire	30.0	--	1/	--	30.0	--
New Jersey	195.6	--	--	--	195.6	--
New Mexico	1.8	--	--	1.8	--	--
North Carolina	850.0	697.0	--	--	153.0	--
North Dakota	.4	--	--	.4	--	--
Ohio	1/	1/	--	--	--	--
Oklahoma	434.2	434.2	--	--	--	--
Pennsylvania	2,992.8	2,992.8	--	--	--	--
South Carolina	303.4	--	--	--	172.4	131.14/
South Dakota	32.6	32.3	--	3	--	--
Vermont	78.0	30.2	--	--	47.8	--
Virginia	630.4	592.2	--	--	38.2	--
Washington	87.8	--	87.8	--	--	--
Wisconsin	543.3	--	--	--	543.3	--
Wyoming	11.4	--	11.4	--	--	--

1/ Data not available.

2/ Oyster grounds.

3/ Busses and trucks.

4/ Foreign nonutility corporations.

Intangible personal property is the largest single class of property selected for special tax treatment. This class of property is taxed by 17 States, at rates varying for different types of intangibles. One of the reasons for the segregation of intangibles for taxation is that experience has proven that, in order to retain this class of property on the assessment rolls, the rate should be fixed at a lower level than that on general property. In a considerable number of States, however, intangible personalty continues to be taxed as general property, while in other States it is entirely exempt from both general and selective property taxes.

In the majority of States, the revenue from selective taxes for the State's use represents only a small portion of an over-all levy prescribed by State statute. Especially with regard to intangibles, it is frequent practice for the State to fix a relatively low maximum over-all rate by statute which also allocates the yield to the various levels of government. Thus, in Georgia, Iowa, Kansas, and Nebraska, the total rate of levy on intangibles for the State and for its subdivisions is specified, and the proceeds are allocated to the State and to all specified local taxing units on the basis of their levies on general property. In Minnesota and South Dakota, the rates for various levels of government are specified. Ohio receives for State use only the tax on intangibles with State situs and one-fourth of one percent of that on intangibles with local situs. In Florida, one-fourth of the tax in excess of the cost of administration is returned to the counties. Indiana retains only 10 percent of the State levy on general intangibles and apportions the remainder to counties and school districts, and the yield from the levy on banks and trust companies and building and loan associations is allocated on the basis of local levies on general property. North Carolina apportions 60 percent of its tax on various classes of intangibles to the local taxing units. In Pennsylvania, the State and the county levy upon money at interest at the same rate, which is fixed by statute. In Oklahoma, intangibles are taxable by local units only at limited rates, and in California, solvent credits are not taxed by the State, and the local rate is fixed by State statute.

Motor vehicles, which comprise a portion of tangible personal property, have been removed from the class of property subject to general property taxes and have been given special treatment for tax purposes in eight States and the District of Columbia. It has been found desirable to fix a uniform scale of valuations for this type of property in each of these States, thus overcoming the inconsistencies arising from assessments in a large number of local assessing districts, and to fix a rate which would approximate that on general property.

In all of these eight States a maximum over-all rate applicable to the valuation of motor vehicles is fixed by State statute. California retains only enough of the proceeds of the tax on this class of property to cover cost of administration, and apportions the remainder to local governments for fire and police protection on highways. In Maine and Massachusetts the State receives only the tax on nonresident vehicles. In the five other States the levies are allocated to local governments

3-35735

on the basis of their levies on property in general. In the District of Columbia, while the rate levied is that applied to property in general, motor vehicles are separately assessed and the valuation is not included by the assessor in his report of the valuation of general property.

A third type of property subject to a selective rather than general property tax rate is that of equipment car companies or so-called private car lines. This type of property is separately assessed and taxed in 11 States. The objective of this procedure is to recognize the mobile character of the property and the desirability of uniformity in assessment. Such property is assessed by a State assessing agency. The valuation fixed is taxed ordinarily at a rate comparable to the average over-all rate on general property in the State, and as a rule the State retains the entire yield.

Next to intangible property, the largest class of property selected by States for special consideration in assessment and taxation is that of public utilities, which includes variously among the States railroads, and express, telephone and telegraph, and electric power companies. In some cases water and gas companies are also included in this category. The extent to which the several State laws apply to taxation of property of public-service corporations varies widely among the States, and it is impossible to generalize on this procedure as a whole. Eight States provide for specific taxes on public utilities for State purposes, at rates varying from those on general property.

In the majority of States, while the valuation of public utilities for local purposes is usually determined by a State assessing agency, it is taxed locally as general property. In Michigan, New Hampshire, and Wisconsin, however, the valuation of utilities is taxable by the State only. In New Jersey, North Carolina, and Virginia, specified railroad property is taxable only by the State. In South Carolina, the full value of domestic public utilities property is taxable by the State and the same property is taxable by local governments on the basis in practice for general property.

Other types of property selected by States for taxation at rates differing from those on general property are oyster grounds in Connecticut and busses and trucks in Nebraska.

When a specified type of property is taxed at the rate paid on property in general and also pays an additional rate common to all property of that type, the total collection is included as from general property in this report. Examples are metalliferous mining property in Colorado and livestock in several western States.

#### Trend of Assessed Valuations

The total assessed valuation of taxable property in the continental United States in 1940, by States, both in absolute and in per capita amounts, with comparative figures for 1932 and 1922, is presented in table 10. These composite figures represent the valuations on which

general or selective property taxes were levied for either State or local governmental purposes.

The total valuation in all States and the District of Columbia of \$144.6 billion in 1940 represented a per capita assessment of \$1,098. The State reporting the highest per capita valuation in 1940--exclusive of the District of Columbia, with a per capita valuation of \$2,114--was Rhode Island,<sup>2/</sup> with a total of \$1.5 billion, or \$2,083 per person. The valuations ranged downward from that amount to a low of \$443 million, or \$227 per capita, for Arkansas.<sup>4/</sup> Variation in the ratio of assessed to full value of property, both as established by statute and as used in practice by State and local assessing officers, has an important effect on the valuations reported, and should be recognized in State-by-State comparisons. This subject is discussed subsequently.

The total assessed valuation in 1932 was \$163.3 billion, and a decline of \$18.7 billion took place between 1932 and 1940, reflecting in part the result of the depression on property values. Per capita assessments declined from \$1,312 in 1932 to \$1,098 in 1940, or 16.3 percent.

The per capita assessed valuation fell off in 41 States and the District of Columbia, while in only the remaining 7 States was there an increase. The States of Delaware, Florida, Georgia, Iowa, and South Carolina showed substantial increases. The increases in Florida and Georgia resulted from revisions in the State tax laws providing for the segregation of intangible personalty from general property and its assessment as selective property at lower rates than those on general property. The increase in Iowa reflected an upward revision in the percentage of assessed to full value prescribed by statute. South Carolina established a separate State tax on specified corporations at full value in addition to the local assessment at less than full value. The increases in North Carolina and Rhode Island were only nominal. In the former State a revision of the method of taxing intangibles resulted in a decrease in general property which was more than offset by the assessment of intangibles as selective property.

Comparison of the valuations in 1940 with those in 1922 shows that while there was an increase of \$20.0 billion in absolute amounts during the period, the per capita valuations were slightly lower in 1940, declining 4.2 percent.

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<sup>2/</sup> Basis of assessment is full value.

<sup>4/</sup> Basis of assessment is 50 percent of full value.



## PROPERTY TAXATION: 1941

TABLE 10.--TOTAL AND PER CAPITA ASSESSED VALUATION OF PROPERTY SUBJECT TO STATE OR LOCAL PROPERTY TAXES, BY STATES: 1940, 1932, and 1922

(amounts in thousands)

STATE	1940		1932		1922		Percent change in per capita	
	Amount	Per capita	Amount	Per capita	Amount	Per capita	1932- 1940	1922- 1940
Total	\$144,636,317	\$1,098	\$163,317,104	\$1,312	\$124,616,672	\$1,146	-16.3	- 4.2
Alabama	976,110	446	1,210,876	452	943,516	394	- 1.5	13.2
Arizona	395,774	793	674,729	1,513	733,995	2,034	-47.6	-61.0
Arkansas	443,104	227	554,835	298	578,462	323	-23.6	-29.7
California	8,609,315	1,246	7,951,085	1,346	4,201,148	1,153	- 7.4	- 8.1
Colorado	1,112,976	991	1,447,170	1,384	1,550,762	1,591	-28.4	-37.7
Connecticut	3,147,258	1,841	3,151,284	1,933	1,962,764	1,367	- 4.8	34.7
District of Columbia	1,402,011	2,114	1,845,090	3,750	1,175,867	2,687	-43.6	-21.3
Delaware	326,374	1,441	292,169	1,217	227,070	994	18.4	44.9
Florida	1,373,828	724	520,454	343	421,449	412	111.3	75.9
Georgia	1,518,942	486	1,267,790	436	1,191,569	401	11.6	21.2
Idaho	387,240	738	428,018	960	477,897	1,047	-23.1	-29.5
Illinois	5,302,045	671	7,268,880	938	4,000,497	601	-28.4	11.8
Indiana	5,078,592	1,482	5,073,241	1,551	5,225,700	1,751	- 4.5	-15.4
Iowa	3,316,640	1,307	1,463,741	591	1,766,003	723	121.2	80.6
Kansas	2,799,972	1,551	3,666,275	1,938	3,554,813	1,991	-19.9	-22.1
Kentucky	2,737,686	962	3,059,586	1,161	2,404,147	984	-17.2	- 2.2
Louisiana	1,377,531	583	1,666,140	781	1,561,581	851	-25.4	-31.5
Maine	698,220	824	756,860	946	637,403	824	-12.9	0.0
Maryland	2,480,390	1,362	2,761,586	1,674	1,685,496	1,135	-18.6	20.0
Massachusetts	6,436,784	1,491	7,442,795	1,735	5,677,715	1,429	-14.1	4.4
Michigan	6,362,550	1,211	8,262,954	1,665	5,929,615	1,542	-27.3	-21.5
Minnesota	2,128,248	762	2,307,881	894	2,353,695	960	-14.7	-20.6
Mississippi	575,304	263	692,655	341	708,396	396	-22.7	-33.4
Missouri	3,825,631	1,011	4,788,878	1,311	4,633,400	1,350	-22.9	-25.1
Montana	321,985	576	410,635	764	460,843	779	-24.7	-26.1
Nebraska	2,039,748	1,550	2,675,864	1,931	3,202,706	2,422	-19.7	-36.0
Nevada	198,880	1,804	206,991	2,250	195,835	2,530	-19.8	-28.7
New Hampshire	582,432	1,185	679,523	1,452	617,981	1,386	-18.4	-14.5
New Jersey	5,685,307	1,367	6,819,527	1,650	4,102,365	1,249	-17.2	9.4
New Mexico	317,430	597	334,301	777	329,899	895	-23.2	-33.3
New York	25,732,029	1,911	29,559,936	2,307	15,390,399	1,445	-17.2	32.2
North Carolina	3,244,202	908	2,830,758	876	2,521,115	952	3.7	- 4.6
North Dakota	446,873	696	880,432	1,287	1,308,315	1,979	-45.9	-64.8
Ohio	9,180,877	1,329	13,452,947	2,018	10,406,661	1,745	-34.1	-23.8
Oklahoma	1,629,332	697	1,753,601	721	1,687,490	802	- 3.2	-13.0
Oregon	696,787	823	1,092,772	1,125	1,009,499	1,248	-26.9	-34.0
Pennsylvania	11,240,051	1,135	12,762,317	1,312	9,767,274	1,087	-13.5	4.4
Rhode Island	1,485,927	2,083	1,447,034	2,079	1,046,691	1,687	0.2	23.4
South Carolina	675,939	356	407,909	234	436,000	252	52.1	40.9
South Dakota	944,501	1,469	1,508,676	2,158	1,977,128	3,054	-31.9	-51.9
Tennessee	1,431,802	491	1,663,892	629	1,730,828	730	-21.9	-32.8
Texas	4,273,322	666	4,241,683	714	3,382,110	700	- 6.7	- 4.8
Utah	513,814	934	618,405	1,203	630,073	1,345	-22.4	-30.6
Vermont	355,745	990	440,931	1,225	307,255	872	-19.1	13.6
Virginia	2,290,894	856	2,353,629	967	1,826,263	772	-11.6	10.9
Washington	1,175,567	677	1,250,040	789	1,111,890	791	-14.2	-14.4
West Virginia	1,840,425	968	1,877,968	1,069	2,092,557	1,382	- 9.5	-30.0
Wisconsin	4,959,534	1,581	5,073,701	1,708	5,106,126	1,896	- 7.5	-16.6
Wyoming	341,389	1,362	418,660	1,828	366,412	1,782	-25.5	-23.6

A long-term historical perspective of assessed valuations, in absolute and per capita amounts, is presented in table 11. Values early in the century were \$35.3 billion, or only \$448 per person, and successive decennial periods showed substantial increases through 1922, which continued on until 1929, when a valuation of \$165.4 billion, or a maximum of \$1,369 per capita, was reached, after which valuations again fell off from year to year, reaching a low of \$1,064 per capita in 1935.

**TABLE 11.--ASSESSED VALUATION OF PROPERTY SUBJECT TO PROPERTY TAXES FOR STATE OR LOCAL PURPOSES: SELECTED YEARS 1902 - 1940**

(Amounts in thousands)

YEAR	AMOUNT	PER CAPITA	PERCENT OF 1929 VALUATION
1902	\$ 35,338,317	\$ 448	21.4
1912	69,452,936	715	42.0
1922	124,616,675	1,146	75.3
1929	165,449,295	1,369	100.0
1932	163,317,104	1,312	98.7
1935	135,436,752 <sup>1/</sup>	1,064 <sup>1/</sup>	81.9
1938	141,357,503	1,093	85.4
1940	144,636,317	1,098	87.4

<sup>1/</sup> A Decade of Assessed Valuations: 1929-1938; Bureau of the Census, 1941.

Since that year, there has been a gradual increase annually through 1940, the latest year for which the Bureau has compiled the figures on assessments. Thus, it will be noted that, on a per capita basis, the valuations of the 48 States and the District of Columbia for that year were at a level at which they stood prior to 1922.

Figure 5 indicates the trend of the per capita assessed valuations of property from 1902 to 1940, the latest year for which data are available. For purposes of comparison, the accompanying figure 6 is presented to show the trend of per capita property tax collections for the same period.

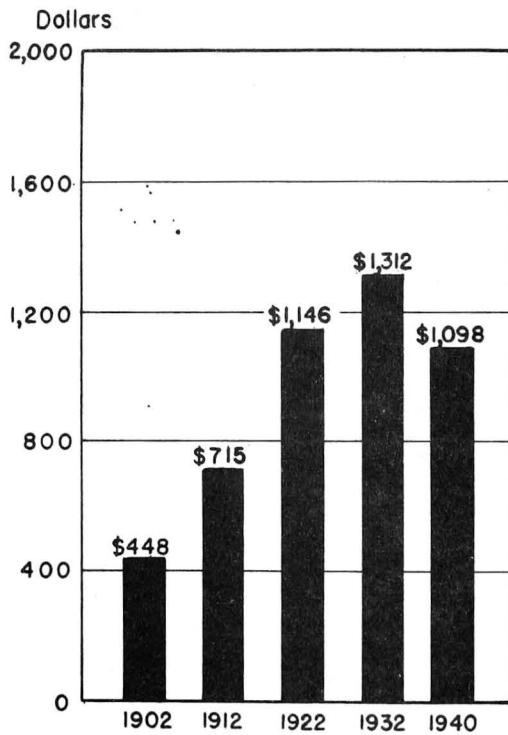


Fig.5.-- Per Capita Assessed Valuation of Property Subject to Property Taxes: Selected Years, 1902-1940

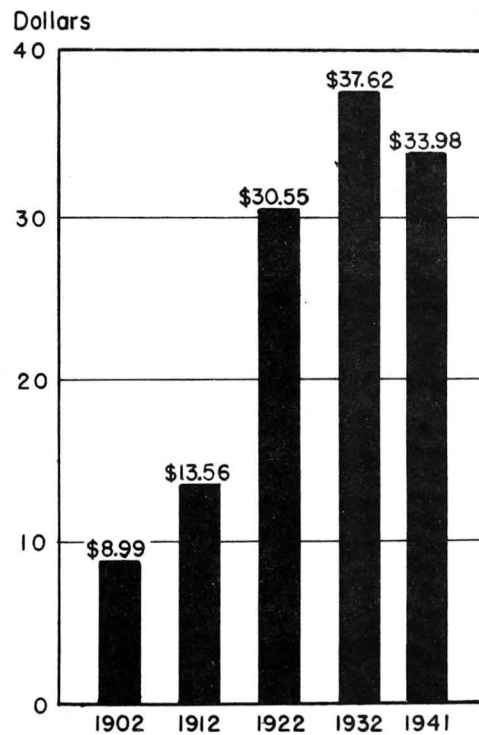


Fig.6.-- Per Capita Property Tax Collections: Selected Years, 1902-1941

The distribution by the three main classes of property—real, personal and mixed—of all taxable property valuations for decennial intervals from 1902 through 1932 and for two recent years is shown in table 12.

**TABLE 12.--ASSESSED VALUATION OF PROPERTY SUBJECT TO PROPERTY TAXES, BY CLASS OF PROPERTY: SELECTED YEARS 1902 - 1939**

(Amounts in thousands)

YEAR	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	MIXED PROPERTY	PERCENT OF REAL TO TOTAL
1902	\$ 35,338,317	\$ 26,415,301	\$ 7,456,818	\$1,466,198	74.8
1912	69,452,936	51,854,010	12,135,881	5,241,115	74.7
1922	124,616,675	92,369,378	27,400,288	4,847,009	74.1
1932	163,317,104	125,933,195	30,514,526	6,869,383	77.1
1938	141,357,503	110,390,902	23,099,931	7,866,671	78.1
1939	142,847,569	108,129,957	26,919,374	7,798,238	75.7

The trend in real property valuation has been downward since 1932, while that of personal property showed a decline from 1932 to 1938, since when the trend is again upward. Mixed property has shown a moderate but uninterrupted increase except for a slight decrease between 1912 and 1922. Real property has consistently constituted about three-fourths of all property assessed during the entire period, while personal property has stood at approximately one-sixth of the total. Mixed property, which consists primarily of the property of public-service corporations, is in fact a composite of real and personal property. The tax systems of a majority of States provide for the valuation of such utilities as an entity, rather than for their assessment divided as between real estate and personal property. In a few States, however, the property of public-service corporations, including franchises and other intangible personalty, is classified in entirety as real property, while in others, the assessments distinguish between real and personal property.

A State-by-State distribution of assessments according to the three classes of real, personal, and mixed property is published in the Bureau's annual detailed report, Financial Statistics of States, and for that reason is not included herein.<sup>2/</sup>

<sup>2/</sup> See latest published report, Volume 3, 1938, Table 23.

## Proportion of Property Tax Burden Borne by Real Estate

Considerable interest centers on the question of the portion of property taxes paid by real estate in comparison with that paid by personal property. Complete data cannot be obtained on this subject, however, because of the fact that in some assessing jurisdictions property is not classified entirely under one of these two types, and the consequent existence of mixed property--largely of public utilities, consisting of both realty and personalty--affects the figures.

As a part of this study a brief analysis was made of the data compiled by the Bureau as a part of its annual inquiries for 1940 on the financial statistics of States and also of cities over 100,000 population, and the results are reported here.

Real estate, exclusive of that taxed as part of the "mixed property," was called upon to pay only one-half of all property taxes levied for State purposes for 1940, although this type of property comprised three-fourths of the total value of property taxed by the States. Property tax levies for the 44 State governments levying such taxes for 1940, the latest year for which data are available, totaled \$255.1 million, of which \$128.5 million, or 50.4 percent, was levied on real property. For these 44 States, the assessed valuation totaled \$94.8 billion, of which \$69.6 billion, or 73.4 percent, was that of real property. These figures indicate the relatively moderate dependence by State governments on real property, as compared with that on personal and mixed property, as a source of revenue.

No property tax of any kind was levied in 1940 by four States-- Delaware, Illinois, Oklahoma, and Rhode Island--while 8 additional States--California, Michigan, North Carolina, Ohio, Pennsylvania, South Carolina, South Dakota, and Virginia--levied no real property tax, the levies in these States having been limited to those on personal and mixed property. For the 36 States which levied a tax on real property, 78.3 percent of all taxable property represented real estate, and on this type of property 62.4 percent of all property tax levies were imposed. The limited levies by New Hampshire, New York and Vermont are described elsewhere.

The analysis of the data for cities over 100,000 population disclosed a result far different from that of the State figures. The analysis of valuations and property tax levies in the 92 cities in that census group involved more complex data, of course, than that of the State figures because of the fact that upon the valuations assessed within the cities levies are made, in most instances, not only by the city corporation but also by the State and by one or more independent, overlapping local units of government. For city corporations only, real property represented 85.1 percent of the total assessed valuation, while 86.5 percent of all property taxes levied in 1940 was imposed on real estate. Of a total tax levy for city corporation purposes of \$1,375.6 million, real property was levied upon for \$1,190.6 million; and of a total assessed valuation of \$55.6 billion, \$47.3 billion represented realty.

Cities in Delaware, New York State, and Pennsylvania, except the city-county of Philadelphia, levied a property tax on real estate only. Excluding the valuations assessed and taxes levied for the city corporation in the 12 cities over 100,000 population in these States, real property constituted 76.2 percent of the total valuation, and 76.3 percent of the total levy was imposed on this class of property.

In addition to the levies for the city corporation, there were levies for counties and for school, park, sewer, and other special districts, and in general for the State also. These levies were not uncommonly on valuations identical with those of the city corporation, but in some instances the latter varied from the assessment for city purposes. The ratio of total valuation represented by real property, for the several kinds of local units, was approximately the same as for the cities.

The aggregate of the levies for all local units of government on property in the 92 cities was \$1.9 billion, of which \$1.6 billion, or 83.8 percent, was on real property. The ratio of total assessments represented by real estate was 81.2 percent.

The figures relating to the 92 large cities indicate that real property is called upon to pay a much greater proportion of all local property taxes than are the other types of property. Since tax levies for local purposes greatly exceed those for State purposes, it is evident that the preponderant burden of all property taxes rests on real estate.

While no data on tax rates are included in this report, it may be stated that the predominant rates on real property for State purposes are relatively small as compared with the rates levied by local governments. The rates for State purposes, as shown in the Bureau's annual report, Financial Statistics of States,<sup>2/</sup> range from \$.50 to \$10.00 per \$1,000 assessed valuation. Available data indicate that the rates for local governments, while varying greatly for the several types of local units, generally average \$30.00 or upward for all local purposes.<sup>1/</sup>

The tax rates on real property assessed for State purposes are usually applied also to tangible personal property, in those States levying a tax on the latter type of property. Rates on intangible personalty, however, vary according to different types of property as classified by the several States, and are nearly always lower than the rates on real property, when the latter is taxed for State purposes. A few States, on the other hand, which impose no tax on real property, tax intangible personal property, although as a rule the over-all rate is low and the State tax may be the only one on this type of property. Rates on mixed property assessed for State purposes are commonly the same as those on real property, but in a few States public utilities which are assessed as mixed property are taxed for State purposes only, and at a higher rate than that on real

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<sup>2/</sup> See forthcoming report for 1939, table 20.

<sup>1/</sup> See forthcoming Financial Statistics of Cities: 1932, table 25.

property, the rate approximating the average over-all rate levied by all taxing units of the State. In a number of other States, a rate equivalent to the average combined rate of all taxing units is imposed on the property of equipment car companies, which is classified as mixed property.

#### Ratio of Assessed to Full Value

A wide range of assessed valuations on a per capita basis is found among the States, which arises because of several factors. First, there is a wide variation in the extent to which the three main classes of property and their component types are subject to State and local taxation in the several States, and the assessed valuation of any State reflects only those classes subject to taxation. Second, there is a wide range in the inherent or economic values of different classes of property in the several States, and the inherent values serve as the base for the assessment of the property. Third, and fully as important as the two factors just cited, are the variations that result from differences in the percentage of full value used by State and local assessing officers, in accordance with legislative provisions or administrative practices governing the assessing process.

The statutes of most States specify that assessments shall be at a value commonly specified as "full," "true," "cash," "market," "fair," or the like. The provision in several States is that the taxable value of all or part of the property assessed shall be a designated percent of full value. In a few States, although the statutes require assessment at 100 percent, uniform application of the equalization factor has resulted in assessment at a definite percentage of full value. Finally, in some cases, absence of legislation relating to the ratio of assessed to full value permits the assessing officer to fix his own percentage. With such diversity in prescribed procedure, and with such a large number of assessing agencies, it is not surprising that the ratio of assessed to full value as applied in actual practice by assessors may vary not only among States but also among local assessing districts within a State.

The extent of diversity in statutory provision on the use of fixed percentages of full value by assessing officers is illustrated by the following examples: Alabama, by statute, has adopted a 60 percent figure; Washington, 50 percent; Arkansas uses that same percentage by administrative ruling of the State Tax Commission, which is authorized to set a standard at less than full value. North Dakota taxes at 50 percent of the assessed valuation, which is legally full value. Iowa, like Alabama, assesses at 60 percent of market value, after having shifted from the basis of 25 percent in 1933. In Louisiana, by local option, cities, parishes, and special districts may value property at less than full value for purposes of local taxation; under this procedure, in the city of New Orleans, taxes for the city and the school district are levied on an 85 percent basis of full value, and those for the levee district and the State on full, or 100 percent, value.

In accordance with an elaborate classification of property by type--

platted lands, unplatted lands, iron ore, money and credits, household goods, agricultural products, livestock, and other real and personal property--Minnesota assesses the various types at percentages of full value ranging from 5 percent for rural electric distribution lines to 100 percent for money and credits. Ratios for real property range from 20 percent of full value for unplatted real estate used as homestead to 40 percent for platted real estate not so used. Ratios for tangible personalty vary from 10 percent for agricultural products in the hands of the producer to 50 percent for iron ore. Montana's plan of classifying property is similar but differs in that the original assessment, after being entered at full value, is scaled down to specified percentages, which vary from 7 percent for money and credits to 100 percent for annual mining proceeds. The percentages of assessed to full value for most classes of Montana property range from 20 to 40 percent.

Analysis of these data on assessed valuations presented herein, with illustrative examples, serves to indicate that the valuations of taxable property as a whole for the nation, or for a single State, should be used to estimate the full value of property only provided consideration be given to the ratio of assessed to full value used in assessing practice. This ratio is a very illusory figure for most State and local assessment data, however, and reliable reports of the percentage figure used in practice are not universally available. The tax agencies of 7 States--Connecticut, Illinois, Oregon, New York, Virginia, Washington, and Wisconsin--publish more or less complete data on this subject. The basis used in actual practice in the larger counties and cities throughout the country frequently is published in annual reports of these units or in nonofficial reports relating to municipal finance.

In connection with the present survey, tax agencies of 23 States furnished estimates of the percent of assessed to full value, which indicate the wide range of ratios used. It should be emphasized that the figures represent only the best estimates available and that for most States, due to the magnitude and the complexity of compilation of the base figures, precise data relative to percentage of assessed to full value are lacking. State-wide ratios of assessed to full value reported by State tax agencies for 1940 are shown in the accompanying array.

State	Ratio
Alabama	60
Arkansas	40
Colorado:	
Real property	66.6
Personal property	15.6
Utility property	17.8
Connecticut:	
Land	86
Improvements	85
Iowa	60
Maine	66.6
Maryland	100
Minnesota:	
Real	34.2
Personal	29.1
Money and credits	100.0
Missouri	100
Nebraska	100
Nevada	100
New Mexico	60
New York	87.41
North Carolina	70-85
Ohio	65
Oregon	56
Rhode Island	100
South Carolina	42
South Dakota	100
Utah	55-60
Virginia:	
Real estate--	
all-State	52.3
counties	88.5
cities	77.6
Public-service	
corporations	40.0
Washington	45.6
Wisconsin:	
Cities	90.81
Villages	88.91



## CHAPTER IV

### CITIES HAVING OVER 100,000 POPULATION

#### Role of Cities in the National Economy

**F**INANCIAL statistics relating to the large cities of the United States are of especial interest because of the importance of urban government in the nation's social and economic existence. The problems of financing municipal governments for the performance of the public services required by these areas of congested population are directly related to those of financing the Federal and State governments, particularly as to the extent that other sources of revenue may be utilized for the relief of the tax load on property.

The 1940 Census reported that there were 37,987,989 persons, or 28.9 percent of the total population of the continental United States, living in the 92 cities which had a population of 100,000 or more. The census also disclosed that almost half of the population lived in the 140 metropolitan districts on April 1, 1940.<sup>1/</sup> All the cities having over 100,000 population are included within 78 districts under their own names or within a larger metropolitan district. The remaining 62 metropolitan districts are established for central cities having a population, in 1940, of less than 100,000.

Because of the concentration of population in cities, they represent a centralization of the major portion of the industrial and mercantile activities of the nation, measured in terms of industrial wage earners, salaried employees, wages earned, salaries paid, number of industrial establishments, value added by manufacture, number of stores and service establishments, and amount of wholesale and retail trade.

The role of city government in national employment is a significant one. Public wage and salary expenditures in 1941 comprised one-sixth of the nation's nonagricultural wage payments; government has become America's third largest industry, only surpassed in the size of its pay rolls by the entire metal products industry and by the combined total of all wholesale and retail trade. In the initial stages of its defense effort in January 1941, there was in the United States a total of more than five and one-third million persons in Federal, State, and local government employ earning \$621 million in January pay rolls. At that time the Selective Service Act had not yet added appreciably to the number of persons in the Federal military service. Of the total of 5,360,000 persons

<sup>1/</sup> There were 62,966,773 persons, or 47.8 percent of the total population, living in these districts at the time of the census.

employed by all levels of government, 3,242,000 were State and local employees, receiving wages and salaries of \$381 million for the month of January 1941.<sup>2/</sup> The distribution of public employees below the Federal level was as follows:

School	1,315,000
State	522,000
City	922,000
County	321,000
Township	127,000
Special district	35,000

Not only are the cities preeminent as contributors to the national economy in their capacity as employers, but they also expend many millions of dollars annually for supplies, materials and equipment and for construction, the providing of which results in a vast flow of production and trade.

Large cities also have a unique role to play within their own States. By reason of their size they are able to bring to bear certain influences in legislation and policy, and in financial administration; which serve as a basis for future action by smaller communities within the State which do not have comparable resources for experiment and research. The successes of the large cities relating to financial undertakings, therefore, may be emulated ultimately by the smaller units of government, which at the same time can avoid the failures.

The history of our large cities constitutes an important and interesting phase of our national life, affecting, as earlier indicated, a considerable proportion of the entire population. Local government, as represented by these cities, constitutes the very foundation of democracy in the United States, and it is essential, for the preservation of democracy, that the survival of these cities be assured. The relatively important part in this process to be played by the property tax, as the major source of revenue for local government, should be borne in mind in planning an integrated Federal-State-local taxation system.

#### Position of the Property Tax in City Revenue Structure

Table 13 presents, for the 94 cities estimated as having over 100,000 population in 1932, figures on property tax collections, with the percent of total general government revenue contributed by this source; on special assessment collections; and on assessed valuations for 1941, with comparative figures for 1932.

<sup>2/</sup> Bureau of the Census, Public Employment in the United States: 1941; August, 1941.

## PROPERTY TAXATION: 1941

TABLE 13.--COLLECTIONS OF PROPERTY TAXES AND OF SPECIAL ASSESSMENTS, AND ASSESSED VALUATION, OF CITIES OVER 100,000 POPULATION: 1941 AND 1932

(amounts in thousands)

CITY	PROPERTY TAX REVENUE				SPECIAL ASSESSMENT REVENUE			ASSESSED VALUATION		
	1941		1932	Per- cent change	1941	1932	Per- cent change	1941	1932	Per- cent change
	Amount	Percent of total revenue								
Total.....	\$1,381,932	63.4	\$1,323,383	4.4	\$25,003	\$99,492	-74.9	\$55,588,223	\$66,344,265	-16.2
Group I.--over 1,000,000	684,624	61.0	664,972	3.0	8,816	49,566	-82.2	25,937,374	32,590,691	-20.4
Group II.--500,000- 1,000,000.....	259,397	63.4	251,690	3.1	3,965	12,237	-68.0	10,191,962	12,603,207	-19.1
Group III.--250,000- 500,000.....	223,162	67.4	198,814	12.2	6,474	22,458	-71.2	9,883,757	10,257,981	-3.6
Group IV.--100,000- 250,000.....	214,749	67.8	207,907	3.3	5,748	15,231	-62.3	9,575,130	10,892,386	-12.1
I.-Cities having a population of over 1,000,000										
Chicago, Ill.....	66,544	50.9	53,897	23.5	1,391	20,220	-93.1	1,995,828	3,147,615	-36.6
Detroit, Mich.....	69,380	67.6	62,434	11.1	421	4,366	-90.4	2,525,251	2,648,326	-4.6
Los Angeles, Calif.....	22,108	57.4	29,877	-26.0	1,119	12,236	-90.9	1,656,826	2,315,285	-28.4
New York, N. Y.....	482,682	63.1	457,269	5.6	5,508	12,707	-56.7	16,470,154	19,983,646	-17.6
Philadelphia, Pa.....	43,910	51.3	61,495	-28.6	377	37	918.9	3,289,315	4,495,819	-26.8
II.-Cities having a population of 500,000-1,000,000										
Baltimore, Md.....	37,641	64.1	29,866	26.0	411	744	-44.8	1,236,618	1,598,934	-22.7
Boston, Mass.....	58,042	67.1	55,763	4.1	155	539	-71.2	1,503,718	1,919,394	-21.7
Buffalo, N. Y.....	28,161	76.9	30,048	-6.3	181	1,491	-87.9	937,473	1,125,853	-16.7
Cleveland, Ohio.....	19,627	58.6	14,879	31.9	742	1,452	-48.9	1,210,901	1,247,281	-2.9
Milwaukee, Wis.....	20,427	59.0	25,289	-19.2	1,559	1,938	-19.6	821,126	1,030,722	-20.3
Pittsburgh, Pa.....	17,835	87.0	18,016	-1.0	511	333	53.5	1,036,195	1,208,266	-14.2
St. Louis, Mo.....	19,014	60.7	21,614	-12.0	284	4,130	-93.1	1,066,729	1,424,461	-25.1
San Francisco, Calif.....	35,059	66.5	31,518	11.2	---	914	---	977,191	1,203,206	-18.8
Washington, D. C.....	23,591	43.4	24,697	-4.5	122	696	-82.5	1,402,011	1,845,090	-24.0
III.-Cities having a population of 250,000-500,000										
Atlanta, Ga.....	6,408	63.0	5,448	17.6	113	536	-78.9	359,376	381,204	-5.7
Birmingham, Ala.....	2,938	37.7	3,947	-25.6	593	1,584	-62.6	180,162	195,554	-7.9
Cincinnati, Ohio.....	9,359	46.1	9,512	-1.6	647	986	-34.4	852,944	826,695	3.2
Columbus, Ohio.....	3,502	60.0	3,383	3.5	458	1,253	-63.4	369,634	434,012	-28.6
Dallas, Tex.....	7,267	60.7	6,725	8.1	56	612	-90.8	299,152	300,319	-0.4
Denver, Colo.....	6,796	44.0	6,317	7.6	291	1,290	-77.4	364,943	405,304	-10.0
Houston, Tex.....	6,978	82.4	5,967	17.0	---	1	---	353,721	322,709	9.6
Indianapolis, Ind.....	6,727	80.1	6,976	-3.6	50	448	-88.8	507,974	571,236	-11.1
Jersey City, N. J.....	21,080	73.9	14,011	50.5	62	122	-49.2	603,479	635,310	-5.0
Kansas City, Mo.....	7,115	67.0	6,274	13.4	32	1,001	-96.8	535,970	531,608	0.8
Louisville, Ky.....	9,123	77.4	9,101	0.2	272	65	76.1	422,867	407,004	3.9
Memphis, Tenn.....	6,612	68.9	5,631	17.4	59	258	-77.1	290,244	299,587	-3.1
Minneapolis, Minn.....	17,656	69.3	18,317	-3.6	1,305	2,249	-42.0	605,680	486,283	24.6
Newark, N. J.....	40,235	46.1	20,987	91.7	7	493	-98.6	724,720	897,537	-19.3
New Orleans, La.....	9,157	58.6	9,602	-4.6	666	1,637	-59.3	422,233	488,216	-13.5
Oakland, Calif.....	5,205	74.6	5,464	-4.7	---	1,478	---	263,069	288,435	-8.8
Portland, Oreg.....	6,275	77.2	5,439	15.4	421	1,485	-71.7	263,376	340,529	-22.7
Providence, R. I.....	13,073	77.9	12,861	1.6	34	318	-89.3	732,062	639,357	14.5
Rochester, N. Y.....	16,318	66.3	17,600	-7.3	286	1,875	-84.7	531,012	647,970	-18.0
St. Paul, Minn.....	8,461	71.9	8,505	-0.5	397	1,180	-66.4	302,875	245,208	23.5
San Antonio, Tex.....	3,547	85.0	3,851	-7.9	17	1	2/	211,465	253,874	-16.7
Seattle, Wash.....	5,750	49.0	8,390	-31.5	291	2,271	-87.2	245,324	268,758	-8.7
Toledo, Ohio.....	3,580	43.6	4,506	-20.6	417	1,315	-68.3	441,465	391,072	12.9
IV.-Cities having a population of 100,000-250,000										
Akron, Ohio.....	4,454	58.2	3,286	35.5	589	1,254	-53.0	269,765	264,207	2.1
Albany, N. Y.....	5,419	77.4	6,855	-20.9	122	874	-86.0	238,394	245,946	-3.1
Bridgeport, Conn.....	6,981	82.2	7,594	-8.1	121	9	2/	245,668	264,598	-7.1
Cambridge, Mass.....	7,804	69.7	6,217	25.5	4	10	-60.0	176,558	194,618	-9.3
Camden, N. J.....	4,655	67.9	4,008	16.1	4	113	-96.5	137,133	200,802	-31.7

For footnotes, see end of table.  
3-38725

CITIES HAVING OVER 100,000 POPULATION

TABLE 13.--COLLECTIONS OF PROPERTY TAXES AND OF SPECIAL ASSESSMENTS, AND ASSESSED VALUATION, OF CITIES<sup>1/</sup> OVER 100,000 POPULATION: 1941 AND 1932 (Cont'd)

(amounts in thousands)

CITY	PROPERTY TAX REVENUE				SPECIAL ASSESSMENT REVENUE			ASSESSED VALUATION		
	1941		1932	Per- cent change	1941	1932	Per- cent change	1941	1932	Per- cent change
	Amount	Percent of total revenue								
IV.-Cities having a population of 100,000-250,000 (Cont'd)										
Canton, Ohio.....	\$ 1,008	51.3	\$ 982	2.6	\$149	\$ 410	-63.7	\$147,674	\$132,896	11.1
Chattanooga, Tenn....	2,168	57.4	2,236	- 3.0	108	220	-50.9	112,087	129,012	-13.1
Dayton, Ohio.....	3,803	71.6	3,149	20.8	198	588	-66.3	310,513	323,085	- 3.9
Des Moines, Iowa.....	3,046	80.0	2,786	9.3	136	66	106.1	164,937	93,350	76.7
Duluth, Minn.....	2,070	75.6	1,961	5.6	89	289	-69.2	110,618	131,036	-15.6
Elizabeth, N. J.....	4,470	76.6	3,061	46.0	15	179	-91.6	136,905	164,370	-16.7
El Paso, Tex. <sup>2/</sup> .....	1,323	61.3	2,116	-37.5	---	---	---	76,885	114,403	-32.8
Erie, Pa.....	1,808	85.0	1,808	0.0	26	100	-74.0	124,174	153,461	-19.1
Evansville, Ind. <sup>3/</sup> ..	1,271	62.1	1,467	-13.4	169	6	2/	120,852	117,738	2.6
Fall River, Mass.....	3,549	59.8	4,448	-20.2	---	---	---	97,863	116,259	-15.8
Flint, Mich.....	2,108	58.2	2,670	-21.0	109	493	-77.9	202,395	221,356	- 8.6
Fort Wayne, Ind. ....	854	59.1	1,475	-42.1	88	93	- 5.4	150,000	163,041	- 8.0
Fort Worth, Tex.....	2,812	75.0	2,767	1.6	127	157	-19.1	166,008	184,329	- 9.9
Gary, Ind.....	1,311	77.0	1,342	- 2.3	---	39	---	134,281	129,542	3.7
Grand Rapids, Mich..	2,285	47.3	3,310	-31.0	331	954	-65.3	190,764	265,143	-29.1
Hartford, Conn.....	8,416	82.3	8,752	- 3.8	76	129	-41.1	370,368	390,797	- 5.2
Jacksonville, Fla....	1,720	38.2	1,937	-11.2	64	71	- 9.9	66,466	102,826	-35.4
Kansas City, Kans....	1,757	80.7	1,548	13.5	122	421	-71.0	92,715	127,010	-27.0
Knoxville, Tenn.....	3,366	75.2	3,006	12.6	---	190	---	128,542	134,190	- 4.2
Long Beach, Calif....	2,693	48.3	3,083	-12.7	46	287	-84.0	246,149	239,299	2.9
Lowell, Mass.....	3,960	61.1	3,437	15.2	1	22	-95.5	98,014	120,674	-18.8
Lynn, Mass. <sup>2/</sup> .....	4,214	57.3	4,025	4.7	125	39	220.5	136,151	145,127	- 6.2
Miami, Fla.....	4,447	67.6	2,285	94.6	69	364	-81.0	175,196	168,915	3.7
Nashville, Tenn.....	3,363	61.2	3,489	- 3.6	11	109	-89.9	160,726	176,711	- 9.0
New Bedford, Mass....	4,031	57.3	4,409	- 8.6	11	8	37.5	102,756	136,043	-24.5
New Haven, Conn.....	8,597	86.4	7,912	8.7	16	69	-76.8	305,862	328,219	- 6.8
Norfolk, Va.....	3,969	66.5	4,541	-12.6	9	23	-60.7	156,589	177,352	-11.7
Oklahoma City, Okla.	1,608	49.4	1,901	-15.4	109	482	-77.4	114,786	158,149	-27.4
Omaha, Nebr.....	3,829	62.0	4,022	- 4.8	173	642	-73.1	270,789	333,927	-18.9
Paterson, N. J.....	5,850	72.7	5,756	1.6	---	166	---	164,007	204,028	-19.6
Peoria, Ill.....	1,209	64.1	1,248	- 3.1	205	305	-32.8	81,201	91,500	-11.3
Reading, Pa.....	1,645	84.5	1,507	9.2	50	106	-52.8	141,867	171,404	-17.2
Richmond, Va.....	6,100	61.3	5,911	3.2	28	169	-83.4	273,687	275,069	- 0.5
Salt Lake City, Utah	1,961	67.5	1,474	33.0	106	303	-65.0	132,112	172,542	-23.4
San Diego, Calif.....	3,047	74.1	2,830	7.7	---	457	---	171,185	171,730	- 0.3
Scranton, Pa.....	1,919	76.9	2,010	- 4.7	29	127	-77.2	100,541	123,624	-18.7
Somerville, Mass....	4,745	70.5	3,802	24.8	4/	52	---	119,279	128,323	- 7.0
South Bend, Ind.....	1,133	72.8	1,331	-14.9	27	11	145.5	134,132	157,075	-14.6
Spokane, Wash.....	1,366	41.7	1,572	-13.1	365	215	69.8	73,287	71,675	2.2
Springfield, Mass....	8,139	62.5	7,803	4.3	44	95	-53.7	274,255	311,914	-12.1
Syracuse, N. Y.....	10,049	69.0	9,811	2.4	553	1,716	-67.8	345,527	389,245	-11.1
Tacoma, Wash.....	1,114	44.4	1,168	- 4.6	109	75	45.3	49,126	56,757	-13.4
Tampa, Fla.....	1,984	67.0	1,807	9.8	33	158	-79.1	78,029	122,349	-36.2
Trenton, N. J.....	5,465	71.3	3,849	40.2	15	44	-65.9	155,670	198,563	-21.6
Tulsa, Okla.....	1,904	75.1	3,160	-37.8	---	140	---	104,086	148,916	-30.1
Utica, N. Y.....	4,255	68.7	4,165	2.2	25	297	-91.6	129,278	137,698	- 6.1
Waterbury, Conn. <sup>3/</sup> ..	5,300	85.6	5,163	2.7	134	48	179.2	170,116	172,071	- 1.1
Wichita, Kans.....	1,380	66.3	1,332	3.6	237	636	-62.7	142,592	147,788	- 3.5
Wilmington, Del....	2,464	55.6	2,622	- 6.0	66	104	-36.5	157,287	155,605	1.1
Worcester, Mass.....	9,928	65.4	9,064	9.5	126	320	-60.6	279,200	348,069	-19.8
Yonkers, N. Y.....	12,277	80.5	10,488	17.1	213	474	-55.1	294,003	360,986	-18.6
Youngstown, Ohio....	2,266	60.0	2,149	5.4	166	503	-67.0	265,903	269,836	- 1.4

<sup>1/</sup> Reported for a date earlier than 1941.

<sup>2/</sup> Data from *Financial Statistics of Cities, 1922*.

<sup>3/</sup> Limited to statistics of city corporations, exclusive of the overlapping units reported with cities in the Census annual report, *Financial Statistics of Cities*.

<sup>4/</sup> Not computed.

<sup>5/</sup> Included for purpose of comparing 1941 with 1932; population was in excess of 100,000 in 1932 but less than 100,000 in 1940 census. Cities of Sacramento, Calif., and Charlotte, N. C., with populations of less than 100,000 in 1930, but with populations of 105,958 and 100,899, respectively, in 1940, are not included in this table.

<sup>6/</sup> Less than \$500.

As shown in the table, in 1941 the property tax provided \$1,382 million, or 63 percent, of the revenue for the support of general government in these cities, ranging from 61 percent in the group of cities of over a million inhabitants to 68 percent in the group of cities of 100,000 to 250,000.

While the average dependence by cities upon this source of revenue varied inversely to size by population groups, the degree of dependence upon the property tax by individual cities within the groups differed to a considerable extent from the group averages. Thus, for Detroit (in group I) with a population of 1.6 million, the percentage of total general government revenue derived from this source, 67.6 percent, is practically identical with the group averages for cities of 100,000 to 500,000. Pittsburgh (group II) registered 87.0 percent, the highest proportion of total revenue from the property tax of any of the 94 cities. Likewise, cities deriving the lowest percentage of total revenue for general government from the property tax were Birmingham (group III) with 37.7 percent, and Jacksonsville (group IV) with 38.2 percent, although these groups had the highest group averages. In general, city-by-city data on percent of total revenue contributed by property tax collections indicate that reliance on the property tax as a primary source of revenue tends to lessen as the population size increases.

In 24 of the 94 cities the property tax provided over three-fourths of the city's total revenue in 1941. In 57 of the 94 cities the property tax provided from one-half to three-fourths of the city's total general government revenue; in only 13 cities was the contribution of the property tax less than 50 percent of the total for the support of general government.

The percent of total revenue derived from the property tax is directly influenced by the amounts received from other tax and nontax sources, especially from fiscal aid. The amount of State grants varies among cities of different States, and the amount of Federal grants tends to fluctuate from year to year.

#### Property Tax Collections

Total collections of property taxes increased from \$1,323 million in 1932 to \$1,382 million in 1941, or 4.4 percent, for the 94 cities. On a per capita basis, the percent of increase was slightly less. The increase in amount collected was distributed among all of the four population groups of cities over 100,000 population, although the total for the 23 cities in group III showed an over-average expansion. The property tax yielded a larger amount of revenue in 1941 than in 1932 in 50 of the 94 cities, while the yield was lower in 43 of the cities, and an unchanged amount in one city.

#### Special Assessment Collections

Special assessment collections displayed a much different picture from property tax collections, however, showing a substantial falling off

3-35735

between 1932 and 1941, from \$99.5 million to \$25.0 million, or 74.9 percent, in total revenue from this source. All four population groups of cities shared in the reduction. Seventy-one of the 94 cities had smaller collections from this source in 1941 than in 1932; 13 cities had larger collections, and two of the cities--Fall River and El Paso--had no receipts from this source in either year. Eight cities which had receipts from special assessments in 1932 had none in 1941, giving further evidence of the declining use of this source of revenue, at least during recent years.

#### Valuation of Taxable Property in Cities

While property tax collections rose between 1932 and 1941, assessed valuations were lower, the total for the 94 cities showing a reduction from \$66.3 billion in the earlier year to \$55.6 billion in 1941, or a decline of 16.2 percent. The lowered valuations were distributed among the four population groups of cities, although the 23 cities in group III showed a less-than-average reduction of only 3.6 percent. Seventy-seven of the 94 cities showed a reduction in 1941 from the 1932 assessment, as compared with 17 cities which increased their valuations. All of the cities in groups I and II had lower valuations, while higher valuations were shown for 8 cities in group III and 9 cities in group IV.

#### Trend of Tax Collections and Valuations

Analysis of the table city by city indicates that there is no discernible correlation between the trend of property tax collections and that of valuations. Total collections include those of both current and prior years' levies of property taxes. No data are available, for either 1941 or 1932, on the proportion of the total represented by collections of the current year's levy and by collections of prior years' levies, and comparisons are necessarily affected by these two components of total collections. Unpublished data in the Bureau, however, indicate, for most of the cities, that there was a larger proportion of the current year's levy uncollected in 1932 than in 1941, and also that in 1941 a larger amount of delinquent taxes was collected than in 1932.

Of 50 cities showing increased collections in 1941 compared with 1932, 42 cities reported lower valuations and the remaining 8 higher valuations. Miami had the highest rate of increase in collections from this source, 94.6 percent, with a slightly higher valuation of 3.7 percent. The outstanding increase in assessed valuations was for Des Moines, 76.7 percent, which reflects the change in legal basis of assessment in 1933 from 25 percent to 60 percent of full value. Several cities had substantial increases in property tax revenue with substantial reductions in assessments, among them Chicago, Baltimore, Newark, Portland, Salt Lake City, and Trenton.

Of 43 cities that received a smaller return from property taxes in 1941 than in 1932, 34 reported lower valuations, while only 9 had an

increase in valuations. The single city maintaining an unchanged rate of collections reported reduced assessment values. As in the case of cities having higher tax returns, the few increases in valuation were predominantly moderate, those of Minneapolis and St. Paul being the largest. In both Minneapolis and St. Paul, the valuations of property in general decreased during the decade, and the percent of increase shown reflects higher valuations of money and credits taxable at a low over-all rate.

Conversely, from the point of view of assessed valuations as related to tax levies, it is found that of the 77 cities which reduced their valuations between 1932 and 1941, 42 cities had larger tax collections in the latter year, 34 had smaller collections, and one city no change. Of the 17 cities which increased their valuations, 8 had also larger property tax collections, while 9 had smaller yields from property taxes.

No conclusions can be drawn from the foregoing figures relative to the comparative tax burdens of these two years because, as stated above, the collections do not reflect the levies of the two years consistently. The unpublished data in the Bureau, previously referred to, further indicate that property tax levies, both total and per capita, for 1941 were lower than those for 1932, but as the reduction did not keep pace with the shrinkage in assessed valuations, there was a tendency toward increased tax rates by the large cities of the country.

In relatively few cities--Cincinnati, Louisville, Gary, Hartford, Richmond, Waterbury, Wichita, Wilmington, and Youngstown--was there only a slight variation in 1941 as compared with 1932, with respect to property tax collections and assessed valuations. The vast changes that have taken place in the social and economic life of the nation during the past decade naturally have had their effect on public finances, and therefore on the levies and collections of property taxes and on other sources of revenue, on assessed valuations, and on other fiscal affairs of our urban centers.

#### Factors Affecting City Finances, 1932-1941

Statistics on property tax and special assessment collections together with assessed valuations for the two years 1932 and 1941 are insufficient, obviously, to portray the changes that have occurred in the financial condition of the large cities during the intervening years, and the insufficient, therefore, to serve as a background for the future fiscal planning of our urban areas in relation to the Federal and State and local government picture as a whole. The financial history of these cities during the decade could be told satisfactorily only in a city-by-city review of their records as affected by nation-wide economic, social, and financial conditions of the period. The local property tax, and the assessed valuations on which that tax is based, constitute their major source of revenue, and since they are very sensitive to changes in national as well as local conditions, these data may serve as an index of financial capacity of the cities.

The year 1932 was inauspicious in financial outlook for cities-- economic conditions throughout the country were at a new low level; local tax collections as a result were also at new lows, with delinquencies mounting; property assessments that had been built up during the prosperity years of the 1920's were being deflated to a more nearly normal base for taxation; unemployment was widespread, with extraordinary demands upon cities for revenue to finance expenditures for general relief; expenditures for such reducible items as salaries and wages and supplies had been cut, while those for irreducible items as debt service-- which not uncommonly consumed 25 percent of the tax levy--became unduly burdensome; funds for public borrowing were scarce; and debt defaults by municipalities were increasing. During the early 1930's, of course, some cities which enjoyed a sound economic base of diversified industry, and which had not been subject to rapid growth or to abnormal loss of population to outlying areas, as well as those having a sound financial position through balanced budgets and ample reserves, rode the depression more successfully than those communities affected by such disturbing problems.

The generally unfavorable conditions cited above continued unabated for some time, with serious consequences to municipal finance. They were alleviated in part by action taken on several fronts. The Federal Government, through the RFC, made loans to States, when the latter were willing to assume responsibility for financing unemployment relief, and otherwise, to cities. Unemployment was of course primarily a problem related to congested populations and was more acute in cities than in rural areas. The FERA, which was shortly thereafter established, came to the aid of the municipalities by providing both loans and grants for direct relief. Then followed the creation of the CWA, and later the WPA, to relieve the local governments of the costs of unemployment relief through its direct relief and work relief programs; through the PWA, a system of partial grants and partial loans was initiated to permit the cities to provide employment and to undertake needed public improvements at a time when interest rates were abnormally high. Through the HOLC and FHA, many home owners were placed in a position where they could meet their tax bills and also pay delinquent taxes. Legislatures and local councils eased the immediate pressure for payment of property taxes and eliminated taxpayers' strikes by provision for instalment payments, waiving of penalties, and the postponement of tax sales. Cities in which banks were closed resorted in some cases to issuance of scrip.

Tax delinquency is an important factor in a city's financial status, as it affords a good index of the reliability of its tax system and budget-making procedure. Excessive and continued delinquency indicates that the base of the tax system is weak or that the annual budget procedure is faulty, and, therefore, that a remedy is desirable to assure financial stability and for preservation of the municipality's credit. When the tax system provides that all classes of property-- real and tangible and intangible personalty--are subject to the general property tax, as it still does in some cases, especial vigilance must be exercised in the enforcement of collection or excessive delinquency will occur. Similarly, with respect to the annual



budget, it is essential that provision be made for expectancy of a reasonable amount of tax delinquency when estimating property tax collections, or the resulting delinquency will lead to financial difficulties.

The general improvement that has occurred in business conditions and employment in recent years has been reflected in diminished tax delinquency in most of the larger cities of the nation. Economic recovery has led State legislatures to rescind laws relating to cancellation of penalties and tax sales. As a result of the unusual war-time expansion of industry, some aspects of municipal finances possibly will continue to reflect a more favorable position, although there are offsetting factors which will affect the over-all position of the cities. Among the latter are added war-time costs for personal services and commodities and of civil defense requirements, the loss in revenues from business taxes on those activities subject to priorities, decreased assessed valuations of property used in those activities, and reductions in State aid of such types as that paid from the gasoline and motor vehicle license taxes. The readjustment of valuations, and the more conservatively framed municipal budgets of today should result in a minimum of property tax delinquency during future years, even with unforeseen contingencies arising from present-day conditions. This conclusion is reinforced by the fact that several States have assumed a more active supervision of budgetary and financial programs of their local units.

The situation relating to default in payment of either interest or principal of debt by States and cities during the early 1930's has been over-emphasized, and at the present time these defaults have been largely remedied. While serious in some parts of the country, the extent of defaults by governmental units was never high as compared with other lines of business, such as industries, railroads, and public utilities. The causes were many, including unusual demands for financing needed public improvements in rapidly growing areas, unemployment relief payments, inflated valuations from premature real estate development, and closed banks. A cure was usually promptly effected, however, through refinancing of the debt by spreading the maturities to the immediate relief of the taxpayer. In several States, provision was made for a State agency empowered to make loans to and to assume the management of the fiscal affairs of communities in distress. The Congress later passed the Municipal Debt Adjustment Act, which provided recourse in some cases to solve default conditions.

With assessments now more generally based on an estimated capitalization of the normal income of property, lower interest rates, budgetary provision for uncollected taxes, normal tax collections, and a more alert supervision of municipal finances both locally and at the State capital, it is probable that repetition of the default experience of the past decade will be largely avoided.

Various other occurrences during the past ten years have affected municipal finance, and will continue to wield an influence in the future. A gradual upswing in economic conditions has served to restore property taxes and other municipal revenues to more nearly normal expectancy, and

3-35735

to make available funds for legitimate borrowing requirements. The scope and extent of public services rendered by cities have continued to grow from year to year, with additional demands from the public, yet the cities are restricted in their ability to obtain funds needed to finance these activities. Study of ways and means of balancing financial resources with the maintenance of public services continues to be made by officials at all levels of government. Shifts of responsibility for conducting some functions, and therefore of financing them, are proposed; expenditures are examined in the light of their necessity, and as to whether they may be made self-supporting; and new sources of revenue to supplement the property tax are sought.

State aid has continued to increase in amount and purpose, to the relief of the general property tax. It is wholly reasonable to assume that this source of revenue will afford even greater relief to property taxpayers in the future. Recent years have witnessed State recognition of the merit of sharing with local units certain types of State-levied taxes, especially when the costs arising in connection with services that make those revenues possible are the responsibility of the localities. Examples are the sharing of gasoline taxes for city highways, and of alcoholic beverage taxes, which depend on local enforcement. The list, of course, could be greatly expanded.

The early 1930's witnessed the enactment by a large number of States of legislation authorizing municipalities to issue revenue bonds. The principle of this type of finance is that the bonds are payable exclusively from the revenue of the public facility acquired or constructed with the proceeds of the bonds issued. Thus, municipalities have been provided with greater flexibility in expanding their borrowing capacity and have been enabled to acquire or construct, and to expand, such enterprises as bridges, water-supply and sewer systems and various other projects, without at the same time increasing general property taxes or creating an indebtedness for which general property might become liable ultimately. Further, the Congress, in creating the TVA on a regional basis--on a level between the State and county, rather than on a municipal level--in 1933, established a precedent for an agency with which cities in the region might contract at favorable rates for electric power, and to which they may turn for such major services as protection of land and water resources.

Public housing and slum clearance have been recognized for several years as public needs of first importance, particularly in our cities, and local authorities have been established in a large number of cities. These authorities do not have taxing power, but are authorized to construct and operate low rent, slum clearance projects and other housing, and are usually financed jointly by Federal and local funds. Financing locally the required 10 percent of the capital cost of a project has taken the form in some instances of a contribution of land for sites or of the value of improvements or services essential to the project. Raising the local share of the annual subsidy, which must be at least one-fifth of the Federal annual subsidy, is a second financial problem,

and the local governments have commonly chosen to contribute their minimum of at least 20 percent of the Federal contribution by granting to the housing developments partial or complete exemption from real property taxation. In fact, legislation in nearly all States provides that the property of the authorities shall be exempt from taxes imposed by the State and local governments. Thus, a substantial amount of tax exempt property has resulted in recent years. It is the usual practice, however, for the housing authorities and local officials to agree upon payments in lieu of taxes, the bases varying among the States. For military and industrial housing, upon which activities are largely centered at this time, it is stipulated that projects financed from recent appropriations shall make in lieu payments approximately equivalent to those that would be payable if the property were on the tax rolls.

A widespread movement seeking to relieve the property owner from the tax burden has been the adoption, in several States, of homestead exemptions to varying extents. Economic competition among States and areas has led also in several States to the extension of the tax exemption feature to industrial properties. These practices, and that of fixing a maximum tax rate, all of which have been mentioned earlier, will have a repressive effect on the property tax as a source of local revenue in the future. Legislation providing for both homestead exemption and tax limitation, however, has halted in recent years.

It is incumbent on cities, however, to be alert to oppose these palliatives to the general property tax, as also to assure themselves that all taxable property is placed on the rolls and that rigid interpretation be made of legislative provisions for exemption.

One other form of potential relief to the general property tax merits mention. It is not uncommon to find that a municipality operates a public-service enterprise at a loss, which is met, directly or indirectly, from the property tax. If the principle of self-support, which in theory is the basis of justification for municipal operation of a public-service enterprise, were to be enforced, through adequate financial and accounting controls, many cities would find it possible to limit their property tax levies to general governmental purposes, rather than having hidden in their tax levies substantial subsidies for such enterprises. In contrast to this policy, some cities tax their municipally-owned utilities on a property or earnings basis the same as if privately owned. Still other cities require a contribution, which is the equivalent of a tax, by the utility for the operation of the general government.

There is evidence that the property tax as a source of revenue, at least in large cities, may be supplemented successfully by other forms of taxation, which it was formerly assumed could not be effectively administered locally. Examples are the general sales tax in New York and the earned income tax in Philadelphia. Even though supplementary sources of tax revenue may be developed by large cities, however, evidence indicates that the general property tax, because of its far-reaching and permanent base and in spite of the fact that it was not sufficiently flexible to meet the extraordinary demands for revenue during the depression years, will remain the primary source of revenue for these cities in the post-war era.

## DETAILED TABLES

### Sources of Data in Detailed Tables

The data in this report were obtained from the following sources:

- (1) A mail questionnaire sent to the chief finance officers of all the States, all cities over 25,000 population, and all counties over 50,000 population.
- (2) A mail questionnaire sent to chief finance officers of units of government other than the above 3 classes, including a representative sample of cities of less than 25,000 population, of counties of less than 50,000 population, and of townships and of special districts. Data used as a basis for estimates of totals.
- (3) A mail questionnaire sent to State agencies reporting local government finance to obtain summaries of assessed valuations and property tax collections by level of government.
- (4) School district data assembled by a special survey made by the United States Office of Education.
- (5) A report of the Bureau: Financing Federal, State, and Local Governments: 1941; contains copies of schedules used to obtain tax data.
- (6) Records of the Bureau of the Census for past years for verification and to complete data for a small number of units not responding to questionnaires.
- (7) Unpublished data of the Bureau of the Census compiled in connection with Financial Statistics of States and Financial Statistics of Cities.
- (8) In cases where information was not available from any of the sources above, statistics were taken from the 1940 reports of the Bureau of the Census on financial statistics of States and local governments. In a few cases, when 1941 data were not available, data for earlier years were substituted. Where data used are for a year other than 1941 they are indicated in footnotes.

### Fiscal Years

Data for 1941 collections are for the fiscal year ended in the calendar year 1941, unless indicated otherwise in footnotes.

### Population

Per capita figures for 1941 were computed on the basis of population enumerated as at April 1, 1940, the latest population universally available for all units included in the report. Per capita figures for prior years were computed on the basis of the respective decennial censuses or of estimates for intercensal years.