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Review*

**COST OF GOVERNMENT IN THE  
UNITED STATES, 1926-1927**

**STUDIES IN TAXATION AND  
PUBLIC FINANCE**

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# COST OF GOVERNMENT IN THE UNITED STATES 1926-1927



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## PREFACE

**I**N ITS several successive studies of federal, state and local taxation, public expenditure and public indebtedness, the National Industrial Conference Board has sought to supply the need for concise, comprehensive and up-to-date information which may serve to measure the growth and indicate the important tendencies in fiscal activities in the United States from year to year. The primary purpose of these studies is to bring together in convenient form the basic information regarding the total amount of taxes raised, public monies spent, public debts outstanding and incurred each year by all governmental authorities—federal, state and local. Such coordinated information is for the most part either lacking or is scattered through a large number of official documents of various kinds, and yet is essential for a full understanding of the many problems of public finance which confront business men along with other groups of the American people. From time to time, these studies have also given special attention to specific aspects of taxation and public expenditures, such as highway and educational finance, which occupy a large place in the public accounts.

The present volume, entitled "Cost of Government in the United States, 1926-1927," is the sixth in this series of surveys. In the preceding volume of this series, the Conference Board presented and interpreted the important facts on governmental expenditures, public borrowings, public debts and tax collections in the United States, covering a period beginning with 1890 and ending in 1925 for some series of figures and in 1926 for others. The present study is intended primarily to supplement and to bring the data published in the preceding volume to the latest date for which information can be secured, which is 1926 for some figures, 1927 for others, and 1928 for certain federal items.

The years 1926 and 1927, the two years covered in detail by this study, were not a period of crisis or violent change in American fiscal history. Rather, they were years of development along lines already established. The new data collected for this study, therefore, show continued progress in

directions already indicated in the Conference Board's earlier studies in this field.

The discussion of recent trends in governmental expenditure, which constitutes Chapter I of this study, leads to consideration of public borrowings and the debt situation in Chapter II, and to examination of the country's tax bill in Chapter III. Fiscal developments are not uniform throughout the United States because of the multiplicity of independent fiscal agencies. For this reason, the data on expenditures, public borrowings and debt, and tax collections are considered and analyzed according to their distribution by individual states and by regional groups of states, as well as according to their distribution by purposes of use and their distribution by types of governmental agencies.

The special studies in the "Cost of Government in the United States, 1925-1926" on the social and economic distribution of the country's tax burden, on public school and highway finance, and on taxpayers' associations have not been repeated in this supplement. Tables dealing with continuing aspects of public school finance and of highway finance have, however, been included in Chapter I of this study, supplementing the general consideration of governmental expenditures.

In the preparation of its studies the National Industrial Conference Board avails itself of the experience and judgment of the business executives who compose its membership, and of recognized authorities in special fields, in addition to the scientific knowledge and equipment of its Research Staff. The publications of the Board thus finally represent the result of scientific investigation and broad business experience, and the conclusions expressed therein are those of the Conference Board as a body.

This investigation was made by the Research Staff of the National Industrial Conference Board under the supervision of its Staff Economic Council. Mr. William J. Shultz and Miss Frances R. Rice of the Conference Board's Research Staff were especially concerned in the collection of the data and the preparation of this volume.

MAGNUS W. ALEXANDER,

New York City

*President*

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# THE COST OF GOVERNMENT IN THE UNITED STATES, 1926-1927

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## CHAPTER I

### GOVERNMENTAL EXPENDITURES

CHANGES in the actual volume of governmental expenditures are important in themselves because they reflect, in terms of dollars and cents, the increase or decrease of governmental activity, and because they determine the monetary contributions which the government will demand in the form of fees, charges, taxes and borrowings. More significant is the relation of changes in the volume of governmental expenditures to the country's general economic development. The distribution of governmental expenditures among the several types of disbursing authorities and the distribution according to purposes of disbursement, i. e., functional distribution, reflect the character of governmental activity. These factors are considered in the pages that follow. The combined expenditures of the federal, state and local governments are dealt with first, and this discussion is followed by detailed consideration of federal expenditures, of state and local expenditures, and of expenditures for school and highway purposes.

#### VOLUME AND TREND OF COMBINED GOVERNMENTAL EXPENDITURES

In 1926, the last fiscal year for which complete figures are available, the gross expenditures<sup>1</sup> of all governmental

<sup>1</sup>*Gross governmental expenditures* include disbursements to retire outstanding issues of public debt and payments of interest on the public debt, in addition to disbursements for services and materials. *Net governmental expenditures* cover only the latter items.

The *gross* total of governmental expenditures determines the governmental income that must be raised by fees, charges, taxation and borrowing. The *net* total of governmental expenditures represents the actual cost of governmental services.

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divisions of the United States, as shown in Table 1 and Chart 1, amounted to \$11,623 millions, as compared with \$11,132 millions in the preceding year, \$10,983 millions in 1924, and \$10,265 millions in 1923. Gross governmental expenditures have increased every year since 1923, but there has been no regularity in this series of increases. From 1923 to 1924 the increase was 7.0%; from 1924 to 1925 it was 1.4%. The expansion of gross governmental expenditures from 1925 to 1926 by \$491 millions represented a 4.4% increase over the total of the earlier year.

**TABLE 1: COMBINED GROSS GOVERNMENTAL EXPENDITURES, FISCAL YEARS 1890 TO 1926<sup>1</sup>**

(Computed by National Industrial Conference Board)

Disbursing Authority	1890	1903	1913	1923	1924	1925	1926
<i>Amount (in Millions)</i>							
Federal <sup>2</sup> .....	\$291	\$475	\$692	\$3,885	\$4,121	\$3,765	\$3,936
State.....	77	182	383	1,244	1,441	1,538	1,546
Local <sup>3</sup> .....	487	913	1,844	5,136	5,421	5,829	6,141
Total.....	\$855	\$1,570	\$2,919	\$10,265	\$10,983	\$11,132	\$11,623
<i>Per Capita</i>							
Federal.....	\$4.61	\$5.87	\$7.17	\$34.78	\$36.24	\$32.63	\$33.60
State.....	1.22	2.25	3.97	11.14	12.67	13.33	13.20
Local.....	7.73	11.27	19.10	45.98	47.67	50.52	52.43
Total.....	\$13.56	\$19.39	\$30.24	\$91.90	\$96.58	\$96.48	\$99.23
<i>Per Person Gainfully Employed</i>							
Federal.....	\$12.48	\$15.04	\$17.76	\$91.64	\$96.62	\$87.74	\$90.36
State.....	3.30	5.76	9.83	29.35	33.79	35.84	35.49
Local.....	20.89	28.91	47.31	121.16	127.10	135.85	140.98
Total.....	\$36.67	\$49.71	\$74.90	\$242.15	\$257.51	\$259.43	\$266.83

<sup>1</sup> Data on federal expenditures from annual reports of the U. S. Secretary of the Treasury; data on state expenditures from U. S. Bureau of the Census, "Wealth, Debt and Taxation" series and "Financial Statistics of States" series; for sources and method of obtaining figures for local expenditures see Appendix B, p. 98.

<sup>2</sup> Expenditures for the District of Columbia deducted from federal total and included in local.

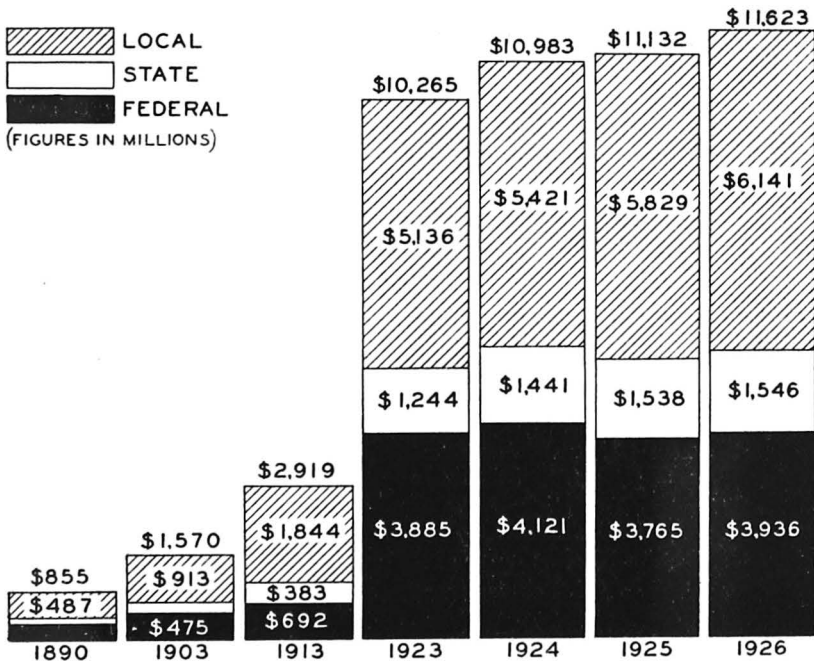
The expenditures of the Federal Government in 1927,<sup>1</sup> and increases in the borrowings and tax collections of the state and local governments from 1926 to 1927,<sup>2</sup> indicate

<sup>1</sup> See p. 6 of this volume.

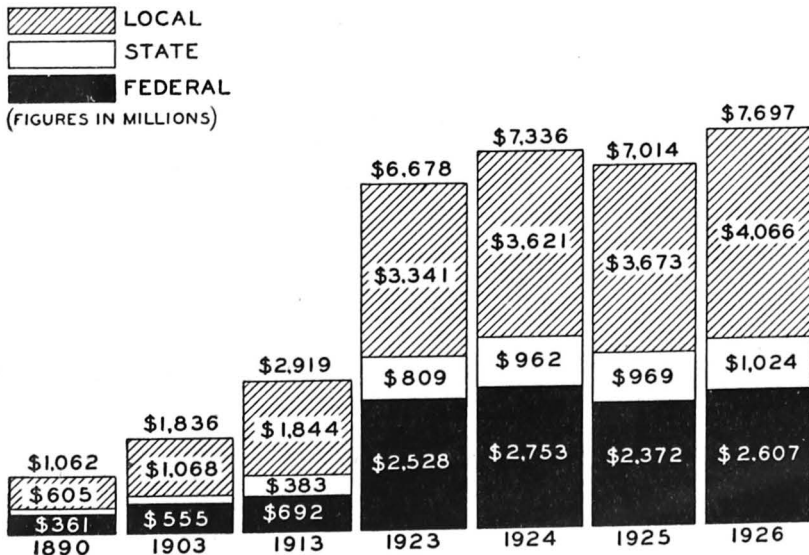
<sup>2</sup> See pp. 44 and 59 of this volume.

# CHART 1: COMBINED GOVERNMENTAL EXPENDITURES, FISCAL YEARS 1890 TO 1926

(National Industrial Conference Board)



## VOLUME OF EXPENDITURES EXPRESSED IN "1913" DOLLARS UNITED STATES, 1890-1926



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that the combined total of gross governmental expenditures for the fiscal year ended in 1927 probably reached \$12 billions.

TABLE 2: COMBINED GROSS GOVERNMENTAL EXPENDITURES,  
FISCAL YEARS 1890 TO 1926, EXPRESSED IN  
"1913" DOLLARS<sup>1</sup>

(Computed by National Industrial Conference Board)

Disbursing Authority	1890	1903	1913	1923	1924	1925	1926
<i>Amount (in Millions)</i>							
Federal.....	\$361	\$555	\$692	\$2,528	\$2,753	\$2,372	\$2,607
State.....	96	213	383	809	962	969	1,024
Local.....	605	1,068	1,844	3,341	3,621	3,673	4,066
Total.....	\$1,062	\$1,836	\$2,919	\$6,678	\$7,336	\$7,014	\$7,697
<i>Per Capita</i>							
Federal.....	\$5.73	\$6.85	\$7.17	\$22.63	\$24.21	\$20.56	\$22.26
State.....	1.52	2.63	3.97	7.24	8.46	8.40	8.74
Local.....	9.59	13.19	19.10	29.92	31.83	31.82	34.71
Total.....	\$16.84	\$22.67	\$30.24	\$59.79	\$64.50	\$60.78	\$65.71
<i>Per Person Gainfully Employed</i>							
Federal.....	\$15.48	\$17.57	\$17.76	\$59.63	\$64.54	\$55.28	\$59.85
State.....	4.12	6.74	9.83	19.10	22.58	22.58	23.51
Local.....	25.94	33.82	47.31	78.81	84.90	85.60	93.34
Total.....	\$45.54	\$58.13	\$74.90	\$157.54	\$172.02	\$163.46	\$176.70

<sup>1</sup> U. S. Bureau of Labor Statistics' wholesale price index used.

#### *The Purchasing Power of Governmental Expenditures*

The purchasing power of the dollar increased from 1925 to 1926, that is to say, the general level of prices declined. So far as the expenditures of governments are affected by changes in the prices of commodities, governments were able to purchase more with the funds at their disposal than in the preceding year, though this does not appear if the statement of governmental expenditures is expressed only in "actual" dollars. If, as is done in Table 2 and Chart 1, it is assumed that such price changes affect all governmental expenditures, it is found that the "true"<sup>1</sup> total of governmental expenditures in the fiscal year ended in 1926 was nearly 10% higher than

<sup>1</sup>The expression "true" is used here and elsewhere to indicate a comparison upon an assumed identical level of prices—that of 1913.



that in the preceding year, an increase more than twice as great as that which appears when no account is taken of changes in the price level.

*Measures of Governmental Expenditures*

Combined gross governmental expenditures increased more rapidly from 1925 to 1926 than did the population of the country, since the per capita expenditures of \$99.23 in the fiscal year ended in 1926 were \$2.75 higher than those of the preceding year, following a decline of ten cents from 1924 to 1925. The percentage increase of per capita expenditures from 1925 to 1926 was 2.9%; the per capita increase of "true" expenditures was 8.1% during the same period.

On the basis of the estimated number of persons gainfully employed, there was an increase in governmental expenditures of \$7.40 per worker, or nearly 2.9%, from 1925 to 1926. The increase of "true" expenditures per person gainfully employed was 8.1%.

*Distribution of Governmental Expenditures by Disbursing Authority*

Although each year since 1923 has seen an increase in the combined total of gross governmental expenditures, the principal divisions of governmental authority have not shared equally or proportionately in this increase. As indicated in Table 3, state and local expenditures increased more rapidly than those of the Federal Government for the period 1923 through 1925, for the proportion of federal expenditures to the combined total declined from 37.9% in 1923 to 33.8% in 1925. The 4.5% increase of federal ex-

TABLE 3: PERCENTAGE DISTRIBUTION OF COMBINED GROSS GOVERNMENTAL EXPENDITURES, BY DISBURSING AUTHORITY, FISCAL YEARS 1890 TO 1926

(Computed by National Industrial Conference Board)

Disbursing Authority	1890	1903	1913	1923	1924	1925	1926
Federal.....	34.0	30.3	23.7	37.9	37.5	33.8	33.9
State.....	9.0	11.6	13.1	12.1	13.1	13.8	13.3
Local.....	57.0	58.1	63.2	50.0	49.4	52.4	52.8
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0

penditures from 1925 to 1926 checked this downward tendency in the proportion of federal expenditures to the combined total and resulted in a ratio for the fiscal year ended in 1926 of 33.9%.

The expenditures of both state and local governments have increased in every year since 1923. Neither total, however, has maintained a persistent *rate* of increase. From 1923 to 1924, state expenditures increased more rapidly than did local; from 1924 to 1925, the rate of increase for both groups was approximately the same; and from 1925 to 1926, the increase of local expenditures was the greater. For the four year period, 1923 through 1926, the increase of state expenditures was slightly more rapid than the increase of local expenditures. This difference was in line with the tendency, evident since 1890, for state expenditures to grow more rapidly than local. The explanation of this tendency is the broad expansion of state functions in recent years, particularly in the field of highway construction and maintenance, and the supplementing of local support of education by state aid.

#### FEDERAL EXPENDITURES

Federal gross expenditures during the fiscal year ended in 1926, as shown in Table 1, amounted to \$3,936 millions, an increase of 4.5% over 1925. During the following year, the gross expenditures of the Federal Government were \$4,069 millions, an increase of 3.4% over those of the preceding year. In the fiscal year ended June 30, 1928, the gross total of federal expenditures was \$3,970 millions, a decline of 2.4% from the figures for the preceding year. The distribution of these gross expenditures among the items of debt redemption, payments of interest on the national debt, and current disbursements for services and materials is shown in Table 4.

During the past ten years, federal finances have been so managed that available revenues have consistently exceeded the authorized disbursements for services and materials and for interest on the national debt. In this respect, federal finances are to be contrasted with those of the state

**TABLE 4: NET AND GROSS EXPENDITURES OF THE FEDERAL GOVERNMENT, FISCAL YEARS 1925 TO 1928**

(Source: Annual Reports of the Secretary of the Treasury. Computed by National Industrial Conference Board)

Federal Expenditures	1925	1926		1927		1928	
	Amount (in Thousands)	Amount (in Thousands)	Per Cent Increase or (-) Decrease over 1925	Amount (in Thousands)	Per Cent Increase or (-) Decrease over 1926	Amount (in Thousands)	Per Cent Increase or (-) Decrease over 1927
Net expenditures <sup>1</sup> .....	\$2,148,585	\$2,231,263	3.85	\$2,149,443	-3.67	\$2,332,101	8.50
Interest <sup>1</sup> .....	881,807	831,938	-5.66	787,020	-5.40	731,764	-7.02
Debt redemption <sup>2</sup> .....	734,848	873,089	18.81	1,133,009	29.77	905,884	-20.05
Gross total	\$3,765,240	\$3,936,290	4.54	\$4,069,472	3.38	\$3,969,749	-2.45

<sup>1</sup> On the basis of daily treasury statements, unrevised.

<sup>2</sup> On the basis of daily treasury statements, revised.

and local governments, which fit their tax bills closely to their proposed expenditures. The Federal Government applies its revenue surpluses to redemption of its outstanding debt. During the last ten years, the amounts of the annual surpluses have varied widely.<sup>1</sup> Accordingly, payments for debt redemption have constituted a fluctuating element in the federal accounts. During the fiscal year ended in 1926, \$873 millions were applied to debt redemption; during the following year, as a result of the large surplus of receipts over ordinary expenditures (payments of services, materials and interest), this item was \$1,133 millions, 30% more than in the previous year. The surplus for the fiscal year ended in 1928 was smaller; consequently a smaller amount, \$906 millions, was applied to debt redemption. The budget for the present fiscal year, ending June 30, 1929, makes no allowance for a surplus of receipts over ordinary expenditures. In fact, estimates made in June, 1928, anticipated a deficit of \$94 millions; later reports, however, hold out the hope that a deficit may be averted. In any case, it must be anticipated that the item of debt redemption for the fiscal year ending in 1929 will be markedly reduced.

Interest charges have declined steadily as the principal of the national debt has been either redeemed or refunded at a lower rate. Total interest payments for the fiscal year

<sup>1</sup> See p. 39 of this volume.

ended in 1928 amounted to \$732 millions, as compared with \$787 millions for the previous year, and \$832 millions for the fiscal year ended in 1926.

The net expenditures of the Federal Government, representing its functions or activities rather than its obligations, declined from \$2,231 millions for the fiscal year ended in 1926 to \$2,149 millions for that ended in 1927. During the fiscal year ended in 1928, however, this item rose by \$183 millions, or nearly 8.5%. This increase may be, in part, explained by the fact that a substantial amount of expenditure properly chargeable to the fiscal year 1927 was carried over into the following year because of the failure of the 1927 Deficiency Bill. In the future, in view of the enlargement of developmental and regulatory undertakings which may be anticipated in the light of the expressed policies of the incoming administration, the net expenditures of the Federal Government may be expected to show a continuing increase.

#### *Functional Distribution of Federal Expenditures*

As shown in Table 5, the most marked change in the distribution of federal net expenditures for the fiscal year ended in 1927, as compared with those of the preceding year, was the increase in the proportion of federal expenditures devoted to protective activities. For the fiscal year ended in 1926, these activities accounted for 61.1% of the Federal Government's net expenditures; in the following year, the proportion of the total budget devoted to protection was 66.2%. This item includes disbursements for the war and navy departments, for the Veterans' Bureau, for pensions, for the Coast Guard Service and for other protective and regulatory activities. There were substantial increases in most of these items, particularly in the disbursements of the Navy Department, of the Veterans' Bureau and for pensions. A slight decrease occurred in the expenditures of the War Department. The increases in disbursements for protective and regulatory activities in 1927, occurring in conjunction with the decrease in the total of federal net expenditures in that year, caused the proportion of these expenditures to

**TABLE 5: FUNCTIONAL DISTRIBUTION OF FEDERAL GOVERNMENTAL EXPENDITURES,<sup>1</sup> FISCAL YEARS 1924 TO 1927**

(Source: Annual Reports of the Secretary of the Treasury. Computed by National Industrial Conference Board)

Purpose of Disbursement	1924		1925		1926		1927		1924 through 1927	
	Per Cent of Net Total	Per Cent of Gross Total	Per Cent of Net Total	Per Cent of Gross Total	Per Cent of Net Total	Per Cent of Gross Total	Per Cent of Net Total	Per Cent of Gross Total	Per Cent of Net Total	Per Cent of Gross Total
General government..	17.5	8.8	17.6	10.0	15.9	9.0	15.8	8.3	16.7	9.0
Protection.....	63.1	31.9	63.3	36.2	61.1	30.6	66.2	34.9	63.4	34.3
Education.....	0.5	0.2	0.6	0.3	0.7	0.4	0.7	0.4	0.6	0.3
Highways.....	4.4	2.2	4.5	2.6	4.6	2.6	4.4	2.3	4.5	2.5
Economic development	6.9	3.5	6.6	3.8	6.8	3.9	7.2	3.8	6.9	3.7
Social welfare.....	3.7	1.9	3.9	2.2	3.2	1.8	2.5	1.3	3.3	1.8
Miscellaneous.....	0.1	0.1	0.2	0.1	0.1	0.1	0.9	0.5	0.3	0.2
Public utilities.....	3.8	1.9	3.3	1.9	7.6	4.3	2.3	1.2	4.3	2.3
Net total.....	100.0	50.5	100.0	57.1	100.0	56.7	100.0	52.7	100.0	54.1
Debt redemption.....	..	26.7	..	19.5	..	22.2	..	27.9	..	24.2
Interest.....	..	22.8	..	23.4	..	21.1	..	19.4	..	21.7
Gross total.....	..	100.0	..	100.0	..	100.0	..	100.0	..	100.0

<sup>1</sup>On basis of warrants issued.

## 10 COST OF GOVERNMENT IN UNITED STATES

total expenditures to be much greater in 1927 than in the preceding year.

Due, in part, to an increase in the postal deficiency, expenditures for federal public utilities represented a much larger proportion of total federal expenditures for the fiscal year ended in 1926 than they had in preceding years. In the following year, the postal deficiency and the Shipping Board expenditures decreased, with the result that the proportion of federal expenditures for public utilities to the net total fell from 7.6% for the fiscal year ended in 1926 to 2.3% for the fiscal year ended in 1927.

### STATE AND LOCAL EXPENDITURES

The combined total of state and local gross expenditures for the fiscal year ended in 1925 was \$7,369 millions. For the fiscal year ended in 1926, the combined total was \$7,691 millions. This increase of \$322 millions was not attributable to unusual expansion of any single item of state or local expenditure, but was distributed fairly proportionately among all items. The distribution of such expenditure by purposes is approximately the same in both years.<sup>1</sup>

#### *Functional Distribution of State and Local Expenditures*

The proportion of state and local expenditures devoted to debt service (debt redemption and the payment of interest) was higher for the fiscal year ended in 1926 than for the preceding year—12.7% as compared with 11.8%.<sup>2</sup> Consequently, the relative increase of the combined net expenditures of the state and local governments was less than the relative increase of their gross expenditures. The latter total increased 4.4%, the former, 3.2%.

The most marked relative change in the functional distribution of the net expenditures of state and local governments was a decline in expenditures for public utilities from \$512 millions for the fiscal year ended in 1925 to \$487 millions for the fiscal year ended in 1926. The proportion of this item

<sup>1</sup> National Industrial Conference Board, "Cost of Government in the United States, 1925-1926," pp. 18, 19.

<sup>2</sup> *Ibid.*, p. 18.

**TABLE 6: FUNCTIONAL DISTRIBUTION OF COMBINED GOVERNMENTAL EXPENDITURES, FISCAL YEAR 1926**

(Computed by National Industrial Conference Board)

Purpose of Disbursement	Amount (in Millions)			Percentage Distribution					
	Federal <sup>1</sup>	State <sup>2</sup> and Local	Total	Federal <sup>1</sup>		State <sup>2</sup> and Local		Total	
				Net Total	Gross Total	Net Total	Gross Total	Net Total	Gross Total
General government.....	\$354.8	\$15.1	\$869.9	15.9	9.0	7.7	6.7	9.7	7.5
Protection.....	1,363.4	720.1	2,083.5	61.1	34.6	10.7	9.4	23.3	17.9
Education.....	15.6	2,242.9	2,258.5	0.7	0.4	33.4	29.2	25.3	19.4
Highways.....	102.6	1,544.6	1,647.2	4.6	2.6	23.0	20.1	18.4	14.2
Economic development.....	151.7	64.1	215.8	6.8	3.9	1.0	0.8	2.4	1.8
Social welfare.....	71.4	981.4	1,052.8	3.2	1.8	14.6	12.7	11.8	9.1
Miscellaneous.....	2.2	158.7	160.9	0.1	0.1	2.4	2.1	1.8	1.4
Public utilities.....	169.6	487.3	656.9	7.6	4.3	7.2	6.3	7.3	5.6
Net total.....	\$2,231.3	\$6,714.2	\$8,945.5	100.0	56.7	100.0	87.3	100.0	76.9
Debt redemption.....	873.1	337.6	1,210.7	..	22.2	..	4.4	..	10.4
Interest.....	831.9	639.5	1,471.4	..	21.1	..	8.3	..	12.7
Gross total.....	\$3,936.3	\$7,691.3	\$11,627.6	..	100.0	..	100.0	..	100.0

<sup>1</sup> Total of federal expenditures on daily treasury statement basis, distributed functionally on warrant basis.

<sup>2</sup> Excludes federal aid except for \$9.2 millions which can not be eliminated in the functional distribution.

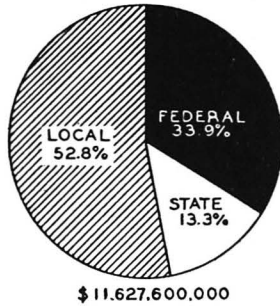
# CHART 2: FUNCTIONAL DISTRIBUTION OF COMBINED GOVERNMENTAL EXPENDITURES, FISCAL YEAR 1926

(National Industrial Conference Board)

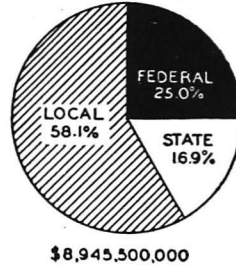
FEDERAL
  STATE
  LOCAL

## GOVERNMENTAL AGENCIES

### GROSS EXPENDITURES



### NET EXPENDITURES

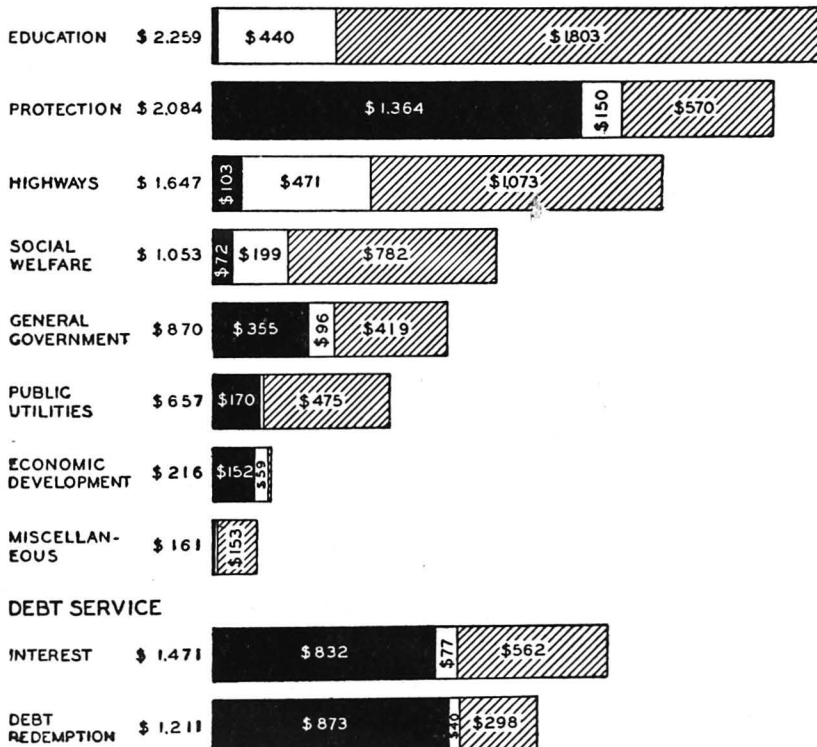


### DEBT SERVICE



## PURPOSES OF EXPENDITURES (FIGURES IN MILLIONS)

### NET EXPENDITURES





to the net total fell from 7.9% in the former year to 7.2% in the latter. There also occurred a decline in expenditures for protective and regulatory activities. The increase of state and local expenditures for schools, highways<sup>1</sup> and social welfare more than offset these decreases, with corresponding effects upon the proportional distribution of the net total of state and local expenditures.

The decline from 1925 to 1926 in the aggregate state and local expenditures for protective and regulatory activities was caused by a sharp falling off of the expenditures by the state governments for this purpose—a decline from \$192 millions for the fiscal year ended in 1925 to \$150 millions for the fiscal year ended in 1926. Local expenditures for this purpose increased from \$534 millions to \$570 millions. The decline in the combined total of public utility expenditures, however, is attributable to the local governments. Both state and local governments shared in the increases of expenditures for schools and social welfare. The local governments contributed all of the increase in highway expenditures.

### *Municipal Expenditures*

Table 8 shows little change in the functional distribution of expenditures of cities with populations in excess of 30,000 for the fiscal year ended in 1926, as compared with the preceding year. The expenditures of all cities for public utilities decreased in proportion to the total. The decrease in the proportion of municipal public utility expenditures was marked in the case of cities with populations between 100,000 and 300,000 and those in excess of 500,000. Cities with populations between 300,000 and 500,000, however, showed an increase in the proportion of public utility expenditures to the net total. A further development shown by Table 8 is the increase in the proportion of school expenditures by cities with populations between 50,000 and 300,000, while larger and smaller cities showed a decreased proportion of expenditures for education to their net total expenditures. Cities with populations between 50,000 and 300,000 had a disproportionately high ratio for expenditures

<sup>1</sup> Unless otherwise indicated, the classification "highway expenditures" includes expenditures for city streets, bridges, and canals, as well as those for rural highways.

**TABLE 7: FUNCTIONAL DISTRIBUTION OF STATE AND LOCAL GOVERNMENTAL EXPENDITURES, FISCAL YEAR 1926**

(Computed by National Industrial Conference Board)

Purpose of Disbursement	Amount (in Millions)			Percentage Distribution					
	State <sup>1</sup>	Local <sup>2</sup>	Total	State <sup>1</sup>		Local <sup>2</sup>		Total	
				Net Total	Gross Total	Net Total	Gross Total	Net Total	Gross Total
General government.....	\$95.6	\$419.5	\$515.1	6.2	5.8	7.9	6.8	7.6	6.6
Protection.....	149.8	570.3	720.1	9.7	9.0	10.8	9.3	10.6	9.2
Education.....	451.7	1,803.0	2,254.7	29.3	27.3	34.2	29.4	33.0	29.0
Highways.....	555.5	1,073.3	1,628.8	36.1	33.5	20.3	17.5	23.9	20.9
Economic development.....	67.5	4.9	72.4	4.4	4.1	0.1	0.1	1.1	0.9
Social welfare.....	201.3	782.0	983.3	13.1	12.2	14.8	12.7	14.4	12.6
Miscellaneous.....	5.7	153.0	158.7	0.4	0.3	2.9	2.5	2.3	2.0
Public utilities.....	12.4	474.9	487.3	0.8	0.7	9.0	7.7	7.1	6.3
Net total.....	\$1,539.5	\$5,280.9	\$6,820.4	100.0	92.9	100.0	86.0	100.0	87.5
Debt redemption.....	40.2	297.4	337.6	..	2.4	..	4.8	..	4.3
Interest.....	76.9	562.6	639.5	..	4.7	..	9.2	..	8.2
Gross total.....	\$1,656.6	\$6,140.9	\$7,797.5	..	100.0	..	100.0	..	100.0

<sup>1</sup> Includes federal aid to state governments, state aid to local governments but not local aid to state governments, and \$1.9 millions of duplications which can not be eliminated in the classification.

<sup>2</sup> Includes local aid to state governments, but not state aid to local governments.

**TABLE 8: FUNCTIONAL DISTRIBUTION OF MUNICIPAL EXPENDITURES BY POPULATION GROUPS, FISCAL YEAR 1926**

(Source: U. S. Bureau of the Census, "Financial Statistics of Cities, 1926." Computed by National Industrial Conference Board)

Purpose of Disbursement	Total Cities of 30,000 and Over	Cities of 500,000 and Over	Cities of 300,000 to 500,000	Cities of 100,000 to 300,000	Cities of 50,000 to 100,000	Cities of 30,000 to 50,000
General government.....	5.8%	6.8%	6.5%	3.8%	4.2%	4.5%
Protection.....	12.8	12.8	13.8	13.1	12.2	11.8
Conservation of health.....	1.6	1.5	2.5	1.5	1.2	1.3
Sanitation or promotion of cleanliness.....	9.0	9.3	9.3	8.8	8.0	8.8
Highways.....	17.5	17.4	15.6	17.9	18.4	19.0
Charities, hospitals, and corrections.....	4.2	5.2	5.1	2.4	2.4	2.3
Education.....	30.5	27.5	26.8	35.8	36.7	34.3
Recreation.....	3.6	4.1	2.6	3.0	3.4	2.8
Miscellaneous.....	3.0	3.8	2.5	2.0	1.7	2.2
Public utilities.....	12.0	11.6	15.3	11.7	11.8	13.0
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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for education in 1925 as compared with the larger cities. The increase in these expenditures from 1925 to 1926 augmented this disproportion.

### PUBLIC SCHOOL FINANCES

Expenditures for public education were the largest single item in the combined state and local budgets and, except for the miscellaneous group of expenditures, the smallest item in the federal budget for the fiscal year ended in 1926.

#### *Volume and Measures of Total Public School Expenditures*

As shown in Table 9 and in Chart 3, public school expenditures increased from \$1,821 millions to \$2,026 millions, an increase of 11.3%, during the two years from 1924 to 1926. The two billion dollar mark for public school expenditures was passed in the latter year.

The price level for educational services and materials rose from 1924 to 1925 and fell slightly from 1925 to 1926. For the two year interval, there was a small net increase in this price level. The Conference Board index for the prices of educational services and materials, shown in Table 9, stood at 1.637 for the school year 1924 and at 1.670 for the school year 1926. When allowance is made for the increase of prices between the two years, the "true" increase of school expenditures during this two-year interval is seen to have been 9%.

In view of increases in school attendance and the growing proportion of children receiving the more costly high school education, the mere statement of increases in public school expenditures, whether stated in actual dollars or in dollars of a standard purchasing power, does not reveal the true variations in public school "costs." "True" expenditure (in dollars of standard purchasing power) per child per school day attended, weighted so as to take account of the changing proportion of high school enrolment, is the standard for measuring changes in the costliness of the country's educational system at different periods of time.<sup>1</sup> For the school year 1924, "true" expenditure per child per school day

<sup>1</sup> See "Cost of Government in the United States, 1925-1926," *op. cit.*, p. 152.

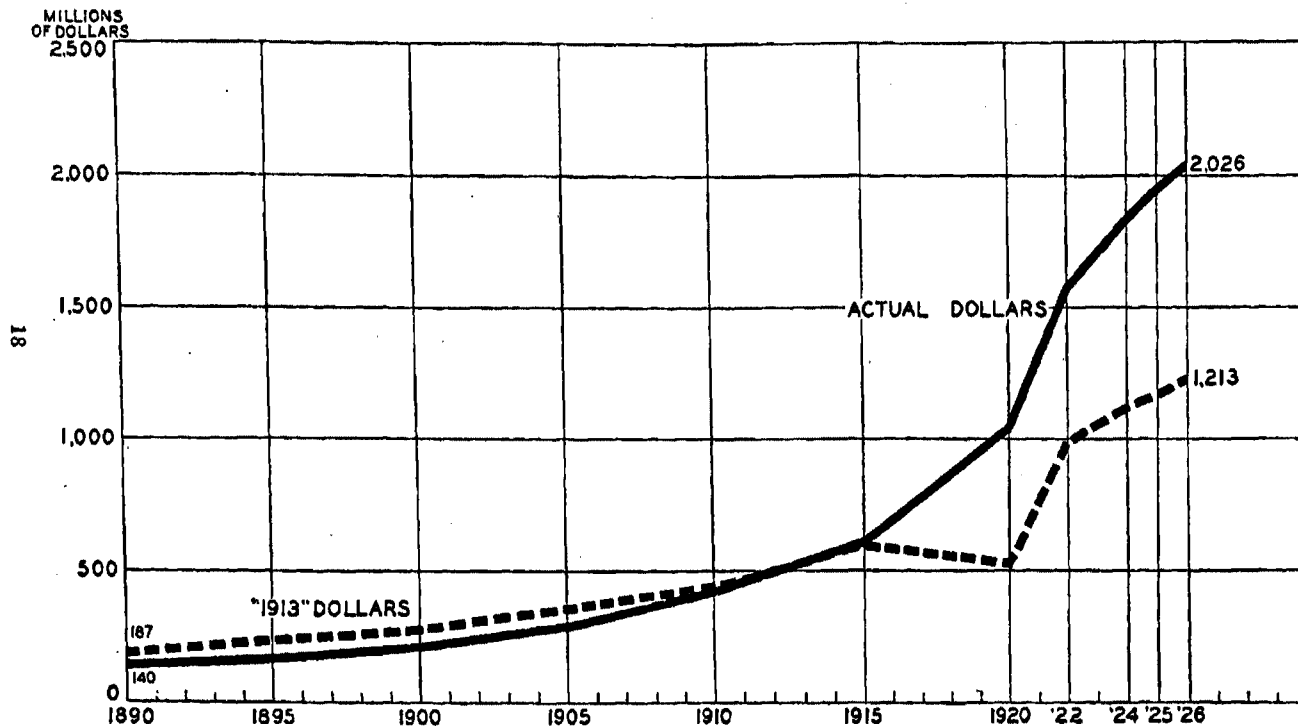
TABLE 9: PUBLIC SCHOOL EXPENDITURES, SCHOOL YEARS 1890 TO 1926, IN ACTUAL DOLLARS AND IN "1913" DOLLARS

(Source: U. S. Bureau of Education, "Statistics of State School Systems" Series. Computed by National Industrial Conference Board)

	1890	1895	1900	1905	1910		1915	1920	1922	1924	1926
<i>School expenditures in actual dollars (in thousands)</i>											
Total school expenditures except fixed expenses . . .	\$139,908	\$174,609	\$212,565	\$286,816	\$416,945	Salaries . . . . .	\$410,140	\$685,451	\$994,516	\$1,091,810	\$1,236,383
						Supplies . . . . .	23,479	67,085	73,928	91,077	119,302
						Fuel and light . . . . .	25,820	60,168	80,867	84,705	80,714
						Construction . . . . .	92,481	129,130	274,735	349,117	357,480
						General maintenance	41,635	66,819	85,091	109,188	131,845
Fixed expenses . . . .	600	1,200	2,400	4,800	9,305	Fixed expenses . . . . .	11,906	27,498	63,718	94,847	100,584
Total school expenditures . . . . .	\$140,508	\$175,809	\$214,965	\$291,616	\$426,250	Total school expenditures . . . . .	\$605,461	\$1,036,151	\$1,572,855	\$1,820,744	\$2,026,308
<i>Price indices (1913 prices = 1.000)</i>											
Snyder general price level . . . . .	0.75	0.72	0.76	0.82	0.96	N. I. C. B. cost of living . . . . .	1.015	1.987	1.579	1.650	1.696
						U. S. Bureau of Labor non-agricultural products . . . . .	0.967	2.306	1.608	1.546	1.548
						N. I. C. B. fuel and light . . . . .	1.030	1.692	1.812	1.702	1.650
						N. I. C. B. building costs . . . . .	0.980	2.308	1.740	1.923	1.982
						Snyder general price level . . . . .	1.030	1.930	1.580	1.660	1.710
Fixed expenses . . . .	1.00	1.00	1.00	1.00	1.00	Fixed expenses . . . . .	1.000	1.000	1.000	1.000	1.000
Total school expenditures . . . . .	0.75	0.72	0.76	0.82	0.96	Total school expenditures . . . . .	1.009	1.964	1.579	1.637	1.670
<i>School expenditures in "1913" dollars (in thousands)</i>											
Total school expenditures except fixed expenses . . .	\$186,544	\$242,513	\$279,691	\$349,776	\$434,318	Salaries . . . . .	\$404,079	\$344,968	\$629,839	\$661,703	\$728,999
						Supplies . . . . .	24,280	29,092	45,975	58,911	77,068
						Fuel and light . . . . .	25,068	35,560	44,629	49,768	48,918
						Construction . . . . .	94,368	55,949	157,894	181,548	180,363
						General maintenance	40,422	34,621	53,855	65,776	77,102
Fixed expenses . . . .	600	1,200	2,400	4,800	9,305	Fixed expenses . . . . .	11,906	27,498	63,718	94,847	100,584
Total school expenditures . . . . .	\$187,144	\$243,713	\$282,091	\$354,576	\$443,623	Total school expenditures . . . . .	\$600,123	\$527,688	\$995,910	\$1,112,553	\$1,213,034

### CHART 3: PUBLIC SCHOOL EXPENDITURES, SCHOOL YEARS 1890 TO 1926

(National Industrial Conference Board)



attended was \$0.286; for the school year 1926 it was \$0.294, an increase of 2.8%.

#### *Distribution of Total Public School Expenditures*

From the school year 1920 through the school year 1924, as shown in Table 10, the increase in capital outlays for public school purposes was much more rapid than the increase of payments for teachers' salaries. This trend continued through the school year 1925. The distribution of public school expenditures for the school year 1926, however, shows a sharp check to this tendency. Between the school years 1925 and 1926, capital outlays for public school expenditures fell off in amount, and the proportion of capital outlays to the total of public school expenditures declined from 22.3% to 20.3%. Teachers' salaries and other items continued to increase through the school year 1926. The increase of general maintenance expenditures and fixed expenses (largely interest on the public school debt) was particularly rapid; the expansion of these two items may be traced to the heavy capital outlays and consequent borrowings of past years, which necessitate heavy present and future maintenance expenditures and interest payments.

#### *Distribution of City School Expenditures*

Whether the distribution of city school expenditures manifests the tendency towards a falling off of capital outlays for school purposes, noted above for the 1926 total of the country's school expenditures, can not be ascertained in the absence of data for the school year 1925. For the school year 1924, capital outlays for city schools totalled \$226.5 millions. Two years later, they totalled \$244.7 millions. In 1924, they constituted 22.6% of total gross expenditures; in 1926, 22.2%. In cities with populations over 100,000, capital outlays for school construction increased only \$1.2 millions between the school years 1924 and 1926 and the proportion of such outlays to the gross total of school expenditures declined from 23.3% to 21.9%.

Because of past borrowings to finance public school construction, interest payments of the cities on their school debts have increased more rapidly than have other items of

**TABLE 10: DISTRIBUTION OF PUBLIC SCHOOL EXPENDITURES, SCHOOL YEARS 1890 TO 1926**

(Source: U. S. Bureau of Education, "Statistics of State School Systems" Series. Computed by National Industrial Conference Board)

Type of School Expenditure	1890	1895	1900	1905	1910	1915	1920	1922	1924	1926
<i>Amount (in Thousands)</i>										
Capital outlays.....	\$26,207	\$29,437	\$35,451	\$56,416	\$69,978	\$102,756	\$153,543	\$305,941	\$388,469	\$411,038
Teaching salaries.....	91,837	113,872	137,688	177,463	253,915	345,007	613,404	885,475	978,065	1,100,316
Other expenditures.....	22,463	32,500	41,826	57,738	102,357	157,698	269,204	389,255 <sup>1</sup>	454,210	514,954
<b>Total school expenditures</b>	<b>\$140,507</b>	<b>\$175,809</b>	<b>\$214,965</b>	<b>\$291,617</b>	<b>\$426,250</b>	<b>\$605,461</b>	<b>\$1,036,151</b>	<b>\$1,580,671<sup>1</sup></b>	<b>\$1,820,744</b>	<b>\$2,026,308</b>
<i>Percentage Distribution</i>										
Capital outlays.....	18.6	16.7	16.5	19.4	16.4	17.0	14.8	19.4	21.3	20.3
Teaching salaries.....	65.4	64.8	64.0	60.8	59.6	57.0	59.2	56.0	53.7	54.3
Other expenditures.....	16.0	18.5	19.5	19.8	24.0	26.0	26.0	24.6	25.0	25.4
<b>Total school expenditures</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Includes \$7,816,307 undistributed expenditures not appearing in Table 9.



public school expenditure. In the school year 1924, interest payments on the school debt constituted 5.4% of the current

**TABLE 11: DISTRIBUTION OF CURRENT EXPENDITURES FOR CITY SCHOOLS, SCHOOL YEAR 1926**

(Source: U. S. Bureau of Education, "Statistics of City School Systems, 1925-1926." Computed by National Industrial Conference Board)

Type of School Expenditure	Cities over 100,000	Cities between 30,000 and 100,000	Cities between 10,000 and 30,000
General control . . . . .	2.9%	3.1%	4.0%
Salaries of supervisors and teachers . . . . .	67.4	65.9	64.8
Textbooks and supplies . . . . .	3.1	3.7	3.9
Part-time and continuation schools . . . . .	0.9	0.6	0.3
Night schools and Americanization classes . . . . .	1.4	0.9	0.3
Summer schools . . . . .	0.4	0.2	0.1
Operation of plant and repairs . . . . .	12.6	14.0	14.7
Auxiliary agencies . . . . .	2.6	2.8	2.4
Fixed charges . . . . .	1.3	1.6	1.9
Interest . . . . .	7.4	7.2	7.6
Total current expenditures . . . . .	100.0%	100.0%	100.0%
Proportion of gross expenditures . . . . .	73.3	71.2	70.4

public school expenditures of cities with populations over 100,000; 5.7% of such expenditures of cities with populations between 30,000 and 100,000; and 6.5% of those of cities with populations between 10,000 and 30,000. For the school year 1926, as is shown in Table 11, the proportions of interest payments to total current public school expenditures for the three groups of cities were, respectively, 7.4%, 7.2% and 7.6%.

### *State Support of Education*

Educational expenditure per child of school age continued to increase through the school year 1926, as is shown in Table 12. As in preceding years, the Pacific states continued to be most liberal in supporting their school systems, with California showing the highest per capita figure. The educational expenditures per child of school age of the Middle Atlantic states declined between the school years 1925 and 1926, largely because of a sharp falling off in New York, but the group as a whole maintained second rank, with the East North Central states following in order. The Southern states still showed the least liberality in public support accorded to

TABLE 12: STATE SUPPORT OF EDUCATION, SCHOOL YEARS 1910 TO 1926

(Source: U. S. Bureau of Education, "Statistics of State School Systems" Series. Computed by National Industrial Conference Board)

States and Geographic Divisions	Annual Educational Expenditures per Child of School Age (5 to 17 Years, Inclusive)					Index of Support Accorded to Education (Average for the Country = 100)					Ranking of States by Support Accorded to Education				
	1910	1918	1922	1925	1926	1910	1918	1922	1925	1926	1910	1918	1922	1925	1926
United States.....	\$17.04	\$27.58	\$55.22	\$65.51	\$67.22	100.0	100.0	100.0	100.0	100.0	..	..	..	..	..
New England.....	23.69	33.65	58.36	73.92	76.24	139.0	122.0	105.7	112.8	113.4	..	..	..	..	..
Maine.....	17.04	24.75	45.14	52.47	54.64	100.0	89.7	81.7	80.1	81.3	30	33	35	33	34
New Hampshire.....	17.79	31.69	48.41	58.55	67.30	104.4	114.9	87.7	89.4	100.1	29	27	28	30	24
Vermont.....	20.55	29.75	48.85	50.98	53.20	120.6	107.9	88.5	77.8	79.1	24	29	27	34	36
Massachusetts.....	27.68	36.34	63.21	79.76	80.55	162.4	131.8	114.5	121.8	119.8	6	20	24	15	19
Rhode Island.....	20.63	27.45	48.38	59.61	65.99	121.1	99.5	87.6	91.0	98.2	23	30	29	29	27
Connecticut.....	21.35	36.16	62.13	85.39	88.02	125.3	131.1	112.5	130.3	130.9	20	21	25	11	13
Middle Atlantic.....	23.77	33.78	63.90	91.04	85.79	139.5	122.5	115.7	139.0	127.6	..	..	..	..	..
New York.....	25.09	33.48	75.28	108.90	95.91	147.2	121.4	136.3	166.2	142.7	12	24	15	3	9
New Jersey.....	27.33	40.92	79.07	103.39	105.52	160.4	148.4	143.2	157.8	157.0	8	13	14	5	5
Pennsylvania.....	21.14	31.71	46.80	68.24	68.41	124.1	115.0	84.8	104.2	101.8	21	26	31	22	23
East North Central....	21.59	35.97	74.31	78.59	84.40	126.7	130.4	134.6	120.0	125.6	..	..	..	..	..
Ohio.....	23.71	40.51	84.20	73.55	86.86	139.1	146.9	152.5	112.3	129.2	16	16	9	21	14
Indiana.....	21.71	38.68	87.68	82.09	82.93	127.4	140.2	158.8	125.3	123.4	19	18	7	14	15
Illinois.....	24.15	33.13	64.08	76.26	82.18	141.7	120.1	116.0	116.4	122.3	14	25	23	18	16
Michigan.....	19.24	41.67	79.21	96.93	100.17	112.9	151.1	143.4	148.0	149.0	28	11	13	8	7
Wisconsin.....	15.57	25.18	57.91	65.47	64.06	91.4	91.3	104.9	99.9	95.3	31	32	26	24	30
West North Central....	19.10	37.04	72.41	74.91	76.43	112.1	134.3	131.1	114.3	113.7	..	..	..	..	..
Minnesota.....	22.49	39.36	82.92	82.14	79.69	132.0	142.7	150.2	125.4	118.6	18	17	10	13	20
Iowa.....	20.14	50.23	82.33	93.47	94.38	118.2	182.1	149.1	142.7	140.4	26	5	11	9	10
Missouri.....	13.45	25.43	47.70	57.82	61.95	78.9	92.2	86.4	88.3	92.2	32	31	30	31	32
North Dakota.....	27.19	44.43	74.08	61.74	64.30	159.6	161.1	134.2	94.2	95.7	9	7	16	27	29
South Dakota.....	22.59	34.78	85.84	77.22	80.65	132.6	126.1	155.5	117.9	120.0	17	22	8	17	18
Nebraska.....	20.77	40.87	87.72	74.26	81.88	121.9	148.2	158.9	113.4	121.8	22	14	6	19	17
Kansas.....	19.54	34.51	73.47	78.05	75.16	114.7	125.1	133.0	119.1	111.8	27	23	17	16	22

South Atlantic.....	7.18	11.87	26.95	35.60	39.44	42.1	43.0	48.8	54.3	58.7	..	..	..	..	..
Delaware.....	11.28	16.32	46.37	60.43	67.07	66.2	59.2	84.0	92.2	99.8	35	39	32	28	25
Maryland.....	10.49	16.47	40.13	54.88	57.67	61.6	59.7	72.7	83.8	85.8	36	38	37	32	33
District of Columbia..	37.30	42.72	71.09	107.60	108.92	218.9	154.9	128.7	164.2	162.0	2	8	21	4	4
Virginia.....	6.77	12.24	30.06	28.84	29.73	39.7	44.4	54.4	44.0	44.2	42	40	40	42	42
West Virginia.....	11.57	16.79	40.96	49.59	53.80	67.9	60.9	74.2	75.7	80.0	34	37	36	35	35
North Carolina.....	4.40	8.26	25.31	39.20	37.47	25.8	29.9	45.8	59.8	55.7	48	46	42	40	40
South Carolina.....	5.72	8.96	16.31	25.82	26.20	33.6	32.5	29.5	39.4	39.0	45	44	45	43	44
Georgia.....	5.32	8.12	14.08	17.53	17.35	31.2	29.4	25.5	26.8	25.8	46	47	49	48	49
Florida.....	9.36	17.34	34.01	49.11	96.89	54.9	62.9	61.6	75.0	144.1	37	35	39	36	8
East South Central.....	5.81	9.37	18.29	21.82	23.53	34.1	34.0	33.1	33.3	35.0	..	..	..	..	..
Kentucky.....	7.98	11.81	19.93	24.12	24.37	46.8	42.8	36.1	36.8	36.3	40	41	44	44	45
Tennessee.....	6.32	11.05	21.01	23.60	27.61	37.1	40.1	38.0	36.0	41.1	43	42	43	45	43
Alabama.....	4.25	7.98	16.19	17.48	20.86	24.9	28.9	29.3	26.7	31.0	49	48	46	49	48
Mississippi.....	4.46	6.55	15.84	22.80	21.17	26.2	23.7	28.7	34.8	31.5	47	49	47	46	47
West South Central.....	9.00	14.96	33.01	36.58	37.01	52.8	54.2	59.8	55.8	55.1	..	..	..	..	..
Arkansas.....	5.99	8.87	15.18	17.80	22.89	35.2	32.2	27.5	27.2	34.1	44	45	48	47	46
Louisiana.....	7.90	10.20	28.99	34.07	33.83	46.4	37.0	52.5	52.0	50.3	41	43	41	41	41
Oklahoma.....	12.99	19.42	45.54	42.88	40.17	76.2	70.4	82.5	65.5	59.8	33	34	34	37	39
Texas.....	9.09	17.03	35.92	42.06	42.33	53.3	61.7	65.0	64.2	63.0	39	36	38	38	38
Mountain.....	24.21	46.97	76.21	75.83	76.78	142.1	170.3	138.0	115.8	114.2	..	..	..	..	..
Montana.....	31.40	88.93	92.03	66.50	66.05	184.3	322.4	166.7	101.5	98.3	5	1	4	23	26
Idaho.....	23.87	42.51	73.09	64.40	62.04	140.1	154.1	132.4	98.3	92.3	15	9	19	25	31
Wyoming.....	25.77	51.01	98.52	102.97	117.07	151.2	185.0	178.4	157.2	174.2	11	4	3	6	2
Colorado.....	27.03	41.00	79.57	102.69	101.38	158.6	148.7	144.1	156.8	150.8	10	12	12	7	6
New Mexico.....	9.27	30.56	46.36	41.89	44.99	54.4	110.8	84.0	63.9	66.9	38	28	33	39	37
Arizona.....	20.40	53.01	73.26	73.96	76.21	119.7	192.2	132.7	112.9	113.4	25	3	18	20	21
Utah.....	25.08	40.66	70.46	62.80	65.82	147.2	147.4	127.6	95.9	97.9	13	15	22	26	28
Nevada.....	35.51	46.62	105.03	125.03	116.86	208.4	169.0	190.2	190.9	173.8	3	6	2	2	3
Pacific.....	34.51	48.84	109.67	126.03	135.83	202.5	177.1	198.6	192.4	202.1	..	..	..	..	..
Washington.....	40.66	41.96	91.32	84.75	88.08	238.6	152.1	165.4	129.4	131.0	1	10	5	12	12
Oregon.....	27.39	38.62	72.57	86.67	94.29	160.7	140.0	131.4	132.3	140.3	7	19	20	10	11
California.....	33.72	56.26	127.26	153.38	166.17	197.9	204.0	230.5	234.1	247.2	4	2	1	1	1

TABLE 13: SCHOOL REVENUES, SCHOOL YEARS 1890 TO 1926

(Source: U. S. Bureau of Education, "Statistics of State School Systems" Series. Computed by National Industrial Conference Board)

Classified Revenue	1890	1895	1900	1905	1910	1915	1920	1922	1924	1925	1926
<i>Amount (in Thousands)</i>											
Federal aid.....	..	..	..	..	..	..	\$2,475	\$2,891	\$3,986	\$4,692	\$5,552
Permanent funds.....	\$7,745	\$7,801	\$9,152	\$13,194	\$14,096	\$17,080	26,487	23,767	24,666	24,096	25,782
State taxes and appropriations	26,345	34,638	37,887	44,349	64,605	91,104	134,279	210,708	237,660	240,115	254,592
County taxes.....	} 97,223	118,915	149,487	210,168	312,222	456,957	{ 103,618	138,647	149,498	168,133	189,483
Local taxes.....											
Other current revenue.....	11,882	15,211	23,240	34,108	42,141	24,511	47,982	100,545	129,020	92,681	99,310
Total current revenue.....	\$143,195	\$176,565	\$219,766	\$301,819	\$433,064	\$589,652	\$970,120	\$1,444,242	\$1,618,438	\$1,705,167	\$1,830,017
Bonds.....	..	..	..	..	..	..	167,346	277,109	305,315	306,375	327,219
Gross revenue.....	..	..	..	..	..	..	\$1,137,466	\$1,721,351	\$1,923,753	\$2,011,542	\$2,157,236
<i>Percentage Distribution</i>											
Federal aid.....	..	..	..	..	..	..	0.3	0.2	0.2	0.3	0.3
Permanent funds.....	5.4	4.4	4.2	4.4	3.3	2.9	2.7	1.6	1.5	1.4	1.4
State taxes and appropriations	18.4	19.6	17.2	14.7	14.9	15.4	13.9	14.6	14.7	14.1	13.9
County taxes.....	} 67.9	67.4	68.0	69.6	72.1	77.5	{ 10.7	9.6	9.2	9.9	10.4
Local taxes.....											
Other current revenue.....	8.3	8.6	10.6	11.3	9.7	4.2	4.9	7.0	8.0	5.4	5.4
Total current revenue.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Per cent that bonds are of gross revenue.....	..	..	..	..	..	..	14.7	16.1	15.9	15.2	15.2

education, with Georgia and Alabama at the foot of the list. Florida presents a marked exception among the Southern states, since the inauguration of an ambitious program of school construction in 1926 doubled its public school expenditures over those of the preceding years, and on the basis of expenditures per child of school age, raised its rank among the states from thirty-sixth to eighth.

### *Public School Revenues*

Public school revenues, both current and gross, increased in 1926, but Table 13 shows little change in the proportional distribution of school revenues derived from the various sources, except that state taxes and appropriations decreased and county taxes increased slightly in importance.

## HIGHWAY FINANCES

Highway expenditures remained in 1926 the most important item in the budgets of the state governments, and ranked second in importance in the budgets of the local governments.

### *Distribution of Highway<sup>1</sup> Expenditures by Disbursing Authority*

As is shown in Table 14, county and town governments were in 1926 responsible for 53.2% of total highway expenditures (exclusive of the cost of city streets). This represents a change from the previous year, when the expenditures of the state governments constituted more than half of the total amount spent for roads and highways. Not only was there a proportionate decrease in state expenditures in relation to total expenditures for these items in 1926, but there was also an actual decrease in the amount spent by the state governments. This change was particularly marked in the Middle Atlantic and East North Central states, and especially in New York, Pennsylvania and Illinois. The decline may be explained, in part, by the completion of extensive programs of state highway development during the previous year.

<sup>1</sup> In this section, the term "highways" refers only to rural highways and bridges and excludes city streets and canals.

TABLE 14: DISTRIBUTION OF HIGHWAY EXPENDITURES, CALENDAR YEAR 1926

(Source: U. S. Bureau of Public Roads. Computed by National Industrial Conference Board)

States and Geographic Divisions	Total Expenditures (in Thousands)	Expenditures, State Roads (in Thousands) <sup>1</sup>	Expenditures, County and Town Roads (in Thousands) <sup>2</sup>	Per Cent Highway Expenditures are of Total Expenditures	Construction of Roads and Bridges		Maintenance of Roads and Bridges		Miscellaneous Expenses <sup>3</sup>		Bonds, Notes, etc. Payments on Principal		Bonds, Notes, etc. Payments on Interest			
					(in Thousands)	Per Cent	(in Thousands)	Per Cent	(in Thousands)	Per Cent	(in Thousands)	Per Cent	(in Thousands)	Per Cent	(in Thousands)	Per Cent
United States.....	\$1,276,698	\$597,896	\$678,802	46.8	\$616,941	48.3	\$338,853	26.5	\$107,579	8.4	\$112,950	8.9	\$100,375	7.9		
New England.....	\$66,681	\$42,676	\$24,005	64.0	\$31,985	47.9	\$27,938	41.9	\$4,738	7.1	\$973	1.5	\$1,047	1.6		
Maine.....	12,923	10,279	2,644	79.5	7,336	56.7	3,796	29.4	996	7.7	242	1.9	553	4.3		
New Hampshire....	4,968	3,017	1,951	60.7	1,412	28.4	2,825	56.9	731	14.7	..	..	..	..		
Vermont.....	4,705	3,713	1,992	78.9	2,431	51.7	2,025	43.0	249	5.3	..	..	..	..		
Massachusetts.....	25,655	11,305	14,350	44.1	14,889	58.0	8,650	33.8	1,387	5.4	521	2.0	208	0.8		
Rhode Island.....	4,870	3,858	1,012	79.2	1,868	38.3	1,775	36.5	926	19.0	137	2.8	164	3.4		
Connecticut.....	13,560	10,504	3,056	77.5	4,049	29.9	8,867	65.4	449	3.3	73	0.5	122	0.9		
Middle Atlantic.....	\$215,275	\$106,247	\$109,028	49.4	\$112,883	52.4	\$45,567	21.2	\$21,699	10.1	\$18,409	8.5	\$16,717	7.8		
New York.....	64,421	36,659	27,762	56.9	41,482	64.4	12,292	19.1	5,688	8.8	550	0.8	4,409	6.9		
New Jersey.....	46,851	20,512	26,339	43.8	21,239	45.3	8,636	18.5	5,331	11.4	8,404	17.9	3,241	6.9		
Pennsylvania.....	104,003	49,076	54,927	47.2	50,1624	48.2	24,639	23.7	10,680	10.3	9,455	9.1	9,067	8.7		
East North Central...	\$277,066	\$99,743	\$177,323	36.0	\$118,324	42.7	\$77,187	27.9	\$20,910	7.5	\$41,164	14.9	\$19,481	7.0		
Ohio.....	83,044	29,496	53,548	35.5	32,683	39.4	24,413	29.4	2,750	3.3	17,484	21.0	5,714	6.9		
Indiana.....	49,811	12,429	37,382	25.0	18,769	37.7	13,369	26.8	2,373	4.8	11,576	23.2	3,724	7.5		
Illinois.....	49,953	23,768	26,185	47.6	21,600	43.2	16,603	33.3	3,498	7.0	3,754	7.5	4,498	9.0		
Michigan.....	60,304	23,784	36,520	39.4	25,927	43.0	12,373	20.5	9,269	15.4	7,701	12.8	5,034	8.3		
Wisconsin.....	33,954	10,266	23,688	30.2	19,345	57.0	10,429	30.7	3,020	8.9	649	1.9	511	1.5		
West North Central...	\$171,537	\$88,714	\$82,823	51.7	\$97,622	56.9	\$44,270	25.8	\$14,969	8.7	\$8,716	5.1	\$5,960	3.5		
Minnesota.....	37,805	17,969	19,836	47.5	20,830	55.1	7,745	20.5	5,309	14.0	1,143 <sup>3</sup>	3.0	2,778 <sup>3</sup>	7.4		
Iowa.....	34,521	15,273	19,248	44.2	15,372	44.6	12,936	37.7	2,966	8.6	3,077 <sup>3</sup>	8.6	170 <sup>3</sup>	0.5		
Missouri.....	41,058	30,841	10,217	75.1	24,837	60.5	8,616	31.0	1,991	4.8	3,222	7.9	2,392	5.8		
North Dakota.....	6,340	1,978	4,362	31.2	5,041	79.5	732	13.4	577	9.1	..	..	..	..		
South Dakota.....	13,318	5,843	7,475	43.9	6,910	51.9	4,823	35.2	839	6.3	450	3.4	296	2.2		
Nebraska.....	15,688	7,639	8,049	48.7	10,535	67.2	3,987	25.4	877	5.6	97	0.6	192	1.2		
Kansas.....	22,807	9,171	13,636	40.2	14,097	61.8	5,441	23.8	2,410	10.6	727	3.2	132	0.6		
South Atlantic.....	\$227,391	\$111,447	\$115,944	49.0	\$121,301	53.3	\$45,596	20.1	\$19,853	8.7	\$16,757	7.4	\$23,884	10.5		
Delaware.....	5,077	3,469	1,608	68.3	2,824	55.6	572	11.3	375	7.4	425	8.4	881	17.3		
Maryland.....	14,214	10,598	3,616	74.6	4,860	34.2	5,581	39.3	149	1.0	2,264	15.9	1,360	9.6		

Virginia.....	21,097	10,880	10,217	51.6	9,902	46.9	6,733	31.9	1,189	5.7	2,008	9.5	1,265	6.0
West Virginia.....	32,030	17,492	14,538	54.6	18,810	58.8	5,180	16.1	860	2.7	3,489	10.9	3,691	11.5
North Carolina.....	58,932	36,531	22,401	62.0	28,048	47.6	9,464	16.0	8,516	14.5	4,645	7.9	8,259	14.0
South Carolina.....	16,523	9,308	7,215	56.3	8,811	53.3	3,113	18.9	2,063	12.5	1,047	6.3	1,489	9.0
Georgia.....	20,523	9,512	11,011	46.3	9,935	48.4	6,756	32.9	2,173	10.6	578	2.8	1,081	5.3
Florida.....	58,995	13,657	45,338	23.1	38,111	64.6	8,197	13.9	4,528	7.7	2,301	3.9	5,858	9.9
East South Central...	\$80,588	\$38,398	\$42,190	47.6	\$32,421	40.3	\$24,765	30.7	\$6,611	10.7	\$6,068	7.5	\$8,723	10.8
Kentucky.....	15,884	9,420	6,464	59.3	7,918	49.9	4,151	26.1	1,558	9.8	917	5.8	1,340	8.4
Tennessee.....	23,354	14,037	9,317	60.1	9,856	42.2	5,441	23.3	4,862	20.8	973	4.2	2,222	9.5
Alabama.....	19,005	10,290	8,715	54.1	8,107	42.6	5,314	28.0	1,649	8.7	2,139	11.3	1,796	9.4
Mississippi.....	22,345	4,651	17,694	20.8	6,540	29.3	9,859	44.1	542	2.4	2,039	9.1	3,365	15.1
West South Central...	\$104,234	\$47,198	\$57,036	45.3	\$43,621	41.8	\$32,891	31.6	\$5,592	5.4	\$9,880	9.5	\$12,250	11.7
Arkansas.....	15,438	6,563	8,875	42.5	4,647	30.1	3,016	19.5	1,758	11.4	2,704	17.5	3,313	21.5
Louisiana.....	19,911	10,563	9,348	53.1	11,622	58.4	3,906	19.6	671	3.4	1,541	7.7	2,171	10.9
Oklahoma.....	24,561	10,413	14,148	42.4	12,261	49.9	8,740	35.8	1,386	5.5	934	3.8	1,240	5.0
Texas.....	44,324	19,659	24,665	44.4	15,091	34.0	17,229	38.9	1,777	4.0	4,701	10.6	5,526	12.5
Mountain.....	\$42,413	\$23,706	\$18,707	55.9	\$18,297	43.1	\$13,411	31.6	\$4,392	10.4	\$3,393	8.0	\$2,920	6.9
Montana.....	5,951	1,145	4,806	19.2	2,036	34.2	2,150	36.1	447	7.6	734	12.3	584	9.8
Idaho.....	7,887	4,119	3,768	52.2	3,708	47.0	1,651	21.0	1,072	13.6	605	7.7	851	10.7
Wyoming.....	3,872	2,974	898	76.8	1,744	45.0	1,221	31.5	250	6.5	500	12.9	157	4.1
Colorado.....	10,828	5,850	4,978	54.0	4,994	45.6	3,705	34.2	1,078	10.0	677	6.2	436	4.0
New Mexico.....	3,391	2,928	463	86.3	1,665	49.1	1,241	36.6	333	9.8	24	0.7	128	3.8
Arizona.....	4,351	2,557	1,794	58.8	1,733	40.3	1,772	40.7	431	9.9	171	3.9	224	5.2
Utah.....	3,793	2,448	1,345	64.5	1,348	35.5	1,067	28.1	448	11.8	496	13.1	434	11.5
Nevada.....	2,340	1,685	655	72.0	1,109	47.4	606	25.9	333	14.2	186	8.0	106	4.5
Pacific.....	\$91,513	\$39,767	\$51,746	43.5	\$40,487	44.2	\$27,228	29.8	\$6,815	7.4	\$7,590	8.3	\$9,393	10.3
Washington.....	18,822	8,826	9,996	46.9	9,892	52.6	6,000	31.9	1,299	6.9	833	4.4	798	4.2
Oregon.....	22,906	9,846	13,060	43.0	12,216	53.3	4,456	19.5	796	3.5	2,626	11.5	2,812	12.2
California.....	49,785	21,095	28,690	42.4	18,379	36.9	16,772	33.7	4,720	9.5	4,131	8.3	5,783	11.6

1 Total disbursements for State roads and bridges, minus payments to county funds.

2 Excludes county funds transferred to state.

3 Includes administration and engineering formerly reported separately and overhead on local roads and bridges (\$17,620,484); equipment and machinery on state roads (\$22,284,756); and right of way, traffic, etc., on state roads (\$6,025,800).

4 Includes \$1,279,565 on state highways financed by counties.

5 Payments on county bond obligations assumed by state.

6 Includes interest on road warrant notes.

TABLE 15: SOURCES OF STATE AND LOCAL HIGHWAY REVENUE, CALENDAR YEARS 1914, 1921, 1925 AND 1926

(Source: U. S. Bureau of Public Roads. Computed by National Industrial Conference Board)  
(Amount in Thousands)

Geographic Divisions	Current Highway Revenue				Current State Highway Revenue				Current Local Highway Revenue					Bonds		
	Total	Federal Aid	State Revenue	Local Revenue	Property Taxes	Motor Vehicle License Charges	Gasoline Taxes	Other Highway Revenue	Property Taxes	Statute Labor	Motor Vehicle License Charges	Gasoline Taxes	Other Highway Revenue	Total	State	Local
<i>1914</i>																
United States.....	\$185,349	\$2401	2	2	2	2	2	2	2	2	2	2	2	\$54,915	\$17,973	\$36,942
New England.....	13,510	..	\$5,595	\$7,915	2	2	..	..	2	2	2	..	2	1,926	1,485	441
Middle Atlantic.....	30,397	..	9,937	20,460	2	2	..	..	2	2	2	..	2	10,468	10,000	468
East North Central.....	38,571	..	4,410	34,161	\$4,410	..	..	..	\$32,411	\$983	\$465	..	\$3023	17,874	..	17,874
West North Central.....	32,635	..	1,904	30,731	1,904	..	..	..	28,014	736	1,147	..	834	485	..	485
South Atlantic.....	19,723	..	4,290	15,433	4,174	\$116	..	..	14,131	728	194	..	380	4,705	..	4,705
East South Central.....	8,893	..	163	8,730	145	18	..	..	7,736	905	42	..	37	3,862	..	3,862
West South Central.....	10,649	..	587	10,062	577	10	..	..	9,120	566	1	..	375	4,684	..	4,684
Mountain.....	9,062	2401	1,022	7,800	992	30	..	..	7,568	..	47	..	185	393	..	393
Pacific.....	21,909	..	2	2	2	2	..	..	2	2	2	..	2	10,518	6,488	4,030
<i>1921</i>																
United States.....	\$711,329	\$77,561	\$182,953	\$450,815	\$67,227	\$101,110	\$3,378	\$11,238	\$379,093	..	\$16,405	\$306	\$55,011	\$438,109	\$113,304	\$324,805
New England.....	40,566	2,905	19,131	18,530	6,150	11,629	..	1,3526	18,335	..	..	..	195	5,890	2,385	3,505
Middle Atlantic.....	108,762	7,441	51,934	49,387	29,177	22,341	..	416	47,286	..	..	..	2,101	59,543	45,129	14,414
East North Central.....	179,589	11,888	32,928	134,773	12,470	19,281	..	1,1776	104,957	..	7,354	..	22,46211	101,550	10,157	91,393
West North Central.....	119,352	14,636	24,153	80,563	3,687	17,857	..	2,5997	70,939	..	2,708	..	6,916	34,291	6,186	28,105
South Atlantic.....	70,251	11,267	17,345	41,639	3,773	11,127	734	1,7118	37,443	..	..	..	4,196	67,407	27,113	40,294
East South Central.....	34,729	5,281	6,786	22,662	1,548	4,670	438	130	18,708	..	..	..	3,954	25,551	..	25,551
West South Central.....	56,376	10,930	5,420	40,026	623	4,667	104	26	31,043	..	2,660	66	6,257	82,128	685	81,443
Mountain.....	41,460	9,1784	10,517	21,765	5,784	2,089	653	1,9919	19,335	..	693	240	1,497	19,908	5,570	14,338
Pacific.....	60,244	4,0354	14,739	41,470	4,015	7,439	1,449	1,83610	31,047	..	2,990	..	7,433	41,841	16,079	25,762



## 1925

United States.....	\$959,456	\$92,777	\$358,509	\$508,170	\$53,469	\$199,926	\$89,498	\$15,616	\$412,823	..	\$46,546	\$24,834	\$23,967	\$285,815	\$141,402	\$144,413
New England.....	58,312	3,177	31,547	23,588	4,890	21,364	3,732	1,561 <sup>13</sup>	23,349	..	..	..	239	1,084	934	150
Middle Atlantic.....	163,305	13,640	76,061	73,604	23,671	46,877	2,945	2,568	62,838	..	7,494	2,000	1,272	77,521	46,104	31,417
East North Central.....	193,745	13,959	58,259	121,527	5,563	41,665	9,637	1,394	98,282	..	11,837	3,263	8,145	59,002	33,484	25,518
West North Central.....	146,479	14,363	53,513	78,603	3,836	31,984	15,998	1,695 <sup>14</sup>	70,267	..	5,291	885	2,160	29,726	17,000	12,726
South Atlantic.....	122,200	10,940	52,479	58,781	5,603	21,497	19,796	5,583	49,751	..	850	5,304	2,876	59,731	31,449	28,282
East South Central.....	60,256	8,211	15,123	36,922	799	7,110	6,876	338	28,785	..	3,722	3,294	1,121	24,649	8,100	16,549
West South Central.....	94,086	11,550	29,818	52,718	..	16,067	12,904	847	38,102	..	10,611	1,792	2,213	22,840	..	22,840
Mountain.....	42,293	11,494 <sup>15</sup>	11,907	18,892	3,633	2,742	4,651	881	10,855	..	2,816	1,221	4,000	1,969	1,319	650
Pacific.....	78,780	5,443	29,802	43,535	5,474	10,620	12,959	749 <sup>16</sup>	30,594	..	3,925	7,075	1,941	9,293	3,012	6,281

## 1926

United States.....	\$1,076,272	\$79,163	\$420,225	\$576,884	\$48,147	\$224,552	\$134,303	\$13,223	\$443,047	..	\$37,861	\$39,733	\$56,243	\$272,421	\$103,846	\$168,575
New England.....	64,581	3,287	38,016	23,278	6,780	23,215	5,855	2,166	22,933	..	..	..	345	2,963	2,676	287
Middle Atlantic.....	167,921	7,191	83,519	77,211	21,238	52,037	8,474	1,770	59,123	..	5,900	2,380	9,808	82,032	41,465	40,567
East North Central.....	229,783	11,487	71,981	146,315	2,037	43,277	25,614	1,053	122,771	..	8,873	5,597	9,074	46,321	4,983	41,338
West North Central.....	160,552	15,385	60,750	84,417	3,303	33,510	22,200	1,737	64,085	..	4,639	8,582	7,111	22,502	19,256	3,246
South Atlantic.....	172,485	12,175	67,739	92,571	5,280	28,870	28,599	5,190	67,789	..	1,593	7,415	20,774	74,201	27,146	47,055
East South Central.....	68,070	7,039	20,345	40,686	898	9,677	9,213	537	31,171	..	2,664	4,396	2,455	19,154	6,128	13,026
West South Central.....	92,177	9,305	34,822	48,050	..	19,932	14,732	158	35,971	..	6,709	2,020	3,350	17,127	17,127	..
Mountain.....	36,793	7,396	11,621	17,776	3,722	2,168	5,322	409	12,399	..	2,576	1,723	1,078	2,694	2,192	502
Pacific.....	83,910	5,898	31,432	46,580	4,889	11,866	14,494	183	31,805	..	4,907	7,620	2,248	5,427	..	5,427

<sup>1</sup> Federal road construction and maintenance in Yellowstone National Park.

<sup>2</sup> Amounts can not be determined and distribution of the total made.

<sup>3</sup> Contains (Ohio) \$90 thousands special levy on benefited land and \$76 thousands special assessments.

<sup>4</sup> The figures given for five states, Idaho, New Mexico, Utah, Nevada and Washington, include federal forest aid, but the amount can not be determined.

<sup>5</sup> Includes \$354 thousands for rental of equipment, etc. (Connecticut); \$100 thousands donations, and \$106 thousands revolving fund (Rhode Island); and \$618 thousands assessments (Massachusetts).

<sup>6</sup> Includes \$222 thousands for rental of machinery (Illinois); and \$451 thousands rentals of machinery, etc., and \$320 thousands reimbursements for engineering (Wisconsin).

<sup>7</sup> Includes \$1,521 thousands assessment certificates (Iowa); \$108 thousands corporation tax (Missouri); and \$106 thousands revolving fund (South Dakota).

<sup>8</sup> Includes \$939 thousands donations to state (Delaware); \$842 thousands miscellaneous refunds and transfers, and \$321 thousands convict labor appropriation (Virginia); and \$250 thousands sales and rentals of machinery, etc. (Georgia).

<sup>9</sup> Includes \$319 thousands rental of equipment (Montana); \$215 thousands federal forest funds, \$284 thousands oil royalties, \$234 thousands donations, and \$125 thousands rental of equipment (Wyoming); and \$60 thousands state prison fund (Arizona).

<sup>10</sup> Includes \$1,218 thousands federal forest allotment (California).

<sup>11</sup> Ohio's amount (\$6,478 thousands) consists almost entirely of assessments against abutting property and transfers from various funds.

<sup>12</sup> Includes oil royalties paid by the United States Government,—Montana (\$30 thousands) and Wyoming (\$1,133 thousands).

<sup>13</sup> Includes \$881 thousands refunds received on equipment, materials, etc., less refund paid federal aid to towns (Connecticut).

<sup>14</sup> Includes \$248 thousands special assessments against abutting property (Iowa).

<sup>15</sup> Includes \$530 thousands federal forest road funds (Oregon).

TABLE 16: PERCENTAGE DISTRIBUTION<sup>1</sup> OF STATE AND LOCAL HIGHWAY REVENUE, CALENDAR YEARS 1914, 1921, 1925 AND 1926

(Computed by National Industrial Conference Board)

Geographic Divisions	Current Highway Revenue				Current State Highway Revenue				Current Local Highway Revenue					Bonds	
	Total	Federal Aid	State Revenue	Local Revenue	Property Taxes	Motor Vehicle License Charges	Gasoline Taxes	Other Highway Revenue	Property Taxes	Statute Labor	Motor Vehicle License Charges	Gasoline Taxes	Other Highway Revenue	State	Local
1914															
United States.....	100.0	0.1	..	..	..	..	..	..	..	..	..	..	..	32.7	67.3
New England.....	100.0	..	41.4	58.6	..	..	..	..	..	..	..	..	..	77.1	22.9
Middle Atlantic.....	100.0	..	32.7	67.3	..	..	..	..	..	..	..	..	..	95.5	4.5
East North Central.....	100.0	..	11.4	88.6	11.4	..	..	..	84.1	2.5	1.2	..	0.8	..	100.0
West North Central.....	100.0	..	5.8	94.2	5.8	..	..	..	85.8	2.3	3.5	..	2.6	..	100.0
South Atlantic.....	100.0	..	21.8	78.2	21.2	0.6	..	..	71.6	3.7	1.0	..	1.9	..	100.0
East South Central.....	100.0	..	1.8	98.2	1.6	0.2	..	..	87.0	10.2	0.5	..	0.5	..	100.0
West South Central.....	100.0	..	5.6	94.4	5.4	0.2	..	..	85.6	5.3	..	..	3.5	..	100.0
Mountain.....	100.0	2.6	11.3	86.1	11.0	0.3	..	..	83.6	..	0.5	..	2.0	..	100.0
Pacific.....	100.0	..	..	..	..	..	..	..	..	..	..	..	..	61.7	38.3
1921															
United States.....	100.0	10.9	25.8	63.3	9.5	14.2	0.5	1.6	53.3	..	2.3	..	7.7	25.9	74.1
New England.....	100.0	7.1	47.2	45.7	19.2	28.7	..	3.3	45.2	..	..	..	0.5	40.5	59.5
Middle Atlantic.....	100.0	6.8	47.7	45.5	26.8	20.5	..	0.4	43.6	..	..	..	1.9	75.8	24.2
East North Central.....	100.0	6.6	18.3	75.1	6.9	10.7	..	0.7	58.5	..	4.1	..	12.5	10.0	90.0
West North Central.....	100.0	12.3	20.3	67.4	3.1	15.0	..	2.2	59.3	..	2.3	..	5.8	18.0	82.0
South Atlantic.....	100.0	16.0	24.6	59.4	5.4	15.8	1.0	2.4	53.4	..	..	..	6.0	40.2	59.8
East South Central.....	100.0	15.2	19.5	65.3	4.4	13.4	1.3	0.4	53.9	..	..	..	11.4	..	100.0
West South Central.....	100.0	19.3	9.7	71.0	1.1	8.3	0.2	0.1	55.1	..	4.7	0.1	11.1	0.8	99.2
Mountain.....	100.0	22.1	25.4	52.5	14.0	5.0	1.6	4.8	46.6	..	1.7	0.6	3.6	28.0	72.0
Pacific.....	100.0	6.7	24.5	68.8	6.7	12.3	2.4	3.1	51.5	..	5.0	..	12.3	38.4	61.6
1925															
United States.....	100.0	9.7	37.3	53.0	5.6	20.8	9.3	1.6	43.0	..	4.9	2.6	2.5	49.5	50.5
New England.....	100.0	5.5	54.1	40.4	8.4	36.6	6.4	2.7	40.0	..	..	..	0.4	86.2	13.8
Middle Atlantic.....	100.0	8.4	46.6	45.0	14.5	28.7	1.8	1.6	38.4	..	4.6	1.2	0.8	39.5	40.5
East North Central.....	100.0	7.2	30.1	62.7	3.9	21.5	5.0	0.7	50.7	..	6.1	1.7	4.2	56.7	43.3
West North Central.....	100.0	9.8	36.5	53.7	2.6	21.8	10.9	1.2	48.0	..	3.6	0.6	1.5	57.2	42.8
South Atlantic.....	100.0	9.0	43.0	48.0	4.6	17.6	16.2	4.6	40.6	..	0.7	4.3	2.4	52.7	47.3
East South Central.....	100.0	13.6	25.1	61.3	1.3	11.8	11.4	0.6	47.7	..	6.2	5.5	1.9	32.9	67.1
West South Central.....	100.0	12.3	31.7	56.0	..	17.1	13.7	0.9	40.4	..	11.3	1.9	2.4	..	100.0
Mountain.....	100.0	27.2	28.1	44.7	8.6	6.4	11.0	2.1	25.7	..	6.7	2.9	9.4	67.0	33.0
Pacific.....	100.0	6.9	38.0	55.1	7.0	13.5	16.5	1.0	38.6	..	5.0	9.0	2.5	32.4	67.6
1926															
United States.....	100.0	7.4	39.0	53.6	4.5	20.8	12.5	1.2	41.2	..	3.5	3.7	5.2	38.1	61.9
New England.....	100.0	5.1	58.9	36.0	10.5	36.0	9.1	3.3	35.5	..	..	..	0.5	90.3	9.7
Middle Atlantic.....	100.0	4.3	49.7	46.0	12.6	31.0	5.0	1.1	35.2	..	3.5	1.4	5.9	50.6	49.4
East North Central.....	100.0	5.0	31.3	63.7	0.9	18.8	11.1	0.5	53.4	..	3.9	2.4	4.0	10.8	89.2
West North Central.....	100.0	9.6	37.8	52.6	2.0	20.9	13.8	1.1	39.9	..	2.9	5.4	4.4	85.6	14.4
South Atlantic.....	100.0	7.0	39.3	53.7	3.1	16.7	16.5	3.0	36.4	..	0.9	4.3	12.1	36.6	63.4
East South Central.....	100.0	10.3	29.9	59.8	1.3	14.2	13.6	0.8	45.8	..	3.9	6.5	3.6	32.0	68.0
West South Central.....	100.0	10.1	37.8	52.1	..	21.6	16.0	0.2	39.0	..	7.3	2.2	3.6	..	100.0
Mountain.....	100.0	20.1	31.6	48.3	10.1	5.9	14.5	1.1	33.7	..	7.0	4.7	2.9	81.4	18.6
Pacific.....	100.0	9.8	34.7	55.5	5.8	14.7	17.3	0.7	37.9	..	3.8	9.1	2.7	..	100.0

**TABLE 17: STATE AND LOCAL HIGHWAY BOND ISSUES, BY STATES, CALENDAR YEAR 1926**

(Source: U. S. Bureau of Public Roads. Computed by National Industrial Conference Board)

States and Geographic Divisions	Bonds (in Thousands)			Percentage Distribution of Bonds	
	Total	State	Local	State	Local
<b>United States</b> .....	<b>\$272,421</b>	<b>\$103,846</b>	<b>\$168,575</b>	<b>38.1</b>	<b>61.9</b>
<b>New England</b> .....	<b>2,963</b>	<b>2,676</b>	<b>287</b>	<b>90.3</b>	<b>9.7</b>
Maine.....	2,719	2,676	43	98.4	1.6
New Hampshire.....	..	..	..	..	..
Vermont.....	..	..	..	..	..
Massachusetts.....	..	..	..	..	..
Rhode Island.....	..	..	..	..	..
Connecticut.....	244	..	244	..	100.0
<b>Middle Atlantic</b> .....	<b>82,032</b>	<b>41,465</b>	<b>40,567</b>	<b>50.6</b>	<b>49.4</b>
New York.....	23,896	22,200	1,696	92.9	7.1
New Jersey.....	18,104	5,086	13,018	28.1	71.9
Pennsylvania.....	40,032	14,179	25,853	35.4	64.6
<b>East North Central</b> .....	<b>46,321</b>	<b>4,983</b>	<b>41,338</b>	<b>10.8</b>	<b>89.2</b>
Ohio.....	20,144	..	20,144	..	100.0
Indiana.....	10,870	..	10,870	..	100.0
Illinois.....	6,388	4,953	1,435	77.5	22.5
Michigan.....	6,688	30	6,658	0.4	99.6
Wisconsin.....	2,231	..	2,231	..	100.0
<b>West North Central</b> .....	<b>22,502</b>	<b>19,256</b>	<b>3,246</b>	<b>85.6</b>	<b>14.4</b>
Minnesota.....	1,011	..	1,011	..	100.0
Iowa.....	4,324	4,129 <sup>1</sup>	195	95.5	4.5
Missouri.....	15,498	15,127	371	97.6	2.4
North Dakota.....	95	..	95	..	100.0
South Dakota.....	85	..	85	..	100.0
Nebraska.....	192	..	192	..	100.0
Kansas.....	1,297	..	1,297	..	100.0
<b>South Atlantic</b> .....	<b>74,201</b>	<b>27,146</b>	<b>47,055</b>	<b>36.6</b>	<b>63.4</b>
Delaware.....	2,122	1,108	1,014	52.2	47.8
Maryland.....	2,782	1,863	919	67.0	33.0
Virginia.....	985	..	985	..	100.0
West Virginia.....	13,076	9,000	4,076	68.8	31.2
North Carolina.....	25,939	15,175	10,764	58.5	41.5
South Carolina.....	848	..	848	..	100.0
Georgia.....	2,781	..	2,781	..	100.0
Florida.....	25,668	..	25,668	..	100.0
<b>East South Central</b> .....	<b>19,154</b>	<b>6,128</b>	<b>13,026</b>	<b>32.0</b>	<b>68.0</b>
Kentucky.....	3,243	..	3,243	..	100.0
Tennessee.....	4,382	500	3,882	11.4	88.6
Alabama.....	5,781	5,628	153	97.4	2.6
Mississippi.....	5,748	..	5,748	..	100.0
<b>West South Central</b> .....	<b>17,127</b>	<b>..</b>	<b>17,127</b>	<b>..</b>	<b>100.0</b>
Arkansas.....	55	..	55	..	100.0
Louisiana.....	8,307	..	8,307	..	100.0
Oklahoma.....	1,919	..	1,919	..	100.0
Texas.....	6,846	..	6,846	..	100.0
<b>Mountain</b> .....	<b>2,694</b>	<b>2,192</b>	<b>502</b>	<b>81.4</b>	<b>18.6</b>
Montana.....	122	..	122	..	100.0
Idaho.....	266	..	266	..	100.0
Wyoming.....	12	..	12	..	100.0
Colorado.....	2,102	2,102	..	100.0	..
New Mexico.....	113	90	23	79.7	20.3
Arizona.....	..	..	..	..	..
Utah.....	79	..	79	..	100.0
Nevada.....	..	..	..	..	..
<b>Pacific</b> .....	<b>5,427</b>	<b>..</b>	<b>5,427</b>	<b>..</b>	<b>100.0</b>
Washington.....	82	..	82	..	100.0
Oregon.....	3,788	..	3,788	..	100.0
California.....	1,557	..	1,557	..	100.0

<sup>1</sup> County bonds, assumed as state obligations.

TABLE 18: SOURCES OF CURRENT STATE AND LOCAL HIGHWAY REVENUE, BY STATES, CALENDAR YEAR 1926

(Source: U. S. Bureau of Public Roads. Computed by National Industrial Conference Board)

States and Geographic Divisions	Current Highway Revenue (in Thousands)				Per Cent Distribution of Total Current Highway Revenue											
	Total	Federal Aid	State Revenue	Local Revenue	Federal Aid	State	Local	State Revenue				Local Revenue				
								Property Taxes	Motor Vehicle License Charges	Gasoline Taxes	Other	Property Taxes	Motor Vehicle License Charges	Gasoline Taxes	Other	
United States . . . . .	\$1,076,272	\$79,163	\$420,225	\$576,884	7.4	39.0	53.6	4.5	20.8	12.5	1.2	41.2	3.5	3.7	5.2	
New England . . . . .	64,581	3,287	38,016	23,278	5.1	58.9	36.0	10.5	36.0	9.1	3.3	35.5	..	..	0.5	
Maine . . . . .	8,885	763	5,650	2,472	8.6	63.6	27.8	11.3	27.8	20.2	4.3	27.4	..	..	0.4	
New Hampshire . . . . .	4,620	306	2,424	1,890	6.6	52.5	40.9	..	32.8	16.5	3.2	40.9	..	..	..	
Vermont . . . . .	4,306	706	2,805	795	16.4	65.1	18.5	52.1	..	4.4	8.6	18.1	..	..	0.4	
Massachusetts . . . . .	26,423	812	11,261	14,350	3.1	42.6	54.3	..	42.6	..	..	53.4	..	..	0.9	
Rhode Island . . . . .	4,326	521	2,927	1,878	12.0	67.7	20.3	8.5	43.0	16.2	..	19.5	..	..	0.8	
Connecticut . . . . .	16,021	179	12,949	2,893	1.1	80.8	18.1	19.8	38.1	15.0	7.9	18.1	..	..	1	
Middle Atlantic . . . . .	167,921	7,191	83,519	77,211	4.3	49.7	46.0	12.6	31.0	5.0	1.1	35.2	3.5	1.4	5.9	
New York . . . . .	59,623	3,613	33,343	22,667	6.1	55.9	38.0	25.4	27.7	..	2.8	27.1	6.6	..	4.3	
New Jersey . . . . .	30,516	1,251	16,851	12,414	4.1	55.2	40.7	19.9	35.3	..	1	32.8	6.4	..	1.5	
Pennsylvania . . . . .	77,782	2,327	33,325	42,130	3.0	42.8	54.2	..	31.8	10.9	0.1	42.4	..	..	3.1	
East North Central . . . . .	229,783	11,487	71,981	146,315	5.0	31.3	63.7	0.9	18.8	11.1	0.5	53.4	3.9	2.4	4.0	
Ohio . . . . .	56,063	2,450	13,074	40,539	4.4	23.3	72.3	3.6	9.6	10.1	..	50.8	4.0	6.4	11.1	
Indiana . . . . .	41,749	2,499	11,345	27,905	6.0	27.2	66.8	..	12.7	13.8	0.7	62.4	..	4.4	1	
Illinois . . . . .	42,034	2,037	14,152	25,845	4.8	33.7	61.5	..	33.2	..	0.5	61.2	..	..	0.3	
Michigan . . . . .	55,232	2,800	20,876	31,556	5.1	37.8	57.1	..	20.3	16.9	0.6	43.0	12.0	..	2.1	
Wisconsin . . . . .	34,705	1,701	12,534	20,470	4.9	36.1	59.0	1	21.3	14.1	0.7	54.2	1	0.5	4.3	
West North Central . . . . .	160,552	15,385	60,750	84,417	9.6	37.8	52.6	2.0	20.9	13.8	1.1	39.9	2.9	5.4	4.4	
Minnesota . . . . .	35,128	2,842	17,435	14,851	8.1	49.6	42.3	5.5	28.1	14.1	1.9	37.1	1	1	5.2	
Iowa . . . . .	31,976	2,122	11,163	18,691	6.6	34.9	58.5	..	29.2	4.9	0.8	46.2	..	5.1	7.2	
Missouri . . . . .	28,406	3,924	14,579	9,903	13.8	51.3	34.9	..	27.7	21.1	2.5	28.4	..	..	6.5	
North Dakota . . . . .	7,156	929	1,671	4,556	13.0	23.3	63.7	4.9	11.2	6.2	1.0	53.6	8.7	0.8	0.6	
South Dakota . . . . .	12,535	1,464	4,024	7,047	11.7	32.1	56.2	6.1	10.1	15.4	0.5	45.3	9.7	..	1.2	
Nebraska . . . . .	14,142	2,355	4,150	7,637	16.7	29.3	54.0	0.7	7.3	21.3	..	34.1	17.6	0.2	2.1	
Kansas . . . . .	31,209	1,749	7,728	21,732	5.6	24.8	69.6	0.5	10.6	13.7	..	44.6	1.0	22.0	2.0	

South Atlantic.....	172,485	12,175	67,739	92,571	7.0	39.3	53.7	3.1	16.7	16.5	3.0	36.4	0.9	4.3	12.1
Delaware.....	3,060	241	1,230	1,589	7.9	40.2	51.9	..	25.3	13.0	1.9	51.9	..	..	..
Maryland.....	11,506	720	7,145	3,641	6.3	62.1	31.6	25.4	19.2	14.6	2.9	25.8	..	..	5.8
Virginia.....	20,061	2,514	9,277	8,270	12.5	46.3	41.2	9.1	21.2	14.3	1.7	26.5	..	7.5	7.2
West Virginia.....	17,844	464	7,215	10,165	2.6	40.4	57.0	..	23.1	16.1	1.2	56.8	..	..	0.2
North Carolina.....	46,222	3,098	17,815	25,309	6.7	38.5	54.8	..	16.0	15.0	7.5	29.9	..	..	24.9
South Carolina.....	14,798	1,559	4,832	8,407	10.5	32.7	56.8	..	12.9	18.1	1.7	26.4	0.1	11.8	18.5
Georgia.....	20,703	2,571	5,940	12,192	12.4	28.7	58.9	..	15.8	11.3	1.6	50.1	..	7.5	1.3
Florida.....	38,291	1,008	14,285	22,998	2.6	37.3	60.1	1.4	12.8	22.6	0.5	38.4	4.1	6.8	10.8
East South Central.....	68,070	7,039	20,345	40,686	10.3	29.9	59.8	1.3	14.2	13.6	0.8	45.8	3.9	6.5	3.6
Kentucky.....	16,473	1,629	8,524	6,320	9.9	51.7	38.4	5.3	23.7	21.1	1.6	34.8	2.6	..	1.0
Tennessee.....	18,542	2,378	7,469	8,695	12.8	40.3	46.9	0.1	18.2	21.1	0.9	42.8	0.3	..	3.8
Alabama.....	12,562	1,619	2,317	8,626	12.9	18.4	68.7	..	17.9	..	0.5	41.9	1.7	21.1	4.0
Mississippi.....	20,493	1,413	2,035	17,045	6.9	9.9	83.2	..	0.7	8.9	0.3	59.7	9.7	8.5	5.3
West South Central.....	92,177	9,305	34,822	48,050	10.1	37.8	52.1	..	21.6	16.0	0.2	39.0	7.3	2.2	3.6
Arkansas.....	15,740	1,708	7,544	6,488	10.9	47.9	41.2	..	22.4	25.5	..	37.4	0.5	1.7	1.6
Louisiana.....	13,419	876	6,527	6,016	6.5	48.7	44.8	..	28.7	19.8	0.2	44.1	..	..	0.7
Oklahoma.....	22,505	1,920	6,282	14,303	8.5	27.9	63.6	..	9.2	18.4	0.3	35.9	12.8	7.8	7.1
Texas.....	40,513	4,801	14,469	21,243	11.9	35.7	52.4	..	25.9	9.7	0.1	39.7	9.2	..	3.5
Mountain.....	36,793	7,396	11,621	17,776	20.1	31.6	48.3	10.1	5.9	14.5	1.1	33.7	7.0	4.7	2.9
Montana.....	5,539	660	178	4,701	11.9	3.2	84.9	..	..	2.0	1.2	52.0	22.5	6.6	3.8
Idaho.....	6,773	1,399	1,665	3,709	20.7	24.6	54.7	4.7	2.1	17.5	0.3	40.1	9.5	..	5.1
Wyoming.....	3,682	784	2,085	813	21.3	56.6	22.1	27.1	13.3	15.5	0.7	18.4	..	..	3.7
Colorado.....	8,404	1,136	2,844	4,424	13.5	33.9	52.6	12.1	8.3	12.4	1.1	33.3	5.9	10.7	2.7
New Mexico.....	3,014	1,020	1,491	503	33.8	49.5	16.7	19.2	9.1	19.6	1.6	11.0	5.4	..	0.3
Arizona.....	3,875	558	1,554	1,763	14.4	40.1	45.5	16.3	11.7	11.6	0.5	31.5	..	11.7	2.3
Utah.....	3,372	908	1,215	1,249	26.9	36.0	37.1	..	1.4	33.9	0.7	34.7	0.9	..	1.5
Nevada.....	2,134	931	589	614	43.6	27.6	28.8	8.1	3.3	10.8	5.4	28.5	..	..	0.3
Pacific.....	83,910	5,898	31,432	46,580	7.0	37.5	55.5	5.8	14.2	17.3	0.2	37.9	5.8	9.1	2.7
Washington.....	17,911	1,357	7,465	9,089	7.6	41.7	50.7	..	22.4	19.3	..	40.9	3.3	2.8	3.7
Oregon.....	16,931	1,265	7,456	8,210	7.5	44.0	48.5	..	25.1	17.8	1.1	33.6	8.4	1.3	5.2
California.....	49,068	3,276	16,511	29,281	6.7	33.6	59.7	10.0	7.3	16.3	..	38.3	5.9	14.1	1.4

<sup>1</sup> Less than 0.05%.

## 34 COST OF GOVERNMENT IN UNITED STATES

### *Distribution of Highway Expenditures by Use*

A smaller proportion of combined state and local highway disbursements was used for highway construction and a larger proportion for highway maintenance in 1926 than in 1925. Heavy borrowings in 1925 for highway construction were reflected in an increase of interest payments on the highway debt from \$80 millions in 1925 to \$100 millions in 1926. Redemption of outstanding highway debt in 1926 totalled \$113 millions—\$16 millions more than in 1925.

### *Highway Revenue*

The current highway revenue of the state and local governments was \$1,076 millions in 1926 as compared with \$959 millions in 1925. Tables 15 and 16 show that all portions of the country except the West South Central and the Mountain states shared in this increase. Less federal aid was distributed to the states in 1926 than in 1925. Moreover, the state governments devoted \$5 millions less property tax revenue to highway purposes in 1926. These two decreases were more than offset by large increases in the revenue from motor vehicle license charges and, particularly, from gasoline taxes. Reports of the United States Bureau of Public Roads indicate that motor vehicle license charges and gasoline taxes have yielded an increasing amount of highway revenue during 1927 and 1928.

The receipts from highway bond issues and current highway revenue are shown for the individual states in Tables 17 and 18.

## CHAPTER II

### THE PUBLIC DEBT

THE problems of state and of local borrowings are closely interrelated, and may be considered in conjunction. The federal debt, on the other hand, presents an independent problem, and must be considered apart from the state and local debt.

State and local indebtedness has been largely created to meet capital expenditures and has been consistently increased from year to year. The federal debt reached its peak in the year following the close of the World War and, in contrast to the state and local debt, has been steadily reduced since that time.

#### THE FEDERAL DEBT

On June 30, 1919, the gross debt of the Federal Government amounted to \$25,482 millions. By June 30, 1928, this debt had been reduced to \$17,604 millions. In addition to reducing the outstanding total of the national debt, the Treasury Department further lightened the burden of the debt by refunding issues with a high interest rate into new issues with lower interest rates and convenient maturity dates.

#### *Reduction of the Federal Debt*

Between June 30, 1919, and June 30, 1928, the Federal Government redeemed \$7877.7 millions of its total outstanding debt issues, as is indicated in Table 19 and in Chart 4. This figure represents the retirement of the *gross*<sup>1</sup> national debt. In 1919, however, the Federal Government

<sup>1</sup>*Gross debt* is the sum total of the outstanding debt issues of a governmental authority. *Net debt* is equivalent to the gross debt minus funds available for the present or subsequent retirement of this debt—in the case of the Federal Government, its unencumbered treasury balance; in the case of the state and local governments, their sinking funds.

TABLE 19: CHANGES IN AMOUNT OF FEDERAL PUBLIC DEBT OUTSTANDING AT CLOSE OF EACH FISCAL YEAR, 1919 TO 1928

(Source: Annual Reports of the Secretary of the Treasury. Computed by National Industrial Conference Board)

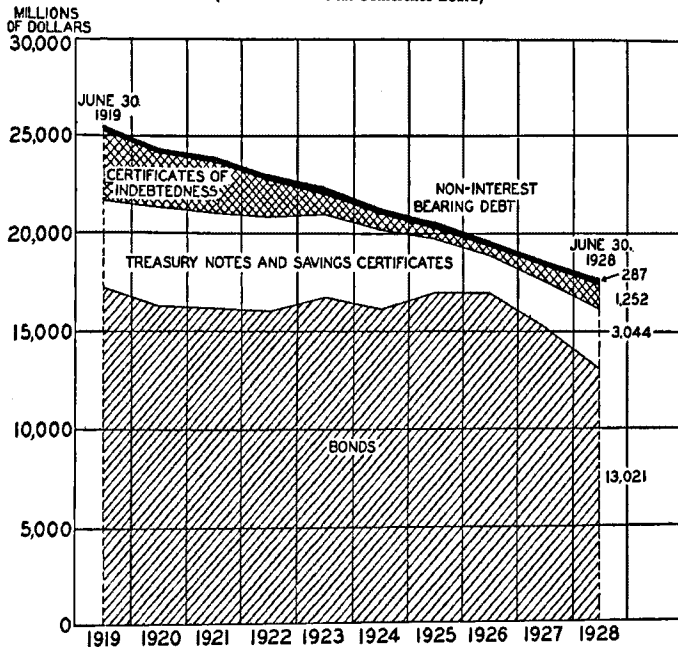
Items of Federal Debt	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
<i>Amount (in Millions)</i>										
Bonds.....	\$17,187.7	\$16,218.4	\$16,119.0	\$15,965.4	\$16,624.8	\$16,025.5	\$16,842.3	\$16,928.3	\$15,220.4	\$13,020.8
Treasury notes and savings certificates..	4,421.8	5,073.8	4,919.1	4,916.8	4,351.4	4,148.6	2,789.9	1,972.2	2,328.5	3,044.5
Certificates of indebtedness.....	3,625.0	2,768.9	2,699.3	1,828.8	1,031.4	807.5	578.7	483.3	702.1	1,252.4
Total interest-bearing debt.....	\$25,234.5	\$24,061.1	\$23,737.4	\$22,711.0	\$22,007.6	\$20,981.6	\$20,210.9	\$19,383.8	\$18,251.0	\$17,317.7
Matured debt on which interest has ceased..	11.1	6.7	10.9	25.3	98.2	30.2	30.2	13.3	14.7	45.3
Debt bearing no interest.....	236.4	230.1	228.0	227.8	243.9	239.3	275.1	246.1	244.5	241.3
Total non-interest-bearing debt.....	\$247.5	\$236.8	\$238.9	\$253.1	\$342.1	\$269.5	\$305.3	\$259.4	\$259.2	\$286.6
Gross total <sup>1</sup> .....	\$25,482.0	\$24,297.9	\$23,976.3	\$22,964.1	\$22,349.7	\$21,251.1	\$20,516.2	\$19,643.2	\$18,510.2	\$17,604.3
Net balance in treasury free from encumbrances.....	1,002.7	def. 33.0	162.7	def. 32.3	193.8	73.1	77.0	70.5	87.9	136.7
Net debt.....	\$24,479.3	\$24,330.9	\$23,813.6	\$22,996.4	\$22,155.9	\$21,178.0	\$20,439.2	\$19,572.7	\$18,422.3	\$17,467.6
<i>Per Cent Increase (+) or Decrease (-) from Preceding Year</i>										
Bonds.....	..	- 5.6	-0.6	- 1.0	+ 4.1	- 3.6	+ 5.1	+ 0.5	-10.1	-14.5
Treasury notes and savings certificates..	..	+14.7	-3.0	²	-11.5	- 4.7	-32.8	-29.3	+18.1	+30.7
Certificates of indebtedness.....	..	-23.6	-2.5	-32.2	-43.6	-21.7	-28.3	-16.5	+45.3	+78.4
Total interest-bearing debt.....	..	- 4.6	-1.3	- 4.3	- 3.1	- 4.7	- 3.7	- 4.1	- 5.8	- 5.1
Net debt.....	..	- 0.6	-2.1	- 3.4	- 3.7	- 4.4	- 3.5	- 4.2	- 5.9	- 5.2

<sup>1</sup> Exclusive of encumbrances against treasury balance, i. e., accrued interest, outstanding disbursing officers' and warrant checks, and other

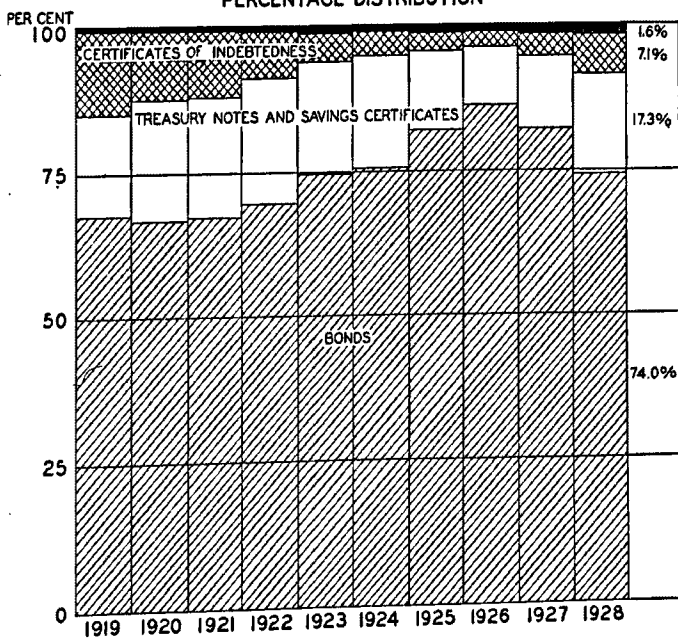


# CHART 4: FEDERAL DEBT OUTSTANDING, 1919 to 1928

(National Industrial Conference Board)



## PERCENTAGE DISTRIBUTION



had an unencumbered treasury balance of \$1,003 millions available for debt retirement; in 1928, the unencumbered treasury balance was only \$137 millions. The reduction of the net national debt during the nine year period, therefore, was \$7,012 millions. The *retirement* of the *gross* debt of the Federal Government has averaged \$875 millions annually; the *reduction* of its *net* debt has averaged \$779 millions annually.

The greatest reduction of the federal debt was accomplished during the fiscal year ended in 1927. In this year, the net debt was reduced by 5.9% of the amount outstanding on June 30, 1926. This reduction followed one of 4.2% for the fiscal year ended in 1926. During the fiscal year ended in 1928, the reduction of the federal debt amounted to 5.2% of the amount outstanding on June 30, 1927.

At the time the war loans were floated, the Treasury's most urgent needs were met by using short-term certificates to secure cash in anticipation of long-term loans. These issues of certificates were later refunded by Liberty Loan Bond issues. As these bonds have matured, the Treasury department has, by the use of its call and exchange privileges, exchanged new certificates, bearing a lower rate of interest and maturing at convenient dates, for the high-interest-bearing Liberty Loan bonds. During the course of the eighteen months beginning on March 15, 1927 and ending on September 15, 1928, the Treasury retired or refunded \$5 billions of the Second and the Third Liberty Bond issues into securities bearing a lower rate of interest. In February, 1927, \$5,264 millions of these bonds were outstanding, of which all but \$20 millions bore a 4¼% rate of interest. Approximately \$1,300 millions were retired from the sinking fund and surplus. The balance of these bonds has been replaced by treasury notes and bonds bearing a lower interest rate, with maturity or call dates convenient for sinking fund purposes.

Changes in the average interest rate on the outstanding federal debt reflect the savings effected through these re-funding operations. The average interest rate was 3.87% on June 30, 1928, as compared with 3.96% on June 30, 1927, and 4.29% on June 30, 1921. In the fiscal year ended in 1928,

the total interest payments amounted to \$732 millions, a decrease of \$55 millions from payments in the preceding year.

The refunding operations between March, 1927 and June, 1928, are further reflected in changes in the character of the outstanding federal debt. On June 30, 1926, long-term bonds constituted 87.3% of the outstanding interest-bearing debt; treasury notes and savings certificates, 10.2%; and certificates of indebtedness, 2.5%. On June 30, 1928, the proportions were, respectively, 75.2%, 17.6% and 7.2%.

#### *Sources of Funds for Federal Debt Retirement*

Table 20 and Chart 5 present the sources of the funds used for retiring the federal debt for the fiscal years 1920 through 1928. The total retirement of outstanding debt issues during the fiscal year ended in 1927 was \$1,133 millions. Of this amount, \$519.6 millions were retired by money from the sinking fund and other amounts derived from ordinary receipts. The exceptional surplus of this year, resulting from the excess of receipts over ordinary expenditures, permitted the retirement of an additional \$613.4 millions of the federal debt.

During the fiscal year ended June 30, 1928, sinking fund retirements and retirements from ordinary receipts totalled \$540.2 millions. The treasury surplus for this year was much smaller than that of the preceding year, partly because of a decrease of general tax revenues and of sums obtained from back taxes, and because the failure of the 1927 Congress to pass the Deficiency Bill caused some expenditures of the 1927 fiscal year to be charged to the following fiscal year. Retirements from funds derived from the treasury surplus for the fiscal year ended in 1928 were \$393.3 millions as compared with \$634.9 millions for the preceding year.

As before mentioned, the federal budget for the fiscal year ending in 1929 makes no allowance for a Treasury surplus. The scale of prospective federal expenditures and the rate schedules of the present federal tax system do not promise future surpluses such as have occurred during the past few years. The retirement of the federal debt in the future, therefore, will be financed largely, if not wholly, by the

TABLE 20: SOURCES OF FUNDS FOR FEDERAL PUBLIC DEBT RETIREMENT, FISCAL YEARS 1920 TO 1928

(Source: Daily Treasury Statements)

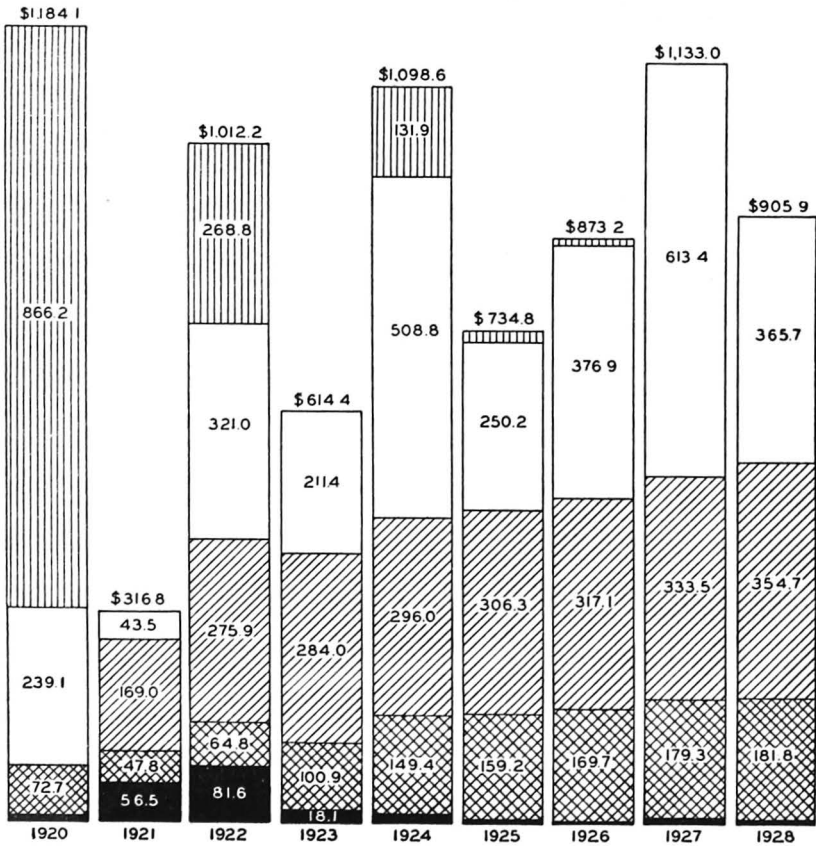
Source	1920	1921	1922	1923	1924	1925	1926	1927	1928	1920-1928	
										Total	Percentage Distribution
<i>Amount (in Millions)</i>											
Sinking fund . . . . .	..	\$261.3	\$275.9	\$284.0	\$296.0	\$306.3	\$317.1	\$333.5	\$354.7	\$2,428.8	30.9
Principal of foreign obligations . . . . .	\$72.7	73.9	64.9	32.1	61.5	23.2	33.4	44.3	46.5	452.4	5.7
Interest on foreign obligations . . . . .	..	..	..	68.8	87.9	136.0	136.3	135.0	135.3	699.3	8.9
Internal revenue . . . . .	6.1	87.4	81.6	18.1	12.5	1.0	0.6	6.8	3.7	217.8	2.8
Total chargeable to ordinary receipts..	\$78.8	\$422.6	\$422.4	\$403.0	\$457.9	\$466.5	\$487.4	\$519.6	\$540.2	\$3,798.3	48.3
Surplus . . . . .	239.1	67.2	321.0	317.2	508.8	250.2	376.9	634.9	393.3	3,108.6	39.5
Decrease in net balance of general fund . . . . .	866.2	..	268.8	..	131.9	18.1	8.9	..	..	1,293.9	16.4
Total available for retirements . . . . .	\$1,184.1	\$489.8	\$1,012.2	\$720.2	\$1,098.6	\$734.8	\$873.2	\$1,154.5	\$933.5	\$8,200.8	104.2
Increase in net balance of general fund . . . . .	..	173.0	..	105.8	..	..	..	21.5	27.6	327.9	4.2
Net total retirements	\$1,184.1	\$316.8	\$1,012.2	\$614.4	\$1,098.6	\$734.8	\$873.2	\$1,133.0	\$905.9	\$7,872.9	100.0

# CHART 5: SOURCES OF FUNDS FOR FEDERAL DEBT RETIREMENT, FISCAL YEARS 1920 TO 1928

(National Industrial Conference Board)

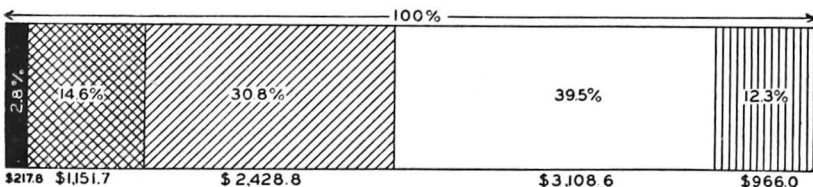


(FIGURES IN MILLIONS)



## TOTAL AMOUNT PAID TO DATE

NET TOTAL \$7,872.9



federal sinking fund and by payments on foreign debt obligations. It must not be overlooked, in this connection, that the provisions for the sinking fund enable it to retire a larger portion of the outstanding debt each year.

*Federal Debt Retirement from Foreign Debt Payments*

Payments of the principal of foreign debt in any form, and payments of the interest on foreign debt in the form of United States securities, must be used for the retirement of the federal debt. Table 21 shows that although the receipts from the payment of principal and interest on foreign debts have been a very small proportion, 3.75%, of the ordinary receipts of the Federal Government since 1920, this proportion has been steadily increasing. The medium of payment chosen, cash or United States securities, depends on the market value of the securities. As indicated in Table 22, several debtor countries have chosen to pay part of their matured debt and interest in short-term securities of the United States. Great Britain has made by far the larger part of its payments—\$820 millions of a total of \$870 millions—in these securities. By June 30, 1928, the amount of foreign debt payments in American securities was \$829 millions of a total of \$938 millions.

TABLE 21: DEBT PAYMENTS OF FOREIGN GOVERNMENTS TO THE UNITED STATES, FISCAL YEARS 1920 TO 1928

(Source: U. S. Department of the Treasury, Daily Treasury Statements)

Year	Payments on Principal (in Thousands)	Payments on Interest (in Thousands)	Total Receipts on Foreign Debt Obligations (in Thousands)	Total Ordinary Receipts of the Federal Government (in Thousands)	Per Cent that Foreign Debt Payments are of Ordinary Receipts
1920.....	\$70,545	\$3,751	\$74,296	\$6,694,565	1.11
1921.....	83,678	31,143	114,821	5,624,933	2.04
1922.....	48,674	26,549	75,223	4,109,109	1.83
1923.....	31,657	201,332	232,989	4,007,145	5.81
1924.....	61,090	160,685	221,775	4,012,045	5.53
1925.....	23,248	160,390	183,638	3,780,149	4.86
1926.....	34,147	160,091	194,238	3,962,756	4.90
1927.....	45,700	160,389	206,089	4,129,394	4.99
1928.....	47,841	161,085	208,926	4,042,348	5.17
1920-1928.	\$446,580	\$1,065,415	\$1,511,995	\$40,362,444	3.75

TABLE 22: FOREIGN DEBT PAYMENTS TO UNITED STATES ON ACCOUNT OF FUNDED OBLIGATIONS TO  
JUNE 30, 1928

(Source: U. S. Department of the Treasury)

Country	Date of Funding	Payments on Principal			Payments on Interest			Total Payments		
		Cash	In United States Obligations	Total	Cash	In United States Obligations	Total	Cash	In United States Obligations	Total
<i>Amount (in Thousands)</i>										
Belgium	Aug. 18, 1925	\$4,200	\$2,450	\$6,650	\$4,865	\$1,125	\$5,990	\$9,065	\$3,575	\$12,640
Czechoslovakia	Oct. 13, 1925	9,000	..	9,000	..	..	..	9,000	..	9,000
Estonia	Oct. 28, 1925	250	..	250	100	..	100	350	..	350
Finland	May 1, 1923	191	45	236	1,313	155	1,468	1,504	200	1,704
France	Apr. 29, 1926	21,250	..	21,250	..	..	..	21,250	..	21,250
Great Britain	June 19, 1923	36	119,964	120,000	49,761	700,419	750,180	49,797	820,383	870,180
Hungary	Apr. 25, 1924	40	..	40	219	..	219	259	..	259
Italy	Nov. 14, 1925	10,000	5,000	15,000	..	..	..	10,000	5,000	15,000
Latvia	Sept. 24, 1925	48	..	48	87	..	87	135	..	135
Lithuania	Sept. 22, 1924	126	..	126	418	..	418	544	..	544
Poland	Nov. 14, 1924	3,250	..	3,250	1,750	..	1,750	5,000	..	5,000
Rumania	Dec. 4, 1925	900	..	900	..	..	..	900	..	900
Jugoslavia	May 3, 1926	600	..	600	..	..	..	600	..	600
Total		\$49,891	\$127,459	\$177,350	\$58,513	\$701,699	\$760,212	\$108,404	\$829,158	\$937,562

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## STATE AND LOCAL BORROWINGS

The state and local governments, in contrast with the Federal Government, increased their debt burdens steadily during the five-year period from 1923 through 1927. In 1923 they issued over a billion dollars of new debt obligations. During 1924, 1925 and 1926, approximately one and one-third billion dollars of new state and local bonds were issued yearly. In 1927, new state and local borrowings amounted to nearly one and one-half billion dollars.

As shown in Table 23, after a slight increase from 1923 to 1924, the total borrowings of the state governments declined in 1925 and again in 1926. In 1927 they amounted to \$131 millions, less than \$1 million over the 1926 figure. Since local borrowings increased generally throughout this period, the proportion of state borrowings to the combined total for both state and local governments declined. In 1923 the proportion was 21.9%; in 1927 it was 8.7%.

TABLE 23: STATE AND LOCAL BONDS ISSUED, CALENDAR YEARS 1923 TO 1927

(Source: *Commercial and Financial Chronicle*)

Issuing Authority	1923	1924	1925	1926	1927	Total 1923-1927
<i>Amount (in Thousands)</i>						
States.....	\$232,725	\$249,517	\$161,919	\$130,574	\$131,289	\$906,023
Counties.....	170,487	206,823	229,414	204,417	287,131	1,098,272
School districts.	152,048	174,407	198,055	172,323	164,373	861,207 <sup>1</sup>
Municipalities and special civil divisions.	507,860	768,206	810,250	857,743	926,790	3,870,849
Gross total...	\$1,063,120	\$1,398,953	\$1,399,638	\$1,365,057	\$1,509,583	\$6,736,351
Refunding issues	20,002	19,315	47,545	21,516	34,617	142,995
Net total....	\$1,043,118	\$1,379,638	\$1,352,093	\$1,343,541	\$1,474,966	\$6,593,356
<i>Percentage Distribution</i>						
States.....	21.8	17.8	11.6	9.6	8.7	13.4
Counties.....	16.0	14.8	16.4	15.0	19.0	16.3
School districts.	15.2	12.5	14.1	12.6	10.9	12.8
Municipalities and special civil divisions.	47.0	54.9	57.9	62.8	61.4	57.5
Gross total...	100.0	100.0	100.0	100.0	100.0	100.0
Refunding issues	1.9	1.4	3.4	1.6	2.3	2.1
Net total....	98.1	98.6	96.6	98.4	97.7	97.9

<sup>1</sup> The total is not the exact sum of the individual items owing to the rounding out to the nearest thousand dollars.



In 1927, as in previous years, the borrowings of municipalities and special civil divisions constituted the bulk of new local borrowings. Counties borrowed heavily in 1927; their \$287 million debt issue in 1927 was 19% of the combined state and local total for the year, as compared with 15% in 1926. School district borrowings have been decreasing since 1925.

### *Functional Distribution of New Borrowings*

A comparison of the functional distribution of state and local borrowings in 1927, as shown in Table 24 and Chart 6, with those of the previous year, shows minor changes in the distribution of these borrowings. Borrowings for public utilities represented 8.3% of total borrowings in 1927 as compared with 4.7% in 1926. Irrigation and flood pre-

**TABLE 24: FUNCTIONAL DISTRIBUTION OF STATE AND LOCAL BONDS ISSUED, CALENDAR YEARS 1923 TO 1927**

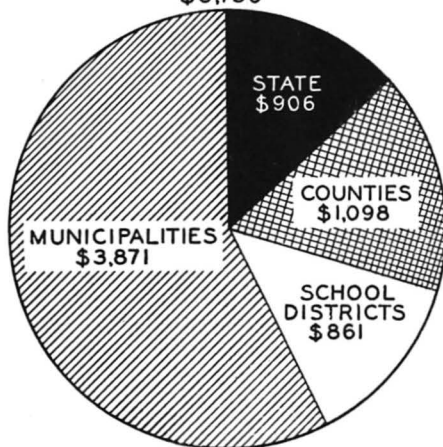
(Source: *Commercial and Financial Chronicle*)

Purpose of Issue	1923	1924	1925	1926	1927	Total 1923-1927	Percent- age Dis- tribution
<i>Amount (in Thousands)</i>							
General buildings and fire.....	\$47,250	\$88,662	\$58,218	\$71,002	\$74,242	\$339,374	5.15
Parks and museums.....	29,880	30,740	20,367	41,823	42,024	164,834	2.50
Schools and school buildings.....	208,329	288,523	323,921	260,274	266,052	1,347,099	20.43
Roads, streets, bridges.....	314,466	380,770	392,676	364,809	407,946	1,860,667	28.22
Sewers and drainage.....	89,219	94,456	130,486	108,559	123,403	546,123	8.28
Water.....	86,831	144,214	117,263	142,939	131,314	622,561	9.44
Improvements...	63,489	107,652	191,612	230,244	220,493	813,490	12.34
Electric light and gas.....	15,795	20,501	19,970	12,499	17,225	85,990	1.31
Rapid transit, ferries, canals..	18,116	25,831	12,857	45,107	88,045	189,956	2.88
Harbor and water frontage.....	19,540	26,389	15,328	17,951	34,798	114,006	1.73
Irrigation.....	14,475	19,358	22,696	13,610	8,525	78,664	1.19
Flood prevention..	4,054	16,071	9,807	8,124	3,488	41,544	0.63
Soldiers' bonus...	92,000	72,050	7,650	4,000	13,000	188,700	2.86
Miscellaneous....	20,248	48,143	14,105	12,008	24,149	118,653	1.80
Funding.....	19,426	16,278	15,137	10,592	20,262	81,695	1.24
Net total.....	\$1,043,118	\$1,379,638	\$1,352,093	\$1,343,541	\$1,474,966	\$6,593,356	100.00

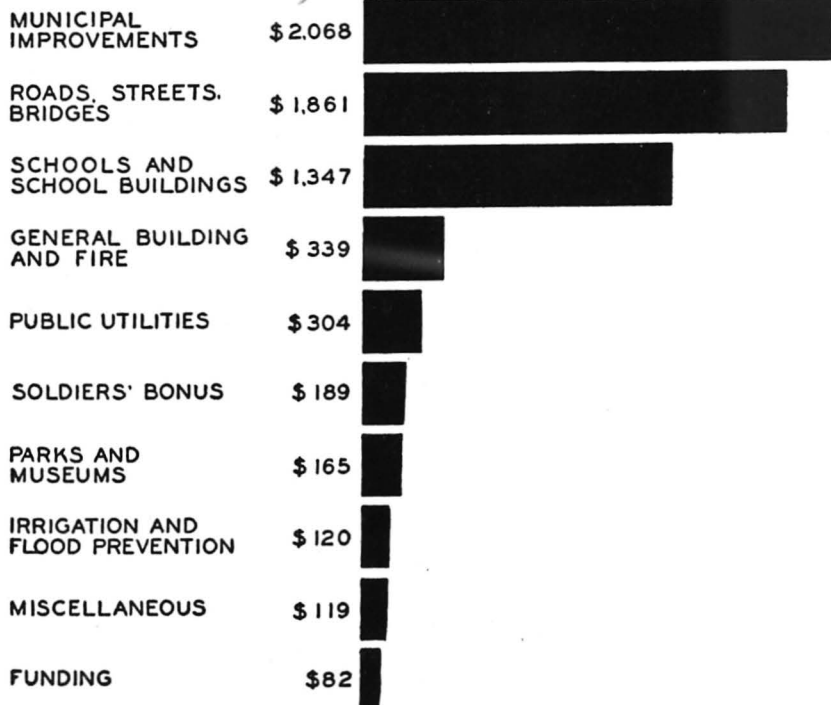
# CHART 6: STATE AND LOCAL BONDS ISSUED, CALENDAR YEARS 1923 TO 1927

(National Industrial Conference Board)

DISTRIBUTION OF GROSS BORROWINGS BY GOVERNMENTAL AUTHORITY  
(FIGURES IN MILLIONS)  
\$6,736



DISTRIBUTION OF NET BORROWINGS BY PURPOSE OF ISSUE



vention constituted a smaller proportion of the total in 1927 than in 1926, but this item will, in all probability, show an increase in 1928 as a result of reconstruction and prevention activities necessitated by recent floods. The amount of bonds issued under state soldiers' bonus laws declined from \$92 millions in 1923 to \$4 millions in 1926. In 1927, however, this item rose to \$13 millions because of new issues of bonus bonds by Arkansas and California.

## STATE AND LOCAL DEBT

New state and local borrowings in recent years have exceeded retirements and sinking fund increases. Consequently, as indicated in Table 25, the outstanding state and local net bonded debt has increased consistently through 1927. In that year it totalled \$11,630 millions.

TABLE 25: COMBINED STATE AND LOCAL NET BONDED DEBT,<sup>1</sup> 1913, 1922, 1925, 1926 AND 1927

(Computed by National Industrial Conference Board)

Year	Combined State and Local Debt (in Millions)	Population <sup>2</sup> (in Millions)	National Tangible Wealth <sup>3</sup> (in Millions)	Per Capita Debt	Proportion of State and Local Debt to National Tangible Wealth (Per Cent)	Per Cent Increase of Actual Debt over Preceding Figure	Per Cent Increase of Per Capita Debt over Preceding Figure	Per Cent Increase of Ratio of Debt to Wealth over Preceding Figure
1913	\$3,196.2 <sup>2</sup>	96.5	\$190,713	\$33.12	1.7	..	..	..
1922	7,264.2 <sup>3</sup>	109.9	320,804	66.10	2.3	127.3	99.6	35.1
1925	9,865.2 <sup>4</sup>	115.4	355,177	85.49	2.8	35.8	29.3	22.7
1926	10,731.5 <sup>4</sup>	117.1	342,471	91.64	3.1	8.8	7.2	12.8
1927	11,630.0 <sup>4</sup>	118.6	336,175	98.06	3.5	8.4	7.0	10.4

<sup>1</sup> Outstanding gross bonded debt less the amounts in sinking funds.

<sup>2</sup> Figure from U. S. Bureau of the Census, "Wealth, Debt and Taxation, 1913," Vol. I.

<sup>3</sup> Figure from U. S. Bureau of the Census, "Wealth, Debt and Taxation, 1922—Public Debts."

<sup>4</sup> For computation of 1925, 1926 and 1927 figures, see Appendix B, p. 101.

<sup>5</sup> Revised figures from U. S. Bureau of the Census.

<sup>6</sup> Figure from National Industrial Conference Board, *The Conference Board Bulletin*, No. 18, June 15, 1928.

The increase of the state and local net bonded debt has been more rapid than the increase of the country's population. Hence, there has been an increase in the per capita state and local debt from \$66.10 in 1922 to \$98.06 in 1927.

## 48 COST OF GOVERNMENT IN UNITED STATES

During the years in this period, the physical wealth of the country increased steadily, but because of the falling price level between 1925 and 1927, the monetary value of this tangible wealth declined slightly. The proportion of the state and local net bonded debt to the value of the country's tangible wealth, therefore, increased sharply from 2.3% in 1922 to 3.5% in 1927.

*Distribution of Net Bonded Debt by Borrowing Authority*

The distribution of outstanding net bonded debt between state and local governments is shown for four selected years in Table 26. Prior to 1925 there was a tendency for the state debt to grow more rapidly than the local debt. The state debt constituted 9% of the combined state and local debt in 1913, 12.1% in 1922, and 12.2% in 1925. As indi-

TABLE 26: DISTRIBUTION OF NET BONDED DEBT BETWEEN STATE AND LOCAL GOVERNMENTS, 1913, 1922, 1925 AND 1926

(Computed by National Industrial Conference Board)

Borrowing Authority	1913	1922	1925	1926
<i>Amount (in Thousands)</i>				
States.....	\$287,856	\$879,075	\$1,202,072	\$1,274,737
Cities over 30,000.....	1,948,852	3,146,280	4,486,057	4,923,120
Other local governments.....	959,450	3,238,842	4,177,068	4,533,637
Total local.....	\$2,908,302	\$6,385,122	\$8,663,125	\$9,456,757
Combined state and local.....	\$3,196,158	\$7,264,197	\$9,865,197	\$10,731,494
<i>Percentage Distribution</i>				
States.....	9.0	12.1	12.2	11.9
Cities over 30,000.....	61.0	43.3	45.5	45.9
Other local governments.....	30.0	44.6	42.3	42.2
Total local.....	91.0	87.9	87.8	88.1
Combined state and local.....	100.0	100.0	100.0	100.0
<i>Per Capita</i>				
States.....	\$2.98	\$8.00	\$10.42	\$10.88
Cities over 30,000.....	64.55	81.22	110.83	119.96
Combined state and local	33.11	66.10	85.50	91.62

cated above, however, local borrowings in recent years have been increasing more rapidly than have state borrowings. This factor is not alone in influencing changes in total outstanding debt, since the provisions for the redemption of debts incurred in years past affect the present debt total. The combined influence of these two factors by 1926, however, resulted in a more rapid increase of the amount of the outstanding local debt than of that of the state debt. The proportion of the state debt to the combined total fell from 12.2% in 1925 to 11.9% in 1926.

Table 26 shows not only that the indebtedness of municipalities has been higher, when reckoned on a per capita basis, than the debt of the combined states and localities, but also that it has increased at a more rapid rate since 1922.

*Functional Distribution of State and Municipal Debt*

Since there were few marked changes in the functional distribution of state and municipal borrowing in 1925 and

TABLE 27: FUNCTIONAL DISTRIBUTION OF STATE AND MUNICIPAL DEBT, 1926

(Source: U. S. Bureau of the Census, "Financial Statistics of States and Cities," 1926. Computed by National Industrial Conference Board)

Function	State	All Cities <sup>1</sup> over 30,000	Cities <sup>1</sup> over 500,000	Cities of 300,000 to 500,000	Cities of 100,000 to 300,000	Cities of 50,000 to 100,000	Cities of 30,000 to 50,000
General government buildings	1.0%	1.8%	2.1%	1.8%	1.3%	1.8%	1.7%
Armories	0.3	..	..	..	..	..	..
Agricultural purposes	1.4	..	..	..	..	..	..
Police and fire departments	..	1.3	1.6	0.8	1.2	1.3	0.9
Sewers and sewage disposals	..	11.7	14.1	8.0	11.0	9.3	10.7
Highways	51.6	19.1	18.8	15.7	19.0	21.7	24.2
Charities, hospitals and corrections	1.0	1.8	2.6	3.0	0.4	0.8	0.3
Schools, libraries and museums	1.6	21.7	16.7	18.4	25.4	31.2	29.1
Parks, playgrounds and reservations	1.4	4.5	6.1	4.9	3.1	2.6	2.6
Public utilities	12.0	25.9	27.3	29.1	26.6	19.5	19.8
Municipal service enterprises	..	0.3	0.6	<sup>2</sup>	0.1	0.1	0.3
Soldiers' and sailors' relief and homes	15.3	..	..	..	..	..	..
War loans	0.4	..	..	..	..	..	..
Combined or unreported purposes	7.0	7.0	6.9	10.0	6.9	4.9	4.8
Miscellaneous	2.5	2.5	2.5	3.4	2.3	2.1	2.2
Funding and refunding	4.5	2.4	0.7	4.9	2.7	4.7	3.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>1</sup> Excluding New York.

<sup>2</sup> Less than 0.05%.

TABLE 28: COMBINED STATE AND LOCAL NET BONDED DEBT, BY STATES, 1922, 1925 AND 1926

(Computed by National Industrial Conference Board)

States and Geographic Divisions	Bonded Debt Less Sinking Funds (in Thousands)			Per Capita Net Bonded Debt			Rank of States by Size of Per Capita Net Bonded Debt			Ratio of Net Bonded Debt to Wealth (Per Cent)			Rank of States by Ratio of Net Bonded Debt to Wealth		
	1922 <sup>a</sup>	1925 <sup>a</sup>	1926 <sup>a</sup>	1922 <sup>b</sup>	1925 <sup>b</sup>	1926 <sup>b</sup>	1922	1925	1926	1922 <sup>c</sup>	1925 <sup>c</sup>	1926 <sup>c</sup>	1922	1925	1926
United States.....	\$7,264,197	\$9,865,197	\$10,731,494	\$66.10	\$85.50	\$91.62	..	..	..	2.31	2.83	3.21	..	..	..
New England.....	482,326	571,238	592,258	62.90	71.52	73.19	..	..	..	1.98	2.07	2.24	..	..	..
Maine.....	38,816	39,955	43,977	50.02	50.77	55.67	31	38	38	1.93	1.76	2.03	27	34	34
New Hampshire.....	12,852	14,034	15,059	28.75	31.05	33.17	42	43	43	0.94	0.90	1.01	45	46	45
Vermont.....	7,085	8,879	8,870	20.10	25.19	25.20	45	44	44	0.84	0.95	0.99	46	45	46
Massachusetts.....	296,604	352,800	361,633	74.32	85.13	86.16	18	18	19	2.28	2.40	2.58	22	24	25
Rhode Island.....	41,202	51,922	56,139	64.38	76.44	81.01	21	25	22	2.14	2.39	2.71	24	25	24
Connecticut.....	85,767	103,648	106,580	58.66	65.93	66.36	25	28	30	1.62	1.72	1.85	32	36	37
Middle Atlantic.....	2,343,192	2,924,519	3,223,766	101.30	120.66	131.06	..	..	..	3.02	3.42	3.91	..	..	..
New York.....	1,536,130	1,734,193	1,855,556	142.98	155.36	164.15	1	3	3	4.15	4.32	4.77	2	6	6
New Jersey.....	298,886	458,585	519,563	89.35	127.38	141.19	8	5	5	2.53	3.45	4.08	18	11	11
Pennsylvania.....	508,176	731,741	848,647	56.20	77.22	88.27	27	23	17	1.76	2.28	2.75	30	26	22
East North Central.....	1,300,004	1,852,316	1,938,117	57.88	77.87	80.06	..	..	..	1.89	2.42	2.64	..	..	..
Ohio.....	545,704	659,954	669,641	90.02	102.00	101.46	7	13	14	2.95	3.16	3.35	11	15	17
Indiana.....	138,877	186,044	191,374	46.29	60.11	61.26	35	31	34	1.57	1.91	2.04	33	33	33
Illinois.....	217,610	407,216	427,030	32.27	57.42	59.29	39	35	35	0.98	1.70	1.83	43	37	38
Michigan.....	301,716	472,764	518,496	76.77	110.36	117.95	17	10	10	2.65	3.64	4.19	17	10	9
Wisconsin.....	96,097	126,338	131,576	35.29	44.39	45.61	38	40	40	1.22	1.44	1.56	40	39	39
West North Central.....	598,376	826,850	869,456	46.92	63.50	66.33	..	..	..	1.30	1.65	1.79	..	..	..
Minnesota.....	165,750	201,079	198,808	66.78	77.01	74.99	20	24	26	1.94	2.15	2.20	26	29	32
Iowa.....	112,170	158,271	162,458	46.50	65.40	67.05	34	29	29	1.07	1.41	1.48	41	40	41
Missouri.....	95,645	172,009	198,689	27.82	49.37	56.80	43	39	37	0.96	1.55	1.86	44	38	36
North Dakota.....	20,386	14,167	14,458	31.66	22.09	22.56	40	45	45	0.83	0.55	0.57	47	48	48
South Dakota.....	38,843	40,525	43,597	59.03	59.49	63.28	24	32	31	1.33	1.21	1.37	38	43	43
Nebraska.....	77,253	99,476	105,587	58.17	72.56	76.24	26	26	25	1.45	1.73	1.89	35	35	35
Kansas.....	88,329	141,323	145,859	49.35	77.95	80.10	32	22	23	1.41	2.11	2.23	37	30	31
South Atlantic.....	674,011	1,118,650	1,335,918	46.11	72.56	85.22	..	..	..	2.31	3.39	4.24	..	..	..
Delaware.....	22,150	29,680	31,656	96.72	124.71	131.90	5	7	6	3.54	4.19	4.68	3	7	7
Maryland.....	117,063	149,580	169,920	78.20	95.88	107.54	15	14	13	2.93	3.36	3.98	12	13	13

05

District of Columbia.....	156	..	..	0.33	..	..	49	..	..	0.01	..	..	49	..	..
Virginia.....	113,589	143,917	155,003	47.63	57.89	61.53	33	34	33	2.32	2.60	2.93	21	21	20
West Virginia.....	67,725	109,293	116,518	44.03	66.72	69.81	36	27	28	1.45	2.08	2.31	36	32	30
North Carolina.....	159,940	327,157	362,822	59.97	116.34	126.95	23	9	9	3.52	6.19	7.25	5	2	2
South Carolina.....	50,562	67,143	70,419	29.14	37.22	38.56	41	42	42	2.10	2.48	2.72	25	22	23
Georgia.....	56,622	57,062	64,605	18.98	18.40	20.58	46	46	47	1.45	1.31	1.55	34	41	40
Florida.....	86,204	234,818	364,975	77.52	185.84	277.13	16	1	1	3.53	8.30	13.62	4	1	1
<b>East South Central.....</b>	<b>307,133</b>	<b>402,550</b>	<b>440,685</b>	<b>33.97</b>	<b>43.54</b>	<b>47.34</b>	..	..	..	<b>2.36</b>	<b>2.78</b>	<b>3.17</b>	..	..	..
Kentucky.....	38,180	46,062	53,024	15.55	18.38	21.01	47	47	46	1.07	1.17	1.40	42	44	42
Tennessee.....	119,880	145,623	154,613	50.26	59.49	62.65	30	33	32	2.84	3.01	3.36	13	16	16
Alabama.....	57,314	94,263	107,104	23.76	37.72	42.40	44	41	41	1.91	2.89	3.39	28	18	15
Mississippi.....	91,759	116,602	125,944	51.24	65.12	70.32	28	30	27	4.21	4.80	5.40	1	3	3
<b>West South Central.....</b>	<b>572,739</b>	<b>769,090</b>	<b>818,890</b>	<b>53.59</b>	<b>68.15</b>	<b>71.35</b>	..	..	..	<b>2.88</b>	<b>3.56</b>	<b>3.91</b>	..	..	..
Arkansas.....	9,900	19,395	22,953	5.48	10.32	12.06	48	48	48	0.38	0.68	0.84	48	47	47
Louisiana.....	113,857	154,666	165,428	61.81	81.40	86.21	22	21	18	3.33	4.08	4.53	7	8	8
Oklahoma.....	109,274	124,794	129,262	51.04	54.40	55.19	29	36	39	2.74	2.95	3.12	16	17	18
Texas.....	339,708	470,235	501,247	69.37	90.22	94.34	19	16	15	3.45	4.37	4.81	6	5	5
<b>Mountain.....</b>	<b>290,519</b>	<b>380,650</b>	<b>397,191</b>	<b>81.80</b>	<b>99.07</b>	<b>100.91</b>	..	..	..	<b>2.38</b>	<b>2.79</b>	<b>3.03</b>	..	..	..
Montana.....	50,284	56,519	56,575	83.67	84.11	81.40	12	20	20	2.26	2.26	2.36	23	27	29
Idaho.....	42,220	48,029	47,750	90.99	94.55	91.48	6	15	16	2.75	2.70	2.83	14	20	21
Wyoming.....	16,816	25,247	25,873	80.46	110.25	109.63	13	11	12	1.72	2.22	2.41	31	28	28
Colorado.....	77,778	130,204	138,724	79.12	125.20	131.00	14	6	7	2.41	3.75	4.11	19	9	10
New Mexico.....	15,133	19,886	22,581	40.90	51.79	58.20	37	37	36	1.78	2.10	2.48	29	31	27
Arizona.....	39,329	51,327	57,922	105.16	119.92	130.16	4	8	8	2.99	3.35	3.99	10	14	12
Utah.....	42,199	42,629	41,691	89.22	84.58	81.11	9	19	21	2.75	2.47	2.52	15	23	26
Nevada.....	6,760	6,809	6,075	87.33	87.96	78.90	10	17	24	1.25	1.21	1.09	39	42	44
<b>Pacific.....</b>	<b>695,897</b>	<b>1,019,334</b>	<b>1,115,213</b>	<b>116.25</b>	<b>155.55</b>	<b>165.68</b>	..	..	..	<b>2.95</b>	<b>3.90</b>	<b>4.43</b>	..	..	..
Washington.....	121,473	157,100	169,734	85.42	104.04	110.36	11	12	11	2.37	2.79	3.12	20	19	19
Oregon.....	106,607	128,647	139,283	130.49	149.07	158.82	2	4	4	3.12	3.41	3.83	8	12	14
California.....	467,817	733,587	806,196	124.85	175.50	186.79	3	2	2	3.11	4.39	5.01	9	4	4

<sup>1</sup> U. S. Bureau of the Census, "Wealth, Debt and Taxation—1922."

<sup>2</sup> Estimated by National Industrial Conference Board. For method of estimating, see Appendix B, p. 101.

<sup>3</sup> Computed from population figures (in thousands for 1926) from U. S. Bureau of the Census, revised estimates.

<sup>4</sup> Wealth figures from U. S. Bureau of the Census, "Estimated National Wealth—1922."

<sup>5</sup> Wealth figures estimated by National Industrial Conference Board.

TABLE 29: DISTRIBUTION OF NET BONDED DEBT BETWEEN STATE AND LOCAL GOVERNMENTS, BY STATES, 1922, 1925 AND 1926

(Source: U. S. Bureau of the Census, "Financial Statistics of States and Cities" Series. Computed by National Industrial Conference Board)

States and Geographic Divisions	1922			1925			1926			Per Cent State Debt Is to Total Debt		
	States (in Thousands)	Cities 30,000 and Over (in Thousands)	Other Political Sub-divisions (in Thousands)	States (in Thousands)	Cities 30,000 and Over (in Thousands)	Other Political Sub-divisions (in Thousands)	States (in Thousands)	Cities 30,000 and Over (in Thousands)	Other Political Sub-divisions <sup>1</sup> (in Thousands)	1922	1925	1926
United States . . . . .	\$879,075	\$3,146,280	\$3,238,842	\$1,202,072	\$4,486,057	\$4,177,068	\$1,274,737	\$4,923,120	\$4,533,637	12.10	12.18	11.88
New England . . . . .	109,135	259,009	114,182	56,327	314,870	200,041	57,073	330,417	204,768	22.63	9.86	9.64
Maine . . . . .	12,654	5,469	20,693	14,081	10,138	15,736	16,052	10,096	17,829	32.60	35.24	36.50
New Hampshire . . . . .	3,018	4,606	5,228	685	5,289	8,060	735	5,264	9,060	23.48	4.88	4.88
Vermont . . . . .	2,112	..	4,973	1,842	..	7,037	1,754	..	7,116	29.81	20.75	19.77
Massachusetts . . . . .	75,968	176,712	43,924	25,211	204,995	122,594	23,868	212,579	125,186	25.61	7.15	6.60
Rhode Island . . . . .	9,338	26,268	5,596	10,372	34,393	7,157	11,060	38,565	6,514	22.66	19.98	19.70
Connecticut . . . . .	6,045	45,954	33,768	4,136	60,055	39,457	3,604	63,913	39,063	7.05	3.99	3.38
Middle Atlantic . . . . .	251,857	1,599,403	491,932	343,700	1,989,159	591,660	361,468	2,171,953	690,345	10.75	11.75	11.21
New York . . . . .	186,515	1,213,474	136,141	227,459	1,341,866	164,868	220,561	1,422,998	211,997	12.14	13.12	11.89
New Jersey . . . . .	16,349	136,975	145,562	51,316	191,707	215,562	57,235	213,398	248,930	5.47	11.19	11.02
Pennsylvania . . . . .	48,993	248,954	210,229	64,925	455,586	211,230	83,672	535,557	229,418	9.64	8.87	9.86
East North Central . . . . .	94,116	519,357	686,531	222,283	921,600	708,433	224,314	996,671	717,132	7.24	12.00	11.57
Ohio . . . . .	29,583	235,214	280,907	18,752	368,893	272,309	15,325	374,849	279,467	5.42	2.84	2.29
Indiana . . . . .	426	17,847	120,604	1,335	58,947	125,762	1,689	60,404	129,281	0.31	0.72	0.88
Illinois . . . . .	12,738	77,973	126,899	125,838	194,552	86,826	136,819	224,194	66,017	5.85	30.90	32.04
Michigan . . . . .	49,205	147,302	105,209	74,494	241,086	157,184	68,717	277,067	172,712	16.31	15.76	13.25
Wisconsin . . . . .	2,164	41,021	52,912	1,864	58,122	66,352	1,764	60,157	69,655	2.25	1.48	1.34
West North Central . . . . .	70,004	113,450	414,922	131,303	219,447	476,100	140,168	237,965	491,323	11.70	15.88	16.12
Minnesota . . . . .	19,476	53,562	92,712	14,717	74,916	111,446	12,228	78,804	107,776	11.75	7.32	6.15
Iowa . . . . .	185	16,369	95,616	19,061	33,559	105,651	18,214	34,850	109,394	0.16	12.04	11.21
Missouri . . . . .	30,308	19,993	45,344	51,278	54,548	66,183	63,607	65,456	69,626	31.69	29.81	32.01
North Dakota . . . . .	5,614	..	14,772	4,067	..	10,100	3,853	..	10,605	27.54	28.71	26.65
South Dakota . . . . .	14,421	..	24,422	15,474	..	25,051	16,477	..	27,120	37.13	38.18	37.79
Nebraska . . . . .	..	13,014	64,239	..	35,274	64,202	..	37,407	68,180	..	..	..
Kansas . . . . .	..	10,512	77,817	26,706	21,150	93,467	25,789	21,448	98,622	..	18.90	17.68



	<b>South Atlantic</b> .....	<b>117,531</b>	<b>203,066</b>	<b>353,414</b>	<b>186,875</b>	<b>277,720</b>	<b>654,055</b>	<b>224,563</b>	<b>337,631</b>	<b>773,724</b>	<b>17.44</b>	<b>16.71</b>	<b>16.81</b>
	Delaware.....	5,798	9,278	7,074	7,313	10,076	12,291	8,206	10,489	12,961	26.18	24.64	25.92
	Maryland.....	21,929	82,277	12,857	21,803	101,343	26,434	22,491	117,042	30,387	18.73	14.58	13.24
5	District of Columbia..	..	156	..	..	..	..	..	..	..	..	..	..
	Virginia.....	21,206	58,180	34,203	17,602	82,792	43,523	16,800	85,599	52,604	18.67	12.23	10.84
	West Virginia.....	24,181	3,331	40,213	38,408	8,958	61,927	47,724	10,311	58,483	35.70	35.14	40.96
	North Carolina.....	33,326	10,836	115,778	91,522	25,442	210,193	119,038	33,034	20,750	20.84	27.97	32.81
	South Carolina.....	5,225	7,597	37,740	4,950	10,893	51,300	5,253	10,872	54,294	10.33	7.37	7.46
	Georgia.....	5,381	16,558	34,683	5,003	20,841	31,218	4,960	21,718	37,927	9.50	8.77	7.68
	Florida.....	485	14,853	70,866	274	17,375	217,169	91	48,566	316,318	0.56	0.12	<sup>1</sup>
	<b>East South Central</b> ....	<b>46,868</b>	<b>76,255</b>	<b>184,010</b>	<b>52,602</b>	<b>97,752</b>	<b>252,196</b>	<b>58,727</b>	<b>108,003</b>	<b>273,955</b>	<b>15.26</b>	<b>13.07</b>	<b>13.33</b>
	Kentucky.....	2,477	16,874	18,829	<sup>a</sup>	19,804	26,282	<sup>a</sup>	24,333	28,866	6.49	<sup>a</sup>	<sup>a</sup>
	Tennessee.....	17,554	43,114	59,212	14,550	57,463	73,610	14,890	61,096	78,627	14.64	9.99	9.63
	Alabama.....	14,494	16,267	26,553	23,670	20,485	50,108	29,825	22,574	54,705	25.29	25.11	27.85
	Mississippi.....	12,343	..	79,416	14,406	..	102,196	14,187	..	111,757	13.45	12.35	11.26
	<b>West South Central</b> ...	<b>23,837</b>	<b>120,502</b>	<b>428,400</b>	<b>22,579</b>	<b>178,104</b>	<b>568,407</b>	<b>23,504</b>	<b>201,855</b>	<b>593,531</b>	<b>4.16</b>	<b>2.94</b>	<b>2.87</b>
	Arkansas.....	2,530	1,214	6,156	2,443	2,512	14,440	3,116	2,704	17,133	25.56	12.60	13.58
	Louisiana.....	13,679	43,904	56,274	12,327	49,847	92,492	12,638	50,624	102,166	12.01	7.97	7.64
	Oklahoma.....	3,526	11,966	93,782	3,396	28,188	93,210	3,337	28,177	97,748	3.23	2.72	2.58
	Texas.....	4,102	63,418	272,188	4,413	97,557	368,265	4,413	120,350	376,484	1.21	0.94	0.88
	<b>Mountain</b> .....	<b>38,296</b>	<b>31,545</b>	<b>220,678</b>	<b>36,296</b>	<b>53,550</b>	<b>290,804</b>	<b>35,646</b>	<b>54,658</b>	<b>306,887</b>	<b>13.18</b>	<b>9.54</b>	<b>8.97</b>
	Montana.....	4,313	1,579	44,392	4,319	1,704	50,496	4,785	1,647	50,143	8.58	7.64	8.46
	Idaho.....	5,516	..	36,704	5,052	..	42,977	4,705	..	43,045	13.06	10.52	9.85
	Wyoming.....	3,776	..	13,040	2,403	..	22,844	1,907	..	23,966	22.45	9.52	7.37
	Colorado.....	9,509	18,244	50,025	11,335	38,874	79,995	12,325	40,369	86,030	12.23	8.71	8.88
	New Mexico.....	4,560	..	10,573	3,915	..	15,971	3,828	..	18,753	30.13	19.69	16.95
	Arizona.....	..	3,513	35,816	71	..	51,256	..	..	57,922	..	0.01	..
	Utah.....	9,020	8,209	24,970	7,843	12,972	21,814	7,184	12,642	21,865	21.37	18.40	17.23
	Nevada.....	1,602	..	5,158	1,358	..	5,451	912	..	5,163	23.70	19.94	15.01
	<b>Pacific</b> .....	<b>127,431</b>	<b>223,693</b>	<b>344,773</b>	<b>150,107</b>	<b>433,855</b>	<b>435,372</b>	<b>149,274</b>	<b>483,967</b>	<b>481,972</b>	<b>18.31</b>	<b>14.73</b>	<b>13.39</b>
	Washington.....	12,260	47,499	61,714	10,986	87,012	59,102	11,277	88,461	69,996	10.09	6.99	6.64
	Oregon.....	38,927	23,723	43,957	39,704	35,214	53,729	38,111	40,759	60,413	36.51	30.86	27.36
	California.....	76,244	152,471	239,102	99,417	311,629	322,541	99,886	354,747	351,563	16.30	13.55	12.39

<sup>1</sup> Less than 0.005%.

<sup>a</sup> Excess of sinking fund over bonded debt of \$23,941 in 1925 and of \$175,219 in 1926.

TABLE 30: LOCAL NET BONDED DEBT, BY STATES, 1922, 1925 AND 1926

(Computed by National Industrial Conference Board)

States and Geographic Divisions	Total Local Net Bonded Debt (in Thousands)			Per Cent Net Bonded Debt of Cities 30,000 and Over is to Total Local Net Bonded Debt			Per Capita Net Bonded Debt of Cities 30,000 and Over		
	1922	1925	1926	1922	1925	1926	1922	1925	1926
United States .....	\$6,385,122	\$8,663,125	\$9,456,757	49.3	51.8	52.1	\$81.22	\$110.83	\$118.46
New England.....	373,191	514,911	535,185	69.4	61.2	61.7	65.82	80.20	83.02
Maine.....	26,162	25,874	27,925	20.9	39.2	36.2	52.20	92.34	90.14
New Hampshire.....	9,834	13,349	14,324	46.8	39.6	36.7	57.20	63.65	62.67
Vermont.....	4,973	7,037	7,116	..	..	..	..	..	..
Massachusetts.....	220,636	327,589	337,765	80.1	62.6	62.9	67.03	77.06	79.08
Rhode Island.....	31,864	41,550	45,079	82.4	82.8	85.5	63.29	88.74	97.14
Connecticut.....	79,722	99,512	102,976	57.6	60.3	62.1	65.86	87.59	91.43
Middle Atlantic.....	2,091,335	2,580,819	2,862,298	76.5	77.1	75.9	120.20	147.51	158.59
New York.....	1,349,615	1,506,734	1,634,995	89.9	89.1	87.0	155.31	169.96	178.54
New Jersey.....	282,537	407,269	462,328	48.5	47.1	46.2	76.18	110.57	117.25
Pennsylvania.....	459,183	666,816	764,975	54.2	68.3	70.0	67.41	118.16	137.15
East North Central.....	1,205,888	1,630,033	1,713,803	43.1	56.5	58.2	53.45	87.86	92.46
Ohio.....	516,121	641,202	654,316	45.6	57.5	57.3	85.82	129.14	128.59
Indiana.....	138,451	184,709	189,685	12.9	31.9	31.8	19.54	61.81	61.76
Illinois.....	204,872	281,378	290,211	38.1	69.1	77.3	22.19	51.74	58.49
Michigan.....	252,511	398,270	449,779	58.3	60.5	61.6	83.99	116.25	126.28
Wisconsin.....	93,933	124,474	129,812	43.7	46.7	46.3	51.69	68.76	70.03
West North Central.....	528,372	695,547	729,288	21.5	31.6	32.6	38.81	71.96	76.44
Minnesota.....	146,274	186,362	186,580	36.6	40.2	42.2	71.90	95.81	99.12
Iowa.....	111,985	139,210	144,244	14.6	24.1	24.2	38.02	76.78	77.79
Missouri.....	65,337	120,731	135,082	30.6	45.2	48.5	16.05	42.06	49.36
North Dakota.....	14,772	10,100	10,605	..	..	..	..	..	..
South Dakota.....	24,422	25,051	27,120	..	..	..	..	..	..
Nebraska.....	77,253	99,476	105,587	16.8	35.5	35.4	50.43	129.52	134.56
Kansas.....	88,329	114,617	120,070	11.9	18.5	17.9	43.26	80.93	80.63
South Atlantic.....	556,480	931,775	1,111,355	36.5	29.8	30.4	69.52	88.08	97.61
Delaware.....	16,352	22,367	23,450	56.7	45.0	44.7	81.04	83.29	84.59
Maryland.....	95,134	127,777	147,429	86.5	79.3	79.4	103.71	127.27	144.85

District of Columbia.....	156	..	..	100.0	..	..	0.36	..	..
Virginia.....	92,383	126,315	138,203	63.0	65.5	61.9	113.54	144.00	142.43
West Virginia.....	43,544	70,885	68,794	7.7	12.6	15.0	21.56	53.65	59.95
North Carolina.....	126,614	235,635	243,784	8.6	10.8	13.6	79.67	109.48	128.54
South Carolina.....	45,337	62,193	65,166	16.8	17.5	16.7	69.46	95.26	93.72
Georgia.....	51,241	52,059	59,645	32.3	40.0	36.4	37.00	43.98	45.44
Florida.....	85,719	234,544	364,884	17.3	7.4	13.3	67.79	95.99	127.14
East South Central.....	260,265	349,948	381,958	29.3	27.9	28.3	71.47	81.97	88.02
Kentucky.....	35,703	46,086	53,199	47.3	43.0	45.6	50.02	48.98	58.35
Tennessee.....	102,326	131,073	139,723	42.1	43.8	43.7	99.73	121.79	125.97
Alabama.....	42,820	70,593	77,279	38.0	29.0	29.2	54.75	64.75	69.46
Mississippi.....	79,416	102,196	111,757	..	..	..	..	..	..
West South Central.....	548,902	746,511	795,386	22.0	23.9	25.4	72.33	98.01	107.08
Arkansas.....	7,370	16,952	19,837	16.5	14.8	13.6	12.21	33.85	35.58
Louisiana.....	100,178	142,339	152,790	43.8	35.0	33.1	98.09	105.53	105.69
Oklahoma.....	105,748	121,398	125,925	11.3	23.2	22.4	55.14	112.78	106.33
Texas.....	335,606	465,822	496,834	18.9	20.9	24.2	70.34	95.57	113.00
Mountain.....	252,223	344,354	361,545	12.5	15.5	15.1	55.01	94.72	95.39
Montana.....	45,971	52,200	51,790	3.4	3.3	3.2	37.57	39.89	38.30
Idaho.....	36,704	42,977	43,045	..	..	..	..	..	..
Wyoming.....	13,040	22,844	23,966	..	..	..	..	..	..
Colorado.....	68,269	118,869	126,399	26.7	32.7	31.9	53.49	109.57	112.45
New Mexico.....	10,573	15,971	18,753	..	..	..	..	..	..
Arizona.....	39,329	51,256	57,922	8.9	..	..	110.40	..	..
Utah.....	33,179	34,786	34,507	24.7	37.3	36.6	51.77	77.30	73.93
Nevada.....	5,158	5,451	5,163	..	..	..	..	..	..
Pacific.....	568,466	869,227	965,939	39.4	49.9	50.1	85.02	155.00	169.87
Washington.....	109,213	146,114	158,457	43.5	59.6	55.8	91.24	164.59	166.91
Oregon.....	67,680	88,943	101,172	35.1	39.6	40.3	88.23	128.87	149.30
California.....	391,573	634,170	706,310	38.9	49.1	50.2	82.84	156.04	173.39

<sup>1</sup> The nine states showing no per capita debt had no cities of 30,000 or over within their boundaries. Washington, D. C., had wiped out its net debt prior to 1925. Phoenix, Arizona, was classified among cities over 30,000 by the Census in 1922, but not in 1925 and 1926.

# CHART 7: PER CAPITA STATE AND LOCAL NET BONDED DEBT, BY STATES, 1913, 1922, 1925 AND 1926

(National Industrial Conference Board)

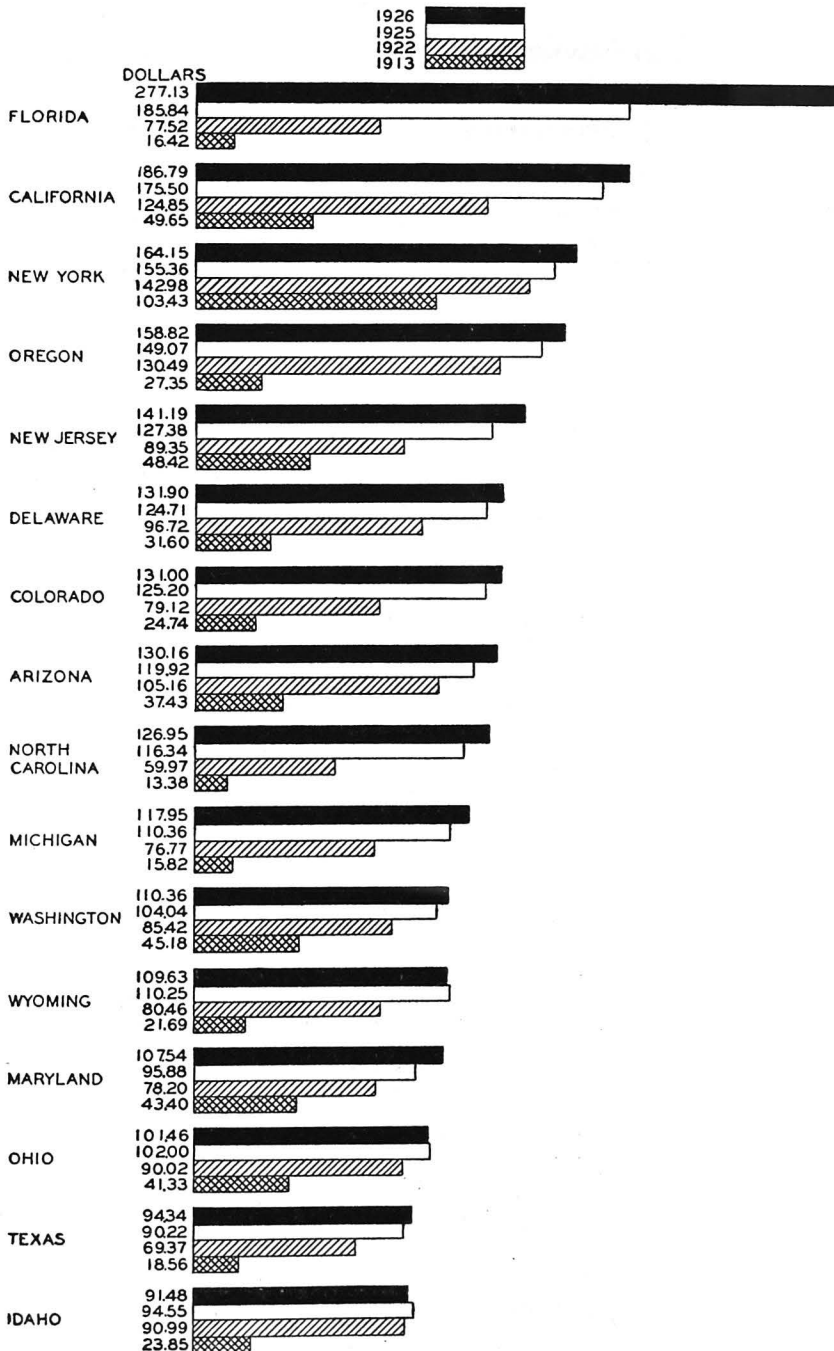
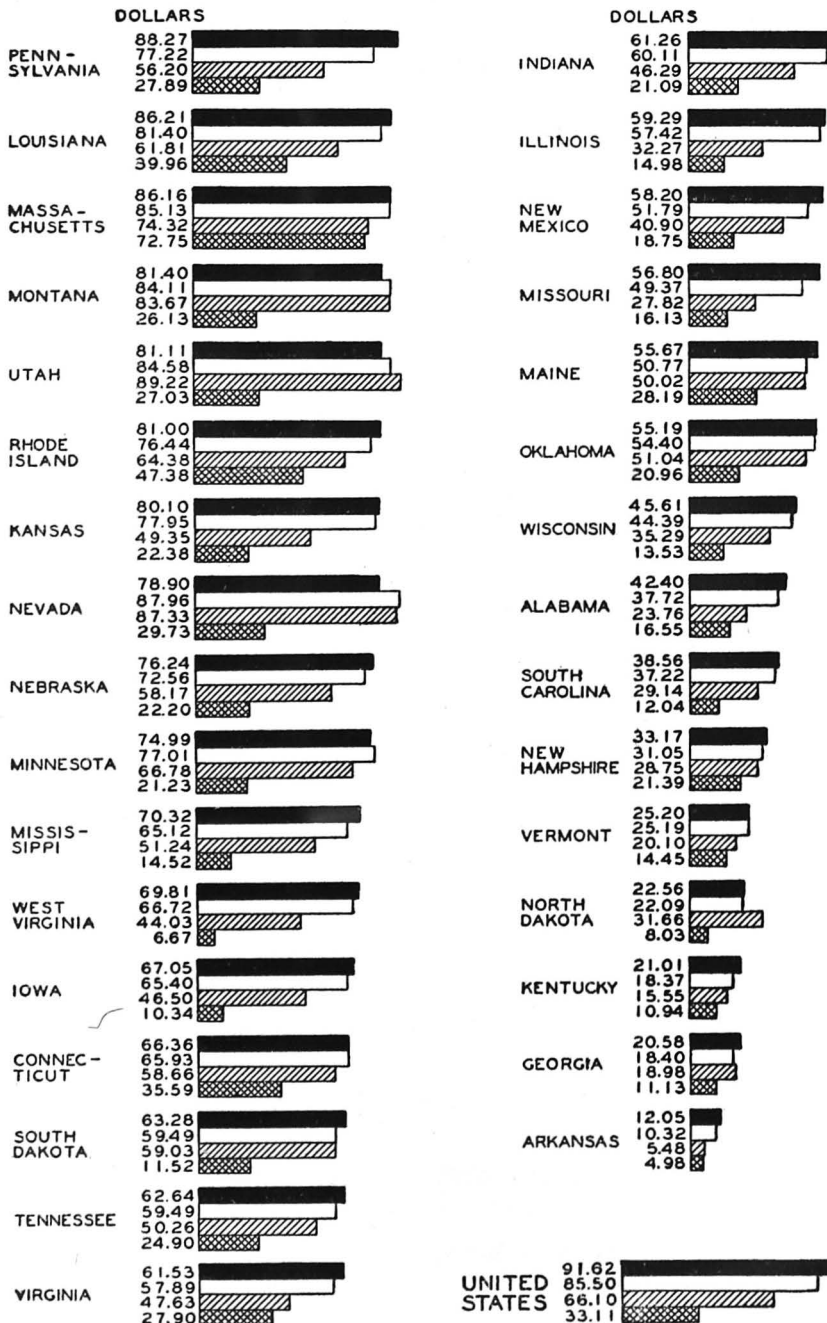


CHART 7: PER CAPITA STATE AND LOCAL NET BONDED DEBT, BY STATES, 1913, 1922, 1925 AND 1926  
(Continued)



in 1926, the changes in the functional distribution of state and municipal indebtedness from one year to the other are very slight. Whereas in 1925, 18.5% of the outstanding state debt was for military and war-relief purposes, the proportion for this class of debt fell to 15.7% in 1926, since only inconsiderable borrowings were made for these purposes during the course of that year, while earlier debts or serial portions of such debts were redeemed. The proportion of the states' highway debt to their total debt also declined, although this item still represented more than half of the total outstanding debt of the state governments. Increases occurred in the proportions of state debt outstanding for agricultural aid and for public utilities. No marked changes appear in the functional distribution of municipal debt.

#### *Net Bonded Debt of Individual States*

Tables 28, 29 and 30, and Chart 7 show the net bonded debt of the state and local governments, by individual states and by regional groups of states, for the years 1922, 1925 and 1926.

## CHAPTER III

### TAX COLLECTIONS

**B**ORROWING and taxation are complementary methods of raising governmental revenue. The former is largely—indeed, almost exclusively—used to finance capital outlays. The latter is employed to provide funds for current expenditures. Governmental borrowing, although it involves heavier costs in the long run because of interest charges, does not, like taxation, require the individual to surrender outright any portion of his wealth or income. To the individual taxpayer, tax collections represent the real cost of the governments under which he lives and does business.

#### COMBINED TAX COLLECTIONS

The general decline in federal tax collections from their war-era peak in the fiscal year ended in 1921 has been offset by a steady increase in state and local tax collections. The lowest post-war point for the combined total, \$7,234 millions, was reached in the fiscal year ended in 1923. Since that time, as shown in Table 31 and Chart 8, the combined total of federal, state and local taxes has steadily increased. For the fiscal year ended in 1927, the country's tax bill was \$9,077 millions.

Reference to Chart 9, which presents relative rather than absolute variations in the federal, state and local tax collections, shows that the marked and regular upward trend in state and local tax collections in actual current dollars, which was observable from 1921 through 1926, has continued through 1927.

#### *Measures of Tax Burdens*

Changes in the general price level determine for the taxing authorities the purchasing power of the tax collections and for the taxpayer, the burden of his tax payments. The

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decline of the general price level which began in 1925 continued through 1927. Consequently, the value of the tax dollar, both to the government which received it and to the taxpayer who paid it, increased. Therefore, the "true" increase of the country's taxes was somewhat more rapid than the actual increase of tax collections. Tax collections for the fiscal year ended in 1927 showed a 5.6% increase over those of 1926; the "true" increase of the country's taxes during the period, as shown in Table 32, was 8.6%.

Population and the number of persons gainfully employed increased from 1926 to 1927, though not so rapidly as did tax collections. Per capita taxes and tax collections per person gainfully employed increased from 1926 to 1927, though this increase was less rapid than that of the total tax collections. The per capita tax for the fiscal year ended in 1926 was \$73.39; for the following year it was \$76.52. Tax collections per person gainfully employed were \$197.34 for the earlier year and \$205.73 for the latter.

TABLE 31: COMBINED TAX COLLECTIONS, FISCAL YEARS 1890 TO 1927

(Computed by National Industrial Conference Board)

Taxing Authority	1890	1903	1913	1919	1921	1923	1924	1925	1926	1927
<i>Amount (in Millions)</i>										
Federal....	\$374	\$521	\$668	\$4,500	\$4,905	\$3,032	\$3,193	\$2,966	\$3,207	\$3,337
State.....	96	155	307	570	783	917	1,017	1,107	1,264	1,358 <sup>1</sup>
Local <sup>2</sup> .....	405	706	1,219	2,395	3,150	3,285	3,608	3,817	4,125	4,382
Total....	\$875	\$1,382	\$2,194	\$7,465	\$8,838	\$7,234	\$7,818	\$7,890	\$8,596	\$9,077
<i>Per Capita</i>										
Federal....	\$5.93	\$6.43	\$6.92	\$42.86	\$45.23	\$27.15	\$28.08	\$25.71	\$27.38	\$28.13
State.....	1.52	1.92	3.18	5.43	7.22	8.21	8.94	9.59	10.79	11.45
Local.....	6.43	8.72	12.63	22.81	29.05	29.41	31.72	33.08	35.22	36.94
Total....	\$13.88	\$17.07	\$22.73	\$71.10	\$81.50	\$64.77	\$68.74	\$68.38	\$73.39	\$76.52
<i>Per Person Gainfully Employed</i>										
Federal....	\$16.04	\$16.50	\$17.14	\$109.04	\$117.14	\$71.52	\$74.76	\$69.12	\$73.62	\$75.63
State.....	4.11	4.91	7.88	13.81	18.69	21.63	23.81	25.80	29.02	30.78
Local.....	17.37	22.35	31.28	58.03	75.23	77.49	84.48	88.95	94.70	99.32
Total....	\$37.52	\$43.76	\$56.30	\$180.88	\$211.06	\$170.64	\$183.05	\$183.87	\$197.34	\$205.73

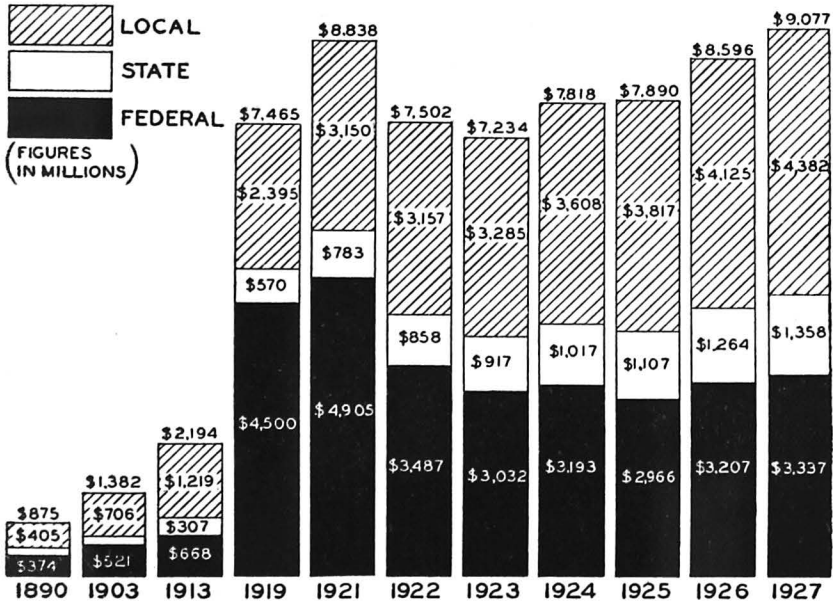
<sup>1</sup> This figure was estimated in the absence of the U. S. Census Bureau tabulation. The Census Bureau's tabulated figure, issued as this volume goes to press, is \$1,355 millions. This \$3 millions difference enters into, but does not seriously affect all state and combined tax figures in Tables 31 through 34, in Charts 8, 9 and 10, and in the accompanying text.

<sup>2</sup> Figures for total local collections adjusted for items not included by states in Table 37.

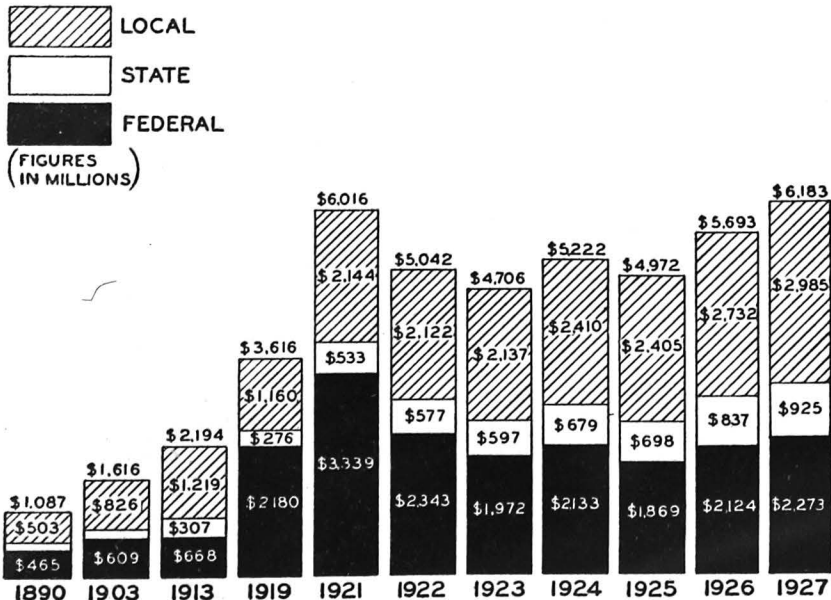


# CHART 8: COMBINED TAX COLLECTIONS, FISCAL YEARS 1890 TO 1927

(National Industrial Conference Board)

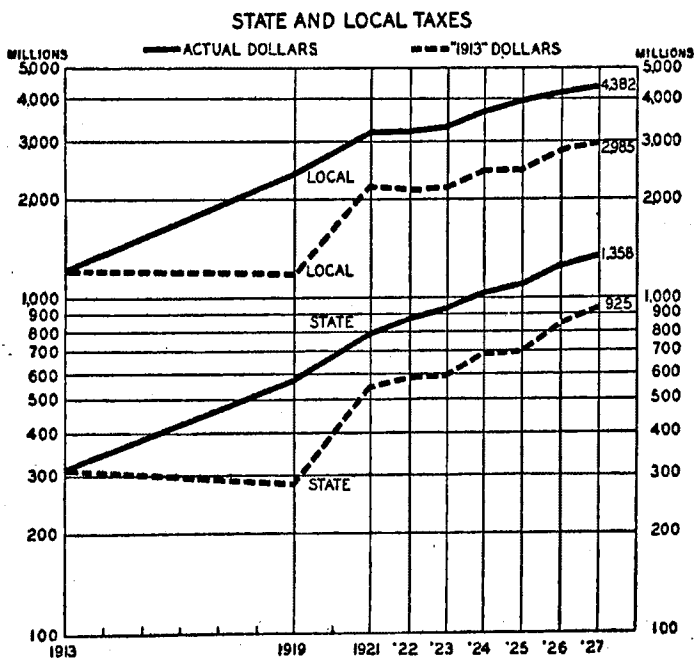
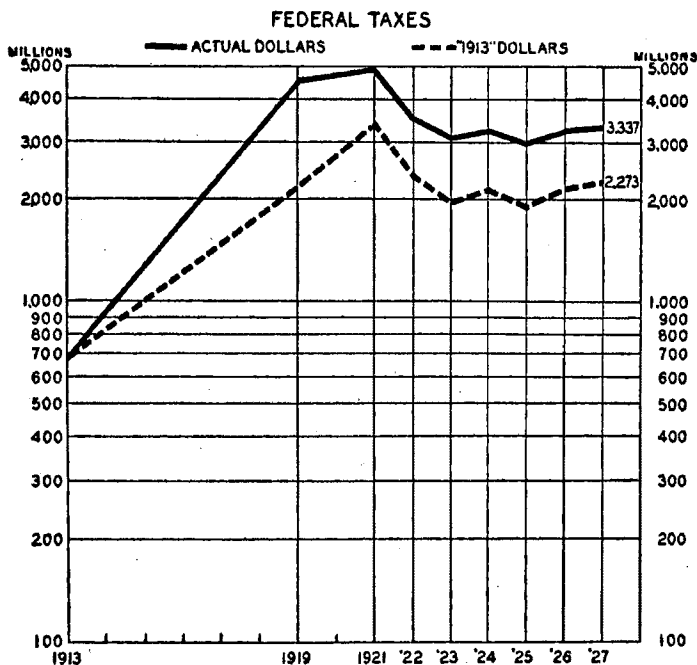


## VOLUME OF TAX COLLECTIONS EXPRESSED IN "1913" DOLLARS UNITED STATES, 1890-1926



# CHART 9: TREND IN TAX COLLECTIONS, FISCAL YEARS 1913 TO 1927

(National Industrial Conference Board)



TAX COLLECTIONS

TABLE 32: COMBINED TAX COLLECTIONS, FISCAL YEARS 1890 TO 1927, EXPRESSED IN "1913" DOLLARS<sup>1</sup>

(Computed by National Industrial Conference Board)

Taxing Authority	1890	1903	1913	1919	1921	1923	1924	1925	1926	1927
<i>Amount (in Millions)</i>										
Federal.	\$465	\$609	\$668	\$2,180	\$3,339	\$1,972	\$2,133	\$1,869	\$2,124	\$2,273
State...	119	181	307	276	533	597	679	698	837	925
Local...	503	826	1,219	1,160	2,144	2,137	2,410	2,405	2,732	2,985
Total.	\$1,087	\$1,616	\$2,194	\$3,616	\$6,016	\$4,706	\$5,222	\$4,972	\$5,693	\$6,183
<i>Per Capita</i>										
Federal.	\$7.37	\$7.52	\$6.92	\$20.76	\$30.79	\$17.66	\$18.76	\$16.20	\$18.13	\$19.16
State...	1.90	2.23	3.18	2.63	4.91	5.34	5.97	6.04	7.15	7.80
Local...	7.99	10.20	12.63	11.05	19.78	19.13	21.19	20.85	23.32	25.17
Total.	\$17.26	\$19.95	\$22.73	\$34.44	\$55.48	\$42.13	\$45.92	\$43.09	\$48.60	\$52.13
<i>Per Person Gainfully Employed</i>										
Federal.	\$19.92	\$19.30	\$17.14	\$52.82	\$79.74	\$46.53	\$49.94	\$43.55	\$48.75	\$51.52
State...	5.11	5.74	7.88	6.69	12.72	14.07	15.91	16.26	19.22	20.97
Local...	21.58	26.13	31.28	28.11	51.21	50.42	56.43	56.05	62.72	67.65
Total.	\$46.61	\$51.17	\$56.30	\$87.62	\$143.67	\$111.02	\$122.28	\$115.86	\$130.69	\$140.14

<sup>1</sup>U. S. Bureau of Labor Statistics' wholesale prices index used.

The best measure of the country's tax burden is the ratio of tax collections to national income. This measure is given in Table 33 and Chart 10. The national income was lower in 1927 than in 1926 and, accordingly, this decline magnified the increase of the tax burden from one year to the other. In the fiscal year ended in 1926, taxes amounted to 10.9% of the national income; in the following year, the proportion was 11.9%.

TABLE 33: TAX COLLECTIONS AND NATIONAL INCOME, 1890 TO 1927

(Source: National Industrial Conference Board, Chart 194, and *The Conference Board Bulletin*, No. 5, May 15, 1927)

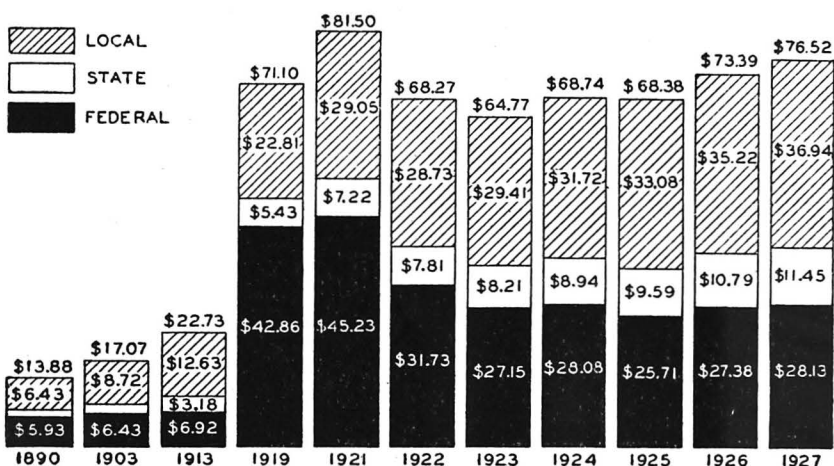
Taxing Authority	1890	1903	1913	1919	1921	1923	1924 <sup>1</sup>	1925 <sup>1</sup>	1926 <sup>1</sup>	1927 <sup>1</sup>
<i>National Income (in Millions)</i>										
	\$12,080	\$20,500	\$34,400	\$68,260	\$55,597	\$71,558	\$70,768	\$77,313	\$78,649	\$76,386
<i>Per Cent that Taxes are of National Income</i>										
Federal.	3.1	2.5	1.9	6.6	8.8	4.2	4.5	3.8	4.1	4.4
State...	0.8	0.8	0.9	0.8	1.4	1.3	1.5	1.4	1.6	1.8
Local...	3.3	3.4	3.6	3.5	5.7	4.6	5.1	5.0	5.2	5.7
Total.	7.2	6.7	6.4	10.9	15.9	10.1	11.1	10.2	10.9	11.9

<sup>1</sup> Preliminary estimates.

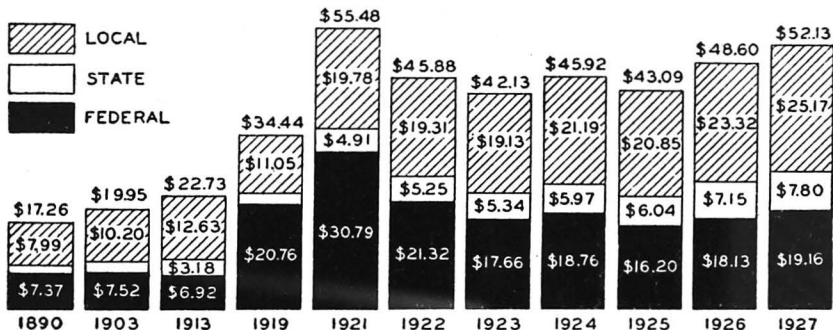
# CHART 10: MEASURES OF COMBINED TAX BURDEN, FISCAL YEARS 1890 TO 1927

(National Industrial Conference Board)

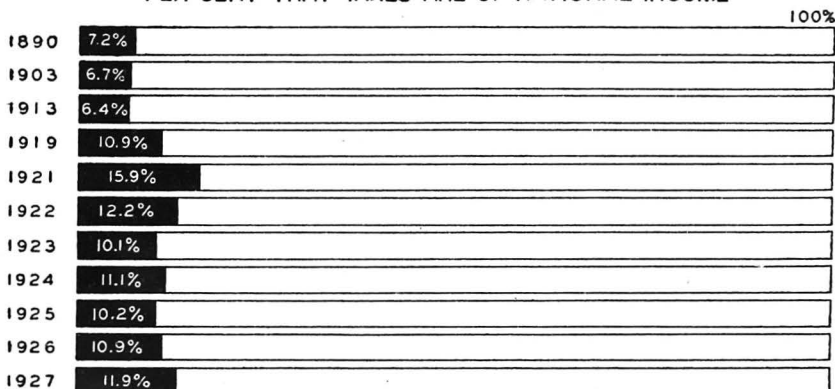
## PER CAPITA TAXES IN ACTUAL DOLLARS



## PER CAPITA TAXES IN "1913" DOLLARS



## PER CENT THAT TAXES ARE OF NATIONAL INCOME



*Distribution of Tax Collections by Taxing Authority*

Although the fiscal year 1921 was the peak year for federal tax collections, the highest ratio of federal tax collections to combined tax collections occurred two years earlier. In the fiscal year ended in 1919, federal tax collections constituted 60.3% of the combined total. Since then, the proportion of federal taxes to the combined total has decreased steadily and rapidly. In 1926 it was 37.3%; in 1927, 36.7%. State tax collections and local tax collections have both increased more rapidly than has the combined total, but of the two, the increase of the state tax collections has been the more rapid. State tax collections constituted 7.6% of the combined total in 1919, 14.7% in 1926, and 15% in 1927. The proportions for local tax collections were 32.1% in 1919, 48% in 1926, and 48.3% in 1927.

**TABLE 34: PERCENTAGE DISTRIBUTION OF TAX COLLECTIONS, BY TAXING AUTHORITY, FISCAL YEARS 1890 TO 1927**

(Computed by National Industrial Conference Board)

Taxing Authority	1890	1903	1913	1919	1921	1923	1924	1925	1926	1927
Federal...	42.7	37.7	30.4	60.3	55.5	41.9	40.8	37.6	37.3	36.7
State...	11.0	11.2	14.0	7.6	8.9	12.7	13.0	14.0	14.7	15.0
Local...	46.3	51.1	55.6	32.1	35.6	45.4	46.2	48.4	48.0	48.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

## FEDERAL TAX COLLECTIONS

The general decline, since 1921 in the amount of taxes collected by the Federal Government is a reflection of the program of federal tax revision which was begun in 1921, and which has been continued through 1928. However, the federal tax system is based chiefly on income and business taxes and customs duties, all of which are sensitive to business conditions. Federal tax collections have accordingly increased in years of prosperity, in spite of provisions for lower rates. Thus the tax reductions of 1926 did not result in an immediate decrease of federal tax collections in the fiscal year 1927. The fiscal year 1928, however, showed a decline.

*Sources of Federal Tax Revenue*

For the fiscal year 1928, customs receipts represented 17.1% of the total federal tax revenue, as is shown in Table 35. The corporation income tax contributed 38.3% of the total federal tax revenue and 46.3% of the federal internal revenue. The two next most important elements of the federal tax system were the personal income tax, which produced 26.2% of the federal tax revenue, and the sumptuary excises, whose proportion was 12.4%.

Federal customs receipts have increased steadily since 1921, except for slight decreases in the fiscal years 1924 and 1928. Since 1923 they have represented from 16.5% to over 17.8% of the total of federal tax collections.

The yield of the federal corporation and personal income taxes increased generally from 1923 through the fiscal year 1927, when collections from these two sources totalled \$2,220 millions. The fiscal year 1928 showed a decline in income tax collections, partly as a result of cuts in the rate schedule of the personal income tax by the Revenue Act of 1926, and partly because there was a recession in 1927 from the peak of national prosperity in 1926. Separation of the figures for personal and for corporation income tax revenue, from the fiscal year 1925 on, shows that the corporation tax has run far ahead of the personal tax as a revenue producer. This was to be expected, since the rate of the corporation income tax was increased for 1925 and again for 1926 to compensate for the dropping of the capital stock tax, while the rates of the personal income tax were reduced in 1924 and again in 1926.

The yield of the federal estate duty has varied considerably from year to year, because of the differences in the values of taxable estates. The credits allowed on state inheritance and estate tax payments by the 1924 and 1926 Revenue Acts were reflected in decreased yields for the fiscal years 1927 and 1928. The yield of the sumptuary excises—that on tobacco being the most important—has increased steadily each year since 1922. Even in the fiscal year 1928, when most other items of federal revenue declined, the yield of the sumptuary excises expanded. The reductions of the Revenue Act of 1926 caused the yield of the automobile tax

TABLE 35: SOURCES OF FEDERAL TAX REVENUE, FISCAL YEARS 1921 TO 1928<sup>1</sup>

(Source: Annual Reports of the Secretary of the Treasury)

Tax	1921	1922	1923	1924	1925	1926	1927	1928
<i>Amount (in Thousands)</i>								
Corporation income tax	\$3,228,138	\$2,086,918	\$1,691,089	\$1,841,759	\$916,233	\$1,094,980	\$1,308,012	\$1,291,846
Personal income tax <sup>2</sup>								
Estate tax	154,043	139,419	126,705	102,967	108,940	119,216	100,340	60,087
Corporation capital stock tax	81,526	80,612	81,568	87,472	90,002	97,386	8,970	8,689
Transportation and transmission taxes	301,512	198,790	30,381	34,662				
Sumptuary excises <sup>3</sup>	342,000	319,759	342,642	357,096	375,282	401,171	401,328	415,856
Automobile and motorcycle excises <sup>4</sup>	64,388	56,685	92,737	112,871	94,142	113,133	66,438	51,628
Other excises <sup>5</sup>	419,622	309,422	252,769	254,264	141,397	129,703	66,142	77,240
Miscellaneous internal revenue <sup>6</sup>	4,128	5,846	3,854	5,088	12,718	1,287	2,513	2,462
Total internal revenue	\$4,595,357	\$3,197,451	\$2,621,745	\$2,796,179	\$2,584,140	\$2,836,000	\$2,865,683	\$2,790,536
Customs receipts	308,025 <sup>7</sup>	363,624	568,174	552,818	555,202	586,697	612,928	573,969
Total tax revenue	\$4,903,382	\$3,561,075	\$3,189,919	\$3,348,997	\$3,139,342	\$3,422,697	\$3,478,611	\$3,364,505

*Percentage Distribution*

67	Corporation income tax	65.8	58.6	53.0	55.0	29.2	32.0	37.6	38.3
	Personal income tax <sup>2</sup>								
	Estate tax	3.1	3.9	4.0	3.1	3.5	3.5	2.9	1.8
	Corporation capital stock tax	1.7	2.2	2.6	2.6	2.9	2.9	0.3	0.3
	Transportation and transmission taxes	6.1	5.6	1.0	1.0				
	Sumptuary excises <sup>3</sup>	7.0	9.0	10.7	10.6	11.9	11.7	11.5	12.4
	Automobile and motorcycle excises <sup>4</sup>	1.3	1.6	2.9	3.4	3.0	3.3	1.9	1.5
	Other excises <sup>5</sup>	8.6	8.7	7.9	7.6	4.5	3.8	1.9	2.3
	Miscellaneous internal revenue <sup>6</sup>	0.1	0.2	0.1	0.2	0.4	<sup>8</sup>	0.1	0.1
	Total internal revenue	93.7	89.8	82.2	83.5	82.3	82.9	82.4	82.9
	Customs receipts	6.3 <sup>7</sup>	10.2	17.8	16.5	17.7	17.1	17.6	17.1
	Total tax revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> On basis of reports of collections.

<sup>2</sup> Includes excess profits tax.

<sup>3</sup> Includes tax on spirits, fermented liquors, tobacco, oleomargarine, opium and narcotics.

<sup>4</sup> Includes only collections on passenger automobiles and motorcycles.

<sup>5</sup> Includes tax on manufactures and products (other than automobiles), sales, stamps, playing cards, insurance, beverages (non-alcoholic), occupations (special), admissions and dues.

<sup>6</sup> Includes receipts under national prohibition act, collections through customs offices, delinquent taxes, etc.

<sup>7</sup> On basis of warrants drawn, adjusted to basis of daily Treasury statements, revised.

<sup>8</sup> Less than 0.05%.

and of other excises to decline in the fiscal years 1927 and 1928 to about one-half the yield in the fiscal year 1926.

Another downward revision of tax rates became law in 1928. Its main clause provided for a reduction of the rate of the corporation income tax from  $13\frac{1}{2}\%$  to  $12\%$ . This was the first decrease in the normal rate of tax on corporate income since the close of the World War. It is estimated to involve a diminution of receipts of over \$123 millions. The repeal of the excise tax on the sale of automobiles is estimated to involve an additional loss in revenue of \$66 millions. Receipts from the admissions tax will be cut down \$15 millions because of the exemption of theater tickets and other amusement tickets priced at \$3 or less. The eventual annual reduction is estimated at \$222 millions, but the expected decrease during the fiscal year 1929 is placed at not more than \$150 millions, chiefly because the full force of the reduction will not be felt immediately, since about half of the 1928 taxes assessed on corporations are payable during the fiscal year ending in 1930.

#### *Geographic Distribution of Federal Tax Collections*

As shown in Table 36, the Middle Atlantic states and the East North Central states together, continued to pay nearly three-fifths of the total of federal taxes in the fiscal years 1926 and 1927, as they did in the fiscal year 1925. New York is contributing an increasing proportion of the total federal taxes collected. The ratio of this state's collections to the total rose from  $22.8\%$  in the fiscal year 1925 to  $23.2\%$  in the fiscal year 1926, and to  $23.5\%$  in the fiscal year 1927.

The shift in internal revenue collections from the Northeastern states to the South Atlantic states, noted in earlier years, has continued. Several New England and East North Central states showed decided decreases for the fiscal year 1927. The decreased revenue derived from the reduced automobile excise tax in the fiscal year 1927 resulted in a sharp drop in Michigan's contribution to federal tax revenue.

The South Atlantic states show steadily increasing federal internal revenue collections. Delaware and Virginia exhibited the greatest increases for 1927 over the fiscal year



# TAX COLLECTIONS

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**TABLE 36: DISTRIBUTION OF FEDERAL TAX COLLECTIONS,  
BY STATES, FISCAL YEARS 1925, 1926 AND 1927**

(Source: Annual Reports of the Secretary of the Treasury. Computed by National Industrial Conference Board)

States and Geographic Divisions	Federal Taxes, 1925 (in Thousands)	Federal Taxes, 1926		Federal Taxes, 1927	
		Amount (in Thousands)	Per Cent Increase or (-) Decrease over 1925	Amount (in Thousands)	Per Cent Increase or (-) Decrease over 1926
<b>United States</b> .....	<b>\$3,130,649</b>	<b>\$3,413,147</b>	<b>9.0</b>	<b>\$3,468,828</b>	<b>1.6</b>
<b>New England</b> .....	<b>227,357</b>	<b>229,079</b>	<b>0.8</b>	<b>223,429</b>	<b>-2.5</b>
Maine .....	12,736	13,773	8.1	14,571	5.8
New Hampshire .....	6,648	6,417	-3.5	5,867	-8.6
Vermont .....	5,053	5,191	2.7	4,647	-10.5
Massachusetts .....	138,871	139,855	0.7	136,571	-2.3
Rhode Island .....	19,615	20,337	3.7	17,313	-14.9
Connecticut .....	44,434	43,506	-2.1	44,460	2.2
<b>Middle Atlantic</b> .....	<b>1,131,635</b>	<b>1,221,291</b>	<b>7.9</b>	<b>1,255,696</b>	<b>2.8</b>
New York .....	712,248	790,314	11.0	813,848	3.0
New Jersey .....	127,335	130,621	2.6	133,098	1.9
Pennsylvania .....	292,052	300,356	2.8	308,750	2.8
<b>East North Central</b> .....	<b>728,438</b>	<b>797,925</b>	<b>9.5</b>	<b>765,623</b>	<b>-4.0</b>
Ohio .....	173,376	188,555	8.8	181,748	-3.6
Indiana .....	53,363	55,327	3.7	52,357	-5.4
Illinois .....	235,824	252,673	7.1	254,826	0.9
Michigan .....	216,048	247,347	14.5	220,854	-10.7
Wisconsin .....	49,827	54,023	8.4	55,838	3.4
<b>West North Central</b> .....	<b>192,946</b>	<b>208,814</b>	<b>8.2</b>	<b>207,565</b>	<b>-0.6</b>
Minnesota .....	40,496	47,134	16.4	42,224	-10.4
Iowa .....	25,318	26,220	3.6	25,266	-3.6
Missouri .....	78,343	85,591	9.3	88,480	3.4
North Dakota .....	4,048	4,267	5.4	4,130	-3.2
South Dakota .....	4,478	4,568	2.0	4,404	-3.6
Nebraska .....	14,092	14,408	2.2	13,376	-7.2
Kansas .....	26,171	26,626	1.7	29,685	11.5
<b>South Atlantic</b> .....	<b>402,398</b>	<b>468,484</b>	<b>16.4</b>	<b>513,588</b>	<b>9.6</b>
Delaware .....	9,460	12,839	35.7	16,624	29.5
Maryland .....	38,557	38,379	-0.5	40,694	6.0
District of Columbia .....	16,868	19,671	16.6	20,974	6.6
Virginia .....	60,577	73,389	21.1	92,254	25.7
West Virginia .....	24,293	23,932	-1.5	27,035	13.0
North Carolina .....	180,430	206,659	14.5	220,511	6.7
South Carolina .....	15,298	14,043	-8.2	13,570	-3.4
Georgia .....	30,117	29,957	-0.5	30,598	2.1
Florida .....	26,798	49,615	85.1	51,328	3.5
<b>East South Central</b> .....	<b>103,292</b>	<b>104,396</b>	<b>1.1</b>	<b>108,333</b>	<b>3.8</b>
Kentucky .....	40,338	39,559	-1.9	40,804	3.1
Tennessee .....	28,764	29,668	3.1	30,644	3.3
Alabama .....	21,467	22,123	3.1	24,113	9.0
Mississippi .....	12,723	13,046	2.5	12,772	-2.1
<b>West South Central</b> .....	<b>122,898</b>	<b>139,427</b>	<b>13.4</b>	<b>150,986</b>	<b>8.3</b>
Arkansas .....	14,382	14,464	0.6	15,155	4.8
Louisiana .....	26,389	25,979	-1.6	27,454	5.7
Oklahoma .....	22,559	29,683	31.6	35,793	20.6
Texas .....	59,568	69,301	16.3	72,584	4.7

TABLE 36: DISTRIBUTION OF FEDERAL TAX COLLECTIONS, BY STATES, FISCAL YEARS 1925, 1926 AND 1927—(Continued)

States and Geographic Divisions	Federal Taxes, 1925 (in Thousands)	Federal Taxes, 1926		Federal Taxes, 1927	
		Amount (in Thousands)	Per Cent Increase or (—) Decrease over 1925	Amount (in Thousands)	Per Cent Increase or (—) Decrease over 1926
<b>Mountain</b> .....	<b>45,695</b>	<b>53,756</b>	<b>17.6</b>	<b>48,554</b>	<b>-9.7</b>
Montana.....	5,617	12,507	122.7	7,943	-36.5
Idaho.....	4,158	3,966	-4.6	4,194	5.7
Wyoming.....	2,775	2,747	-1.0	3,109	13.2
Colorado.....	19,192	20,103	4.7	18,978	-5.6
New Mexico.....	2,703	2,686	-0.6	2,696	0.4
Arizona.....	3,707	4,152	12.0	4,051	-2.4
Utah.....	6,551	6,618	1.0	6,597	-0.3
Nevada.....	992	977	-1.5	986	0.9
<b>Pacific</b> .....	<b>175,990</b>	<b>189,975</b>	<b>7.9</b>	<b>195,054</b>	<b>2.7</b>
Washington.....	22,160	21,859	-1.4	21,851	<sup>1</sup>
Oregon.....	12,354	11,865	-4.0	11,273	-5.0
California.....	141,476	156,251	10.4	161,930	3.6

<sup>1</sup> Less than 0.05% decrease.

1926. In Delaware, this increase was due to increased income tax returns, in Virginia, to an increase in tobacco excise collections. For the fiscal year 1928, when federal internal revenue receipts as a whole declined, the South Atlantic group of states was the only one showing an increase. Florida's income tax collections increased rapidly after 1923, as a result of its land boom and the influx of wealthy residents. This rise continued until the fiscal year 1927. In the fiscal year 1928, however, Florida's income tax collections declined by over 50%.

#### GEOGRAPHIC DISTRIBUTION OF STATE AND LOCAL TAX COLLECTIONS

State and local tax collections increased from \$4,919 millions for the fiscal year ended in 1925 to \$5,384 millions for the fiscal year ended in 1926, an increase of 9.5%. The increase during the preceding year was 6.5%. Per capita state and local tax collections were \$45.96 for the fiscal year ended in 1926 as compared with \$42.63 for the preceding year.

The most marked increases in state and local tax col-

lections from the fiscal year ended in 1925 to that ended in 1926 occurred in the South Atlantic states, particularly in Florida and North Carolina. Several important northern industrial states, including Massachusetts, New York and Illinois, showed a high rate of increase for the fiscal year ended in 1926. The East South Central and Pacific states were the only states which did not show a more rapid rate of increase from 1925 to 1926 than during the preceding year. Only two states, Iowa and Nevada, collected less taxes in the fiscal year ended in 1926 than in the previous year. In two other states, Montana and Colorado, the increase of state and local tax collections was less than the increase of their populations; accordingly, their per capita tax collections showed decreases.

As a group, the Pacific states had the highest per capita tax in the fiscal year ended in 1926. Nevada, despite the fact that the volume of its state and local tax collections was smaller than that of any other state, had the highest per capita tax.

### *Local Tax Collections*

Local tax collections constitute about three-fourths of combined state and local tax receipts and are the dominating influence in determining trends in the combined total. In general, therefore, the developments in combined tax collections from 1925 to 1926, shown in Table 37, parallel those for local tax collections, which are shown in Table 38. An exception to this generalization is Delaware, where a shift of local governmental functions to the state government occurred in the latter year and caused a corresponding shift in the distribution of tax revenues. Whereas the combined total of Delaware's state and local taxes increased 16.8% from 1925 to 1926, Delaware's state taxes increased 30.6%, and its local taxes only 2.5%.

Local tax collections for the fiscal year ended in 1927 increased over those for 1926 in all states except the Dakotas, Massachusetts, Montana, and New Mexico. Tax collections in each of these five states, except Montana, had shown increases in the previous year. Increases exceeding 15% occurred in Michigan and in Florida. Florida's local tax

TABLE 37: STATE AND LOCAL TAX COLLECTIONS, BY STATES, FISCAL YEARS 1924, 1925 AND 1926

(Computed by National Industrial Conference Board)

States and Geographic Divisions	Total State and Local Taxes (in Thousands)			Per Capita			Per Cent Increase or (-) Decrease of Per Capita Taxes	
	1924	1925	1926	1924	1925	1926	1925 over 1924	1926 over 1925
United States.....	\$4,619,818	\$4,918,520	\$5,383,632	\$40.62	\$42.63	\$45.96	4.95	7.81
New England.....	396,022	421,873	463,663	50.16	52.82	57.30	5.30	8.48
Maine.....	32,287	32,643	35,067	41.23	41.48	44.39	0.61	7.02
New Hampshire.....	19,215	20,149	21,279	42.70	44.58	46.87	4.40	5.14
Vermont.....	14,853	15,220	15,370	42.14	43.19	43.61	2.49	0.97
Massachusetts.....	234,914	249,479	280,064	57.25	60.20	66.73	5.15	10.85
Rhode Island.....	26,983	28,583	30,485	40.39	42.08	43.99	4.18	4.54
Connecticut.....	67,770	75,799	81,398	44.06	48.22	50.68	9.44	5.10
Middle Atlantic.....	1,230,769	1,315,598	1,457,352	51.51	54.28	59.25	5.38	9.16
New York.....	670,463	709,499	797,314	60.79	63.56	70.53	4.56	10.97
New Jersey.....	207,947	227,598	249,327	59.04	63.22	67.75	7.08	7.17
Pennsylvania.....	352,359	378,501	410,711	37.71	39.94	42.72	5.91	6.96
East North Central.....	1,070,845	1,070,845	1,164,623	43.91	45.02	48.11	2.53	6.86
Ohio.....	270,185	277,980	298,231	42.57	42.96	45.19	0.92	5.19
Indiana.....	137,789	144,436	148,953	44.94	46.67	47.68	3.85	2.16
Illinois.....	279,748	291,035	328,978	40.04	41.04	45.67	2.50	11.28
Michigan.....	206,519	219,673	245,449	49.44	51.28	55.83	3.72	8.87
Wisconsin.....	132,537	137,721	143,012	47.18	48.39	49.57	2.56	2.44
West North Central.....	571,800	588,067	620,883	44.19	45.16	47.37	2.20	4.89
Minnesota.....	146,207	141,941	146,049	56.85	54.36	55.09	-4.38	1.34
Iowa.....	118,998	120,616	118,950	49.21	49.84	49.09	1.28	-1.50
Missouri.....	99,879	116,388	126,467	28.78	33.41	36.15	16.09	8.20
North Dakota.....	32,427	32,130	33,061	50.51	50.11	51.56	-0.79	2.89
South Dakota.....	36,916	37,226	39,065	54.77	54.64	56.70	-0.24	3.77
Nebraska.....	55,738	56,419	61,910	41.04	41.15	44.70	0.27	8.63
Kansas.....	81,635	83,347	95,381	45.18	45.97	52.38	1.75	13.94
South Atlantic.....	367,276	409,726	473,534	24.19	26.57	30.21	9.84	13.70
Delaware.....	9,482	9,577	11,182	40.35	40.24	46.59	-0.27	15.78

Maryland.....	55,212	56,778	58,891	35.83	36.40	37.27	1.59	2.39
District of Columbia.....	14,508	17,650	21,784	28.96	34.34	41.26	18.58	20.15
Virginia.....	54,485	58,287	62,076	22.18	23.45	24.64	5.73	5.07
West Virginia.....	56,305	58,380	62,309	35.04	35.64	37.33	1.71	4.74
North Carolina.....	56,371	68,619	82,797	20.37	24.40	28.97	19.78	18.73
South Carolina.....	30,195	38,589	40,192	16.93	21.39	22.01	26.34	2.90
Georgia.....	45,105	48,220	52,340	14.71	15.54	16.67	5.64	7.27
Florida.....	45,613	53,626	81,963	37.14	42.44	62.23	14.27	46.63
<b>East South Central.....</b>	<b>175,538</b>	<b>198,865</b>	<b>216,538</b>	<b>19.11</b>	<b>21.51</b>	<b>23.26</b>	<b>12.56</b>	<b>8.14</b>
Kentucky.....	52,655	59,775	63,652	21.13	23.83	25.22	12.78	5.83
Tennessee.....	48,471	51,025	57,090	19.96	20.84	23.13	4.41	10.99
Alabama.....	32,972	35,058	36,964	13.34	14.03	14.63	5.17	4.28
Mississippi.....	41,440	53,007	58,832	23.14	29.60	32.86	27.92	11.01
<b>West South Central.....</b>	<b>293,325</b>	<b>314,391</b>	<b>339,488</b>	<b>26.41</b>	<b>27.86</b>	<b>29.58</b>	<b>5.49</b>	<b>6.17</b>
Arkansas.....	26,539	29,182	33,344	14.28	15.52	17.52	8.68	12.89
Louisiana.....	60,052	64,289	68,981	31.91	33.84	35.95	6.05	6.24
Oklahoma.....	66,705	70,153	79,960	29.67	30.58	34.14	3.07	11.64
Texas.....	140,029	150,767	157,203	27.37	28.93	29.59	5.70	2.28
<b>Mountain.....</b>	<b>171,529</b>	<b>170,113</b>	<b>177,707</b>	<b>45.69</b>	<b>44.27</b>	<b>45.14</b>	<b>-3.11</b>	<b>-1.97</b>
Montana.....	27,893	27,092	27,577	42.85	40.32	39.68	-5.90	-1.59
Idaho.....	21,543	21,841	22,633	43.52	42.99	43.36	-1.22	0.86
Wyoming.....	12,557	11,767	12,710	56.31	51.38	53.86	-8.76	4.83
Colorado.....	52,547	53,193	53,598	51.37	51.15	50.61	-0.43	-1.06
New Mexico.....	9,614	10,363	10,840	25.30	26.99	27.94	6.68	3.52
Arizona.....	19,789	18,743	21,586	48.15	43.79	48.51	-9.06	10.78
Utah.....	21,379	20,636	22,318	43.28	40.94	43.42	-5.41	6.06
Nevada.....	6,207	6,478	6,445	80.19	83.69	83.26	4.36	-0.51
<b>Pacific.....</b>	<b>386,781</b>	<b>429,042</b>	<b>469,844</b>	<b>60.60</b>	<b>65.47</b>	<b>69.80</b>	<b>8.04</b>	<b>6.61</b>
Washington.....	80,204	79,503	81,439	54.05	52.65	52.95	-2.59	0.57
Oregon.....	51,797	54,904	58,839	61.01	63.62	67.09	4.28	5.45
California.....	254,780	294,635	329,566	62.92	70.49	76.36	12.03	8.33

TABLE 38: LOCAL TAX COLLECTIONS, BY STATES, FISCAL YEARS 1924 TO 1927<sup>1</sup>

(Computed by National Industrial Conference Board)

States and Geographic Divisions	Local Taxes Collected (in Thousands)				Per Cent Increase or (-) Decrease		
	1924	1925	1926	1927	1925 over 1924	1926 over 1925	1927 over 1926
United States.....	\$3,602,358	\$3,811,150	\$4,119,346	\$4,372,083	5.80	8.09	6.14
New England.....	309,422	330,719	365,899	368,680	6.88	10.64	0.76
Maine.....	20,596	20,509	22,307	22,936	-0.42	8.77	2.82
New Hampshire.....	13,983	14,388	15,435	15,760	2.90	7.28	2.11
Vermont.....	9,842	10,026	10,251	10,520	1.87	2.24	2.62
Massachusetts.....	197,361	211,520	237,732	235,831	7.17	12.39	-0.80
Rhode Island.....	20,013	21,154	22,551	23,717	5.70	6.60	5.17
Connecticut.....	47,627	53,122	57,623	59,916	11.54	8.47	3.98
Middle Atlantic.....	956,587	1,020,539	1,134,417	1,227,387	6.69	11.16	8.20
New York.....	530,900	557,098	630,713	682,568	4.93	13.21	8.22
New Jersey.....	160,858	176,276	192,816	211,451	9.58	9.38	9.66
Pennsylvania.....	264,829	287,165	310,888	333,368	8.43	8.26	7.23
East North Central.....	847,326	882,964	935,222	998,847	4.21	5.92	6.80
Ohio.....	233,419	246,332	263,578	275,630	5.53	7.00	4.57
Indiana.....	110,995	114,366	116,737	117,264	3.04	2.07	0.45
Illinois.....	237,452	242,517	261,473	272,792	2.13	7.82	4.33
Michigan.....	161,283	170,373	182,152	213,319	5.64	6.91	17.11
Wisconsin.....	104,177	109,376	111,282	119,842	4.99	1.74	7.69
West North Central.....	457,870	465,928	475,560	493,097	1.76	2.07	3.69
Minnesota.....	104,244	102,886	104,123	105,670	-1.30	1.20	1.49
Iowa.....	96,030	95,417	91,957	94,565	-0.64	-3.63	2.84
Missouri.....	82,059	91,005	96,512	100,683	10.90	6.05	4.32
North Dakota.....	26,420	25,226	25,326	25,046	-4.52	0.40	-1.11
South Dakota.....	29,907	29,722	29,972	28,993	-0.62	0.84	-3.27
Nebraska.....	48,348	49,209	50,033	50,757	1.78	1.67	1.45
Kansas.....	70,862	72,463	77,637	87,383	2.26	7.14	12.55
South Atlantic.....	265,825	291,214	331,588	358,449	9.55	13.86	8.10
Delaware.....	4,586	4,707	4,823	4,933	2.64	2.46	2.28
Maryland.....	41,116	41,497	43,002	43,314	0.93	3.63	0.73

District of Columbia.....	14,508	17,650	21,784	24,733	21.66	23.42	13.54
Virginia.....	33,141	34,768	36,852	40,425	4.91	5.99	9.70
West Virginia.....	43,275	44,481	46,777	47,778	2.79	5.16	2.14
North Carolina.....	42,366	49,338	59,138	59,919	16.46	19.86	1.32
South Carolina.....	21,166	24,966	26,379	27,158	17.95	5.66	2.95
Georgia.....	31,595	33,045	34,895	36,396	4.59	5.60	4.30
Florida.....	34,072	40,762	57,938	73,793	19.63	42.14	27.37
<b>East South Central.....</b>	<b>126,886</b>	<b>143,880</b>	<b>154,081</b>	<b>164,263</b>	<b>13.39</b>	<b>7.09</b>	<b>6.61</b>
Kentucky.....	37,617	41,228	42,869	47,079	9.60	3.98	9.82
Tennessee.....	35,168	36,676	40,274	43,476	4.29	9.81	7.95
Alabama.....	21,573	22,967	24,097	25,186	6.46	4.92	4.52
Mississippi.....	32,528	43,009	46,841	48,522	32.22	8.91	3.59
<b>West South Central.....</b>	<b>208,634</b>	<b>216,552</b>	<b>227,792</b>	<b>244,664</b>	<b>3.80</b>	<b>5.19</b>	<b>7.41</b>
Arkansas.....	15,498	15,104	17,202	19,010	-2.54	13.89	10.51
Louisiana.....	42,877	46,081	48,261	49,563	7.47	4.73	2.70
Oklahoma.....	57,086	55,533	60,918	68,966	-2.72	9.70	13.21
Texas.....	93,173	99,834	101,411	107,125	7.15	1.58	5.63
<b>Mountain.....</b>	<b>133,885</b>	<b>133,330</b>	<b>136,556</b>	<b>138,720</b>	<b>-0.41</b>	<b>2.42</b>	<b>1.58</b>
Montana.....	24,404	23,401	22,916	21,955	-4.11	-2.07	-4.19
Idaho.....	17,806	18,026	18,462	18,732	1.24	2.42	1.46
Wyoming.....	9,872	9,239	9,564	10,334	-6.41	3.52	8.05
Colorado.....	41,916	42,599	42,917	43,927	1.63	0.75	2.35
New Mexico.....	7,324	7,892	8,026	7,774	7.76	1.70	-3.14
Arizona.....	14,573	13,924	15,469	16,249	-4.45	11.10	5.04
Utah.....	13,629	13,708	14,610	15,074	0.58	6.58	3.18
Nevada.....	4,361	4,541	4,592	4,675	4.13	1.12	1.81
<b>Pacific.....</b>	<b>295,923</b>	<b>326,024</b>	<b>358,231</b>	<b>377,976</b>	<b>10.17</b>	<b>9.88</b>	<b>5.51</b>
Washington.....	54,393	55,145	57,480	58,529	1.38	4.23	1.82
Oregon.....	36,357	38,925	41,762	44,684	7.06	7.29	7.00
California.....	205,173	231,954	258,989	274,763	13.05	11.66	6.09

<sup>1</sup>For sources, see Appendix C, p. 106, of this volume.

**TABLE 39: STATE TAX COLLECTIONS, BY STATES, FISCAL YEARS 1924 TO 1926**

(Source: U. S. Bureau of the Census, "Financial Statistics of States" Series. Computed by National Industrial Conference Board)

States and Geographic Divisions	State Taxes			Per Cent Increase or (-) Decrease		Per Cent State Taxes are of Combined State and Local Taxes		
	1924 (in Thousands)	1925 (in Thousands)	1926 (in Thousands)	1925 over 1924	1926 over 1925	1924	1925	1926
<b>United States</b> .....	<b>\$1,017,460</b>	<b>\$1,107,370</b>	<b>\$1,264,286</b>	<b>8.84</b>	<b>14.17</b>	<b>22.00</b>	<b>22.49</b>	<b>23.46</b>
<b>New England</b> .....	<b>86,600</b>	<b>91,154</b>	<b>97,764</b>	<b>5.26</b>	<b>7.25</b>	<b>21.87</b>	<b>21.61</b>	<b>21.09</b>
Maine.....	11,691	12,134	12,760	3.79	5.16	36.21	37.17	36.39
New Hampshire.....	5,232	5,761	5,844	10.11	1.44	27.23	28.59	27.46
Vermont.....	5,011	5,194	5,119	3.65	-1.44	33.74	34.13	33.31
Massachusetts.....	37,553	37,959	42,332	1.08	11.52	15.99	15.22	15.12
Rhode Island.....	6,970	7,429	7,934	6.59	6.80	25.83	25.99	26.03
Connecticut.....	20,143	22,677	23,775	12.58	4.84	29.72	29.92	29.21
<b>Middle Atlantic</b> .....	<b>274,182</b>	<b>295,059</b>	<b>322,935</b>	<b>7.61</b>	<b>9.45</b>	<b>22.28</b>	<b>22.43</b>	<b>22.16</b>
New York.....	139,563	152,401	166,601	9.20	9.32	20.82	21.48	20.90
New Jersey.....	47,089	51,322	56,511	8.99	10.11	22.64	22.55	22.67
Pennsylvania.....	87,530	91,336	99,823	4.35	9.29	24.84	24.13	24.30
<b>East North Central</b> .....	<b>179,452</b>	<b>187,881</b>	<b>229,401</b>	<b>4.70</b>	<b>22.10</b>	<b>17.38</b>	<b>17.45</b>	<b>19.59</b>
Ohio.....	36,766	31,648	34,653	-13.92	9.50	13.61	11.38	11.62
Indiana.....	26,794	30,070	32,216	12.23	7.14	19.45	20.82	21.63
Illinois.....	42,296	48,518	67,505	14.71	39.13	15.12	16.67	20.52
Michigan.....	45,236	49,300	63,297	8.98	28.39	21.90	22.44	25.79
Wisconsin.....	28,360	28,345	31,730	-0.05	11.94	20.51	19.72	21.28
<b>West North Central</b> .....	<b>113,930</b>	<b>122,139</b>	<b>145,323</b>	<b>7.21</b>	<b>18.98</b>	<b>19.92</b>	<b>20.77</b>	<b>23.41</b>
Minnesota.....	41,963	39,055	41,926	-6.93	7.35	28.70	27.51	28.71
Iowa.....	22,968	25,199	26,993	9.71	7.12	19.30	20.89	22.69
Missouri.....	17,820	25,383	29,955	42.44	18.01	17.84	21.81	23.69
North Dakota.....	6,007	6,904	7,735	14.93	12.04	18.52	21.49	23.40
South Dakota.....	7,009	7,504	9,093	7.06	21.18	18.99	20.16	23.28
Nebraska.....	7,390	7,210	11,877	-2.44	64.73	13.26	12.78	19.18
Kansas.....	10,773	10,884	17,744	1.03	63.03	13.20	13.06	18.60
<b>South Atlantic</b> .....	<b>101,451</b>	<b>118,512</b>	<b>141,946</b>	<b>16.82</b>	<b>19.77</b>	<b>27.62</b>	<b>28.92</b>	<b>29.98</b>
Delaware.....	4,896	4,870	6,359	-0.53	30.57	51.63	50.85	56.87
Maryland.....	14,096	15,281	15,889	8.41	3.98	25.53	26.91	26.98



Virginia .....	21,344	23,519	25,224	10.19	7.25	39.17	40.35	40.63
West Virginia .....	13,030	13,899	15,532	6.67	11.75	23.14	23.81	24.93
North Carolina .....	14,005	19,281	23,659	37.67	22.71	24.84	28.10	28.57
South Carolina .....	9,029	13,623	13,813	50.88	1.40	29.90	35.30	34.37
Georgia .....	13,510	15,175	17,445	12.32	14.96	29.95	31.47	33.33
Florida .....	11,541	12,864	24,025	11.46	86.76	25.30	23.99	29.31
<b>East South Central</b> .....	<b>48,652</b>	<b>54,985</b>	<b>62,457</b>	<b>13.02</b>	<b>13.59</b>	<b>27.72</b>	<b>27.65</b>	<b>28.84</b>
Kentucky .....	15,038	18,547	20,783	23.33	12.06	28.56	31.03	32.65
Tennessee .....	13,303	14,349	16,816	7.86	17.19	27.45	28.12	29.46
Alabama .....	11,399	12,091	12,867	6.07	6.42	34.57	34.49	34.81
Mississippi .....	8,912	9,998	11,991	12.19	19.93	21.51	18.86	20.38
<b>West South Central</b> .....	<b>84,691</b>	<b>97,839</b>	<b>111,696</b>	<b>15.52</b>	<b>14.16</b>	<b>28.87</b>	<b>31.12</b>	<b>32.90</b>
Arkansas .....	11,041	14,078	16,142	27.51	14.66	41.60	48.24	48.41
Louisiana .....	17,175	18,208	20,720	6.01	13.80	28.60	28.32	30.04
Oklahoma .....	9,619	14,620	19,042	51.99	30.25	14.42	20.84	23.81
Texas .....	46,856	50,933	55,792	8.70	9.54	33.46	33.78	35.49
<b>Mountain</b> .....	<b>37,644</b>	<b>36,783</b>	<b>41,151</b>	<b>-2.29</b>	<b>11.88</b>	<b>21.95</b>	<b>21.62</b>	<b>23.16</b>
Montana .....	3,489	3,691	4,661	5.79	26.28	12.51	13.62	16.90
Idaho .....	3,737	3,815	4,171	2.09	9.33	17.35	17.47	18.43
Wyoming .....	2,685	2,528	3,146	-5.85	24.45	21.38	21.48	24.75
Colorado .....	10,631	10,594	10,681	-0.35	0.82	20.23	19.92	19.93
New Mexico .....	2,290	2,471	2,814	7.90	13.88	23.82	23.84	25.96
Arizona .....	5,216	4,819	6,117	-7.61	26.94	26.36	25.71	28.34
Utah .....	7,750	6,928	7,708	-10.61	11.26	36.25	33.57	34.54
Nevada .....	1,846	1,937	1,853	4.93	-4.34	29.74	29.90	28.75
<b>Pacific</b> .....	<b>90,858</b>	<b>103,018</b>	<b>111,613</b>	<b>13.38</b>	<b>8.34</b>	<b>23.49</b>	<b>24.01</b>	<b>23.76</b>
Washington .....	25,811	24,358	23,959	-5.63	-1.64	32.18	30.64	29.42
Oregon .....	15,440	15,979	17,077	3.49	6.87	29.81	29.10	29.02
California .....	49,607	62,681	70,577	26.36	12.60	19.47	21.27	21.42

collections increased from \$58 millions for the fiscal year ended in 1926 to \$74 millions for the fiscal year ended in 1927, or over 27%. This rise, however, was not as great as that for the preceding year, when local tax collections increased more than 42% over the figure for the fiscal year ended in 1925.

All the New England states except Vermont showed smaller increases of local tax collections for the fiscal year ended in 1927 than for the preceding year. Local tax collections in Massachusetts, in fact, decreased 0.8% from 1926 to 1927, as compared with an increase of 12.4% in the preceding year. The same tendency was exhibited by the Middle Atlantic and the South Atlantic states.

### *State Tax Collections*

State tax collections for the country as a whole for 1926 showed an increase of 14.2% over those for the fiscal year ended in 1925, as compared with an 8.8% increase for the preceding year. There was a wide variation, around this 14.2% average, of the proportional increases for the individual states. On the one hand, three states—Vermont, Nevada and Washington—showed decreases; on the other hand, state taxes in Florida increased by 86.8%, in Nebraska by 64.7%, in Kansas by 63%, in Illinois by 39.1% and in Delaware by 30.6%.

Whether, in any given case, state taxes advanced more rapidly than local taxes, or the reverse, seems to depend to some extent on the existing relationship of state and local tax systems. States in which state tax collections form a larger proportion of the combined state and local total are likely to show slight increases of state tax collections from year to year, and more marked increases of local taxes. In those states where the proportion of local tax collections is above the average, state tax collections show a tendency to increase rapidly and local tax collections to increase slowly. Thus, in Kansas and Nebraska, which have a low ratio of state tax collections to combined state and local tax collections, state taxes increased much more rapidly than local taxes from 1925 to 1926. In Vermont, Nevada and Washington, the three states where state taxes decreased and local taxes increased,

the ratio of state tax collections to combined state and local tax collections was above the average.

The increases in state tax collections have resulted largely from increased revenue from the gasoline tax and the motor vehicle license charge. The general tendency has been to increase these two taxes to supplement the state general property, business and special license taxes. This development accounts for the large increase of state tax collections in Massachusetts, Michigan, Nebraska, Kansas and Florida, for the fiscal year ended in 1926. In some cases, notably in Ohio and Wisconsin, motor vehicle charges were substituted for property taxes. In these two states, increases in the gasoline tax and motor vehicle license charge revenue more than offset decreases in state general property tax revenue, resulting in a net increase in state tax revenues.

## CHAPTER IV

### SUMMARY

THE tendency of state and local fiscal operations to expand, noted for earlier years in previous Conference Board publications, continued through 1926 and 1927. The figures for federal fiscal operations, however, reflect the pressure of contradictory forces. In some of its activities, the Federal Government is still effecting reductions from the high levels of war-time finance. In other activities, there is evidence of a tendency towards expansion consonant with the country's growth of population and economic activity.

#### GOVERNMENTAL EXPENDITURES

The total of federal, state and local governmental expenditures increased from \$11,132 millions for the fiscal year ended in 1925 to \$11,623 millions for the fiscal year ended in 1926. The combined total of governmental expenditures for the fiscal year ended in 1927 approximated \$12 billions.

Federal interest payments have declined steadily as the outstanding national debt has been retired and refunded at lower interest rates. Federal payments for debt reduction, after reaching a peak of \$1,133 millions for the fiscal year 1927, declined in the following year, and may be expected to reach a low point in the fiscal year ending in 1929, in view of the elimination of the federal surplus because of the tax reduction of 1928.

The net expenditures of the Federal Government for services and materials have shown a consistent tendency to increase. A slight decline in net expenditures as reported for the fiscal year 1927 was caused by the failure of the 1927 Deficiency Bill to be passed by Congress. Federal net expenditures for the fiscal year 1928 amounted to \$2,332 millions.

School and highway expenditures continued to be the

outstanding items in the state and local budgets in the fiscal year ended in 1926, as they were in the preceding year. The proportions of capital outlays for construction to the totals of both school and highway expenditures declined, indicating a check to the expansion of construction projects in these fields.

### THE PUBLIC DEBT

The federal debt has been reduced from its peak of \$25,482 millions in 1919 to \$17,604 millions on June 30, 1928. The greatest single annual retirement since 1920, \$1,133 millions, was accomplished in the fiscal year 1927 as a consequence of the large surplus in that year. Retirements in the fiscal year 1928 amounted to \$906 millions. The probability of little, if any, treasury surplus in the immediate future points to limitation of subsequent debt retirement funds to the sinking fund quota, which is now over \$350 millions annually and is slowly increasing, plus foreign debt payments earmarked to debt retirement.

Interest charges on the federal debt have been reduced by retirements and also by refundings to take advantage of lower interest rates. Whereas the average interest rate on the outstanding federal debt in 1921 was 4.29%, the average interest rate on the debt outstanding in 1928 was 3.87%.

State and local borrowings jumped from one and one-third billion dollars in 1926 to one and one-half billions in 1927. The local governments were responsible for almost all of this increase; their borrowings were \$144 millions greater in 1927 than in 1926.

The outstanding net bonded debt of the state and local governments increased from \$7,264 millions in 1922 to \$10,731 millions in 1926, and to \$11,630 millions in 1927. In the latter year the per capita state and local net bonded debt was \$98.06. The proportion of this debt to the country's tangible wealth was 3.5%.

### TAX COLLECTIONS

Tax collections continue to increase. The combined total for the federal, state and local governments for the fiscal

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year ended in 1926 was \$8,596 millions. For the fiscal year ended in 1927, it was \$9,077 millions. This total represented a per capita tax of \$76.52. The proportion of taxes to national income was 11.9%. The estimate of total combined tax collections for the fiscal year ended in 1928 is \$9,169 millions.

Federal taxes have tended to decline since their peak year, 1921. They then constituted 55.5% of the country's total tax bill. For the fiscal year ended in 1927, the proportion was 36.7%. State and local taxes have both increased during this period, but the increase in state tax collections has been the more rapid. State tax collections constituted 15% of the country's total tax bill for the fiscal year ended in 1927.

## APPENDICES

## APPENDIX A—MOTOR VEHICLE LICENSE CHARGES

### STATE MOTOR VEHICLE LICENSE CHARGES TO BE IN FORCE ON JANUARY 1, 1929

(Source: Motor Vehicle Conference Committee, "Special Taxation for Motor Vehicles," 1929; checked by reference to state laws)

State			<i>Key</i>		<i>Key</i>	<i>Key</i>
	a—flat rate b—horse power c—gross (car and load) weight d—net (unladen) weight e—capacity (seating or ton) f—mileage g—value		h—gross receipts i—solid tires j—age k—minimum fee l—special base for irregular route m—discrimination by terminal points		1—steam propelled cars <sup>1</sup> 2—electric vehicles <sup>1</sup> 3—trailers 4—hearses and ambulances 5—tractors 6—"u-drive-its" 7—convertible passenger and light truck vehicles 8—vehicles used exclusively for transporting school children 9—passenger carriers for hire	a—to cost of collection and overhead b—to state for road purposes c—to counties, purpose not designated d—to counties for road purposes e—to localities, purpose not designated f—to localities for road purposes
	Privately Owned Motor Vehicles		Common Carrier Motor Vehicles		License Charges on Miscellaneous Motor Vehicles	Disposition of Motor Vehicle License Revenue
Passenger Cars	Trucks	Passenger Cars	Trucks			
Alabama	b—\$11.25 to \$30.	e—\$15 to \$1,000.	e—\$37.50 to \$150, plus 50¢ per seat in excess of 8; plus a—\$10. h—4%.	Same as private truck, plus a—\$10. e—\$1 per ton in excess of 3 tons; h—1%.	1—\$25. 2—\$20. 3—½ drawing vehicle rate. 4—\$10 to \$50, according to size of city served. 5—(Except on farms) \$100. 9—\$37.50 to \$150, by capacity, plus 3% of gross receipts.	a—; b—80% of net collections; d or e—20% of net collections, on collection basis.
Arizona	a—\$3.50.	a—\$3.50; d—\$5 to \$40; i—double rates.	Same as private trucks; plus h—2%.	Same as private trucks; plus h—2½%.	2—\$18.50; trucks, \$60 to \$120. 3—Same as private trucks. 4—Same as private passenger cars. 5—Same as private trucks.	a—; b—balance.
Arkansas	b—12¼¢ per H.P.; c—55¢ per 100 lbs; k—\$15.	e—\$17.50 to \$400; i—½ more for trucks over 1 ton capacity.	Same as private passenger cars; plus e—\$2.50 per seat, h—2%.	1½ times charge on private trucks; plus h—2%.	3—\$15 to \$50, by capacity. 4—\$25.	d and f—; b—balance.
California	a—\$3.	a—\$3; d—\$20 to \$70; i—\$3 and double net	h—4¼% in lieu of all taxes, except gasoline and personal property taxes.	h—5% in lieu of all taxes, except gasoline and per-	1—\$13. 2—\$13 for private passenger cars, and from \$50 to \$90, by	a—25% of gross collections; b—50% of net collec-



		weight schedule.		sonal property taxes.	net weight, for private trucks.	tions; of net collections, on collection basis.
Colorado	g— $\frac{3}{4}$ %; j—30% reduction after 5th year, 50% reduction after 8th; k—\$5.	e—\$35 to \$135 for 5 tons, and \$40 per additional ton.	Same as private passenger cars; plus ef—1 mill per passenger mile; i— $\frac{3}{4}$ additional.	Same as private trucks; plus ef—5 mills per ton mile; i— $\frac{3}{4}$ additional.	3—Same as private trucks. 4—Same as private trucks. 9—Same as private trucks.	d—50% of net collections, on collection basis.
Connecticut	b—8¢ per cu. in. displacement; k—\$15.	e—\$15 to \$180 for 6 tons and \$100 per additional ton.	Same as private passenger cars, plus e—\$15 for 7 seat capacity, with additional charge per additional seat, so that 50 seats equals \$241; h—3% for interstate routes; fm—1¢ per mile traveled within state for interstate routes.	Same as private trucks.	1—75¢ per H.P., \$15 minimum. 2—75¢ per H.P., \$5 minimum. 3—Same as private trucks. 4—\$2, and either private passenger or truck rate, whichever is higher. 5—Same as private trucks.	b—All.
Delaware	c—\$2 per $\frac{3}{4}$ ton.	c—\$2 per $\frac{3}{4}$ ton.	Same as private passenger cars.	Same as private trucks.	3—Same as trucks, except for over $\frac{3}{4}$ ton equipped with metal tires, when the rate is double. 4—No fee. 5—\$5.	h—All.
Florida	c—50¢ per 100 lbs.	c—75¢ per 100 lbs. of 1 $\frac{1}{2}$ tons, and \$1.50 per additional 100 lbs.; i—double rate for 1 $\frac{3}{4}$ tons, additional, 1 $\frac{1}{2}$ rate. (Solid tire rate for airless cushions on tires, except for 1 ton truck, when it is 40% less.)	cc—Up to 7 seat capacity, 75¢ per 100 lbs., plus \$5 per seat; graduation up to \$1.50 per 100 lbs., plus \$15 per seat for over 16 seat car; i—higher net weight schedule on over 7 seat car.	Same as private trucks.	3—Same as private trucks. 4—\$20. 6—Same as private passenger cars, plus \$10.	a—Collection expenses, then 5% for maintenance of State Road Department; b—70% of net collections; d—25% of net collections where collected.
Georgia	c—50¢ per 100 lbs.; k—\$11.25.	e—\$15 to \$1,125.	Same as private passenger cars.	Same as private trucks.	2—Same as gas cars. 3—\$1 per 100 lbs. gross; \$1.50, solid tires; \$2, metal tires. 4—Same as private trucks. 5—\$15; solid tires, \$30.	a—Not to exceed 5%; b—net collections to be expended in the counties on post road mileage basis.

<sup>1</sup> Steam propelled and electric vehicles are private passenger cars when not otherwise stated.

## STATE MOTOR VEHICLE LICENSE CHARGES TO BE IN FORCE ON JANUARY 1, 1929—(Continued)

(Source: Motor Vehicle Conference Committee, "Special Taxation for Motor Vehicles," 1929; checked by reference to state laws)

State	Key					Key			Key		
	a—flat rate b—horse power c—gross (car and load) weight d—net (unladen) weight e—capacity (seating or ton) f—mileage g—value		h—gross receipts i—solid tires j—age k—minimum fee l—special base for irregular route m—discrimination by terminal points			1—steam propelled cars <sup>1</sup> 2—electric vehicles <sup>1</sup> 3—trailers 4—horses and ambulances 5—tractors 6—"u-drive-its" 7—convertible passenger and light truck vehicles 8—vehicles used exclusively for transporting school children. 9—passenger carriers for hire		a—to cost of collection and overhead b—to state for road purposes c—to counties, purpose not designated d—to counties for road purposes e—to localities, purpose not designated f—to localities for road purposes			
	Bases of License Charges										
	Privately Owned Motor Vehicles				Common Carrier Motor Vehicles				License Charges on Miscellaneous Motor Vehicles		Disposition of Motor Vehicle License Revenue
Passenger Cars		Trucks		Passenger Cars		Trucks					
98 Idaho	c—\$12 for 1 ton, and \$1 per additional 100 lbs.; j—Reduction after 2nd and 3rd years.	ec—\$12 or \$17.50 for ½ ton capacity, depending upon gross weight; e—\$22.50 to \$110 for ½ ton to 5 ton capacity, and \$50 per additional ton; i—higher rates for over ½ ton capacity, special high rates for metal tires.	e—\$3 per seat.	Same as private passenger cars; plus e—\$25 to \$75.	Same as private trucks; plus e—\$25 to \$75.	3—\$15 to \$75 by ton capacity, higher rates for solid, and special high rates for metal tires. 4—Hearses, same as 1½ ton private trucks; ambulances, private passenger car or private truck rates, according to chassis type.	b—10%; d—90%, where collected.				
Illinois	b—\$8 to \$25.	c—\$12 to \$150.	Same as private passenger cars; plus c—\$1 per 100 lbs.	Same as private trucks; plus c—\$1 per 100 lbs.	2—\$12. 3—\$6 to \$50 by gross weight. 4—Same as private passenger cars. 5—Same as private trucks.	b—All.					
Indiana	hd—\$5 to \$10.	e—\$6 to \$200.	e—\$6 per seat; m—½ regular rate for intra-urban cars; 1½ regular rate for interstate routes.	Same as private trucks.	1—Same as gas cars. 2—\$5. 3—\$3 to \$50 (semi-trailer, \$10 to \$125) by ton capacity. 4—Same as private passenger cars. 5—\$25.	a—; b—balance.					

Iowa	c—40¢ per 100 lbs.; g—1%, ¼% after 5 registrations; k—\$10.	e—\$15 to \$300 for 6 tons; i—higher rates for solid, and special high rates for metal tires; m—¼ of regular fee for intraurban trucks over 2 tons.	Same as private passenger cars; plus cf—¼¢ per ton mile; i—double ton mileage rate.	Same as common passenger carriers.	2—\$25; \$15 after 5 years. 3—\$10 to \$60, by ton capacity; higher rates for solid and metal tires. 4—Same as 1-ton private truck.	a—6%; 50¢ per registration retained by counties for expenses and reimbursement fund; b—balance.
Kansas	d—\$8 for 1 ton, 50¢ per additional 100 lbs.; k—\$8.	e—\$8 to \$100 for 5 tons, and \$25 per additional ton.	Same as private passenger cars; plus e—\$40 to \$230; m—¼ capacity charge for intraurban carriers.	* Same as private trucks; plus e—\$40 to \$200.	2—\$10 for private passenger cars; private gas truck rate for trucks. 3—\$5 per ton capacity. (Trailers attached to common carrier trucks pay ¼ drawing vehicle rate.) 4—Same as 1-ton private truck.	a—50¢ per registration to secretary of State; b—75% of balance placed by county treasurers in State Highway Fund; d—25% of balance, where collected.
Kentucky	b—25¢ per H.P.; d—40¢ per 100 lbs.	e—\$20 to \$300 for 5 tons, and \$30 per additional ton.	Same as private passenger cars; plus c—\$1 per 100 lbs.; e—from \$5 per seat, plus \$10 bus tag charge, to \$15 per seat with \$50 bus tag charge; e—\$2.50 per seat in addition to private car rate.	Same as private trucks.	2—Same as gas cars. 4—Up to 38 H.P., \$20; over 38 H.P., \$30. 6—Same as private cars, plus \$1.50 per seat.	c—¼ of commercial car fees; b—balance.
Louisiana	b—68¢ per H.P.; k—\$15.	b—68¢ per H.P. e—\$10 per ¼ ton capacity in cities over 10,000 population; others, \$5 to \$32 for 5 tons; \$150 per additional half ton. i—\$9 to \$37 for 5 tons, plus same additional. k—\$25.	b—68¢ per H.P.; e—\$2 per seat for 7 seats; graduated to \$7 per seat over 30 seats; k—\$25.	b—68¢ per H.P.; e—\$10 per ton in cities over 10,000 population; others, \$12.50 for 2 tons, and from \$25 to \$150 per additional half tons. k—\$25.	3—¼ drawing truck capacity rate. 4—Same as trucks. 5—(Except on farms.) Road tractors, \$7.50 per ¼ ton; truck tractors, 68¢ per H.P.; minimum \$25. 9—Same as private trucks.	b—All.
Maine	b—25¢ per H.P.; d—25¢ per 100 lbs.; i—double net rate fees; k—\$10.	e—\$10 to \$150; i—¼ additional.	Double private passenger car rate; plus e—\$2.50 per seat in excess of 7.	Same as private trucks.	1—Same as gas cars. 2—Same as gas cars. 3—15¢ per 100 lbs. by gross weight; higher rates for solid and metal tires. 4—Same as ½-ton truck. 5—Same as private passenger cars, with higher rates for metal tires. (Farm tractors, ¼ regular rates).	a—; b—balance.

<sup>1</sup> Steam propelled and electric vehicles are private passenger cars when not otherwise stated.

# STATE MOTOR VEHICLE LICENSE CHARGES TO BE IN FORCE ON JANUARY 1, 1929—(Continued)

(Source: Motor Vehicle Conference Committee, "Special Taxation for Motor Vehicles," 1929; checked by reference to state laws)

State	Key				Key		Key	
	a—flat rate b—horse power c—gross (car and load) weight d—net (unladen) weight e—capacity (seating or ton) f—mileage g—value	h—gross receipts i—solid tires j—age k—minimum fee l—special base for irregular route m—discrimination by terminal points	1—steam propelled cars <sup>1</sup> 2—electric vehicles <sup>1</sup> 3—trailers 4—hearses and ambulances 5—tractors 6—"u-drive-its" 7—convertible passenger and light truck vehicles 8—vehicles used exclusively for transporting school children. 9—passenger carriers for hire	a—to cost of collection and overhead b—to state for road purposes c—to counties, purpose not designated d—to counties for road purposes e—to localities, purpose not designated f—to localities for road purposes				
	Bases of License Charges							
	Privately Owned Motor Vehicles		Common Carrier Motor Vehicles		License Charges on Miscellaneous Motor Vehicles		Disposition of Motor Vehicle License Revenue	
Passenger Cars	Trucks	Passenger Cars	Trucks					
Maryland	b—32¢ per H.P.	b—32¢ per H.P.; ie—\$10 to \$500 by capacity only.	ef—½¢ per seat mile.	cf—¼¢ per ton mile	1—60¢ per H.P.; \$2, if for hire; minimum \$10. 2—60¢ per H.P.; \$2, if for hire; minimum \$10. 3—\$10 for 1 ton capacity, and \$20 per additional ton; double rate for metal tires. 4—Same as private passenger cars. 5—\$25 (except on farms). 9—32¢ per H.P.	a—; b—80% of balance of net collections; f—20% of balance of net collections to City of Baltimore.		
Massachusetts	b—gas-driven: \$3- \$7.50 non-gas-driven: \$10 to \$25.	c—Gas-driven, 15¢ per 100 lbs.; non-gas-driven, 50¢ per 100 lbs.; k—gas-driven, \$6; non-gas-driven, \$20.	e—Gas-driven, \$1.20 or \$1.50 per seat, depending upon seating capacity; non-gas-driven, \$4 or \$5 per seat, depending upon seating capacity; k—gas-driven, \$6; non-gas-driven, \$20.	Same as private trucks.	2—Trucks, 25¢ per 100 lbs., by gross weight; minimum, \$20. 3—50¢ per 100 lbs. 4—Same as private trucks. 5—Gas-driven, \$6; non-gas-driven, \$20. 6—Gas-driven, \$4.50; non-gas-driven, \$15. 7—Gas-driven, \$4.50; non-gas-driven, \$15.	a—; b—balance for state, county and town roads and bridges.		

Michigan	d—55¢ per 100 lbs.	d—65¢ per 100 lbs. for 1¼ ton, and from 80¢ to \$1.25 per additional 100 lbs.	Same as private trucks; plus d—\$1 per 100 lbs.	Same as private trucks; plus d—\$1 per 100 lbs.	8—\$2. 9—(Taxis): gas-driven, \$4.50; non-gas-driven, \$15.	1—Same as gas cars. 2—Same as gas cars. 3—50¢ per 100 lbs. for ¼ ton, and \$1 per additional 100 lbs., by net weight. 4—Same as private trucks. 5—If operated on highways, same as trucks.	b—All but \$6,000,000; d—\$6,000,000, on collection basis.
Minnesota	g—2½% j—depreciation allowed for age; k—\$10 to \$12.50, depending upon net weight.	g—2½% or 3½% j—depreciation allowed for age; k—\$15 to \$150 depending upon capacity.	g—10% i—depreciation allowed for age; k—\$250 or \$350, depending upon seating capacity.	g—10% j—depreciation allowed for age	2—Passenger cars and trucks, same as gas cars. 3—2½% of value, and \$2 per ton capacity; depreciation allowed for age. 4—Same as private passenger cars. 5—Same as private trucks.	b—All.	
Mississippi	b—10¢ per H.P.; c—40¢ per 100 lbs.; k—\$10.	e—\$7.50 to \$450; i—semi-pneumatic, \$8.75 to \$525; solid, \$10 to \$600.	Same as private passenger cars; plus e—\$2 per seat for each county served where gross weight is over 1¼ tons.	1½ times private truck rate.	2—\$15. 3—\$15 to \$80 by ton capacity. 4—\$25. 8—\$10. 9—Same as common passenger carriers.	a—3% d—balance where collected.	
Missouri	b—\$7.50 to \$37.50.	e—\$10.50 to \$36 for 8 tons, and \$15 per additional ton.	Same as private cars; plus c—\$40 to \$230; l—¼ capacity rate fees.	Same as private truck.	1—\$10.50. 2—\$7. 3—¼ truck rate; ¾ truck rate for semi-trailers. 4—Same as private passenger cars.	a—; b—balance.	
Montana	b—\$7.50 to \$22.50; i—¼ additional.	e—\$7.50 to \$200; i—¼ additional.	Same as private passenger cars; plus, in accordance with size and width, fee not to exceed \$10.	Same as common passenger carriers.	2—\$15. 4—Private passenger cars or private trucks depending upon type of chassis.	a—; d—balance.	
Nebraska	c—\$8 for 1 ton, and 50¢ per additional 100 lbs.	c—\$8 to \$15 for 2 tons, and 50¢ per additional 100 lbs. (Farm trucks, \$8 for 2 tons.)	a—\$25; c—\$7 per seat. (Over 7 passengers, same rate as private trucks, if within municipal limits.)	Same as private trucks.	3—\$1 for ¼ ton gross weight, and 50¢ per additional 100 lbs. 4—Same as private trucks.	a—5¢ per license to counties where collected, and 2½% of balance to state; b—30% of remainder. d—balance, where collected.	

1 Steam propelled and electric vehicles are private passenger cars when not otherwise stated.

# STATE MOTOR VEHICLE LICENSE CHARGES TO BE IN FORCE ON JANUARY 1, 1929—(Continued)

(Source: Motor Vehicle Conference Committee, "Special Taxation for Motor Vehicles," 1929; checked by reference to state laws)

State	Key				Key		Key
	a—flat rate b—horse power c—gross (car and load) weight d—net (unladen) weight e—capacity (seating or ton) f—mileage g—value	h—gross receipts i—solid tires j—age k—minimum fee l—special base for irregular route m—discrimination by terminal points	1—steam propelled cars <sup>1</sup> 2—electric vehicles <sup>1</sup> 3—trailers 4—hearses and ambulances 5—tractors 6—"u-drive-its" 7—convertible passenger and light truck vehicles 8—vehicles used exclusively for transporting school children 9—passenger carriers for hire	a—to cost of collection and overhead b—to state for road purposes c—to counties, purpose not designated d—to counties for road purposes e—to localities, purpose not designated f—to localities for road purposes			
	Bases of License Charges						
Privately Owned Motor Vehicles		Common Carrier Motor Vehicles		License Charges on Miscellaneous Motor Vehicles		Disposition of Motor Vehicle License Revenue	
Passenger Cars	Trucks	Passenger Cars	Trucks				
06 Nevada	c—30¢ per 100 lbs.	c—30¢ per 100 lbs.	a—\$25, semi-annually; e—\$5 per seat, semi-annually;	a—\$25, semi-annually; e—\$1 per 100 lbs., semi-annually.	1—Passenger cars same as private gas trucks. 3—\$15, plus \$1 per 100 lbs. carrying capacity. 4—Same as private passenger cars. 9—Same as private passenger cars.	a—50¢ per registration; d—common carrier fees; b—balance.	
New Hampshire	c—35¢ to 60¢ per 100 lbs.; k—\$10.	c—35¢ to 60¢ per 100 lbs.; k—\$10; ic—55¢ to 80¢ per 100 lbs.; metal tires, 20¢ per 100 lbs. additional. ik—\$15.	Same as private passenger cars.	Same as private passenger cars.	3—Same as private trucks. 4—Same as private passenger cars. 5—Same as private trucks (farm tractors, $\frac{1}{10}$ private truck rate).	a—; b—balance.	
New Jersey	b—40¢ per H.P. for 29 H.P.; 50¢ per H.P. if more.	c—\$10 to \$24 for 2½ tons, and \$3 per additional ¼ ton.	e—\$15 to \$40 for 30 seats, and \$2 per additional seat.	Same as private trucks.	3—Same as trucks. 4—Same as trucks. 5—Same as trucks (farm tractors, \$3).	a—; b—balance.	
New Mexico	d—\$7 for 1 ton, and 50¢ per	e—\$15 for 1½ tons, and 50¢ per additional	a—\$25; plus e—\$3 per seat;	a—\$25; plus e—75¢ per 100 lbs.;	1—Same as gas cars. 2—\$12 or \$25 according to seat-	a—6%; b—¾ of balance, must be	

	additional 100 lbs.	100 lbs. i— $\frac{1}{4}$ additional.	i— $\frac{1}{4}$ additional.	i— $\frac{1}{4}$ additional.	ing capacity. 3—Private truck trailers: \$5 for $\frac{1}{2}$ ton capacity, and 50¢ per additional 100 lbs.; trucks for hire: \$15, and 75¢ per 100 lbs. carrying capacity; passenger car trailers: \$15, plus 75¢ per 100 lbs. carrying capacity and \$3 per seat; $\frac{1}{4}$ additional for solid tires. 4—Same as private passenger cars.	used in counties, on collection basis; d— $\frac{1}{2}$ of balance, on collection basis.
New York	d—50¢ per 100 lbs., up to $1\frac{1}{2}$ tons, and 75¢ per additional 100 lbs.; k—\$8 to \$10, according to cylinders.	c—\$16 for 2 tons, and \$8 per additional ton. i—\$20 to \$267.50.	e—\$15 to \$67.50 for 30 seats, and \$2 per additional seat.	Same as private trucks.	2—\$10. 3—\$4 per ton. 4—Hearses, same as trucks; ambulances, \$15. 7—\$12, if net weight is not more than 1800 lbs.; if more, 75¢ per 100 lbs.	a— b—75% of balance; d—25% of balance, on collection basis; New York City's share goes to General Fund.
North Carolina	b—\$12.50 to \$40.	e—\$15 to \$200. i—\$20 to \$267.50.	h—6% in lieu of all other license fees.	Same as common passenger carriers.	1—Same as gas cars. 2—Passenger cars or trucks, same as gas cars. 3—\$15 per ton capacity. 4—No fee. 5—\$25 or \$50, by pulling capacity. 9— $\frac{1}{4}$ additional to private car rates. (Buses for hire: \$18.75 to \$60, according to H.P., and \$2 per passenger in excess of 12.)	a— b—balance.
North Dakota	b—10¢ per H.P.; d—20¢ per 100 lbs.; g—1%; j—reductions on 2nd, 3rd and further registrations; k—\$5.	Same as private passenger cars; plus c—\$5 per ton for 1 ton, to \$60 per ton for 5 tons.	Same as private passenger cars; plus e—\$5 per seat, and fees to Railroad Commission from \$15 to \$30 according to capacity; l—on irregular routes, fee to Railroad Commission is less.	Same as private trucks; plus e—\$10 to \$250, and fees to Railroad Commission from \$15 to \$30, according to capacity; l—on irregular routes, fees are less.	2—\$2 in lieu of H.P. fees; other fees, same as private passenger cars. 4—Hearses same as private passenger cars; ambulances, no fee.	a—\$150,000; d—50% of balance; b—balance after payment of expenses and amounts to counties

<sup>1</sup> Steam propelled and electric vehicles are private passenger cars when not otherwise stated.

# STATE MOTOR VEHICLE LICENSE CHARGES TO BE IN FORCE ON JANUARY 1, 1929—(Continued)

(Source: Motor Vehicle Conference Committee, "Special Taxation for Motor Vehicles," 1929; checked by reference to state laws)

State	Key				Key		Key		
	a—flat rate b—horse power c—gross (car and load) weight d—net (unladen) weight e—capacity (seating or ton) f—mileage g—value	h—gross receipts i—solid tires j—age k—minimum fee l—special base for irregular route m—discrimination by terminal points	1—steam propelled cars <sup>1</sup> 2—electric vehicles <sup>1</sup> 3—trailers 4—horses and ambulances 5—tractors 6—"u-drive-its" 7—convertible passenger and light truck vehicles 8—vehicles used exclusively for transporting school children. 9—passenger carriers for hire	a—to cost of collection and overhead b—to state for road purposes c—to counties, purpose not designated d—to counties for road purposes e—to localities, purpose not designated f—to localities for road purposes					
	Bases of License Charges								
Privately Owned Motor Vehicles		Common Carrier Motor Vehicles		License Charges on Miscellaneous Motor Vehicles		Disposition of Motor Vehicle License Revenue			
Passenger Cars	Trucks	Passenger Cars	Trucks						
Ohio	b—\$4 to \$10.  b—\$8 to \$20; c—20¢ to 80¢ per 100 lbs.; k—\$4; If with trailer: c—70¢ per 100 lbs. up to 1½ tons, and from 90¢ to \$1.15 per additional 100 lbs.	e—\$40 to \$230; le—\$20 to \$150.	e—\$40 to \$200; le—\$20 to \$150.	1—Same as gas cars. 2—Same as gas cars. 3—20¢ to 50¢ per 100 lbs., gross weight; minimum, \$2.50. 4—Same as private passenger cars. 5—Same as private trucks (except farm tractors).	a—; b—50%, less expenses; d or e—50%, on collection basis.				
Oklahoma	g—\$12.50 for \$500 and \$1.50 per additional \$100; j—20% reduction, each of 3 years; k—\$8.	e—\$15 to \$300; j—reduction according to age; k—\$8.	Same as private passenger cars; plus f—2 mills per mile.	Same as private passenger cars; plus f—2 mills per mile.	4—Same as private passenger cars. 5—50¢ per H.P., 10% reduction yearly; minimum, 20¢ per H.P.	b—40%; d—45%, on collection basis; f—15%, on collection basis.			
Oregon	d—\$15 to \$97.	Tire width—\$35 to \$70; i—higher rates, depending upon width of tires.	Same as private passenger cars; plus d—½ additional; e—Motor busses, \$4 additional	Same as private trucks; plus 50¢ additional per inch, according	2—Passenger cars or trucks, ¼ more than gas cars. 3—½ of private truck schedule; (plus 50¢ additional per inch,	a—; b—75% of net collections; d—25% of net collec-			



			per passenger, if not operated under municipal franchise.	to tire width.	according to tire width, on freight trailers for hire). 4—Hearses: private passenger car rate if not more than 1 ton capacity; ambulances: private passenger rate, if operated within 5 mile radius, otherwise rate of passenger car for hire. 9—Same as common passenger carriers.	tions on collection basis.
Pennsylvania	b—40¢ per H.P.; k—\$10.	d—\$15 to \$140; i—\$18.75 to \$200.	e—\$20 for 5 seats and \$2 to \$5 per additional seat, depending upon total number of seats. i—¼ additional (fee not to exceed \$250).	Same as private trucks.	2—Private trucks, \$15 to \$140, according to gross weight. 3—\$2 to \$50, according to net weight; tractor trailers: \$5 to \$25, according to gross weight; metal tires, double rate. 4—Same as private passenger cars. 5—Same as trucks (Farm tractors, flat rate \$5; hauling tractors, flat rate \$50).	a—; b—net collections.
Rhode Island	b—25¢ per H.P.; c—25¢ per 100 lbs.; i—higher weight rates per 100 lbs. for solid and metal tires.	Same as private passenger cars.	Double rate of private passenger cars (except in New Shoreham, where same rates apply as on private passenger cars).	Same as private passenger cars.	1—Same as gas cars. 2—Same as gas cars. 3—15¢ per 100 lbs. gross weight; higher rates for solid and metal tires. 4—Hearses: same as private passenger cars; ambulances: no fee. 5—Same as private passenger cars.	a—; b—net collections.
South Carolina	d—\$9 for 1 ton, and \$3 per additional ¼ ton.	e—\$15 to \$400; i—double above rate.	cef—¼ mill per passenger mile: gross weight not to exceed 6½ tons; i—gross weight not to exceed 3½ tons; kl—fee calculated as above on 20,000 miles.	cef—¼¢ to ½¢ per ton mile, depending upon gross weight; i—higher rates. le—\$15 to \$250.	3—\$10, and \$4 per ½ ton carrying capacity; double rate for solid tires. 4—Same as private trucks. 8—\$1 flat rate.	a—20%; any remainder to aid county road construction; b—80% to be expended in counties where collected.
South Dakota	d—\$13 to \$35.	e—\$15 to \$75.	Same as private passenger cars; plus h—3% i—½ more. e—\$2 per passenger in excess of 7; Minimum weight and capacity fee—\$75.	Same as passenger carriers registered with Railroad Commission, but having private contract or having no specific rates for services— e—\$20 to \$100; i—½ more.	3—Same as private trucks. 4—No fee.	a—2%; b—50% of which ¼ must be spent for roads, in counties where collected; d—48%, where collected.

<sup>1</sup> Steam propelled and electric vehicles are private passenger cars when not otherwise stated.

# STATE MOTOR VEHICLE LICENSE CHARGES TO BE IN FORCE ON JANUARY 1, 1929—(Continued)

(Source: Motor Vehicle Conference Committee, "Special Taxation for Motor Vehicles," 1929; checked by reference to state laws)

State	Key				Key			Key	
	a—flat rate b—horse power c—gross (car and load) weight d—net (unladen) weight e—capacity (seating or ton) f—mileage g—value	h—gross receipts i—solid tires j—age k—minimum fee l—special base for irregular route m—discrimination by terminal points	1—steam propelled cars <sup>1</sup> 2—electric vehicles <sup>1</sup> 3—trailers 4—hearses and ambulances 5—tractors 6—"u-drive-its" 7—convertible passenger and light truck vehicles 8—vehicles used exclusively for transporting school children. 9—passenger carriers for hire	a—to cost of collection and overhead b—to state for road purposes c—to counties, purpose not designated d—to counties for road purposes e—to localities, purpose not designated f—to localities for road purposes					
	Bases of License Charges								
Privately Owned Motor Vehicles				Common Carrier Motor Vehicles		License Charges on Miscellaneous Motor Vehicles		Disposition of Motor Vehicle License Revenue	
Passenger Cars		Trucks		Passenger Cars		Trucks			
Tennessee	h—50¢ per H.P.	b—50¢ per H.P.; e—\$15 to \$50.		Same as private passenger cars; plus e—\$4 to \$14 for 7 seats, and \$2 per additional seat.		Same as private trucks.		2—\$12.50 for passenger cars; \$12.50 plus \$5 per ton capacity for trucks. 3—\$7.50 to \$25 by ton capacity, and \$25 for each ton over 6. 4—Same as private passenger cars. 5—\$25.	b—50%; d—50%, distributed equally.
Texas	b—17 1/2¢ per H.P.; minimum, \$4; d—40¢ per 100 lbs. for 1 ton, and from 50¢ to 75¢ per additional 100 lbs.	b—17 1/2¢ per H.P.; c—30¢ per 100 lbs. for 3 tons, and 40¢ to \$4 per additional 100 lbs.; i—higher gross weight rates.		Same as private passenger cars; plus e—\$4 per seat; plus fees to Railroad Commission. a—\$10; e—50¢ per seat.		Same as private trucks.		1—Same as gas cars. 2—Same as gas cars. 3—Same as trucks, but no H.P. charge; higher weight rate for metal tires. 4—Same as trucks. 5—25¢ per 100 lbs. for 2 tons gross weight, and from 50¢ to \$2 per additional 100 lbs. 9—Same as private passenger cars, plus \$4 per seat.	d—17 1/2¢ per H. P. where collected, and 30% of all weight fees collected up to \$50,000; b—balance.
Utah	b—\$5 to \$12.50.	e—\$5 to \$100; i—\$25 to \$140; metal		Same as private passenger cars; plus		Same as private trucks; plus		1—\$10 or \$15 according to H.P. 2—\$15.	a—; b—net collections.

		tires, higher.	ef—2½ mills per passenger mile on improved roads, and 1 mill on unimproved roads.	ef—¾¢ per ton mile on improved roads, and ¼¢ on others.	3—\$10 to \$50 by ton capacity; higher rate for solid and metal tires. 4—Either private passenger or private truck rate, as owner chooses.	
Vermont	d—85¢ per 100 lbs.; k—\$14.	c—60¢ to 85¢ per 100 lbs., depending upon total weight; k—\$25.	ce—\$1 per 100 lbs., if over 7 seat capacity; otherwise, private passenger car rate; k—\$30.	Same as private trucks.	3—Private passenger car trailers, \$5; private truck trailers, \$10. 4—80¢ per 100 lbs. net weight; minimum \$25. 5—90¢ to \$1 per 100 lbs., according to total gross weight; minimum, \$25. 9—(Jitneys) Same as private passenger cars.	b—\$300,000 must be expended on roads in towns.
Virginia	d—70¢ per 100 lbs; k—\$12.25.	e—\$15 to \$200; d—(Privately hired property carriers) \$10 to \$100 by ton weight.	def—¼¢ to ½¢ per passenger mile, depending upon weight of vehicle; kl—fee calculated as above on 20,000 miles	ef—¼¢ to ¾¢ per ton mile depending upon capacity; i—slightly higher; l—same as private trucks; plus e—\$10 to \$100.	1—Same as gas cars. 2—Same as gas cars; 3—\$10 first ton capacity, and \$3 per additional ½ ton. Trailers attached to tractors: private truck rate, depending upon capacity of trailer. 4—Hearses, \$15; ambulances, private passenger car rate. 9—Same as private passenger cars, plus \$5 additional per seat.	a—; b—net collections
Washington	d—\$10 for ¼ ton, and 60¢ per additional 100 lbs.	d—\$10 for ¼ ton, and either 40¢ or 50¢ per additional 100 lbs.; e—40¢ or 50¢ per 100 lbs. on trucks over ¼ ton capacity.	d—\$25 for ¼ ton, and 60¢ per additional 100 lbs; e—\$3 per seat; h—up to 1% to cover cost of supervision and regulation; l—\$5 less.	c—\$10 for ¼ ton, and 80¢ or \$1 per additional 100 lbs., depending upon gross weight; h—up to 1% to cover cost of supervision and regulation.	3—Attached to trucks: same rate as trucks; attached to auto stage: \$15 less than its drawing vehicle; 4—Same as private passenger car. 9—Same as private cars, plus \$25.	a—; b—balance after payment of expenses and amounts to cities; c—apportioned to cities on mileage basis
West Virginia	d—\$13 for 1 ton, and 60¢ per additional 100 lbs.	e—\$18.75 to \$112.50; i—½ more.	ef—¼¢ per passenger mile; k—\$75; l—\$75 flat rate.	ef—¼¢ to ¾¢ per ton mile, depending upon capacity; l—double private truck rate; li—½ additional.	3—Private truck trailers: \$2.50, first ton capacity, \$3.75 per additional ton; double rate for solid tires. 4—Same as private passenger cars. 5—\$20 to \$180 by gross weight. 7—Capacity 1 ton or less, flat rate \$15.	a—; b—net collections.

<sup>1</sup> Steam propelled and electric vehicles are private passenger cars when not otherwise stated.

# STATE MOTOR VEHICLE LICENSE CHARGES TO BE IN FORCE ON JANUARY 1, 1929—(Concluded)

(Source; Motor Vehicle Conference Committee, "Special Taxation for Motor Vehicles," 1929; checked by reference to state laws)

State	Key				Key				Key	
	a—flat rate b—horse power c—gross (car and load) weight d—net (unladen) weight e—capacity (seating or ton) f—mileage g—value		h—gross receipts i—solid tires j—age k—minimum fee l—special base for irregular route m—discrimination by terminal points		1—steam propelled cars <sup>1</sup> 2—electric vehicles <sup>1</sup> 3—trailers 4—hearses and ambulances 5—tractors 6—"u-drive-its" 7—convertible passenger and light truck vehicles 8—vehicles used exclusively for transporting school children 9—passenger carriers for hire				a—to cost of collection and overhead b—to state for road purposes c—to counties, purpose not designated d—to counties for road purposes e—to localities, purpose not designated f—to localities for road purposes	
	Bases of License Charges									
Privately Owned Motor Vehicles		Common Carrier Motor Vehicles				License Charges on Miscellaneous Motor Vehicles		Disposition of Motor Vehicle License Revenue		
Passenger Cars	Trucks	Passenger Cars		Trucks		License Charges on Miscellaneous Motor Vehicles				
Wisconsin	d—\$10 to \$26; j— $\frac{1}{4}$ less if in operation over 5 years	c—\$10 to \$45 for 5 tons, and \$5 per additional $\frac{1}{4}$ ton	Same as private passenger cars; plus a—\$40; cf— $\frac{1}{4}$ ¢ per ton mile (if outside municipal limits) i—double rates.		Same as private trucks; plus a—\$40; cf— $\frac{1}{4}$ ¢ per ton mile (if outside municipal limits) i—double rates.		3—For over 1 $\frac{1}{2}$ tons, $\frac{1}{2}$ truck rate 4—Same as private passenger cars. 5—(except on farms.) Truck rate. 9—More than 5 passengers, 3 times private truck weight rate. ( $\frac{1}{4}$ additional for interurban busses).		a— b—balance after expenses and allotments to counties and localities; d—allotments for state roads in counties on state road mileage basis, and for county roads; f—allotments for state aid roads, and on population basis, for local roads.	
Wyoming	b—\$8 to \$20; e—\$1 per seat over 7.	b—Same as passenger cars, for $\frac{1}{2}$ ton; e—\$15 to \$150; i—\$10 extra per ton.	Same as private passenger cars; plus be—\$10 or \$20.		Same as private trucks; plus be—\$15 or \$25.		1—Same as gas cars. 2—Same as gas cars. 3—Over $\frac{1}{4}$ ton, same rate as truck. 4—Same as private passenger cars. 9—Same as private passenger cars.		b—All.	
District of Columbia	a—\$1.	a—\$1.	a—\$6 for 1 to 9 seats; over 9 seats, \$12.		Same as private trucks.		1—\$15. 2—\$11 for passenger cars; for trucks; \$20 for $\frac{1}{2}$ ton capacity, and \$2 per additional $\frac{1}{2}$ ton. 4—Same as private passenger cars.		To general fund.	

<sup>1</sup> Steam propelled and electric vehicles are private passenger cars when not otherwise stated.

## APPENDIX B

### METHODOLOGY

In many cases the preceding text and tabular material represents a summation of lengthy and often complicated computations. As a matter of record and to provide a check upon its calculations, the National Industrial Conference Board believes that the principles and methods of these computations should be fully stated. In most cases the method used in this volume was the same as that used in the previous study "Cost of Government in the United States, 1925-1926."

#### *Sources of Data*

Data on federal finances are drawn almost exclusively from the reports of the Secretary of the Treasury and from the departmental figures published in the annual treasury reports.

For its figures on state finances, the Conference Board has relied upon the "Financial Statistics of States" series of the United States Bureau of the Census, and upon correspondence with this Bureau, unless otherwise indicated.

There is no centralized source for data covering the annual finances of local governments. The United States Bureau of the Census, in connection with its decennial census reports, has given certain fiscal statistics of the local governments in its series on "Wealth, Debt and Taxation." For intermittent years, however, the Bureau of the Census reports in "The Financial Statistics of Cities" series only the accounts of cities with populations in excess of 30,000. The basic material on local taxes and expenditures must be obtained through the regular or intermittent surveys of local accounts published by certain of the states and by a sampling of published local reports or by questionnaires.

Finally, extensive use has been made of the published documents of the United States Bureau of Education, of the United States Bureau of Public Roads and of the United States Bureau of Internal Revenue. Through the courtesy of the officials of these departments, the Conference Board has been permitted access to much hitherto unpublished material.

*Annual Accounting Period*

In the present study, the accounting period used is that of fiscal years ending in a given calendar year. This lacks the definiteness of the calendar year period. The following reasons, however, decided the Conference Board to use the fiscal year period:

1. In few cases do the fiscal years of governmental authorities coincide with the calendar year. To bring about an exact equivalence would involve the application of fractional calculations to the numberless accounts of the local authorities which is beyond the range of present possibility. The sampling method, used by the Board in its earlier studies, involved a possibility of error which is avoided in the use of fiscal years.

2. The United States Bureau of the Census uses fiscal years in its "Financial Statistics of States" and "Financial Statistics of Cities" series. The adoption of the same accounting period by the Conference Board permits it to make direct use of the data in these series.

It should be noted that data on state and local borrowings are drawn from the *Commercial and Financial Chronicle*, and these figures are for calendar years.

*Calculation of Public Expenditures*

Federal expenditures are fully reported in the annual reports of the Secretary of the Treasury. The figures presented in Table 1 are based upon the daily Treasury statements, with the expenditures of the District of Columbia excluded. The net total of expenditures and the figure for interest payments in Table 4 are from the unrevised daily treasury statements. The figure for debt redemption is from the revised daily treasury statements. The revised statement takes into account transactions reported *after* the close of the fiscal year, but the difference between the two statements is insignificant.

The figures for the departmental expenditures and interest payments of the state governments are from the "Financial Statistics of States" series. The figures for debt redemption were obtained from the "State and Local Compendium" of the *Commercial and Financial Chronicle*. The totals in Table 1 include disbursements in aid of local projects but do not include the expenditures out of funds received from the Federal Government or from local governments.

Since 1913, the United States Bureau of the Census has published no data on local expenditures, except for cities with populations in excess of 30,000. The following data on local expendi-

tures are immediately available: complete reports by the authorities of several states on the finances of their local governments, the Census Bureau statistics on cities over 30,000, the United States Bureau of Education calculation of local school expenditures and the United States Bureau of Public Roads' figures on local highway expenditures. The proportions that school expenditures and road expenditures were to total local departmental expenditures (except for cities above 30,000) in each year were estimated on a sample basis through 1925. These proportions were applied to the school expenditures and road expenditures for all local governments (exclusive of cities over 30,000); the 1925 proportions were used in calculating the distribution for 1926. The two independent estimates so obtained were found to be in close agreement. The average of the two estimates plus the departmental expenditures of cities with a population exceeding 30,000 was taken to represent the net total of local expenditures for the year. To obtain the gross total, payments for interest and debt redemption had to be added. The yearly figure for local debt redemption was obtained from the "State and Local Compendium" of the *Commercial and Financial Chronicle*. The interest payments of cities over 30,000 were reported in "The Financial Statistics of Cities." Interest payments of other local governments were estimated by multiplying their outstanding indebtedness by the average interest rate on local indebtedness. The gross total of local expenditures so obtained compares very closely with the total for local taxes, borrowings and miscellaneous revenues, after allowing for increases in cash balances and in sinking fund assets.

### *Functional Classification of Public Expenditures*

To the extent that certain governmental functions are carried on solely by the federal or state or local governments, each category has a somewhat independent content for the several governmental divisions. There is, however, sufficient overlapping of functions and, in general, sufficient agreement in the social effects of the independent functions to make a common classification under broad categories worth while. The items included under each heading in Tables 6 and 7 are as follows:

1. General government includes, in addition to the expenses of the executive, legislative and judiciary branches of government, all other overhead charges, such as the salaries and expenses of minor administrative bureaus and officials, election expenses, government buildings, printing and stationery.

2. Protection includes all expenses of police, fire, war and navy

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departments and all pensions and grants to retired employees of these departments. It also covers corrective and penal institutions, and the expenses of government departments charged with the regulation of labor and industry, or of any particular professional or business activity.

3. Education covers the expenses of the administrative bureaus or officials, as well as the direct expenditures for schools and libraries.

4. Highways include streets, roads, bridges, waterways and the overhead administration charges in connection with their construction and maintenance.

5. Economic development includes conservation and reclamation projects, agricultural encouragement, expenditures for the eradication of crop-destroying insects or of diseases of domesticated animals and the expenses of administration incidental to these functions. The harbor improvements of the Federal Government are covered under this title, but the municipal harbor improvements which have a rental value for the local government are not included.

6. Social welfare activities of the several governmental divisions are the most diverse of all. There are the costs of charity, and relief of the poor, aged or sick, usually undertaken by local governments. Of a quite distinct nature are the expenditures for economic welfare, such as workmen's compensation and the supervision of the conditions of women and children in industry. Falling between these extremes are expenditures for pensions of former civil government employees, mothers' pensions, recreation, sanitation and health. The federal expenditures by the Bureau of Indian Affairs have also been classed as social welfare.

7. Miscellaneous covers the items undistributed in the available reports.

8. Public utilities cover public service enterprises operated under governmental authority for revenue. Only the expenditures not charged off against operating revenue are included.

The net total is the sum of these eight groups of departmental expenditures. The figure for *interest* covers the interest on public indebtedness, and *debt redemption* represents the net retirements, excluding refundings and conversions. It does not include additions to sinking funds. In the case of state and local expenditures, it covers the bonded debt retired by cash payments.



*Determination of Functional Classification*

The daily treasury statements do not report federal departmental expenditures in sufficient detail for functional analysis. The percentage distribution of federal expenditures in Table 6 was therefore based on the Treasury's record of warrant authorizations. There is usually a lag between the issue of an expenditure warrant and the actual payment made upon it. However, over a period of years the functional distribution of warrants and cash expenditures tends to become identical. The percentage distribution so obtained from the warrant figures was applied to the total of cash expenditures to obtain the dollar-and-cents distribution given in Table 6.

The percentage distribution of state expenditures, shown in Table 7, includes federal aid expenditures, as well as state aid to local governments. All disbursements by state governments were included for the purpose of comparison with local expenditures. In the figures for combined state and local expenditures in Table 6, federal aid to the states has been eliminated, except for \$9.2 millions which can not be eliminated in the functional distribution.

*Public Indebtedness*

The data on the public debt of the Federal Government and on the foreign debt owing to the United States were obtained from the annual reports of the Secretary of the Treasury or through correspondence with the Treasury Department. The figures for annual state and local borrowings were taken from the "State and Local Compendium" of the *Commercial and Financial Chronicle*. The functional distribution of the state and of the municipal indebtedness is published annually in "The Financial Statistics of States" and in "The Financial Statistics of Cities," respectively. The volume of state and local net bonded indebtedness, as presented in Tables 28, 29 and 30, is found for 1922 in the census volumes on "Wealth, Debt and Taxation" for that year. The 1925 and 1926 figures were computed as follows:

To the net bonded state and local debt of each state in 1922 were added the bonds issued in 1923, 1924, 1925 and 1926 as reported by the *Commercial and Financial Chronicle*. From this total was subtracted the amount of bonds retired in those years, obtained from the same source. The total sinking fund assets of the states and of cities over 30,000 in each state were computed for 1922 from the census volume on "Public Debt," and for 1925 and 1926 from the "Financial Statistics of States" and from the "Financial Statistics of Cities." The net bonded debt of each state and of

the grand total was then corrected in accordance with the changes in the sinking fund assets thus computed. Changes in the sinking fund assets of local governments exclusive of cities over 30,000 are not available.

To compute the figure for combined state and local debt in 1927, presented in Table 25, the same method was used. However, total sinking fund assets of states and of cities over 30,000 were estimated on the basis of trend over the previous years, since the "Financial Statistics of States and Cities" for 1927 were not yet available.

The net bonded indebtedness of state governments was computed from "The Financial Statistics of States," and the net bonded indebtedness of cities over 30,000 was computed from "The Financial Statistics of Cities." The indebtedness of other local governments is represented by the difference between the sum of these two and the total state and local net bonded debt.

In the tables of Chapter II, the net total of state and local bonds outstanding was calculated as \$10,731 millions. It is obvious, in view of the method by which the figure was computed, that it covers the bonds issued and the bonds retired between the close of the fiscal year of each governmental unit and December 31, 1926, but does not take account of the issues and retirements during the corresponding period in 1922. This element of error can not be eliminated in the distribution of the debt between state and local authorities nor in the distribution by states. For the combined total of state and local bonded indebtedness, however, the difference can be estimated. According to calculations of the Institute of Economics,<sup>1</sup> 23.7% of the calendar year borrowings and 21.8% of the calendar year retirements are made between the close of governmental fiscal years and the end of the corresponding calendar years. During this period there were borrowings in excess of retirements amounting to \$211 millions in 1922 and \$245 millions in 1926. The net bonded indebtedness at the close of the fiscal accounting periods of all state and local governments in 1926 was therefore \$10,698 millions.

### *State and Local Taxes*

State and local taxes for 1890, 1903, 1913 and 1922 were obtained from the United States Bureau of the Census' reports on "Wealth, Debt and Taxation." For all other years, state and local taxes were obtained from independent sources.

<sup>1</sup>Charles O. Hardy, "Tax Exempt Securities and the Surtax," 1926, pp. 173-182.

The state taxes include, in addition to all taxes collected by the state for its own use, all taxes collected locally and turned into the state treasury directly out of the tax funds. Local collections include taxes collected under the supervision of state departments or officials which revert to the respective local treasuries in proportion to the amount collected in each locality, in addition to the taxes collected in accordance with local ordinances or levies. Funds received by one governmental unit out of the treasury of another government, in aid of an expenditure program, are not included in the taxes of the government receiving the disbursement, though the money available for such purpose be definitely limited to certain tax receipts.

### *The Computation of Local Tax Collections*

Complete collection figures for local taxes are reported in very few states. In most states the Auditor, Comptroller or Treasurer reports the share of inheritance, income, gasoline, motor vehicle license and other taxes received by the subsidiary local governments. In other cases, where the share of such taxes received by the local governments is in direct proportion to the state's share, these local taxes can be easily computed. These special tax receipts, however, form a very small proportion of the tax revenue of the local governments.

Property taxes comprise more than ninety per cent of local tax revenues. Unfortunately, property taxes are reported on the basis of levies instead of receipts. The estimate of local property tax collections from year to year must therefore be made on the basis of the levies reported. The chief problem resulting from the calculation of collections from levies is the determination of the fiscal year to which the taxes are to be ascribed.

The length of time between the levy of a property tax and its collection varies from several months to over a year according to the laws of the several states. Though the tax usually becomes a lien and is charged as a public account on the date of the levy, it could not properly, in the study at hand, be charged as of the date of levy. In order to bring all the local data into conformity with federal and state taxes, it was necessary to determine within which fiscal-year period the levies reported as of a particular date were collectible. This was accomplished through a careful examination of the tax laws bearing on this point in each state. In a majority of cases it was found that for most of the local governments in a state, the collection of the property tax was made in the fiscal year following the levy. In this study, such

tax receipts have been charged to the fiscal year following that of the levy.

There are several states which make incomplete reports or no reports at all of their local property tax levies. In these cases, an attempt was made to secure representative samples of local government levies, and the index of increase or decrease derived from these samples was applied to the total of levies reported for 1922 in the Census Bureau's "Wealth, Debt and Taxation" series. The developments in the city tax levies of such states, as reported in the Census Bureau's "Financial Statistics of Cities" series, provided a further check on these estimates.

This use of levy data to estimate property tax collections does not make allowance for tax delinquency or back tax collections. For most of the states there is no way at present to estimate the effect of variations in these factors. Except in years of exceptional agricultural depression or prosperity, however, they tend to offset each other, with a slight balance on the side of the delinquencies.

In most states, as indicated above, definite data on local receipts from special taxes are available, and these were added to the estimated total of local tax collections. In the few states where there was no indication whatsoever as to the trend in these special tax collections, they were assumed to have increased since 1922 at the same rate as the ascertainable taxes. If the property taxes registered a decline from 1922 on, the figure for miscellaneous tax collections in later years was maintained at the 1922 figure.

It is evident that the Conference Board's estimates of local tax collections were not made by any rule of thumb method applied to all cases. Each state was considered individually on the basis of available data, the tax system obtaining, and the definite situation involved. When figures on the same subject reported independently by two or more officials were found to be in disagreement, the discrepancies were cleared up by correspondence, and the figures most reliable, consistent with other available data in the state, were used.

#### *State by State Distribution of Federal Tax Collections*

The state by state distribution of federal tax collections in Table 36 was estimated by adding the customs duties, prorated on a population basis, to the collections in each state reported by the Bureau of Internal Revenue. The totals in Table 36 differ from the federal tax collections in Table 31 for three reasons:

1. Some of the collections entering the Bureau of Internal Revenue reports at the close of the fiscal year are not recorded in

the treasury accounts until the beginning of the succeeding fiscal year.

2. Refunds are not accounted for by states and are therefore not deducted in Table 36.

3. Federal taxes from territorial possessions of the United States are included in Table 31, but are not included in Table 36.

The totals in Table 35 differ from those in Table 36, because federal taxes from territorial possessions of the United States are included in the former, but are not included in the latter.

## APPENDIX C

### FOOTNOTES TO TABLE 38

Maine.—Property and poll taxes from letters from Board of State Assessors, dated February 14, 1927 and May 24, 1928. Other taxes estimated on basis of 1922 ratio, United States Bureau of the Census, "Wealth, Debt and Taxation: Tax Collections—1922."

New Hampshire.—Total taxes from annual reports of State Tax Commission and letter from the Commission, dated January 27, 1927.

Vermont.—Property and poll taxes through 1926 from biennial reports of Commissioner of Taxes. Other taxes estimated on basis of 1922 ratio. Collections for 1927 estimated on basis of trend over a period of three years.

Massachusetts.—Property, poll, income and corporation taxes from annual reports of the Commissioner of Corporations and Taxation. Licenses and permits from reports, "Statistics of Municipal Finance."

Rhode Island.—Property taxes from letter of Board of Tax Commissioners, dated January 17, 1927; poll taxes estimated by 1922 ratio to property taxes. Licenses, through 1926, estimated by data for cities over 30,000. Special district taxes estimated by ratio to total taxes in 1922. Licenses for 1927 estimated by trend over period of years.

Connecticut.—Data from annual reports of the State Tax Commissioner on "Information on Collection of Taxes." Licenses and permits for each year and county taxes for 1925 from letter of State Tax Commissioner, dated June 25, 1928. The greater accuracy of the 1925 data accounts, in part, for the apparently large increase in 1925 and also for the apparently small increase between 1922 and 1924.

New York.—All data from annual reports of State Comptroller on "Municipal Accounts."

New Jersey.—Total taxes from annual reports of State Board of Taxes and Assessments.

Pennsylvania.—Property taxes from Department of Internal Affairs, Bureau of Statistics and Information. Other taxes estimated on basis of 1922 ratio and data from "Financial Statistics of Cities."

Ohio.—Total taxes from annual reports of State Auditor.

Indiana.—Property taxes for all but twelve cities and towns from annual reports of State Auditor. Levies for twelve cities and towns not reporting to Auditor estimated from assessed value and tax rates, furnished in letter from Indiana Legislative Bureau, dated July 21, 1928. Other taxes estimated on basis of 1922 ratio.

Illinois.—Property taxes from biennial reports of State Auditor, "Taxes Extended," corrected by annual estimate of delinquencies. Property tax levies for 1927 from letter of Auditor of Public Accounts, dated May 29, 1928. Other taxes estimated on basis of 1922 ratio.

Michigan.—Property taxes from biennial reports of State Tax Commission and letters from the Commission, dated January 18, 1927 and June 12, 1928. Municipal licenses estimated on basis of data for cities over 30,000 and the ratio in 1922. Other taxes from biennial reports of Auditor General. Municipal licenses for 1927 estimated on basis of trend over period of years.

Wisconsin.—All taxes from data prepared by Wisconsin Tax Commission, from its biennial report and letter from the Commission, dated April 5, 1927.

Minnesota.—Property taxes from Minnesota Tax Commission's and State Auditor's reports. For 1924 and 1925, municipal licenses on basis of cities over 30,000 and the 1922 ratio. Inheritance, vessel tonnage and railroad gross earnings taxes from Auditor's reports. Other taxes on basis of 1922 ratio. For 1926 and 1927, all other than property taxes on basis of trend over a period of years in relation to property tax trend.

Iowa.—All taxes from Auditor's annual reports on "Valuation and Taxes" and on "Municipal Accounts." The State Auditor's data show \$6,558,000 more in 1922 local tax collections than does the Bureau of the Census report. This accounts for almost all of the apparent increase between 1922 and 1924.

Missouri.—County and school district, general and special property taxes from biennial reports of State Auditor. Cities over 30,000 from "Financial Statistics of Cities." Other taxes estimated on basis of 1922 ratio.

North Dakota.—Property and inheritance taxes from reports of State Tax Commission. Other taxes estimated by 1922 ratio.

South Dakota.—Property, poll and dog taxes from reports of Department of Finance, Division of Taxation. Inheritance taxes for 1924 and 1925 equal one-ninth of state's share as reported in "Financial Statistics of States"; those for 1926 and 1927 estimated by trend over period of years. License taxes for all years estimated by ratio to property taxes in 1922.

Nebraska.—Property and poll taxes from annual reports of State Tax Commissioner. Other taxes estimated by ratio in 1922.

Kansas.—Property and dog taxes from reports of State Tax Commission and letters of Public Service Commission, dated January 31, 1927, and June 18, 1928. Local inheritance taxes are one-ninth of state's share. Polls and licenses estimated by ratio in 1922. Gasoline taxes from annual reports of State Oil Department.

Delaware.—All taxes for 1924 and 1925 from National Industrial Conference Board, "The Fiscal Problem in Delaware." For 1926, all county and town taxes from "The Fiscal Problem in Delaware." Other taxes estimated by ratio of county and town taxes to total over a period of years. All taxes for 1927 estimated on basis of trend over a period of years.

Maryland.—General and special property taxes from biennial reports of State Tax Commission and letters of the State Tax Commission, dated June 21 and June 25, 1928. Computations for 1927 were made on the basis of county distribution of assessed valuations in 1926. Baltimore licenses for 1924, 1925 and 1926 from "Financial Statistics of Cities"; other taxes estimated by 1922 ratio. For 1927, Baltimore licenses and other taxes estimated by ratio to total over period of years; other taxes estimated by 1922 ratio.

District of Columbia.—All taxes for 1924, 1925 and 1926 from "Financial Statistics of Cities"; for 1927, from report of the Auditor, "Finances of the District of Columbia."

Virginia.—County property taxes through 1926 from reports of State Accountant on "Comparative Cost of Local Government"; for 1927, from data sent by Auditor of Public Accounts. Property taxes in incorporated places for 1927 estimated on basis of figures from T. R. Snively and M. H. Stauffer, "The Virginia Tax System." Local poll, gasoline, inheritance and dog taxes from biennial reports of State Auditor. Cities over 30,000 from "Financial Statistics of Cities." Other taxes estimated by ratio in 1922.

West Virginia.—Property taxes from reports of State Tax Commission. Other taxes estimated by ratio in 1922.

North Carolina.—All taxes from annual reports of State Department of Revenue.

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South Carolina.—County and school district property taxes, and gasoline, dog, road and poll taxes from reports of Comptroller-General. Cities over 30,000 from "Financial Statistics of Cities." Other taxes estimated by 1922 ratio.

Georgia.—General and special property taxes from annual reports of Comptroller General, computed on basis of average rates on property of railroads and other public utilities. Other taxes estimated by ratio in 1922.

Florida.—County and school district property, gasoline and motor vehicle taxes from Comptroller's annual reports. Cities over 30,000, through 1926 from "Financial Statistics of Cities" and estimated for 1927 on basis of trend over period of years. Other taxes estimated by ratio in 1922.

Kentucky.—Estimate from sample of counties and cities obtained by questionnaire and from "Financial Statistics of Cities."

Tennessee.—County property taxes from biennial reports of Department of Finance and Taxation. Cities over 30,000 from "Financial Statistics of Cities." Other taxes estimated by ratio in 1922.

Alabama.—Estimated from sample of counties and cities obtained by questionnaire and from "Financial Statistics of Cities."

Mississippi.—County taxes for 1924 from Biennial Report of State Auditing Department. All other taxes, for 1924 and all taxes for 1925, 1926 and 1927 estimated from sample obtained by questionnaire.

Arkansas.—Estimated from sample of counties and cities obtained by questionnaire and from "Financial Statistics of Cities."

Louisiana.—County and civil district property taxes from annual reports of State Tax Commission. Cities over 30,000, through 1926 from "Financial Statistics of Cities," and for 1927 estimated on basis of trend over a period of years. Other taxes estimated by ratio in 1922.

Oklahoma.—Estimated from sample of counties and cities obtained by questionnaire and from "Financial Statistics of Cities."

Texas.—Estimated from sample of counties and cities obtained by questionnaire and from "Financial Statistics of Cities."

Montana.—Property, poll and motor vehicle license taxes obtained from biennial reports of State Board of Equalization. Other taxes estimated by ratio in 1922.

Idaho.—Property taxes from reports of Auditor of State, telegram of April 13, 1927 from the Auditor and letter, dated June 26, 1928, from Director of Bureau of Public Accounts. Other taxes estimated by ratio in 1922.

Wyoming.—Property taxes from biennial reports of State Board of Equalization and letter from State Board of Equalization, dated June 26, 1928. Polls as in 1922. Licenses and permits estimated on basis of trend over period of years.

Colorado.—For 1924 and 1925, property, poll, gasoline and motor vehicle taxes from biennial reports of State Auditor. Other taxes estimated on basis of "Financial Statistics of Cities" and ratio in 1922. For 1926 and 1927, property and poll taxes from letter of Tax Commission, dated July 18, 1928. Other taxes estimated on basis of trend over period of years.

New Mexico.—Property taxes from biennial reports of State Tax Commission. Other taxes estimated by ratio in 1922.

Arizona.—Property taxes from biennial reports of State Tax Commission. Other taxes constant.

Utah.—Property taxes from biennial reports of State Auditor. Other taxes estimated by ratio in 1922.



## FOOTNOTES TO TABLE 38

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Nevada.—Property taxes from annual reports of State Comptroller and "County and City Budgets," filed with State Tax Commission. Other taxes estimated by ratio in 1922.

Washington.—Property taxes from annual reports of Division of Municipal Corporations. Cities over 30,000 from "Financial Statistics of Cities." Other taxes estimated by ratio in 1922.

Oregon.—Property taxes from State Tax Commission's published data. Cities over 30,000 from "Financial Statistics of Cities." Motor vehicle license fees from annual report of United States Bureau of Public Roads. Licenses estimated on basis of trend over a period of years.

California.—All taxes from annual reports of State Comptroller on "Financial Transactions of Municipalities and Counties," and letter from State Comptroller, dated January 25, 1927.