

AN EMPIRICAL STUDY OF TAXES PAID BY
KANSAS FARMERS IN 1960

by

FRED CHARLES DOPSON

B. S., University of Missouri, 1950

A THESIS

submitted in partial fulfillment of the

requirements for the degree

MASTER OF SCIENCE

Department of Economics and Sociology

KANSAS STATE UNIVERSITY
Manhattan, Kansas

1962

LD
2668
T4
1962
D66
C.2

TABLE OF CONTENTS

INTRODUCTION.	1
MAJOR TAXES	2
State Sales Tax.	2
General Property Tax	4
State Income Tax	7
IMPACT AND INCIDENCE.	8
PURPOSE	12
PROCEDURE	12
Classification of Farms.	14
Representativeness of Sample	15
SURVEY ANALYSIS	18
Tax Per Farm--Single Classification.	18
Taxes Per Farm--Sub-Classifications.	26
Taxes Per Capita--Single Classification.	29
FUTURE TAX NEEDS.	30
SUMMARY	32
CONCLUSION.	33
ACKNOWLEDGMENT.	35
BIBLIOGRAPHY.	36
APPENDIX.	38
Letter and Questionnaire	39, 40
Map showing counties studied	42
Tables 15 to 53.	43 - 81

Documents

INTRODUCTION

The necessity of paying taxes is not new to the American farmer. Taxes on real property have been a part of our taxing system longer than any other form of direct tax. During the Colonial period and the early years of independence, the property tax was a selective tax which applied to enumerated classes of property with varying values and rates of taxation.

Early in the nineteenth century states began including all property in the tax base unless specifically exempt and they taxed uniformly within each taxing jurisdiction. By the time of the Civil War a universal and uniform property tax system was generally accepted.

Since land ownership had long been a major sign of wealth and income, and government services were chiefly related to the protection of property and increasing its value through the building of roads, sewers, etc., it is understandable that this source of tax revenue would be used to the extent it has been. The ease of location for assessment has also been a factor encouraging the use of real property as a source of revenue.

Not until the twentieth century did the Kansas farmer need to be concerned about other types of direct taxation. In the early portion of this century, Federal income tax (1913), gasoline tax (1925), state income tax (1933), and state sales tax (1937) became effective. These new forms of taxation greatly increased concern of agricultural people about the over-all tax program and about their need for an understanding of it and public expression concerning it.

The problem involved is the formulation of an over-all tax policy which will be equitable to farmers and non-farmers alike; a policy which will cause a minimum of interference with the flow of resources into

agriculture and their efficient utilization. The policy should also seek to alleviate the undesirable effects of a relatively inflexible tax liability on a fluctuating farm income.

Attacking this problem involves the determination of the actual amount of taxes paid by farmers, the impact and incidence of these taxes and comparisons of taxes paid by farmers with taxes paid by non-farmers under similar circumstances.

Concerning the latter point, an estimate of the relative taxes paid by farmers and non-farmers was made in a master's thesis by Reed Friend¹ with a portion of the results indicated in Table 1.

MAJOR TAXES

State Sales Tax

In 1958, state sales taxes collected in all states constituted almost one fourth of all state revenue. They were the most productive source of revenue in all but three of the states using state sales taxes. This form of tax is a stable source of revenue and relatively inexpensive to administer.

Based on a 1955 survey which estimated taxable expenditures of farm operator families and assuming usual items taxable at a rate of 2% percent, the estimated sales tax per farm family in the West North Central group of states averaged \$87.50 (interpolated).²

¹Reed Friend, "A Study of Methodology for Estimating the Impact of Taxes on Kansas Farm Operators," (Master's thesis, Kansas State University, 1960), p. 61.

²McGehee Spears, ARS, Journal of Farm Economics, November, 1959, p. 838. (Interpolation between rates of 2 and 3 percent)

Table 1. Per capita property, sales, and income tax in central Kansas, 1958^a

Type of tax	Farm persons	All others
Property tax	\$ 88.67	\$113.79
Sales tax	28.74	24.88
Income tax:		
Federal	65.76	179.00 ^b
State	4.88	10.75 ^b
Totals	70.64	189.75
Totals of all taxes	\$188.05	\$328.42

- a. Property tax computed from the Marion county sample; sales tax and income tax computed from Farm Management Association records. Reed Friend, "A Study of Methodology for Estimating the Impact of Taxes on Kansas Farm Operators," Master's Thesis, K.S.U., 1960.
- b. State-wide 1958 fiscal year Federal income tax and 1958 calendar year State income tax with farm operator tax payments and population included.

A chief argument against the use of the sales tax is its regressivity. Calculated as a percentage of estimated average income, the estimated sales tax at a 2½ percent rate amounted to 16.4 for the lowest income group in the United States (under \$250 after taxes) and 1.4 for the group with income after taxes of \$7,500.¹

Walker and Hulse² conclude that farmers generally favor sales taxes as a means of relieving their property tax burden and distributing taxes among all groups of citizens in the form of small and frequent payments.

States vary in their exemption of items used in farm production. Most states exempt feed, seed, fertilizer, baby chicks, and livestock from

¹Ibid., p. 840.

²Walker and Hulse, "Sales Taxes and Their Application to Farmers," Bulletin A-76, University of Maryland, June 1953.

sales taxation but less than one half of the states exempt purchases of insecticides and fungicides and only five states exempt farm machinery. Walker and Hulse contend that this contributes to favoring farmers in one state against those of another state, one type of farmer against another type and favoring other industries which do not pay sales taxes on all forms of machinery.

Exempt items in Kansas include: feed, seed, fertilizer, plants, live-stock, and baby chicks. However, many high cost items such as farm machinery and equipment are included in the tax base.

A bright spot in the sales tax picture in Kansas is the declining trend in the percent of collections required to operate the sales tax division. In 1938, 2.98 percent of collections was consumed in the cost of operation but in 1956, the figure was only 1.32 percent.¹

General Property Tax

Kansas relies heavily on the property tax as a source of revenue, levied chiefly at the local level. Census figures reveal that Kansas ranks fourth nationally in property tax paid per \$1,000 of personal income, at \$56.01; it ranks seventh in property tax paid per capita, at \$101.81, and ranks sixth in property tax paid as a percentage of all state and local tax revenue, at 58 percent.² Among thirteen north central states, Kansas ranked fifth in the proportion of the total general property tax revenue derived from farm real estate at 23.8 percent. The average for the region

¹Ninth Biennial Report, State Commission of Revenue and Taxation, State of Kansas, 1955-1956, p. 74.

²The General Property Tax: Findings of the 1957 Census of Governments by Frederick L. Bird, p. 7.

was 13.4 percent. South Dakota led with 38.7 percent and Michigan had the least with 4.1 percent.¹

One of the most controversial aspects of the property tax system in Kansas is the assessment of property. Whereas state law requires assessment of tangible property at its true value in money, every county in the state violates the law. There are a number of reasons for this. Included among them are the fact that lower assessments in one tax unit mean less tax paid on the state levy, they mean greater state aid when that aid is allotted in inverse proportion to assessments, and lower assessments are easier to apply.

Reports for 1960 indicate that the median real estate sales-assessment ratio for the state was 21, the state rural ratio was 22 and the state urban ratio was 19.² There seems to be a trend toward more equality in the urban and rural ratios. Individual counties, of course, show a much greater variation, with 60 percent of them reporting a higher rural than urban ratio, but with all ratios below 50 percent. Variations in assessments also arise from the employment of a great number of part-time, poorly paid assessors to list personal property. Even though an assessment schedule is available to assessors, there is room for a considerable amount of personal judgment, prejudice, and reluctance.

The levying of general property taxes has become less a matter for the state proportionally and more a matter for local governments. In 1903, the state levied 14.93 percent of property taxes but by 1953 the state levied

¹State and Local Government Finances in 1957, 3-CGA No. 8, Bureau of the Census (February 1959).

²Kansas Government Journal, June 1961, p. 294.

only 3.83 percent.¹ The total tax per capita exceeded \$100 for the first time in 1955. Whereas this figure set a new record, it compared favorably with the per capita property tax of \$50.72 in the depression year of 1930.²

Property tax rates do not fluctuate in the manner in which the price level and farm income do, which creates a problem for farmers in low income years. Frederick Stocker³ suggests that local units, even rural areas give serious consideration to other forms of taxation to retard the growth of the property tax.

The relationship between real estate and personal property taxes has changed over the years. In 1903, real estate composed 65.11 percent of the total general property tax and personal property composed 18.18 percent. In 1953, real estate declined to 45.28 percent and personal property, including intangibles, increased to 39.30 percent.⁴ The remainder in each case consisted of property taxes of utilities.

The rural character of Kansas and the important role of agriculture are attested to by the fact that in 1956, 54.1 percent of the gross assessed value of locally assessed taxable real property consisted of acreage in farms.⁵ This figure ranked sixth among the states and compared with a national average of 13.9 percent. By comparison, residential non-farm property in Kansas accounted for 32 percent of the total and commercial and industrial property accounted for 12 percent.⁶

¹Ninth Biennial Report, State Commission of Revenue and Taxation, State of Kansas, 1955-1956, p. 43.

²Ibid., p. 42.

³Frederick Stocker, "Non Property Taxes as Source of Local Revenue," Bull. 903, Cornell University, December 1953.

⁴Ninth Biennial Report, State Commission of Revenue and Taxation, State of Kansas, 1955-1956, p. 43.

⁵Frederick L. Bird, The General Property Tax: Findings of the 1957 Census of Governments, p. 7.

⁶Ibid., p. 7.

Trends in farm to city migration and increased industrialization should change these figures. For example, from 1959 to 1960, taxes on farm lands and improvements increased 4.4 percent, whereas taxes on city lots and improvements increased 8.4 percent. Personal property inside cities increased 2.1 percent whereas personal property outside cities decreased 1.4 percent.¹

State allocation of sales tax revenue to local governments, begun in 1938, has been constant at \$12.5 million annually since 1947.² This allocation reduced property taxes 11.7 percent in 1947, but only by 4.4 percent in 1960, as locally levied property taxes increased 189 percent during the period.

In light of present trends in costs of education, welfare, roads, etc., either state allocation of funds will need to increase or other methods of local taxation will need to be employed to prevent a continuing rise in property taxes. The farmer can be expected to pay his share of the tax load and he cannot reduce his tax load merely by holding down property taxes; he needs to protect his interests by seeking a reasonable balance in the sources of the tax revenue.

State Income Tax

Kansas state income tax revenues have increased from \$643,033 in the first year of operation to a total of \$32,476,070 in the current (1961) fiscal year.³ The tax rates for corporations and individuals have remained the same since the income tax law was passed in 1933. Increased revenues are the result of a greatly increased number of returns and a considerably

¹Kansas Government Journal, March 1961, p. 128.

²Ibid., July 1961, p. 342.

³Ibid., August 1961, p. 391.

higher collection per return, influenced substantially by improved and expanded records and the addition of a field force in 1956 for the primary purpose of servicing delinquent accounts.

The original law followed basically the Federal income tax law and amendments to it generally have been for the purpose of keeping the Kansas law in general conformity with the Federal law.

The cost of collecting the state income tax increased from 2.97 percent in 1934 to 4.08 percent in 1956.¹ The latter figure, however, was lower than either of the two preceding years.

IMPACT AND INCIDENCE

"Economists are not yet in agreement on final results. Some think the corporate income tax falls mostly on the consumer; some argue it falls mostly on stockholders or capitalists. Some split the difference between the two. Some toss a coin. And some throw up their hands in despair."²

If we take the above quotation seriously, we must conclude there is still much to be done toward the determination of the incidence of a tax. The incidence of a tax is described as the final resting place of the tax, the bearing of the burden of a tax or the ultimate division of burden, the total effect on all prices and other economic magnitudes.

In spite of varied opinions concerning the incidence of various taxes, decisions must be made by taxing authorities about incidence before a tax program can be intelligently and fairly recommended.

¹Ninth Biennial Report, State Commission of Revenue and Taxation, State of Kansas, 1955-1956, p. 90.

²Paul A. Samuelson, Economics--An Introductory Analysis, 5th Ed., 1961, p. 209.

Impact of taxes, which will be analyzed in this study, is somewhat easier to determine for it involves the actual payment of the tax in question to the taxing authority.

Musgrave¹ has estimated the effective rates of tax for the year 1954, covering several income brackets by spending units and including percentages for each individual form of tax.

His estimates indicate that state and local taxes are regressive throughout, federal taxes are progressive throughout and the total tax of all levels of government as a percentage of the various levels of income is mildly progressive.

Musgrave's estimates relative to the individual forms of taxation are as follows:²

Personal Income Tax--This is the most distinctly progressive element in the tax structure, being progressive at all income levels. However, the progressivity of state income taxes is more moderate than the Federal income tax. In both cases, the incidence is assumed to rest upon the taxpayer.

Estate and Gift Tax--The estate and gift tax is a highly progressive part of the tax structure. If we assume that the tax falls on the donor, it would be quite accurate to allocate the total amount to the top income bracket.

Corporate Income Tax--The incidence of this tax follows a U-shaped pattern. It is more or less proportional or even regressive over the lower to middle range of the income scale and becomes progressive only in the higher brackets. Musgrave assumes that two thirds of the corporation

¹Richard A. Musgrave, "The Incidence of the Tax Structure and Its Effects on Consumption," Joint Committee on the Economic Report, November 1955, p. 98.

²Ibid., pp. 100-102.

tax is borne by the shareholder and one third is passed on to the consumer with results similar to sales tax.

Excises and Customs--The estimated incidence of these taxes is regressive throughout the income scale. The assumption is that such taxes are paid by the consumer.

Property Tax--The estimated incidence of the property tax is also regressive, but less regressive at the upper end of the scale than that of sales and excise taxes. Farm real estate is treated as business property.

Social Insurance Contributions--The incidence of these is progressive up to the \$4,900 income range and regressive above that level. It is assumed that half of the employer's share is shifted backward and half shifted forward.

An exception to the rule that the sales tax is shifted forward to the consumer is in the event of a decreased long run demand due to the tax. Under this condition, all or a portion of the sales tax may be shifted backward to the producer. If food is taxed, it could, in the long run, decrease the quantity of farm products consumed.

It is generally agreed by economists that taxes on property which reduce the net income from the property, are capitalized, and therefore, lower the value of the taxed property. The owner when the tax is applied receives the impact and incidence of the tax. Unless the tax serves to reduce agricultural output, the tax will not be shifted out of agriculture.

The issue of the farmer's tax burden is not a new one. In 1924, Eric Englund wrote of his concern about the increase in state and local taxes, and the continuing high proportion of the revenues coming from farm real

estate.¹ As a result, farmers were paying a greater proportion of their income in taxes than non-farmers, the general property tax was consuming from one third to one half of net rent and per acre taxes in Kansas were increasing much faster than land values.

Englund recommended the use of a state income tax, business tax, further taxation of oil and mineral products, and the taxation of non-essentials. Whereas some of these sources have since become subject to taxation, there is further opportunity to increase tax revenue from these sources if relief for property taxes is needed.

Haygood² points to the difficulties encountered in evaluating the tax load of agriculture. First, he asks whether agriculture should be defined as an industry composed of all farms or as a group of people earning a living from farm operations. The definition used influences the tax computation. Second, he points out the various concepts of the term "tax load" and the variations in their determination.

Sometimes the tax load of agriculture is spoken of as the absolute amount of taxes paid by farmers using a basis such as assessed value of property. However, this basis is inaccurate due to variations in assessments. When the tax load is considered in terms of taxes per acre, for example, the differences in degree of improvements and productivity must be taken into consideration.

A common approach is to relate taxes to income which can be useful if the income can be accurately defined and identified and an accurate comparison made with incomes of other groups.

¹Eric Englund, "The Place of Taxation in a Constructive Agricultural Policy," Journal of Farm Economics, Vol. 7, p. 305.

²Tyler F. Haygood, "Analyzing the Tax Load of Agriculture," Journal of Farm Economics, February 1949, pp. 668-678.

Following quantitative measurements of taxes paid, degrees of shifting of burden must be considered plus indirect effects of certain taxes and indirect effects of public expenditures on taxes. Allocation of functions between various levels of government affects considerably the burden of taxation. For example, if a state government which does not rely on property taxes, finances a large proportion of the cost of education and roads, more of the burden may be borne by non-farmers instead of by farmers through local property taxes.

Farmers can derive at least one advantage from income taxes compared with property tax in that the former will fluctuate with farm income whereas property taxes are relatively constant and may even increase during a recession.

Finally, shifting of tariffs and public utility taxes to agriculture, the distribution of benefits from public expenditures and the effects of public expenditures on production and income in agriculture must be evaluated before the picture is complete. It has not been feasible to cover all of the above areas in this paper.

PURPOSE

The purpose of the study reported herein was to determine the impact of the total tax bill and its constituents paid by Kansas farmers with various sizes and types of farms and under various forms of tenure and the relation between taxes paid and income and farm population.

PROCEDURE

Data for the study were derived from mail questionnaires sent to random samples of farmers in three areas of the state. The areas correspond

roughly to the eastern, central and western parts of the state. Counties selected were statistically typical of their areas as determined by chi-square tests on variations from averages. Lyon, Dickinson, Graham, and Scott were the counties surveyed. The latter two represent the western part of Kansas; two being selected instead of one because of the smaller number of farms per county.

Mailing lists were derived by taking random number samples from ASC office lists of farmers and in the case of Dickinson county, from the county directory. A letter and a two-page questionnaire were mailed to 2,225 farmers in the four counties after a pilot study was made to determine the reaction to questions asked and the percentage level of response which might be expected. The pilot study, conducted in Dickinson county, consisted of several personal interviews followed by a sample mailing to 100 farmers.

A follow-up letter and second copy of the questionnaire were mailed to those who failed to respond initially. Total response from the two mailings was 823 questionnaires, or 37 percent. The number usable was 560 or 25 percent.

Each questionnaire was checked for completeness and accuracy before data were placed on IBM cards. Further checking, combination, and classification were performed on data sheets derived from IBM cards.

All data used were for the calendar year of 1960. Farmers were asked to include the portion of their property tax which is payable in 1961 rather than the portion paid in 1960 for 1959.

It is recognized that the volume of data for this study is limited in scope since only a portion of the farmers in just four counties are represented. Also, some questionnaires were not answered completely. However, the questionnaires and the data sheets derived therefrom were carefully checked to eliminate data which were incorrect or otherwise unusable.

The "f" test was employed to determine significant differences between the means of the various forms of taxes paid, under different sizes, types, and tenure of farms.

Copies of the questionnaire and the accompanying letter have been included in the Appendix.

Classification of Farms

Farms in each area were classified according to type, tenure, and size. Type classification was as follows: Type 1 farms were those from which 50 percent or more of the sales were derived from grain, type 2 farms derived 50 percent or more of the sales from livestock, and type 3 includes all others. The U. S. Census of Agriculture listed dairy and poultry farms separately, but their numbers were insignificant among the farms studied.

Tenure classification was as follows: Tenure 1 included owner operators, tenure 2 included part owners, and tenure 3 included tenants.

Classification according to sales, profit, and acres varied among the three areas and is indicated in the following:

<u>Sales</u>	<u>Area 1</u>	<u>Area 2</u>	<u>Area 3</u>
Size 1	0 - \$2,999	0 - \$4,999	0 - \$7,499
Size 2	3,000 - 9,999	5,000 - 9,999	7,500 - 14,999
Size 3	10,000 and more	10,000 and more	15,000 and more

Net Profit

Size 1	0 - \$749	0 - \$1,249	0 - \$2,499
Size 2	750 - 1,749	1,250 - 2,999	2,500 - 4,999
Size 3	1,750 and more	3,000 and more	5,000 and more

Acres Operated

Size 1	0 - 179	0 - 219	0 - 499
Size 2	180 - 499	220 - 499	500 - 999
Size 3	500 and more	500 and more	1,000 and more

Sales consisted of gross sales of all types of farm commodities as reported in the questionnaire. Net farm profit is line 9 of the United States Federal Income Tax Form No. 1040 as reported by the farmers.

Acres operated included all types of land under all forms of tenure.

Farm population included children living at home and other dependents as reported.

Representativeness of Sample

A check for bias in the response was made by comparing numerous characteristics of the farmers responding with those of farmers reported in the preliminary census (1959) figures for each county, with the following results:¹

	Average age of farmers	Tenure percentage			Average acres	Type percentage		
		1	2	3		1	2	3
Lyon County								
Census	53.1	44	36	20	362.5	21	49	30
Tax study	52.7	46	38	16	450.0	19	45	36
Dickinson County								
Census	50.3	37	36	27	330.7	30	15	55
Tax study	51.0	40	43	17	362.0	44	28	28
Graham and Scott Counties								
Census	47.2	21	48	31	1021.0	78	11	11
Tax study	53.7	18	55	27	1183.0	57	31	12

Farms in the survey were compared with farms from the same general areas which were in the farm management associations and had home accounts.²

¹Tenures 1, 2, and 3 refer respectively to owner operators, part owners, and tenants. Types 1, 2, and 3 refer respectively to grain farmers, livestock farmers and general and miscellaneous farmers.

²Farm Management Associations, Kansas Extension Service.

Assuming that farm management farms have higher incomes than other farms, there was a reasonable degree of similarity between them and the largest acreage¹ farms in the survey in the importance of off farm income and amount of Federal income tax paid. The comparison is shown as follows:

PERCENT OF INCOME FROM FARM

	Area 1 (East)	Area 2 (Central)	Area 3 (West)
Farm Management farms	85	87	90
Survey farms	90	88	86

FEDERAL INCOME TAX 1960 (Dollars)

	Area 1	Area 2	Area 3
Farm Management farms	306	140	857
Survey farms	188	319	1377

Real estate taxes on operated acres in the survey were compared with average farm real estate tax per acre for the state of Kansas. An average of the per acre taxes of the three areas was exactly the same as the state average of \$1.21 per acre as reported in "Farm Real Estate Taxes," ERS, USDA, June, 1961, and indicated in Table 2. This would indicate that at least in this respect, the sample resembles the state as a whole.

Table 2. Real estate taxes paid on operated acres (1960).

County	Acres	Taxes	Tax per acre
Lyons (Area 1)	29,022	\$28,935	\$1.00
Dickinson (Area 2)	29,452	56,310	1.91
Graham and Scott (Area 3)	70,335	50,793	.72
average			1.21

¹ Eastern and Central areas 500 acres and over, Western area 1,000 acres and over.

Since economic conditions affect the taxes paid by farmers from year to year, comparison was made of the year 1960 with an average of the five preceding years (Table 3). The comparison included total value of field crops and total value of livestock and poultry produced.

Table 3. Comparison by county of the value of farm products produced in selected years.^a

County	Total value of field crops		Total value of live-stock and poultry produced	
	1960	1955-1959 average	1960	1955-1959 average
Dickinson	\$10,824,490	\$9,635,258	\$7,479,840	\$6,839,974
Graham	8,019,240	4,521,200	2,756,420	2,769,914
Lyon	7,367,840	6,191,804	9,929,870	8,419,222
Scott	12,725,415	6,737,310	3,236,760	2,235,914

a. Kansas Agriculture, Kansas State Board of Agriculture, Editions 38-43.

With one exception, values of field crops and of livestock and poultry produced were higher in every county in 1960 than the previous five year averages. The exception is a decline of less than one half of one percent in the value of livestock and poultry produced in Graham county. The greatest increase in each category is in Scott county, where the value of field crops increased 89 percent and the value of livestock and poultry products produced increased 45 percent.

In light of these facts, net farm income and therefore income taxes would be expected to be higher in 1960, particularly in Scott and Graham counties. Some increase in sales taxes might also be expected.

SURVEY ANALYSIS

Tax Per Farm--Single Classification

Lyon County. Real estate and personal property taxes increased significantly $(.001)^1$ as size of farm increased (Table 4). One might expect this to be true as a broad sampling was involved.

Table 4. Relation of taxes paid by farmers to size of farm (acres) in Lyon County, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	:	:	:	:	:	:
	: 0-179	: 180-499	: 500 & more	: 0-179	: 180-499	: 500 & more
Total real estate .001	39	54	40	\$191 (30)	\$253 (18)	\$659 (142)
Total personal .001	39	58	46	46 (5)	81 (7)	249 (45)
Federal income	36	55	36	173 (45)	142 (43)	188 (50)
State income	33	54	37	11 (3)	10 (3)	11 (3)
State sales .001	19	33	24	79 (10)	68 (6)	136 (16)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

Federal income taxes and state income taxes do not always vary directly with size of farm, for in this instance there were no significant differences as size of farm increased.

State sales taxes varied significantly $(.001)$ as size varied, but did not vary directly with size, there being a slightly greater amount reported

¹P values: .001 means one chance in 1000 results were due to sampling (.05 is 5 in 100, .01 is 1 in 100, and .1 is 10 in 100).

by the smallest farms than by the middle sized. Sales taxes correlate more closely with profit than with size, assuming Federal income taxes paid reflect the amount of profit.

When the amount of taxes paid was related to tenure, no significant differences in real estate and personal property taxes were found (Table 5).

Table 5. Relation of taxes paid by farmers to farm tenure in Lyon County, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	: Part :			: Part :		
	: Owners :	Owners :	Tenants :	: Owners :	Owners :	Tenants :
Total real estate	63	60	10	\$408 (88)	\$355 (46)	\$46 (46)
Total personal	59	61	23	116 (37)	146 (13)	96 (16)
Federal income .05	53	52	22	251 (53)	113 (28)	72 (37)
State income .01	52	53	22	17 (4)	8 (2)	2 (2)
State sales	31	32	13	99 (13)	90 (9)	83 (14)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

Federal income taxes paid were significantly (.05) higher for owner operators and lower for tenants. The same relationship existed regarding state income taxes but it was highly significant (.01). State sales taxes were not significantly different for the tenure classes.

Type of farming had no significant affect on any of the taxes paid (Table 6).

Table 6. Relation of taxes paid by farmers to type of farm in Lyon County, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	: Live- :			: Live- :		
	: Grain :	: stock :	: Other :	: Grain :	: stock :	: Other :
Total real estate	19	63	51	\$297 (61)	\$374 (49)	\$359 (105)
Total personal	22	68	53	64 (14)	147 (14)	124 (40)
Federal income	20	62	43	221 (96)	155 (31)	147 (41)
State income	20	62	45	14 (8)	10 (2)	10 (3)
State sales	11	36	29	84 (10)	97 (10)	90 (13)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

Dickinson County. As in Lyon, real estate taxes and personal property taxes were significantly (.001) higher as size of farm increased (Table 7). However, there were no significant differences as size of farm increased, among Federal income taxes, state income taxes or state sales taxes.

Classification according to tenure revealed significant differences in taxes paid in relation to Lyon county (Table 8). Real estate taxes were significantly (.001) higher for owner operators and part owners.

Part owners paid the highest personal property taxes. There were no significant differences among the tenure classes in Federal income taxes or state income taxes. Part owners paid the most state sales taxes.

There were few significant differences when farms were classified according to type in Dickinson county (Table 9). Livestock farms paid significantly (.01) more personal property taxes than other types.

Table 7. Relation of taxes paid by farmers to size of farm (acres) in Dickinson County, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	:	:	:	:	:	:
	: 0-219	: 220-499	: 500 & more	: 0-219	: 220-499	: 500 & more
Total real estate .001	35	66	31	\$259 (22)	\$386 (31)	\$754 (131)
Total personal .001	35	73	34	86 (14)	137 (8)	233 (19)
Federal income	28	69	35	204 (62)	229 (71)	319 (71)
State income	25	68	32	11 (3)	11 (3)	16 (5)
State sales	27	55	22	74 (10)	111 (13)	103 (12)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

Table 8. Relation of taxes paid by farmers to farm tenure in Dickinson County, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	:	:	:	:	:	:
	: Owners	: Part Owners	: Tenants	: Owners	: Part Owners	: Tenants
Total real estate .001	56	61	15	\$506 (72)	\$477 (41)	\$ 36 (25)
Total personal .01	57	60	25	121 (13)	181 (13)	130 (14)
Federal income	48	61	23	275 (98)	257 (46)	164 (74)
State income	45	58	22	9 (2)	14 (3)	14 (7)
State sales .05	41	42	21	77 (9)	125 (16)	93 (11)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

Table 9. Relation of taxes paid by farmers to type of farm in Dickinson County, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	: Live- :			: Live- :		
	: Grain :	stock :	Other :	: Grain :	stock :	Other :
Total real estate	40	20	72	\$395 (49)	\$512 (92)	\$443 (59)
Total personal .01	42	21	79	121 (12)	209 (25)	146 (11)
Federal income	38	20	74	247 (60)	113 (36)	284 (70)
State income	36	18	71	14 (4)	5 (2)	13 (3)
State sales	32	15	57	86 (12)	80 (15)	112 (12)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

Graham and Scott Counties. In these western counties, real estate taxes increased significantly (.01) as size of farm increased and personal property taxes increased with very high significance (.001) (Table 10). Size of farm also effected the Federal and state income taxes. There were no significant differences in state sales taxes, but the figures showed the same trend evidenced in the other taxes. This was the most clear cut indication among the areas that taxes of all types increase as size in acres increases.

In Graham and Scott counties part owners paid significantly (.001) higher real estate taxes and significantly (.01) higher personal property taxes than other forms of tenure (Table 11). Owner operators paid the highest Federal income taxes and part owners paid the highest state sales taxes. State income taxes showed no significant differences.

Table 10. Relation of taxes paid by farmers to size of farm (acres) in Graham and Scott counties, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	:	:	:	:	:	:
	0-499	500-999	1000 & more	0-499	500-999	1000 & more
Total real estate .01	37	63	70	\$167 (23)	\$304 (43)	\$607 (115)
Total personal .001	36	58	72	103 (18)	185 (15)	338 (34)
Federal income .01	28	59	61	403 (95)	686 (162)	1378 (235)
State income .05	28	58	58	32 (8)	59 (15)	120 (24)
State sales	18	29	43	131 (24)	155 (20)	202 (30)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

Table 11. Relation of taxes paid by farmers to farm tenure in Graham and Scott counties, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	:	:	:	:	:	:
	Owners	Part Owners	Tenants	Owners	Part Owners	Tenants
Total real estate .001	31	94	45	\$126 (84)	\$259 (84)	\$172 (14)
Total personal .01	31	90	45	159 (33)	286 (27)	178 (21)
Federal income .10	23	88	37	1129 (503)	1060 (150)	448 (93)
State income	24	83	37	86 (40)	91 (16)	45 (12)
State sales .10	12	59	19	84 (10)	197 (23)	154 (24)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

No significant differences in taxes paid occurred among the types of farms (Table 12).

Table 12. Relation of taxes paid by farmers to type of farm in Graham and Scott counties, Kansas, 1960.

Tax ^a	Number of farmers			Average taxes paid ^b		
	: Grain	: Live- stock	: Other	: Grain	: Live- stock	: Other
Total real estate	134	17	19	\$425 (64)	\$300 (78)	\$305 (64)
Total personal	132	15	19	232 (19)	307 (72)	184 (51)
Federal income	120	14	14	885 (119)	1161 (624)	955 (523)
State income	116	15	13	78 (12)	122 (67)	28 (10)
State sales	68	11	11	178 (18)	184 (74)	130 (28)

a. .10, .05, .01, and .001 indicate significance at 10%, 5%, 1%, and .1% levels; others are not significant at the 10% level.

b. Figures in parentheses are standard errors.

Average Taxes by County. Taxes were higher per farm in Graham and Scott counties and least in Lyon county except real estate taxes were highest in Dickinson county (Table 13). The Federal income tax had the greatest differences.

Total Taxes. Total taxes paid for areas by size, tenure, and type of farm are shown in Table 14. No test of significance was made for these totals. Total taxes tended to increase as size of farm increased. Tenants paid the least tax on an average and in two of the three areas livestock farmers had a slightly higher average tax.

Table 13. Average taxes paid by farmers in three areas of Kansas, 1960.^a

	Lyon	Dickinson	Graham & Scott
TAXES PAID			
Real estate	\$357	\$439	\$399
Personal property	126	148	233
Federal income	164	247	917
State income	11	12	78
State sales	92	99	173
Other taxes ^b	172	200	300
Total	\$922	\$1,145	\$2,100
SOURCE OF INCOME			
% from farm	63	76	87
% of cases with 50% or more income from farm	76	86	91

a. Based on a random sample of farmers.

b. Auto license, motor fuel, and CASI.

Table 14. Total taxes paid by size, tenure, and type of farms for three areas in Kansas, 1960.^a

County	Taxes paid		
	Size of farm (Acres varied)		
	1	2	3
Lyon	\$500	\$554	\$1243
Dickinson	634	874	1425
Graham & Scott	836	1389	2645
	Farm tenure		
	Owners	Part owners	Tenants
Lyon	891	712	299
Dickinson	988	1054	437
Graham & Scott	1584	1893	997
	Farm type		
	Grain	Livestock	Other
Lyon	680	783	730
Dickinson	863	919	998
Graham & Scott	1798	2074	1602

a. Total of real estate, personal property, Federal income, state income, and state sales taxes.

Taxes Per Farm--Sub-classifications

The most extensive analysis made use of all data furnished for all areas. Relationships were established between size in acres, type and tenure with sub-classifications being made. The proportion of total income derived from farm profit was also determined. The results are shown in Appendix Tables 15 to 41.

Almost without exception, the proportion of income earned on the farm increased as size of farm increased. The proportion ranged from none for small-sized part owner categories in Lyon and Dickinson counties to 100 percent for some large farm categories. The percent of cases with 50 percent or more income from the farm ranged from none for small-sized part owner categories in Lyon and Dickinson counties to 100 percent income from farm in other categories.

Lyon County. Real estate taxes of livestock farms and general and miscellaneous farms increased significantly (.01)¹ with increases in size of farm. Personal property taxes increased with very high significance (.001) on grain and livestock farms as size increased, and they increased significantly (.05) on general and miscellaneous farms.

Sales taxes on grain farms were highest for middle-sized farms and the least for the largest farms. On livestock farms and on general and miscellaneous farms, sales taxes were highest for the largest farms and lowest for middle-sized farms. These differences in sales taxes were highly significant (.01). The inconsistencies in the distribution of payments of sales taxes may be attributable to small samples.

¹Very highly significant at .001, highly significant at .01, significant at .05. Significance at .10 will be specified.

Real estate taxes paid by owner operators increased significantly (.001) as size of farm increased. In the case of part owners, the largest farms paid the largest amount of real estate tax and the middle-sized farms paid the smallest amount, the difference being highly significant (.01). Since size of farm was not determined by the acreage owned, this result is not unexpected.

Personal property taxes paid increased significantly (.001) as size of farm increased for owner operators and tenants. Again, in the case of part owners, the largest farms paid the largest amount and the middle-sized farms paid the least. There is no apparent reason to expect these differences to occur in this way. It may be explained by the small sample size representing the small farms.

Federal and state income taxes showed no significant differences. However, both tended to increase with size of farm, and grain farmers tended to pay more Federal and state income taxes than other types.

On part owner farms, state sales taxes increased significantly (.05) as size of farm increased. For owner operators, the sales tax was almost identical for small and middle-sized farms but significantly (.001) greater for the largest farms.

In relating tenure to type in Lyon County, among part owners, personal property taxes were highest on livestock farms, second highest on grain farms and the least on general and miscellaneous farms. The difference was very highly significant (.001)

Among tenant farmers, state sales taxes were highest on livestock farms, second highest on grain farms and the least on general and miscellaneous farms. The differences were highly significant (.01). These were the only significant differences in this type of relationship.

Dickinson County. Real estate taxes on grain farms increased significantly (.001) with an increase in size. On livestock and general and miscellaneous farms, real estate taxes were significantly (.05) higher for the larger farms.

Personal property taxes were significantly (.05) higher on livestock farms and higher (significance at .001) on general and miscellaneous farms as size increased.

State sales taxes were significantly (.05) higher on the middle-sized general and miscellaneous farms and the least on the smallest farms.

In relating tenure to size in Dickinson county, real estate taxes increased significantly (.001) for owner operators and part owners as size of farm increased. Tenant farmers paid real estate taxes on only non-farm property and this was not affected by size of farm.

Owner operators and tenants paid significantly higher personal property taxes on larger farms and as size increased for part owners, the increase in personal property taxes was very highly significant (.001).

When tenure was related to type, there were no significant differences except in personal property taxes of part owners. As was so often the case, livestock farmers paid significantly (.01) more personal property taxes than either grain farmers or general and miscellaneous farmers. Grain farmers paid the least.

Graham and Scott Counties. Real estate taxes and state income taxes increased with high significance (.01) for grain farmers as size of farm increased.

Personal property taxes and Federal income taxes of grain farmers increased with very high significance (.001) as size of farm increased.

In the same area, there were no significant differences for other types of farms as size varied. This may be accounted for by the fact that grain

farmers, who are the most numerous in this area paid higher income taxes because of the record crop yields of 1960.

In relating tenure to size in Graham and Scott counties, real estate taxes were found to be very highly significantly (.001) greater, and personal property taxes highly significantly (.01) greater as size of farm increased, for owner operators. For part owners, real estate taxes increased significantly (.05) and personal property taxes increased highly significantly (.01) as size of farm increased.

Among tenants, personal property taxes increased significantly (.05) and Federal income taxes increased highly significantly (.01) as size of farm increased.

Tenure related to type of farm in Graham and Scott counties showed no significant differences.

Taxes Per Capita--Single Classification

One analysis consisted of the per capita taxes of the various single classifications of farms in the three areas. Only farms reporting for all types of taxes studied were included in this analysis. The results are presented in Tables 42 to 53 in the Appendix, and include the proportion of total income consisting of net farm profit. No tests of significance were run on this analysis.

In general, the larger families were found on the larger farms, on the livestock farms, on part owner farms in Lyon county and on tenant farms in Graham and Scott counties. As might be expected, the largest farms in acres and in sales had the highest real estate tax and personal property tax per capita. However, particularly with respect to size by acreage, the opposite was often true of state and Federal income taxes. The apparent

reason is the high proportion of off-farm income of the smaller farms. Also, smaller families on the smaller farms increases the per capita tax.

Total tax per capita was highest for the largest farms. In two of the three areas grain farmers paid more real estate tax per capita than other types, whereas in the western area, general and miscellaneous farms paid the most. Livestock farmers paid the greatest per capita personal property tax in Lyon county and Dickinson county but general farmers paid the highest in Graham and Scott counties.

Income taxes per capita were highest in Dickinson and Graham and Scott counties for general and miscellaneous farmers but highest for grain farmers in Lyon county.

Sales taxes reported per capita were generally highest on the largest farms, on grain farms and for part owners.

In Lyon and Dickinson counties, total taxes per capita were highest for grain farmers and owner operators. In Graham and Scott counties, general and miscellaneous farmers, having the greatest proportion of off-farm income of the three types, paid the most total tax and owner operators paid more total tax than part owners and tenants.

FUTURE TAX NEEDS

The Research Department of the Kansas Legislative Council in 1955 projected state expenditures to 1966.¹ Total expenditures will increase 51 percent with education leading the way in rate of increase. All other functions will increase expenditures at a slower rate than during the preceding five years but educational expenditures will increase at a much

¹Financing Kansas Government, Kansas Legislative Council Publication No. 200, December, 1955, pp. 3-5.

faster rate. As a result, the state educational function will account for 39 percent of total state expenditures by 1966 compared with 29 percent in 1956. Dollar-wise, the expected need will be for \$87.5 million, of which 62.3 million dollars will be derived from taxes.

Concerning elementary and high schools, enrollment will increase 50 percent over 1956 and total operating cost will increase 95 percent. Assuming no changes in existing formulas for distribution of elementary and high school aid, state funds would provide 27 percent of estimated elementary operating costs and 20 percent of anticipated high school costs.

It is obvious that unless state aid is to be increased or federal aid initiated, local units, depending on property taxes will have increasing difficulty providing their 70 to 80 percent of needed educational funds. Complicating this situation is the excess of \$68,000,000 in forecast needs over forecast revenues which may cause the state to consider increasing its own property tax levy.

This would seem to indicate that Kansas farmers need to take a vital interest in future local sources of tax revenue as well as possible increases in state and/or federal aid.

The Kansas Livestock Association has already made a proposal concerning this problem.¹ It is recommending an earnings tax to help finance the school reorganization program without undue reliance upon property tax.

Possible sources of additional revenue according to the Kansas Legislative Council survey are the following:²

Personal and Corporate Income Taxes which proportionately yield much less revenue than in other states.

¹Kansas Farmer, July 15, 1961, p. 6.

²Financing Kansas Government, Kansas Legislative Council Publication No. 200, December, 1955, p. 22.

Sales and Use Taxes recently increased in rate and base could be extended further without reaching a maximum among states.

Cigarette Tax of 4 cents per package could be increased to 5 cents per package and yield an additional revenue of about 2 million dollars in 1966. This increased tax would be only about half as much as the maximum of the states.

Alcoholic Beverage Tax: Kansas liquor tax is far below the average of all states.

Motor Fuels Tax: The state tax on gasoline could be increased to 7 cents per gallon which is the rate imposed by several states and the additional revenue in 1966 would be 8.3 million dollars.

Inheritance Taxes: With one exception, Kansas has the lowest rates and the highest exemptions among the states which impose the tax.

New possible revenue sources include gift taxes, soft drinks tax, pari mutuel tax, and severance tax. If the latter were applied to oil and gas at the rate used in the state of Louisiana, the state revenue in 1954 would have been over 30 million dollars.

SUMMARY

Federal income taxes and state income taxes showed the least significant difference among the kinds of tax considered as farms were compared in three areas of Kansas according to size of farm, tenure, and type. Owner operators in Lyon county, large farms and grain farms in Graham and Scott counties paid significantly higher Federal income tax and state income tax. Tenants in Graham and Scott counties paid significantly less Federal income tax. It is difficult to form any definite conclusions except in the case of grain farmers who enjoyed an unusually good year in 1960.

In state sales taxes, nearly all significant differences occurred in Lyon county where the largest farms in almost all cases paid the greatest amount and tenants on livestock farms paid significantly higher state sales tax than other types of tenants.

Significant differences occurred most frequently in real estate and personal property taxes in all counties as these taxes, almost without exception, increased as size of farm increased. In addition, part owners who operated livestock farms paid higher personal property taxes. When the breakdown was limited to size, tenure, and type, livestock farmers in all areas paid the highest personal property taxes, and under tenure, part owners paid the highest personal property taxes.

In order of actual cost, the five kinds of tax measured ranked as follows in Dickinson and Lyon counties: real estate, Federal income, personal property, state sales, and state income.

In Graham and Scott counties, Federal income tax was highest, real estate second highest and the remaining kinds of tax followed the same order as in the other counties. The unusually high production in the latter counties in 1960 probably accounted for the one change in the order of the taxes.

With the exception of real estate taxes, all kinds of taxes increased in amount from east to west. In the case of real estate taxes, the western counties are ranked slightly lower than Dickinson county but were higher than Lyon county. These rankings were not tested statistically.

CONCLUSION

Judging from the survey, property taxes would be of most urgent concern to farmers. Not only do they represent the largest tax expenditure made by

most farmers in the survey, but they tend to remain relatively fixed or even increase in years of low farm income. Property taxes thus become a particularly heavy burden for farmers in years of low farm income. In 1960, farm real estate taxes in the United States made up 9 percent of total net farm income before real estate taxes and net rent paid to non-farm landlords were deducted.¹

Rapidly increasing cost of education has been the chief factor, plus increased and improved services of local governments, contributing to a steady increase in taxes. Improved education must be provided, but in many instances the cost is unduly high because of very small enrollments. Farmers may be able to benefit from a study of the recent state survey of education and give consideration to the resulting recommendations.

Other costs of local government services may be difficult to reduce except through some plan for a consolidation of local governmental units.

In addition, farmers may seek to influence legislation aimed toward the utilization of possible sources of additional revenue which are outlined in the section "Future Tax Needs," and the allocation of additional state revenue to local units.

¹Farm Real Estate Taxes, ERS, USDA, NET-1, June, 1961.

ACKNOWLEDGMENTS

The writer gratefully acknowledges the guidance and patient counseling of Dr. Wilfred Pine of the Department of Agricultural Economics, without whose able assistance, this work could not have been concluded.

Dr. Arlin Feyerherm was the principle source of aid in outlining the statistical phase of the research and in the supervision of the operations of the Statistical Laboratory.

Mr. Leslie Marcus was an invaluable source of statistical help during the latter stages of the research.

Notwithstanding busy schedules, these men were always ready to offer assistance when it was needed.

The interest and attention of other members of the Economics and Sociology staff is also acknowledged.

BIBLIOGRAPHY

Books

- Due, John F. Government Finance. Homewood, Illinois: Richard D. Irwin, 1959.
- Groves, Harold M. Viewpoints on Public Finance. New York, N. Y.: Henry Holt and Company, 1947.
- Mering (Von), Otto O. The Shifting and Incidence of Taxation. Philadelphia, Pa.: The Blakiston Company, 1942.
- Musgrave and Shoup. Readings in the Economics of Taxation. AEA Volume IX. Homewood, Illinois: Richard D. Irwin, 1959.
- Samuelson, Paul A. Economics--An Introductory Analysis. New York, N. Y.: McGraw-Hill, 1961.

Journals

- Englund, Eric. "The Place of Taxation in a Constructive Agricultural Policy." Journal of Farm Economics, 7:305.
- Haygood, Tyler F. "Analyzing the Tax Load of Agriculture." Journal of Farm Economics, February 1949, 31:668-678.
- Holden, Grenville. "Incidence of Taxation as an Analytical Concept." American Economic Review, 30:774.
- Kansas Farmer. July 15, 1961.
- Kansas Government Journal. January, March, June, and July, 1961.
- Simpson, Herbert D. "The Incidence of Real Estate Taxes." American Economic Review, 22:219.
- Speers, McGehee H. "The Impact of a General Sales Tax on Farmers." Journal of Farm Economics, November 1959, 61:837-840.
- State and Local Taxes. AFL-CIO. 1958.

Unpublished Material

- Friend, Reed E. "A Study of Methodology for Estimating the Impact of Taxes on Kansas Farm Operators." Unpublished Master Thesis, Kansas State University, Manhattan, Kansas, 1960.

Government and State Bulletins

Bird, Frederick L. "The General Property Tax: Findings of the 1957 Census of Governments." Chicago, Ill., 1960.

"Financing Kansas Government." Part I. Twenty Years in Retrospect. Research Department, Kansas Legislative Council. Publication No. 197.

"Financing Kansas Government." Part II. Ten Years in Prospect. Research Department, Kansas Legislative Council. Publication No. 200.

Musgrave, Richard A. "The Incidence of the Tax Structure and Its Effects on Consumption." Joint Committee on the Economic Report. November 9, 1955, p. 98.

Ninth Biennial Report, State Commission of Revenue and Taxation. State of Kansas. 1955-1956. December 1, 1956.

Report of the Governor's Minnesota Tax Study Committee. Colwell Press, Inc., Minneapolis, Minn., 1956.

State Tax Reporter. State of Kansas. Commerce Clearing House.

Stocker, Frederick. "Non Property Taxes as Sources of Local Revenue." Cornell University Bulletin 903. December 1953.

Walker, W. P. and Hulse, F. E. Sales Taxes and Their Application to Farmers. University of Maryland Agricultural Experiment Station Bulletin A-76. June 1953.

APPENDIX

Appendix A

(Letter sent with questionnaire)

KANSAS AGRICULTURAL EXPERIMENT STATION
Department of Agricultural Economics
Waters Hall

Dear Sir:

Kansas farmers are concerned about their taxes and frequently ask the Agricultural Experiment Station for information on this subject. The kind of information needed has not been available, so we are asking you and other farmers for information about your farms and taxes you pay. This will help to determine if our tax system is equitable and what changes may be needed.

We often obtain similar information from farmers and always kept it confidential. Please fill out the enclosed questionnaire as completely as you can, and return it in the enclosed envelope at your earliest convenience.

Thank you very much for your assistance.

Sincerely,

/s/ Wilfred H. Pine

Wilfred H. Pine
Agricultural Economist

jb
Enclosure

KANSAS AGRICULTURAL EXPERIMENT STATION
Department of Agricultural Economics
Project 560

A. About You and Your Family

1. Your age _____
2. Your wife's (or husband's) age _____
3. Number of children at home _____
4. Number of other dependents _____
5. Are you operating a farm (yes or no)? _____ If no, return this questionnaire in the envelope and you need not bother to answer any more questions.

B. About Your Farm

1. Are you operating in a farm partnership (yes or no)? _____
2. Are you operating in a father-son farm agreement (yes or no)? _____
3. Total acres operated by you in 1960 including pasture (if a partnership, father-son, or other arrangement, include all land operated jointly). _____
 - a. How many acres of this farm do you and your wife own as
 - (1) sole owners? _____
 - (2) part interest? _____
 - b. How many acres of this farm are rented? _____
4. What are your major sources of income in 1960? (provide the actual or estimated dollars of sales including only your part of the sales if you are in a partnership or rented land)

Wheat	\$ _____	Cattle	\$ _____	Other (name) _____	\$ _____
Corn	\$ _____	Hogs	\$ _____	_____	\$ _____
Sorghum	\$ _____	Hay	\$ _____	_____	\$ _____

C. About Your Taxes

1. 1960 Motor License Fees

Autos: number _____ amount \$ _____ Trucks: number _____ amount \$ _____
2. 1960 Motor Fuels Tax paid and not refunded _____

3. 1960 Property Taxes. Include amount paid in December 1960 and to be paid in June, 1961.

Acres in this farm on which you pay property taxes. _____

County or counties in which this land is located. _____

name _____

Taxes on this land. \$ _____

Taxes on farm real estate not in this farm. \$ _____

Taxes on nonfarm real estate. \$ _____

Taxes on personal property on this farm and home. \$ _____

Taxes on any other personal property. \$ _____

4. Income and Social Security Taxes. Actual amounts for 1959. Actual amounts for 1960 if taxes are paid. If final reports have not been made for 1960, give your best estimate of taxes, profit, and other income. If someone else prepared your tax returns, you may need to call him for information.

Federal income taxes
(exclude Social Security). for 1959 \$ _____ for 1960 \$ _____

Social Security taxes for 1959 \$ _____ for 1960 \$ _____

State income taxes for 1959 \$ _____ for 1960 \$ _____

Net farm profit (line 9 form 1040) . . for 1959 \$ _____ for 1960 \$ _____

All other taxable net income for 1959 \$ _____ for 1960 \$ _____

5. 1960 Sales Taxes

Amount if listed as a deduction in the income tax report. . . \$ _____

Estimated amount if not listed. \$ _____

Percent of these sales taxes which were paid on farm expenditures (your best estimate). %

6. Percent of auto expenses charged to farm expenses %

7. Percent of house utilities (telephone, electricity, etc.) charged to farm expenses. %

APPENDIX C

Table 15. Taxes paid and source of income of grain farmers according to size of farm, Lyon County, Kansas, 1960 (per farm).^a

	Acres		
	0-179	180-499	500 and more
TAXES PAID:^c			
Real estate	\$279 (87)	\$240 ^b (24)	\$548 ^b (252)
Personal property .001	33 (6)	61 ^b (12)	188 ^b (65)
Federal income	112 (64)	388 ^b (246)	206 ^b (56)
State income	4 (3)	27 ^b (18)	10 ^b (7)
State sales .01	67 ^b (8)	119 ^b (10)	50 ^b (0)
Other taxes ^{d,e}	132	165 ^b	93 ^b
Total ^e	627	1001	1095
SOURCE OF INCOME:			
Percent from farm	22	35	100
Percent of cases with 50 percent or more income from farm	45	50	100

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 16. Taxes paid and source of income of livestock farmers according to size of farm, Lyon County, Kansas, 1960 (per farm).^a

	Acres		
	0-179	180-499	500 and more
TAXES PAID: ^c			
Real estate .01	\$148 (28)	\$268 (23)	\$533 (92)
Personal property .001	50 (9)	86 (8)	226 (20)
Federal income	180 (63)	95 (39)	191 (57)
State income	9 (4)	8 (3)	11 (3)
State sales .01	78 ^b (22)	56 (6)	131 (15)
Other taxes ^{d,e}	137	164	313
Total ^a	602	677	1405
SOURCE OF INCOME:			
Percent from farm	43	67	86
Percent of cases with 50 percent or more income from farm	64	81	89

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 17. Taxes paid and source of income of general and miscellaneous farmers according to size of farm, Lyon County, Kansas, 1960 (per farm).^a

	Acres		
	0-179	180-499	500 and more
TAXES PAID:^c			
Real estate ^{.01}	\$154 (16)	\$243 (32)	\$1159 ^b (618)
Personal property ^{.05}	52 (7)	83 (12)	346 (202)
Federal income	231 (107)	104 (35)	169 ^b (141)
State income	19 (6)	6 (2)	12 ^b (11)
State sales ^{.01}	92 ^b (21)	65 (9)	171 ^b (50)
Other taxes ^{d,e}	114	160	359 ^b
Total ^e	662	661	2216
SOURCE OF INCOME:			
Percent from farm	29	80	100
Percent of cases with 50 percent or more income from farm	45	50	100

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 18. Taxes paid and source of income of owner operators according to size of farm, Lyon County, Kansas, 1960 (per farm).^a

	Acres		
	0-179	180-499	500 and more
TAXES PAID:^c			
Real estate. ^{.001}	\$205 (31)	\$334 (26)	\$1485 ^b (565) ^c
Personal property. ^{.001}	48 (5)	88 (15)	458 ^b (248)
Federal income	197 (52)	230 (103)	641 ^b (185)
State income	13 (3)	16 (7)	40 ^b (13)
State sales. ^{.001}	76 (10)	74 ^b (12)	223 ^b (37)
Other taxes ^{d,e}	125	161	224 ^b
Total ^e	664	903	3071
SOURCE OF INCOME:			
Percent from farm	27	57	64
Percent of cases with 50 percent or more income from farm	52	76	80

A. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 19. Taxes paid and source of income of part owners according to size of farm, Lyon County, Kansas, 1960, (per farm).^a

	Acres		
	0-179	180-499	500 and more
TAXES PAID:^c			
Real estate ^{.01}	\$283 ^b (0)	\$226 (20)	\$501 (89)
Personal property ^{.001}	94 ^b (0)	83 (7)	215 (20)
Federal income	0 ^b (0)	92 (34)	140 (47)
State income	27 ^b (0)	7 (2)	9 (3)
State sales ^{.05}	0 ^b (0)	65 (6)	118 (16)
Other taxes ^{d,e}	167 ^b	171	301
Total ^e	571	644	1284
SOURCE OF INCOME:			
Percent from farm	0	81	95
Percent of cases with 50 percent or more income from farm	0	80	90

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels, and OASI.

e. Not tested.

Table 20. Taxes paid and source of income of tenant farmers according to size of farm, Lyon County, Kansas, 1960, (per farm).^a

	Acres		
	0-179	180-499	500 and more
TAXES PAID:^c			
Real estate	\$ 0 ^b (0)	\$ 0 ^b (0)	\$114 ^b (114)
Personal property ^{.001}	30 ^b (12)	58 ^b (13)	175 ^b (15)
Federal income	91 ^b (79)	86 ^b (86)	42 ^b (28)
State income	43 ^b (31)	6 ^b (6)	1 ^b (0)
State sales	105 ^b (55)	69 ^b (20)	96 ^b (16)
Other taxes ^{d,e}	123 ^b	139 ^b	166 ^b
Total ^e	392	358	594
SOURCE OF INCOME:			
Percent of total income	58	55	99
Percent of cases with 50 percent of income from farm	71	83	100

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels, and OASI.

e. Not tested.

Table 21. Taxes paid and source of income of owner operators according to type of farm, Lyon County, Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and miscellaneous
TAXES PAID:^c			
Real estate	\$353 (76)	\$354 (62)	\$491 (211)
Personal property	40 (7)	102 (23)	177 (95)
Federal income	246 (181)	265 (60)	236 (82)
State income	19 (15)	16 (4)	17 (5)
State sales	79 ^b (11)	100 (24)	109 (21)
Other taxes ^{d,e}	99	187	135
Total ^e	836	1024	1165
SOURCE OF INCOME:			
Percent of total income	12	57	51
Percent of cases with 50 percent or more income from farm	33	68	68

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 22. Taxes paid and source of income of part owners according to type of farm, Lyon County, Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and miscellaneous
TAXES PAID:^c			
Real estate	\$233 ^b (33)	\$429 (75)	\$262 (35)
Personal property ^{.001}	135 ^b (83)	183 (19)	91 (9)
Federal income	211 ^b (130)	105 (37)	106 (45)
State income	12 ^b (8)	7 (3)	8 (3)
State sales	- ^b (0)	89 (11)	90 (18)
Other taxes ^{d,e}	193 ^b	234	224
Total ^a	784	1047	781
SOURCE OF INCOME:			
Percent of total income	97	93	80
Percent of cases with 50 percent or more income from farm	75	88	83

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 23. Taxes paid and source of income of tenant farmers according to type of farm, Lyon County, Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and miscellaneous
TAXES PAID:^c			
Real estate	\$ 0 ^b (0)	\$ 91 ^b (91)	\$ 0 ^b (0)
Personal property	82 ^b (26)	128 ^b (24)	72 ^b (29)
Federal income	187 ^b (104)	11 ^b (11)	26 ^b (26)
State income	6 ^b (6)	1 ^b (1)	1 ^b (1)
State sales ^{.01}	91 ^b (18)	124 ^b (13)	32 ^b (14)
Other taxes ^{d,e}	181 ^b	123 ^b	53 ^b
Total ^e	547	478	184
SOURCE OF INCOME:			
Percent of total income	42	97	100
Percent of cases with 50 percent or more income from farm	62	100	100

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 28. Taxes paid and source of income of grain farmers according to size of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Acres		
	0-219	220-499	500 and more
TAXES PAID: ^c			
Real estate. ^{.001}	\$254 (32)	\$376 (55)	\$788 ^b (198)
Personal property	90 (25)	130 (13)	162 ^b (25)
Federal income	333 (116)	227 (86)	185 ^b (121)
State income	16 (5)	14 (6)	9 ^b (6)
State sales	91 (23)	86 (19)	78 ^b (15)
Other taxes ^{d,e}	172	209	282 ^b
Total ^e	956	1042	1504
SOURCE OF INCOME:			
Percent of total income	32	87	97
Percent of cases with 50 percent or more income from farm	62	89	100

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 25. Taxes paid and source of income of livestock farmers according to size of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Acres		
	0-219	220-499	500 and more
TAXES PAID:^c			
Real estate ^{.05}	\$274 ^b (-)	\$312 (80)	\$760 ^b (151)
Personal property ^{.05}	82 ^b (-)	159 (29)	284 ^b (33)
Federal income	0 ^b (-)	42 (28)	204 ^b (62)
State income	0 ^b (-)	3 ^b (2)	7 ^b (4)
State sales	14 ^b (-)	65 ^b (9)	111 ^b (31)
Other taxes ^{d,e}	86 ^b	195	282
Total ^e	456	776	1648
SOURCE OF INCOME:			
Percent of total income	100	95	86
Percent of cases with 50 percent or more income from farm	100	100	89

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 26. Taxes paid and source of income of general and miscellaneous farmers according to size of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Acres		
	0-219	220-499	500 and more
TAXES PAID: ^c			
Real estate ^{.05}	\$262 (32)	\$413 (43)	\$738 (233)
Personal property ^{.001}	84 (18)	136 (10)	232 (27)
Federal income	140 (72)	279 (119)	422 (117)
State income	8 (4)	11 (4)	22 (8)
State sales ^{.05}	66 (8)	135 (20)	114 (16)
Other taxes ^{d,e}	149	177	255
Total ^e	709	1151	1783
SOURCE OF INCOME:			
Percent of total income	52	79	86
Percent of cases with 50 percent or more income from farm	67	90	93

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 27. Taxes paid and source of income of owner operators according to size of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Acres		
	0-219	220-499	500 and more
TAXES PAID:^c			
Real estate ^{.001}	\$283 (21)	\$584 (44)	\$1814 (729)
Personal property ^{.05}	93 (16)	121 (14)	221 ^b (74)
Federal income	179 (62)	390 (237)	317 ^b (262)
State income	11 (4)	9 (3)	2 ^b (1)
State sales	76 (12)	80 (20)	68 ^b (13)
Other taxes ^{d,e}	156	200	183 ^b
Total ^e	798	1394	2605
SOURCE OF INCOME:			
Percent of total income	53	91	46
Percent of cases with 50 percent or more income from farm	65	80	60

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels, and OASI.

e. Not tested.

Table 23. Taxes paid and source of income of part owners according to size of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Acres		
	0-219	220-499	500 and more
TAXES PAID:^c			
Real estate ^{.001}	\$144 ^b (18)	\$362 (33)	\$672 (75)
Personal property ^{.001}	44 ^b (12)	145 (12)	248 (20)
Federal income	398 ^b (0)	215 (45)	315 (66)
State income	23 ^b (0)	14 (5)	14 (4)
State sales	75 ^b (0)	137 (26)	111 (14)
Other taxes ^{d,e}	134 ^b	198	298
Total ^e	818	1071	1658
SOURCE OF INCOME:			
Percent of total income	0	78	90
Percent of cases with 50 percent or more income from farm	0	97	95

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 29. Taxes paid and source of income of tenant farmers according to size of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Acres		
	0-219	220-499	500 and more
TAXES PAID:^c			
Real estate	\$ 0 ^b (0)	\$ 54 (36)	\$ 0 ^b (0)
Personal property ^{.05}	47 ^b (18)	130 (17)	181 ^b (21)
Federal income	342 ^b (342)	69 (27)	340 ^b (277)
State income	10 ^b (10)	7 (5)	44 ^b (30)
State sales	52 ^b (7)	99 (12)	110 ^b (0)
Other taxes ^{d,e}	143 ^b	165	214 ^b
Total ^e	594	524	889
SOURCE OF INCOME:			
Percent of total income	38	86	98
Percent of cases with 50 percent or more income from farm	50	92	100

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 30. Taxes paid and source of income of owner operators according to type of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and miscellaneous
TAXES PAID:^c			
Real estate	\$375 (45)	\$740 ^b (274)	\$547 (112)
Personal property	111 (21)	129 ^b (43)	125 (18)
Federal income	206 (65)	46 ^b (46)	332 (154)
State income	12 (4)	4 ^b (5)	8 (3)
State sales	76 (17)	32 ^b (18)	81 (12)
Other taxes ^{d,e}	175	207 ^b	169
Total ^e	955	1158	1262
SOURCE OF INCOME:			
Percent of total income	53	100	73
Percent of cases with 50 percent or more income from farm	64	100	79

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 31. Taxes paid and source of income of part owners according to type of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and miscellaneous
TAXES PAID:^c			
Real estate	\$490 (89)	\$520 (94)	\$448 (49)
Personal property ^{.01}	136 (17)	242 (29)	178 (17)
Federal income	287 (110)	132 (48)	299 (67)
State income	14 (7)	5 (3)	18 (5)
State sales	104 (25)	88 (21)	154 (26)
Other taxes ^{d,e}	261	233	217
Total ^e	1292	1220	1314
SOURCE OF INCOME:			
Percent of total income	91	85	75
Percent of cases with 50 percent or more income from farm	100	93	93

a. Based on response of random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 32. Taxes paid and source of income of tenant farmers according to type of farm, Dickinson County, Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and miscellaneous
TAXES PAID:^c			
Real estate	\$ 58 ^b (58)	\$ 0 ^b (0)	\$ 34 (34)
Personal property	112 ^b (21)	164 ^b (83)	132 (16)
Federal income	235 ^b (166)	89 ^b (85)	149 (101)
State income	17 ^b (10)	10 ^b (10)	13 (10)
State sales	79 ^b (20)	85 ^b (8)	101 (16)
Other taxes ^{d,e}	163 ^b	221 ^b	165
Total ^e	664	569	594
SOURCE OF INCOME			
Percent of total income	94	99	84
Percent of cases with 50 percent or more income from farm	100	100	86

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 33. Taxes paid and source of income of grain farmers according to size of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Acres		
	0-499	500-999	1,000 and more
TAXES PAID: ^c			
Real estate ^{.01}	\$161 (23)	\$300 (48)	\$683 (145)
Personal property ^{.001}	115 (22)	181 (14)	333 (38)
Federal income ^{.001}	405 (109)	520 (97)	1509 (256)
State income ^{.01}	34 (9)	51 (13)	131 (26)
State sales	148 (31)	175 (23)	195 (31)
Other taxes ^{d,e}	224	282	370
Total ^e	1087	1509	3221
SOURCE OF INCOME:			
Percent of total income	79	88	92
Percent of cases with 50 percent or more income from farm	55	84	79

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 34. Taxes paid and source of income of livestock farmers according to size of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Acres		
	0-499	500-999	1,000 and more
TAXES PAID:^c			
Real estate	\$148 ^b (53)	\$274 ^b (142)	\$351 ^b (117)
Personal property	90 ^b (40)	229 ^b (132)	389 ^b (98)
Federal income	9 ^b (0)	1260 ^b (893)	1244 ^b (978)
State income	0 ^b (0)	154 ^b (127)	118 ^b (92)
State sales	100 ^b (0)	95 ^b (27)	258 ^b (131)
Other taxes ^{d,e}	229 ^b	361 ^b	244
Total ^e	567	2373	2604
SOURCE OF INCOME:			
Percent of total income	39	99	94
Percent of cases with 50 percent or more income from farm	50	83	90

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 35. Taxes paid and source of income of general and miscellaneous farmers according to size of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Acres		
	0-499	500-999	1,000 and more
TAXES PAID: ^c			
Real estate	\$197 ^b (43)	\$386 ^b (136)	\$355 ^b (140)
Personal property	58 ^b (29)	181 ^b (42)	312 ^b (119)
Federal income	517 ^b (107)	1737 ^b (1471)	522 ^b (242)
State income	33 ^b (17)	36 ^b (23)	19 ^b (11)
State sales	82 ^b (19)	123 ^b (43)	182 ^b (63)
Other taxes ^{d,e}	185 ^b	299 ^b	273 ^b
Total ^e	1072	2762	1663
SOURCE OF INCOME:			
Percent of total income	60	97	27
Percent of cases with 50 percent or more income from farm	43	80	29

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 36. Taxes paid and source of income of owner operators according to size of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Acres		
	0-499	500-999	1,000 and more
TAXES PAID:^c			
Real estate ^{.001}	\$198 (22)	\$572 ^b (115)	\$1021 ^b (291)
Personal property ^{.01}	82 (27)	161 ^b (25)	374 ^b (117)
Federal income	358 (116)	1472 ^b (1037)	2841 ^b (2263)
State income	29 (12)	97 ^b (57)	252 ^b (216)
State sales	83 ^b (12)	84 ^b (22)	100 ^b (0)
Other taxes ^{d,e}	170	338 ^b	311 ^b
Total ^e	920	2724	4899
SOURCE OF INCOME:			
Percent from farm	81	87	55
Percent of cases with 50 percent or more income from farm	92	100	80

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 27. Taxes paid and source of income of part owners according to size of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Acres		
	0-499	500-999	1,000 and more
TAXES PAID:^c			
Real estate ^{.05}	\$206 ^b (58)	\$378 (55)	\$770 (156)
Personal property ^{.01}	116 ^b (37)	212 (22)	364 (44)
Federal income	673 ^b (222)	716 (175)	1413 (253)
State income	49 ^b (18)	61 (22)	123 (27)
State sales	174 ^b (58)	178 (25)	214 (38)
Other taxes ^{d,e}	276 ^b	302	354
Total ^e	1494	1847	3238
SOURCE OF INCOME:			
Percent from farm	91	95	88
Percent of cases with 50 percent or more income from farm	88	98	89

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 38. Taxes paid and source of income of tenant farmers according to size of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Acres		
	0-499	500-999	1,000 and more
TAXES PAID:^c			
Real estate	\$ 88 (46)	\$ 15 (10)	\$ 13 (11)
Personal property ^{.05}	125 (30)	143 (23)	248 (44)
Federal income ^{.01}	133 ^b (82)	302 (82)	809 (207)
State income	16 ^b (8)	39 (20)	67 (20)
State sales	148 ^b (43)	102 ^b (28)	177 (39)
Other taxes ^{d,e}	193	244	309
Total ^e	703	845	1623
SOURCE OF INCOME:			
Percent from farm	32	80	94
Percent of cases with 50 percent or more income from farm	40	94	100

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and DASI.

e. Not tested.

Table 39. Taxes paid and source of income of owner operators according to type of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and miscellaneous
TAXES PAID:^c			
Real estate	\$530 (121)	\$ 93 ^b (0)	\$337 (81)
Personal property	188 (48)	51 ^b (0)	112 (32)
Federal income	1044 (583)	0 ^b (0)	1542 ^b (1212)
State income	108 (55)	0 ^b (0)	36 ^b (19)
State sales	87 ^b (14)	100 ^b (0)	78 ^b (17)
Other taxes ^{d,e}	256	10 ^b	204
Total ^e	2213	256	2309
SOURCE OF INCOME:			
Percent from farm	88	86	77
Percent of cases with 50 percent or more income from farm	94	100	83

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 40. Taxes paid and source of income of part owners according to type of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and miscellaneous
TAXES PAID:^c			
Real estate	\$586 (101)	\$437 (98)	\$403 ^b (124)
Personal property	270 (28)	418 ^b (102)	296 ^b (144)
Federal income	1008 (140)	1731 ^b (932)	687 ^b (222)
State income	83 (14)	172 (98)	30 ^b (13)
State sales	192 (24)	242 ^b (112)	184 ^b (49)
Other taxes ^{d,e}	330	339	300 ^b
Total ^e	2469	3339	1900
SOURCE OF INCOME:			
Percent from farm	91	97	51
Percent of cases with 50 percent or more income from farm	94	100	40

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 41. Taxes paid and source of income of tenant farmers according to type of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per farm).^a

	Type of farm		
	Grain	Livestock	General and Miscellaneous
TAXES PAID:^c			
Real estate	\$ 33 (16)	\$ 40 ^b (40)	\$ 0 ^b (0)
Personal property	179 (25)	158 ^b (44)	202 ^b (88)
Federal income	513 (107)	169 ^b (118)	0 ^b (0)
State income	50 (14)	28 ^b (24)	0 ^b (0)
State sales	171 (29)	78 ^b (12)	120 ^b (0)
Other taxes ^{d,e}	301	159 ^b	143 ^b
Total ^e	1247	632	465
SOURCE OF INCOME:			
Percent from farm	84	71	100
Percent of cases with 50 percent or more income from farm	89	75	100

a. Based on response of a random sample of farmers. Standard errors of the means in parentheses.

b. Less than ten cases.

c. Significance indicated as .001, .01, etc.

d. Auto license, motor fuels and OASI.

e. Not tested.

Table 42. Taxes paid and source of income of farmers according to size of farm, Lyon County, Kansas, 1960 (per capita).^a

	Acres			
	0-179	180-499	500 and more	Average (simple)
Number of farms	13	25	16	18
Persons per farm	3.2	3.6	4.6	3.8
TAXES PAID:				
Real estate	\$ 84	\$ 60	\$113	\$ 86
Personal property	18	25	51	31
Total property ^c	103	85	165	118
Federal income	110	53	52	72
State income	6	3	4	5
State sales	26	19	33	26
Other taxes ^b	38	27	32	32
Total ^c	282	186	287	252
SOURCE OF INCOME:				
Percent from farm	18	56	81	53
Percent of cases with 50 percent or more income from farm	27	74	87	67

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 43. Taxes paid and source of income of farmers according to size of farm, Lyon County, Kansas, 1960 (per capita).^a

	Sales			
	0-2,999	3,000-9,999	10,000 and more	Average (simple)
Number of farms	18	20	16	18
Persons per farm	3.4	4.1	3.8	3.8
TAXES PAID:				
Real estate	\$ 72	\$ 57	\$132	\$ 87
Personal property	13	26	62	34
Total property ^c	86	83	194	121
Federal income	140	20	48	69
State income	27	18	28	5
State sales	22	19	37	26
Other taxes ^b	9	1	4	31
Total ^c	290	147	319	252
SOURCE OF INCOME:				
Percent from farm	8	87	96	53
Percent of cases with 50 percent or more income from farm	13	95	87	69

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 44. Taxes paid and source of income of farmers according to type of farm, Lyon County, Kansas, 1960 (per capita).^a

	Type of farm			
	Grain	Livestock	General and miscellaneous	Average (simple)
Number of farms	5	29	20	18
Persons per farm	2.8	3.8	4.0	3.5
TAXES PAID:				
Real estate	\$138	\$ 84	\$ 75	\$ 99
Personal property	21	42	23	29
Total property ^c	159	126	98	128
Federal income	216	52	54	107
State income	15	3	3	7
State sales	33	25	25	28
Other taxes ^b	33	33	28	31
Total ^c	456	239	208	301
SOURCE OF INCOME:				
Percent from farm	12	60	59	53
Percent of cases with 50 percent of more income from farm	25	72	70	69

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 45. Taxes paid and source of income of farmers according to tenure, Lyon County, Kansas, 1960 (per capita).^a

	Tenure			
	Owner operators	Part owners	Tenants	Average (simple)
Number of farms	24	23	7	18
Persons per farm	3.2	4.4	3.7	3.8
TAXES PAID:				
Real estate	\$143	\$ 69	\$ 18	\$ 77
Personal property	33	36	26	32
Total property ^c	175	105	44	108
Federal income	140	17	23	60
State income	9	1	1	4
State sales	32	21	25	26
Other taxes ^b	38	28	22	30
Total ^c	394	172	116	227
SOURCE OF INCOME:				
Percent of total income	33	85	64	53
Percent of cases with 50 percent or more income from farm	48	80	86	66

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 46. Taxes paid and source of income of farmers according to size, Dickinson County, Kansas, 1960 (per capita).^a

	Acres			
	0-219	220-499	500 and more	Average (simple)
Number of farms	18	38	16	24
Persons per farm	3.1	3.6	4.0	3.6
TAXES PAID:				
Real estate	\$ 76	\$ 86	\$178	\$113
Personal property	30	39	60	43
Total property ^c	106	125	238	156
Federal income	75	35	61	57
State income	4	2	3	3
State sales	29	32	25	29
Other taxes ^b	33	36	45	38
Total ^c	242	232	372	282
SOURCE OF INCOME:				
Percent of total income	43	88	86	79
Percent of cases with 50 percent or more income from farm	57	89	93	83

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 47. Taxes paid and source of income of farmers according to size, Dickinson County, Kansas, 1960 (per capita).^a

	Sales			
	0-4,999	5,000-9,999	10,000 and more	Average (simple)
Number of farms	23	23	26	24
Persons per farm	2.9	3.9	3.9	3.6
TAXES PAID:				
Real estate	\$ 94	\$ 76	\$141	\$104
Personal property	28	40	55	41
Total property ^c	122	115	196	144
Federal income	62	6	82	50
State income	3	5	5	4
State sales	20	33	30	28
Other taxes ^b	43	90	89	79
Total ^c	250	249	402	305
SOURCE OF INCOME:				
Percent of total income	43	90	89	79
Percent of cases with 50 percent or more income from farm	63	90	92	83

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and GASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 48. Taxes paid and source of income of farmers according to type of farm, Dickinson County, Kansas, 1960 (per capita).^a

	Type of farm			
	Grain	Livestock	General and miscellaneous	Average (simple)
Number of farms	25	10	37	24
Persons per farm	3.2	3.9	3.7	3.6
TAXES PAID:				
Real estate	\$117	\$ 97	\$102	\$105
Personal property	37	59	41	45
Total property ^c	154	156	143	150
Federal income	48	34	56	48
State income	3	1	3	3
State sales	27	24	31	28
Other taxes ^b	39	36	37	37
Total ^c	271	251	270	266
SOURCE OF INCOME:				
Percent of total income	83	81	76	79
Percent of cases with 50 percent or more income from farm	82	90	81	83

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 49. Taxes paid and source of income of farmers according to tenure, Dickinson County, Kansas, 1960 (per capita).^a

	Tenure			
	Owner operators	Part owners	Tenants	Average (simple)
Number of farms	26	33	13	24
Persons per farm	2.7	4.0	4.0	3.6
TAXES PAID:				
Real estate	\$160	\$117	\$ 6	\$ 94
Personal property	46	45	30	40
Total property ^c	206	162	36	135
Federal income	50	58	31	46
State income	25	55	24	3
State sales	27	33	20	27
Other taxes ^b	36	63	31	44
Total ^c	321	298	120	246
SOURCE OF INCOME:				
Percent of total income	67	82	88	79
Percent of cases with 50 percent or more income from farm	70	90	90	83

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and QASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 50. Taxes paid and source of income of farmers according to size, Area 3, (Graham and Scott Counties), Kansas, 1960 (per capita).^a

	Acres			
	0-499	500-999	1,000 and more	Average (simple)
Number of farms	14	26	29	23
Persons per farm	3.4	3.4	3.8	3.5
TAXES PAID:				
Real estate	\$ 52	\$111	\$124	\$106
Personal property	38	62	80	65
Total property ^c	90	173	204	171
Federal income	151	344	310	291
State income	13	22	26	22
State sales	43	47	50	48
Other taxes ^b	54	58	55	56
Total ^c	351	612	645	588
SOURCE OF INCOME:				
Percent of total income	82	92	91	90
Percent of cases with 50 percent or more income from farm	77	95	92	90

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 51. Taxes paid and source of income of farmers according to size, Area 3 (Graham and Scott Counties), Kansas, 1960 (per capita).^a

	Sales			
	0-7,499	7,500-14,999	15,000 and more	Average (simple)
Number of farms	16	24	28	23
Persons per farm	3.1	3.3	4.0	3.5
TAXES PAID:				
Real estate	\$ 93	\$ 83	\$134	\$108
Personal property	44	62	77	65
Total property ^c	137	145	211	173
Federal income	111	254	413	297
State income	8	14	35	23
State sales	34	48	56	49
Other taxes ^b	45	55	63	57
Total ^c	335	516	778	599
SOURCE OF INCOME:				
Percent of total income	72	95	92	91
Percent of cases with 50 percent or more income from farm	75	95	93	90

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 52. Taxes paid and source of income of farmers according to type of farm, Area 3 (Graham and Scott Counties), Kansas, 1960 (per capita).^a

	Type of farm			
	Grain	Livestock	General and miscellaneous	Average (simple)
Number of farms	52	7	9	23
Persons per farm	3.7	3.9	3.0	3.5
TAXES PAID:				
Real estate	\$106	\$ 58	\$140	\$104
Personal property	64	53	84	65
Total property ^c	170	111	224	169
Federal income	283	200	423	289
State income	23	28	12	22
State sales	52	21	41	48
Other taxes ^b	60	27	57	56
Total ^c	588	388	757	584
SOURCE OF INCOME:				
Percent of total income	91	96	68	90
Percent of cases with 50 percent or more income from farm	92	100	71	90

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

Table 53. Taxes paid and source of income of farmers according to tenure, Area 3 (Graham and Scott Counties), Kansas, 1960 (per capita).^a

	Tenure			
	Owner operators	Part owners	Tenants	Average (simple)
Number of farms	10	46	13	23
Persons per farm	2.1	3.6	4.7	3.5
TAXES PAID:				
Real estate	\$176	\$134	\$ 7	\$106
Personal property	59	75	41	65
Total property ^c	235	209	48	171
Federal income	569	330	92	291
State income	18	28	8	22
State sales	38	55	32	48
Other taxes ^b	85	60	36	56
Total ^c	944	682	216	588
SOURCE OF INCOME:				
Percent of total income	89	91	81	90
Percent of cases with 50 percent or more income from farm	100	90	80	90

a. Based on response of a random sample of farmers.

b. Auto license, motor fuels, and OASI.

c. Rounding of figures will cause some discrepancy in totals.

AN EMPIRICAL STUDY OF TAXES PAID BY
KANSAS FARMERS IN 1960

by

FRED CHARLES DOPSON

B. S., University of Missouri, 1950

An Abstract of

A Thesis

submitted in partial fulfillment of the

requirements for the degree

MASTER OF SCIENCE

Department of Economics and Sociology

KANSAS STATE UNIVERSITY
OF AGRICULTURE AND APPLIED SCIENCE

1962

The purpose of this study was to determine the total tax bill and the amounts of different kinds of taxes paid by Kansas farmers with various sizes and types of farms and under the different kinds of tenure.

Data derived from government publications and tax authorities were assembled to provide historical background, to reveal the magnitude of the Kansas tax system, and to present some of the problems involved in evaluating and improving the system.

Data to be analyzed in the study were derived from mail questionnaires. These were mailed to farmers in three areas of the state who had been selected at random. These farmers were asked to furnish data concerning their farm operation, their income, and the taxes they incurred in 1960. The areas selected were Lyon County, representing the eastern sector of the state, Dickinson County, representing the central sector, and Graham and Scott Counties, representing the western sector.

Comparisons were made with census data to determine the representativeness of the sample of farmers and of the year 1960.

Kinds of taxes studied were real estate tax, personal property tax, Federal income tax, state income tax, state sales tax, motor fuels tax, auto licenses and social security payments.

The data received were carefully checked and the facts to be studied were placed on IBM cards for statistical analysis.

Farms were classified according to size in acres, type of farm according to sales volume and form of tenure.

The percentage of total income derived from farming was calculated.

Taxes paid were determined on a per farm basis and per capita basis. Statistical tests of significance were run on the per farm results, comparing the various sizes of farms, types of farms and forms of tenure plus differences among the areas.

With one exception, all kinds of taxes increased in amount per farm from east to west. The exception was real estate taxes which were higher in Dickinson County than in the western area but the eastern area (Lyon County) was still the lowest.

Among the kinds of taxes studied, Federal income tax and state income tax showed the least significant difference. Most of the differences which did occur were in the western area which enjoyed a good crop year in 1960.

Significant differences in state sales taxes were chiefly in Lyon County (East) where, in most cases, the largest farms paid the greatest amount and tenants on livestock farms paid significantly higher state sales taxes than other tenants.

The greatest amount of significant difference occurred in real estate and personal property taxes, for almost without exception these taxes increased as the size of farm increased. Also, part owners on livestock farms paid higher personal property taxes. Among the three types of farms, livestock farms in all areas paid the highest personal property taxes and under tenure, part owners paid the highest personal property taxes.

Except in the western area which had the excellent season, real estate taxes represented the greatest cost to farmers, Federal income taxes

were second, and personal property taxes were third. In the west, real estate and Federal income taxes were reversed in order.

The survey indicates that property taxes would be of more concern to farmers than any other kind of tax because of the actual cost, the prospects of steadily increasing rates and the tendency of property taxes not to fluctuate with farm income.

Farmers will need to study the property tax situation carefully and be prepared to recommend a solution if they hope to avoid steadily increasing property taxes.