Graduating thesis 1898

Local Taxation

By.

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In making this study, it shall be our attempt to show what a true tax should contain, after which we shall treat the subject from a purly local standponit, taking up the method of assessment in Kansas, and a special investigation of taxing and assessing property in Riley and Pottowatomie Counties. If after making this investigation, we find remedies we deem necessary we shall ~~not~~ not hesitate to suggest them. Our effort however, however, will cheifly be to show what the present conditions are leaving conclusions to be drawn therefrom to the reader.

The old saying, "with the power to tax goes the power to destroy" is certainly true. The power tax has been the making of fortunes, and it has also been the cause of bankrupcy. A tax so levied as to favor one industry business or occupation will cause it to grow, extend its power and wax strong; while, on the other hand, if the tax is levied to discriminate againt the occupation will fall, and crumble to dust.

There is no law that is more unpopular than a law of taxation. It has been the cause of wars and strife for ages, and will continue to be for some time to come. To obviate this difficulty nations have resorted to an indirect method of taxation, whereby an individual will pay a tax and not know it.

We need not enter into a general discussion of the indirect tax which has already been thorough treated by competent men. Every tax should bear equally upon the citizens according to their ability to pay, should be easilly collected, should be sure, and should cost the least possible ~~am~~ amount to collect. Let us now turn our attention to taxation at home, which ought to interest us more than any mere theory.

The law regulating taxation in Kansas has been changed but little since 1876. At the last session of the legislature, in 1897, it was so modified that the state Board of Assessors fix the value of telephones and its fixtures. It

Also provides for the assessment of judgements, and making them subject to taxation. The law of 1876 as modified provides for the making of assessments on property, who the assessors shall be, and when the assessment shall be made, etc.

The folloing are abstracts of from the law:-

Sec. 1. The township trustee of each township, by virtue of his office shall be township assessor.

Sec. 2. The county commissioners may authorize the assessor to appoint deputies if the assessor is deemed incompetent.

Sec. 3. In cities of the first class, the mayor, by and with the consent of the council, may appoint a city assessors, and such other officers as they may deem necessary for the best interests of the city. The term of office shall be two years, and until his successor is qualified.

Sec. 4. In cities of the second class, the mayor shall appoint, by and with the consent of council, a city assessor; x x x x the officers so appointed shall hold their office for one year and until their successors are appointed and qualified.

Sec. 5. The mayor, with consent of the council of said city of the third class, shall appoint an assessor, whose term of office shall be for one year or less, or until their successors shall be appointed and duly qualified. x x x x x By a majority vote of the council any such assessor may be removed.

Sec. 6. All township and city assessors shall each give a bond in the sum of five hundred dollars for the faithful preformance of their duties, which bond shall be approved by county commissioners, and filed with County clerk.

Sec. 9, 10, 13, and 17 provides for collection of statistics, grains, minerals and other materials valuable for agricultural and that such speciments shall be sent to the county clerk.

Sec. 18. The township assessors shall receive three dollars per day for every of actual service. x x x x but the county commissioners have the power to make the aggregate amount less than charged.

General statues of Kansas 1897 chapter 127 Vol. 2.

Property subject to taxation.

Sec. 1. All property in this state, real and personal, not expressly exempt therefrom shall be subject to taxation in manner prescribed by this act.

Sec. 10. the property described in this section to the extent here-in limited, shall be exempt from taxation.

1. All buildings used for public worship, as churches and school houses, or both, with furniture and books used exclusively for school and religious purposes togather with ground not exceeding ten acres x x x x the parsonage or residence of pastor, owned by the church, togather with land not exceeding one half acre if not leased for profit.

2 all land land used exclusively for grave yards.

3 All buildings belonging to scientific, literary, and benevolent ~~associations~~ institutions used exclusively for literary, scientific and

benevolent purposes, togather with land not exceeding in any one case five acres, if not leased or otherwise used with view of profit.

4 All monies belonging to universities, colleges, academies, schools, or to religious literary, scientific, and benevolent associations x x x if ~~not~~ used solely to maintian such institutions.

5 All property belonging exclusively to county, city, or school district, except lands bid off by county or city at tax sales.

6 All property belonging to this state or the United States.

7. All equipments used for extinguishing of fires togather with buildings used for containing such machinery.

8 All machinery owned by city or village for water works.

9. Personal property to the amount of two hundred dollars for each family.

10. The wearing appearl of all persons

11 All public libraries

12 Family libraries and school

of every person not exceeding fifty dollars in value.

Art. 4. Sec. 16. Debts owing in good faith by any person, company or corporation may be deducted from gross amount of credits belonging to such person, company or corporation; provided such debt is owing to any person, company, or corporation as depositors in any bank or banking association or with any person or firm engaged in the business of banking in this state or else where

Sec. 44. Personal property shall be valued at the usual selling price in money at the place where the same may be held; but if there be no selling price known to the person who is required to fix the value thereon, it shall be valued at the price bleived could be obtained therefor in money at such time and place. Current money whether in possession or on deposit subject to be with drawn on demand or within one year shall be entered in the statement at the full amount thereof. Depreciated Bank notes shall be entered in statement at current value.

Sec. 76. Each parcel of real estate shall be valued at its true value in money, the value thereof to be determined by the assessor from actual view and inspection of the property; but the price at which such real property would sell at auction or forced sale shall not be taken as the criterion of such true value. ibid chapter, 158.

To compel uniformity and equality in assessment and taxation, the statutes provides that all property shall be assessed at its true value. The habitual disregard of the statutes by local assessors has been continously condemned in the decision of this court from Adams v. Rigg, 10 K. 37, to Challiss v. Rigg. 49 K. 119. ibid. p. 8 91.

All assessments in Kansas are made by township and city assessors except railroads and telephones. The township assessors must, according to the law, meet on the first Monday in March of each year, at the county seat in the Clerks office, and determine upon the basis of assessments.

It was our pleasure to meet with the assessors of Riley County at their last meeting. Their method of proceedure was amusing. The chair-man did most of the talking; there was no order or system in their way of discussing motions. They would collect in groups and talk to each other about questions that had no bearing on the subject before the meeting, and when the time to vote came most of them did not known what they were voting for. There was one among them whom the chairman had to spend at least a quarter of an hour to explain a simple motion which was that the legal deduction of two hundred dollars on real estate be made before the division by three. If his judgement in determining what a motion means was so poor, what would he do in determining the value of property? From what we could learn at this meeting, there was not one among the assessors who understood the fundimental principles of taxation.

Furthermore, the assessors at this

meeting asserted that they woued not follow the method agreed upon by the majority unless they got what they wanted. Yet these men take the oath that will list property at actual clash value.

After the township and city assessors have determined the value of the property in their respective townships and cities, they send their reports to the county clerk, who then proceeds to make an abstract of the assessment of the county. On the first Monday in June, the county commissioners meet as a board of equalization to equalize the value of all the personal property in the county. But their work is as big a failure as that of the assessors. To illustrate; in 1897, the assessors agreed to assess all property at one third of its real value. Two of the assessors, one from Madison and one from Bala township, followed the instructions and agreement. The others did not, and as a consequence, these two townships were assessed almost a third higher in than the other townships.

It was the duty of the board of equalization to equalize this valuation, and make the assessment some where near an equality. But instead, it was entirely ignored and over looked, and not until tax collecting time was this matter noticed. I have been told by reliable men living in these town-ships that their taxes were almost doubled for that year compared with previous years. Again they do not equalize the inequality of individual cases in the same township. Unless one goes to the meeting in person and makes a case out of his assessment the board will ignore it entirely. In a great many cases, the whole assessment is raised a certain percent or lowered a certain percent as was done in Manhattan, in 1896. In such a case, the inequalities of individ-ual assessments is not touched but remains the same.

After all has been equalized, each county sends its report to the state auditor, which is then used as a basis for making the state levy for ~~state~~ purposes, which levy is made by the state legislature for two years; the county levy is made by the County Commissioners for each year, and the school district levy is made by the voters of the district.

Let us now turn and examine the assessment made in Riley and Pattowatomie Counties for the year 1897.

The aggregate assessed value of all taxable property in Riley county was \$3,147,333.50. Of which \$2,058,658.50 was real estate, \$699,068 railroad, and \$388,607 personal. The assessed value of 2140 acres sold in Riley county during the period January February and March was \$8572, and the selling price of the same was \$42775, or the percent of assessed value to real value on acres sold was 20.01 the board raised this valuation to 20.7. In the city of Manhattan for the same period 9½ lots were sold for \$4200, and the assessed value of these lots was 1557, or the percent of assessed value to real value was 37.07. It was equalized to 38⅓ showing that the city of Manhattan has to pay more than its share of county taxes.

The assessed value 846 acres, sold during the second period including April, May, and June, was $5117, while the selling value of the same was $20810. The per cent of assessed value to real value during this period was 24.6+ for acres sold. In the city of Manhattan, for same period there were 23½ lots sold at a value of $3770 while the assessors valued them at $1750, making the assessed value 49 percent of the real value. The discrimination between the city and county of 24.4% in favor of the county.

The law provides, as we have seen, that the property shall be assessed at its real selling value in money, to which the county assessment only approaches by one fifth, while the city makes a close run for two fifths on the properties investigated. The law also says there must be uniformity. The assessors agreed that they would assess the property at one third but they followed neither the law nor agreement, and the consequences are that the people must suffer. The board of equalization can not make things right the only way to make things right is to make them right in the first place.

Let us look at a few cases of assessment, and see what discriminations are made between individual assessments The maximum assessment made during the first period, on property investigated, was on ~~a~~ 25 acres of land in Manhattan township which was assessed at 55.38 percent of its real ~~value~~ selling value. The minimum assessment was on 350 acres in the same township, which was only 7.62 percent of its selling value. When the board of equalization met to equalize the assessment, they overlooked this undervaluation entirely, and adjusted the matter by lowering the assessment on the first piece to 50 percent of its selling value.

In the city of Manhattan, matters are no better. The maximum assessment during the first period was on a lot in the second ward which was assessed at 72% of its selling value and the minimum was on a lot in the third ward which assessed at 24% of its selling value; and here again the board failed to bring the assessment to an equality, as the last piece was left unchanged, while the first piece was reduced to 53 1/3 %.

The average assessed value per acre in Pottowatomie County ~~was~~ $4.714 for 1897. The maximum assessed value was 9.445, and the minimum was $3.097 the maximum average as above ~~was~~ for Womego township the minimum was the average for ~~[illegible]~~. The average value of city lots was $59.85. The average value of lots in St. Marys, the largest city in the county was $107.29. The average value per acre of 4343 acres sold during the year 1897, selected from different parts of the county, was $19. Owing to the limited number of sales considered in pottowatomie county, we are unable to make the comparison we should like to make.

If there is such inequality in assessment of real estate that can not be hid, what should we expect from personal property, especially merchants stock, notes, mortgages, money, and jewelry, which are easily concealed.

Let us compare the assessment in the two counties above mentioned. In 1897, Riley County had 108 gold watches valued at $1040, and 48 silver watches valued at $203. In the townships of Bala, Center, Fancy Creek, and Wildcat there was not a single watch taxed or assessed. Surely these townships can say "Gold and Silver have we none". In Pottawatomie County, there were 408 gold watches valued at $3019, and 307 silver watches valued at $1947. The population of these two counties in 1895 was 12394 for Riley and 16352 for Pottawatomie.

The inequalities of assessments are plainly seen, and how one county strives to under value its property to escape its share of state taxes, and the townships in each county strives to escape its share of county taxes. The state tax is law, and hence would not have the tendency to cause much rivalry between counties, but the county tax does.

In our investigation, we have seen the inequalites caused by the general property tax. It has no sign of uniformity, it does not fall the heaviest upon the one who can bear it the easiest. But in Kansas, as in other states, it puts a premium on dishonesty, and a fine on honesty. "How can this inequality be remedied?" "and what could be subsitituted for it?" are questions that would naturally arise.

How can this inequality be remedied? The attempt has been made to solve this question by several states. Ohio has a law which is very inquisitorial and severe It gave 25 % of the taxes discovered to the informer, yet the property is concealed and very little is discovered, and the law is pamatically ~~a~~ dead letter. Self assessment, has been suggested by a great many, and allowing the state to purchase the property at the value set by owner. this would be impraltical for obiveous reasons.

We bleive that inequalities of assessment can be adjusted to some extent by having a county assessor. If we have a county assessor, he will have charge of all the assessments in the county. This would give a uniform system of assessment throughout the county. It would place the assessment in the hands of more competent men, as at the present time salaries are two low for the best men to enter the field.

The time for making the assessment should be extended. And the county assessor and his deputies should be placed under the civil service so that they would not be dependent upon the people and compelled to cater to the will of the populace.

The Abstract of each assessment ought to be published showing how each township is assessed. This could be very easily done even under the present system.

Then to supplement this there ought to be a state board of taxation to be the central and head of all the assessment and assessors of the state. This board should be composed of men competent to handle problems of taxation, and should be free from all political bonds, i.e. placed under the civil service regulations. They should have power to remove county assessors when it is found that they are not doing their duty or are incompetent. This board should be a court through which any inequality in assessment could be settled. It should issue a report from time to time, showing the exact status of taxation in the state.

Real estate ought not to be assessed oftener then every third year. as the variation in its price would be slight during that period.

What could be substituted for the general property tax? The substitute that has been suggested by Prof. Seligman is that the state relinquishes its tax on real estate, and resort to a tax on corporations inheritance, and income, and leave real estate to the local districts. The state to distribute the surplus revenue among local districts on some agreed system just as it does now in Kansas with the school fund. The objection raised against this is that it would not be fair to take the revenue the local authorities could derive form such a tax away from them and throw the whole burden on real estate but with the modification that the state distributes its surplus revenue among the local district. The objection would be immaterial.

Another way of obviating the general property tax is resort to license, fees, and habitation taxes. For there surely can not be found a tax that works more inequalities then the <u>general property tax</u>.

Table showing assessed value of Personal property in County.

	no	Average val.	Total assessed value.
Horses, six months and over	11427	19.05	218812
Neat cattle, six months and over	51036	21.25	1084795
Mules and asses, six months and over	862	19.87	17,133
Sheep " " "	1711	1.55	2661
Hogs " " "	34094	4.53	154466
Goats " " "	4	1.50	6
Farm implements			54703
Wagons	2368	14.02	33208
Pleasure carriages all sorts	1777	17.46	30917
Gold watches	408	12.30	5019
Silver watches	307	6.34	1947
Plate and jewelery			310
Piano forte	97	75.98	7370
Other musical instruments	549	2290	12574
		actual Value	
Stocks in any Co. or corporation		124441	124441
Shares in national Banks		112986	112986
moneys		40848	40848
Credits less legal deductions		10760	10760
Average amt of Merchants Stock		283869	283869
" " " Manufacturer's "		1844	1844
Tax sale certificates		65	65
Judgments		2051	2051
Notes		137927	137927
mortgages		99765	99765
Aggregate value of all personal property		339645	339645
Total Amt.			2,782,372
Deduct Constitutional exemptions			419,800
Total taxable property			2,362,572

The above shows the assessment for personal property in Pottawatomie county 1897.

Table showing valuation of Railroad, Personal, property, and total taxable property in County of Pottawatomie 1897

		Personal Aggregate value of all	Railroad	Total Taxable
1	St George	9211	61 442	185 985
2	Blue	36783	53 903	258 121
3	Greene	18476	12 484	163 487
4	Blue Valley	55943	26 834	238 787
5	Spring creek	14 242	0	111 187
6	Shannon	16 661	30 922	150 364
7	Clear creek	17 642	31 958	134199
8	Lone tree	20399	11820	118 804
9	Mill creek	35 397	24080	191 397
10	Onaga city	49447	3446	99 863
11	Grant	26502	18888	13[illegible] 700
12	Havensville city	25 029	1800	45 951
13	Lincoln	27 734	00	109 994
14	Vienna	25 324	00	124 824
15	Sherman	24 132	81 00 00	95 572
16	Rockcreek	23 099	000 000	114 199
17	Westmorland city	15 414		50 253
18	Pottawatomie	59 275	0000	257 775
19	Westmorland city	169	0000	2 995
20	Union	20 498	0000	117 453
21	Center	26 234	0000	124 299
22	Louisville	16 958	0 000	178 428
23	Louisville	4205	0000	23 660
24	Wamego	19120	59294	191 594
25	Wamego city	64604	16875	205 420
26	Belvue	48 937	51 940	294 002
27	St Marys	14 335	53 653	211 853
28	St marys city	44339	9784	169 139
29	Emmetts	10 501	0000	94 701
30	St Clare.	16 914	0000	84 662
		787524	447723	4,257 641

Pottowatomie County

Table showing valuation of City Property.

City	number of lots	value per lot	total value	Pop. 1895
Onaga City	744	63.13	46970	519
Havensville	213	89.77	19122	260
West Morland	352 } 156 } 508	{ 98.97 { 18.11	{ 34839 { 2826	406
Louisville	956	20.13	19435	343
Wamego	964	128.56	123941	1410
St Marys	1072	107.29	115016.	1196
	4457	81.03	361169	4134

The above shows the number of lots their average value per lot the total assessed value and number of inhabitants in 1895 for cities in Pottowatomie Co.

24

Assessment of Real Estate Pottawatomie co. 1897

	Assessed value per acre	Total value	no. town lots	value per lot	value of all lots	Population in 1895
St. George	$5.109	108140	404	$17.73	7165	491
Blue	5.425	167435	~~444~~			625
Greene	3.531	118.200	444	32.27	14327	616
Blue valley	4.460	139620	304	53.91	16390	879
Spring Creek	3.816	96945	~~240~~			332
Shannon	3.919	99410	290	11.64	3371	615
Clear creek	2.961	73380	651	17.23	11219	774
Lone Tree	3.240	68585				496
Mill creek	4.951	131920				1111
~~Grant~~	4.769	91310				757
Lincoln	4.295	82260				369
Vienna	5.105	99500				320
Sherman	3.097	71440				320
Rock creek	3.616	82530	44	10.68	470	837
Pottawatomie	5.197	198500				851
Union	4.199	96955				576
Center	5.084	95635	239	10.16	2430	437
Louisville	7.073	161470				878
Wamego	9.445	113180				1779
Belvue	7.791	185295	280	27.96	7830	768
Emmet	3.8~~84~~	74200				305
St Clare.	3.417	65340	34	70.82	2408	308
St. Marys	6.184	143.865				1.688
	4.714	2565115	2690	~~24.84~~	66610	16352

Riley County.

	aggregate value of railroads	no. lots	aggregate value of real estate taxable	value of personal property	total taxable property.
Ashland	0		95495	15010	110505
Bala	43563		101925	14560	160052
Center	0		80160	16560	96250
Fancy Creek	11226		93995	9430	114651
Grant	40654		88855	15795	145304
Jackson	34320		106105	23680	164105
May Day	0		89170	15570	104740
Madison	60170		160110	20797	241077
Manhattan	14303880		205555	30285	378878.80
Ogden	72934		148190	26775	247779
Sherman	64809		82350	23825	170884
Swede Creek	49801		104332	28310	182443
Wild Cat	69723		106424	10165	186312
Zeandale	65566.20		146625	24290	236481.20
Bala		480	21315	[illegible]	21315
Cleburne		110	2689	[illegible]	2689
East Randolph		143	2075	[illegible]	2075
Fair Point		425	3807		3807
Keats		158	2130		2130
Leonardville		405	12470	71,55	19625
Manhattan	43263	4152	371765	130663	502438
Ogden		2057	12660	2030	14690
Riley Westside		1820	16078		16078
Randolph		810	21540	17530	39070
Stockdale		70	2100		2100
Tasita		44	734.50		734.50
	699.068		2059658.50	388607	3,147,333.50

Riley County.

Name of Article	Number.	Assessed Value	Male population 21 yrs. & over.	No. of males 21 yrs. & over to each article.
Farm wagons	1080	$ 8381	4294	3.97
Carriages	688	7097	4294	6.24
Gold watches	108	1040	4294	39.
Silver watches	48	203	4294	89.4
Plate and jewelry	—	155	4294	—
Pianoes	100	2335	4294	42.94
Horses, 6 mo. & over	5344	44174	4294	.803
Cattle, " "	27241	186484		
Mules, " "	441	3769		
Sheep, " "	4144	2131		
Hogs, " "	17749	26440		
Goats	—	—		
Farm implements		15016		
Shares in Nat. Banks		33640		
Moneys & Credits		6551		.655
Merchants Stock		58836		
All other personal property		93495		
Merchants Moneys & Credits		51528		

The above table showes the assessed value of some of the personal property in Riley county and number of males over 21 years old also the ~~number of males~~ for each article.

Table showing selling value and assessed value

Description	S T R	No acres	Selling price	Assessed value	Per cent of assessed value to real value
S½ SE¼	15-8-6	78½	1700	300.	17.64
N½ NW¼	8 9 7	80	375	120.	32
⅛ acre in	15 6 7	⅛	267	50.	18.86
NE¼ SW¼	5 9 7	40	270	80.	29.62
50½ acres in	30 10 8	50½	1800	540.	30.
N½ NE¼	18 7 5	80	1300	320	24.61
E½ SW¼ & W½ SE¼	8 7 6	154	1900	450.	23.67
SW¼ NW¼	28 10 8	40	600.	160.	26.66
E½ SW¼ W½ SE¼	26 8 6	160	1600.	400.	25.00
N½ SE¼ SE¼	27 8 6	20	300.	35.	11.66
N½ SW¼	30 8 5	80	1500.	270.	18.00
N½ SE¼	30 6 6	60	750.	185.	24.66
N½ SW¼	11 6 4	80	1600	260	16.25
N½ SW¼	12 9 5	80	2200	460	20.9
SW¼ NE¼	2 9 5	40	1900	280	14.21
In SW¼	31 10 8	80	2200	550	25.00
S½ SW¼ & W½ SE¼	24 8 6	160	1800	370	20.55
NE¼	3 11 7	160	5000	1140	22.8
N½ NW¼	11 8 4	80	1400	290	20.71
In W½ SE¼	36 9 7	[illegible]	650	360	55.38
N½ & S of SE¼	35 9 7	350	8500	620	7.62
W½ SE¼	22 8 5	80	1300	240	18.46
N½ SE¼ & W½ NE¼	4 10 7	160	640	280	43.75
S½ SW¼	5 10 7	61 71/100	2700	535	19.81
In NE¼	26 6 6	26	525	277	52.76
			42775	8572	20.01

in Riley County outside of cities.

Table showing selling value and assessed value of real estate in Manhattan Riley County.

Ward	No of lot	no.	Selling price	Assessed value	Percent.
3	478	1	250.	66	24.
2	253 254	1½	600	437	72.8⅓
1	557	1	350	175	50.
4	495 496	2	700	215	30.71
4	426	1	450	100	22.22
2	035	1	800	290	36.25
5	174 175	2	750	160	21.33
1	161	1	300	120	40
			4200	1557	32.07