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SOME EFFECTS OF THE FEDERAL GOVERNMENT'S PROGRAM
OF ACQUIRING DISTRESSED LANDS IN KANSAS

by

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INTRODUCTION

The drop in wheat prices following 1930 and the adverse weather conditions of 1934 through 1939, resulting in drought and dust storms in Western Kansas, brought forth pressing economic and social problems. Distressed land areas appeared epidemically with chronic symptoms of high tax delinquency, low farm income, farm bankruptcy, soil erosion, aimless emigration, high relief cost, and waste of human energy. The exposure of the productive powers of the soil to destruction and the threatened welfare of the people posed a problem of unusual magnitude. Methods of coping with the problem were limited and rather obscure because of lack of precedent. One method which was followed in bringing relief was that of permitting the distressed owners to sell their land to the Federal Government. Occupants of the land, whether owners or tenants, were relocated elsewhere. Purchase was recommended for areas in a number of Western Kansas counties but Morton County, the most southwesterly county in the state, was the only one in which land was acquired. Approximately 102,044 acres were purchased through the years 1936-1939. This area was established as the Morton County Land Utilization Project, KA-LU-21.

In alleviating the distress of the people and providing for the establishment of land use practices for the retardation of soil erosion there was engendered a problem of continuity: viz., that of deriving an income for the functions and services of the

local taxing agencies. By purchasing the land the Federal Government lessened the taxable area of Morton County by approximately 22 percent and lessened the assessable value by approximately 10 percent. Also, the fundamental problem of conservation was created. In developing the land a reasonable cost was necessary so that benefits, either economic or social, would be commensurate with the cost.

PURPOSE OF STUDY

The effects of a land purchase program in a community are manifold. They weigh upon the various governmental functions and services, upon the individual directly involved, and upon the public generally. They may be transitory or permanent, tangible or intangible, and may lose their identity through the interaction of change in economic and social factors.

Legally, the primary purpose in purchasing land in Morton County was protection of the public health, prevention of soil erosion, and provision for the general welfare. However, the degree of importance attached to each purpose varied with the conditions of the time. Most importance was given to the purchasing of land as a means of changing the patterns of land occupancy and land use which were causing rural poverty and destruction of the land resources. The importance of improving public health was not emphasized in the Morton County program.

Fundamentally, this study emphasizes the quantitative aspects of the effects of this program on local governmental services and functions. It is difficult to appraise the extent to which the general welfare was served by the government's purchase of distressed land. Likewise, it would be almost impossible to measure correctly and associate the index of public health with the purchase program. Approximately 40 families were residing on purchased land. To isolate and study their subsequent history since being removed from the land, as a means of measuring the welfare and health contribution of the program, would be arbitrary and wholly unreliable.

The purpose of this study, then, is: First, to appraise the cost to the county and its taxing subdivisions in loss of tax revenue and to discover whether or not these costs are offset by the savings made in eliminating services and functions to the area purchased and by the benefits derived from the restoration of the land to a usable status. Second, to discover whether the program has been successful as a means of stabilizing the soil and protecting contiguous lands from hazardous erosion, even though from the standpoint of public finance it has been unsuccessful.

There are limitations to the extent to which a quantitative study might be made without considerable qualification. The program might bear unduly on a school district, township, or even the county itself--mainly because all political institutions are not necessarily organized for the greatest administrative

efficiency. Overdevelopment of services is not uncommon. Too, the actual loss which the taxing units might have experienced is figured on the basis of assessed valuation when the program was underway. The land purchased was mostly sandy and of a low land use value. It has been found conclusively that there is a tendency to overassess low-value property.¹ Thus, the loss to the taxing units may be figured on a distorted valuation. Also, there is evidence that if the land had not been purchased and stopped from blowing, it would have deteriorated still further and, consequently, been of far less value.

It is with these reservations that this study is made.

REVIEW OF LITERATURE

Because the purchase of land by governmental agencies is such a recent action, little research has been conducted in this field. Of seven midwestern and western states in which large holdings of federally-purchased "New Domain" exist, studies on the effects of the purchase have been conducted in only one-- Idaho.²

¹ Howe, Harold, and Miller, L. F., "Assessment and Collection of Farm Real Estate Taxes in Kansas", Kansas Agricultural Experiment Station Bulletin No. 283, p. 26, April 1939.

² The states and the acres held under Title III of the Bankhead-Jones Act: Colorado, 665,343; Idaho, 130,640; Oklahoma, 80,218; Montana, 1,915,227; Nebraska, 133,520; North Dakota, 1,066,365; and South Dakota, 840,090.

Colorado has a study underway now. Studies have been made in Wisconsin³, Arkansas⁴, Oregon⁵, South Dakota⁶, and North Dakota⁷ on management problems of public-owned land, but the problem of land purchase and its effects have not been included.

METHODS

Material for this study was obtained from several sources. The history of the Land Purchase program in Kansas was gathered from the files of the Federal Bureau of Agricultural Economics and from the files of the Soil Conservation Service and through correspondence with persons connected with the project. The information concerning the school districts was obtained from the incomplete files of the Morton County Superintendent of Schools. Base maps and road information were received from the Kansas State Highway Commission. Data for the townships and county government were obtained from the offices of the Morton County Clerk and Treasurer and from the files of the Soil Conservation Service.

³ Reup, Philip M., "An Example of County Land Management", Journal of Land and Public Utility Economics, May 1940.

⁴ Hall, O. J., "State Owned Land in Arkansas", Arkansas Agricultural Experiment Station Bulletin 370, pp. 1-34, 1939.

⁵ Demascher, Arthur, and Stanberry, V. B., "Management of Tax Reverted Land in Oregon", Oregon State Planning Board, 1939.

⁶ Loomer, C. A. and Penn, R. J., "County Land Management in Northwestern South Dakota", South Dakota Agricultural Experiment Station Bulletin 326, pp. 1-51, 1938.

⁷ Penn, R. J. and Taylor, M. H., "Management of Public Land in North Dakota", North Dakota Agricultural Experiment Station Bulletin 312, pp. 1-32, 1942.

HISTORY OF FEDERAL LAND PURCHASE PROGRAMS

The Federal Government has passed numerous laws providing for the transfer of the publicly-owned land to private ownership. The first of these was the Ordinance of 1784 and the last the Stock Raising Act of 1916. Between the enactment of these two laws approximately 17 major acts, exclusive of special individual and military grants and grants to states and railroads, were passed pertaining to the disposal of the Public Domain.

In contrast, it was not until 1911 that Congress passed the Weeks Act (36 Stat 961), which first permitted the purchase of land by the Federal Government. However, only forest lands in the watersheds of navigable streams were authorized to be purchased. The Clarke-McNary bill of 1924 (43 Stat 654) and the Migratory Bird Conservation Act of 1929 (45 Stat 1220) opened further the door for purchase of privately-owned land. The former provided for the protection, reforestation, and extension of forest lands. The Act of 1929, with subsequent amendments, provided for the purchase of land to furnish protection to migratory birds.

These acts were the result of a conservation movement which had concerned itself mainly with forest, wildlife, and navigation. In 1931, the boundaries of conservation were greatly enlarged when a formal proposal was adopted at the National Conference on Land Utilization recommending the public acquisition of land, including a plan "...to remove from private ownership lands that are periodically brought into temporary cultivation under stimulus

of high prices or favorable yields but are incapable of permanently profitable utilization of such lands with the established farming industry and to prevent the serious wastes and hardships incurred by their occupants after the temporary favorable conditions have passed...and remove from private ownership lands of chronic tax delinquency and lands which suffer serious wastage through soil."⁸ The emphasis was upon land purchase as a means of helping to reduce agricultural surpluses and as a means of relieving distressed conditions in rural areas. Here for the first time was a land purchase proposal which included the human element. It was a radical departure from the previous programs. In 1933, the basic elements of this proposal were included in an Executive Order which empowered the Federal Emergency Relief Administration to conduct a land purchasing program embracing four types of projects, including Agricultural Demonstration Projects.

Two laws were passed by Congress in 1935 which provided for governmental purchase of land; the first, the Soil Conservation Act (49 Stat 163), and the second, the amendment to the Agricultural Adjustment Act (49 Stat 781). The first was passed "...to provide permanently for the control and prevention of soil erosion and thereby to preserve natural resources...protect public health and relieve unemployment..." and authorized the Secretary of Agriculture "...to acquire lands...by purchase, gift, condemnation, or otherwise whenever necessary for the purpose of this act." The second act provided "...from money appropriated by the Emergency Relief Appropriations Act of 1935, such amount as the

⁸ Proceedings of the National Conference on Land Utilization, Chicago, p. 245, 1933.

president may allot for the development of a national program of land conservation and land utilization...the sums so allotted may be used...for the acquisition of submarginal lands and their use for such public purposes as the president shall prescribe."

In 1937, a consolidation and extension of the various acts and executive orders effecting land purchasing were consolidated and amplified under Title III of the Bankhead-Jones Act (50 Stat 525), which authorized the Secretary of Agriculture "...to develop a program of land utilization, including the retirement of lands which are submarginal or not primarily suitable for cultivation, in order thereby to correct maladjustments in land use, and thus assist in controlling soil erosion, preserving natural resources... and protecting the public lands, health, safety, and welfare. And to acquire by purchase, gift, or device or by transfer... land not primarily suited for cultivation...to protect, improve, develop and administer any property so acquired...to sell, exchange, lease or otherwise dispose of, with or without a consideration, any property so acquired under such terms and conditions as he deems will best accomplish the purpose of this title, but any sale exchange or grant shall be made only to public authorities and agencies and only on the condition that the property is used for public purposes."⁹ Section 33 provided that 25 percent of the net revenues received from these lands should be paid to the county in which the land is held.

⁹ Later amended to provide for the exchange with private owners (56 Stat 725).

HISTORY OF FEDERAL LAND PURCHASE PROGRAMS IN KANSAS

In 1934, the National Resources Board with the cooperation of various departments of the Kansas State Agricultural Experiment Station gathered data to be used in the establishing of rural problem areas in Kansas. It was found that there were four areas where the farm units were too small to provide for an adequate family living and adequate soil maintenance. These were located in the southeast corner of the state, embracing part or all of Woodson, Allen, Crawford, Cherokee, Labette, Neosho, and Montgomery Counties; in the southwest corner of the state, embracing part or all of Stanton, Grant, Haskell, Morton, Stevens, Seward, and Meade Counties; in the north tier of counties, next to the Nebraska state line, embracing part of Decatur, Horton, Phillips, Smith, Jewell, and Republic Counties; and along the Colorado state line, embracing part of Wallace, Greeley, and Hamilton Counties. Later, more detailed studies were made. It was found only in the southwestern counties that improper land use practices were the sole cause for the rural problem areas. Subsequently, it was in this area that land was recommended to be permanently retired.

The Southwestern Kansas Land Use Adjustment Project, as it was then called, was established effective April 1, 1935. Headquarters were established at Liberal, Kansas. Shortly thereafter a plan was proposed to purchase land in seven counties--Meade, Seward, Stevens, Morton, Stanton, Grant, and Haskell. Late in

1935 the area for purchase was established, containing 350,000 acres distributed as follows:

Morton County	158,000 acres
Seward County	76,000 acres
Stevens County.....	116,000 acres

In 1936, Seward and Stevens were dropped from the purchase plan because of the lack of funds. Actual land acquisition was made in Morton County only, with the exception of a section of land in Stevens County, which is an extension of the Morton County area bordering the Cimarron River. In the same year, the headquarters were moved to Elkhart.

New land use surveys were made in 1937. In 1938 the Federal Bureau of Agricultural Economics, with the cooperation of the County Land Planning Committee of Morton County, recommended that an area of 309,000 acres be purchased in that county.

There were two separate purchase programs. The first was authorized by an Executive Order which empowered the Federal Emergency Relief Administration to conduct a land purchasing program embracing four types of projects, including Agricultural Demonstration Projects. The second was authorized under Title III of the Bankhead-Jones Act of 1937.

Administration of the programs has been in the hands of five different agencies. These in sequence were: The Federal Emergency Relief Administration, the Land Policy Section of the Agricultural Adjustment Administration; the Resettlement Administration; the Farm Security Administration; the Bureau of Agricultural Economics; and the Soil Conservation Service.

Approximately 54,354 acres were purchased in the first program in 1936 and 1937 by the Resettlement Administration and the Farm Security Administration. In the second purchase program, in 1938 and 1939, the Bureau of Agricultural Economics and the Soil Conservation Service purchased approximately 47,700 acres under Title III of the Bankhead-Jones Act. Although technically there were two programs, so far as this study is concerned they will be treated as one lasting from 1936 through 1939.

The project is now administered by the Soil Conservation Service of the United States Department of Agriculture. As can be seen from Fig. 1, the project does not constitute a solid area but is made up of various tracts of land, located in the main, on sandy soils. It is administered from a permanent headquarters located two and one-half miles north of Elkhart. Headquarters consists of an office building, granaries, machine shop, and machine sheds. The personnel working on the project varies, but an average of nine, in addition to the project manager and his secretary, are employed.

The objective in purchasing the land, although fundamentally social, changed somewhat with the exigencies of the time. The primary purpose was to retire the cultivated land and place it in its proper use level. It was with this purpose that the program was initiated. However, when the dust storms struck the more immediate needs of relieving the distress of the land occupants and protecting the land were given the most attention. The primary object of the Soil Conservation Service which now

administers the program is restoring a permanent grass cover to all the land it manages.

LEGAL STATUS OF FEDERALLY-OWNED PROPERTY

The purchase of land by the Federal Government removes that land from the tax base by virtue of a precedent long established and carefully followed. There is no specific reference in the Federal Constitution that governmental instrumentalities, agencies, and functions are immune from state or lower level governmental taxes, but with the decision of the Supreme Court in 1819 in McCullough v. Maryland, in which the majority opinion was handed down by Chief Justice Marshall, a precedent was established which still remains.¹⁰

Subsequent opinions have followed closely the course of reasoning that the sovereignty of the United States would be threatened if the states were given the right to tax federal instrumentalities, agencies, and functions. However, there has been a tendency to narrow the domain of instrumentalities, agencies, and functions. There was a recognition by the courts of varying degrees of sovereignty in the various acts of the Federal Government. Because the government can only indulge in activity specifically granted in the Constitution, all its acts are governmental. Only the states in which the residual power is vested have the right to perform proprietary functions. Yet, Congress

¹⁰ Schultz, William J., American Public Finance, Second Revised Edition, p. 189, New York, 1939.

has recognized that some federal activity is to a degree proprietary, and has, when enacting certain legislation, authorized the agencies created to pay taxes on property held under their administration. Thus, the United States Housing Authority, the Farm Security Administration, the Home Owners' Loan Corporation, the Federal Land Banks, and the Federal Housing Administration pay taxes on property held by them. The most noted departure from precedent came when Congress passed the Public Salary Tax Act of 1939, which Act, together with subsequent state legislation, abolished the tax immunity of both state and federal officers and employees. The Act of 1939 permitted federal taxation of the income of state and local officers and employees and made it possible for the states to tax federal officers and employees.

Congress has also authorized certain governmental agencies to pay the local taxing units money in lieu of taxes. This is usually provided for by assigning a definite amount of the net income to be paid to the taxing unit. The Taylor Grazing Act permits the paying of 50 percent of the net income. Section 33 of the Bankhead-Jones Act, under which the Morton County Land Utilization Project is administered, provides that 25 percent of the net revenues received from the lands be paid to the county in which the land is held, for the use of roads or school purposes.

In 1941, the Kansas Legislature passed an act authorizing the board of county commissioners of a county in which the government had purchased property to make a request, on behalf of the county and its subdivisions, of the United States for the payment

of such sums in lieu of taxes as the United States may agree to pay and to enter into an agreement with the United States to receive the payments in lieu of taxes.^{/11} Morton County has not made a request of the government although payments have been received in lieu of taxes.

EFFECT OF LAND PURCHASE PROGRAM ON
LOCAL GOVERNMENT IN MORTON COUNTY

Local governments in Kansas depend upon the property tax to provide most of their operating expenses. Whenever 22 percent of the area and 10 percent of the assessed value of a county is purchased and removed from the tax base, the effect upon tax revenues and upon the functions and services of the various taxing units could be considerable.

In Morton County the local government is divided into four categories; namely, county, township, organized cities, and school districts. The cities will not be considered in this study because as taxing units they were affected only indirectly. Although the county-wide tax base was reduced, the taxes on city real estate did not rise. In fact, the contribution the city real estate made to the total property tax received in Morton County was 27.13 percent less in the post-purchase years of 1940-1944 than it was in the pre-purchase years 1929-1935. However, it is recognized that the depopulation of the area would, in all probability, have some influence on the cities as trading centers.

^{/11} Kansas G. S. 1943 Supp. Chp. 27-202.

MORTON COUNTY KANSAS

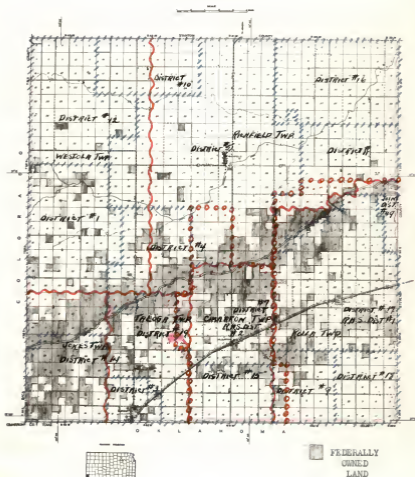


Fig. 1

LEGEND

— TOWNSHIP BOUNDARIES

--- COMMON SCHOOL DISTRICTS (ELEMENTARY)

--- R.H.S. DISTRICTS

FEDERALLY
OWNED
LAND

Any real or potential loss in retail trade by the cities due to a drop in community population would tend to be looked upon with disfavor by the merchants. The closing of roads and schools is not reflected in the city taxing activity.

The other three categories will be treated separately in this study.

Effect on Elementary and Secondary Schools

Approximately one-half of the funds derived from property taxes in Kansas are used for the maintenance of public schools. In Morton County the distribution of property taxes levied, for school purposes, has varied in the last 16 years from 44 to 61 percent. As taxing units the school districts are therefore the most important single institution in the county. They are also the most numerous. There seems to be little uniformity as to size and valuation. Figure 1 shows the delineation of school districts in Morton County for 1941.

This study was made prior to the consolidation authorized by the 1945 Legislature. The significance of the purchase program on the school districts may be changed considerably after consolidation has taken place.

Pre-Purchase School Situation. When the purchase program began there were 12 one-teacher school districts, two elementary two-or-more-teacher school districts, two rural high school districts, two combined elementary-high districts, and one joint

school district. The joint school district is administered in Stevens County. Only a small part of it is in the purchase area and it will not be considered in this study. One one-teacher school district, No. 14, maintained two schools and one one-teacher school district, No. 20, did not hold school because there were no children of school age.

Post-Purchase School Situation. By 1943 district No. 20 had been disbanded and had been attached to district No. 1. However, there remained 12 one-teacher school districts because one of the elementary two-or-more-teacher school districts had reduced its teaching staff. Of the 12 districts only six maintained school; the other six sent the pupils to adjacent districts. The one remaining two-or-more-teacher school district maintained operations as did the two combined elementary-high school districts, and one of the rural high schools. The other rural high school sent its pupils to another district.

The districts and the percent of assessed valuation purchased are shown in Table 1.

Table 1. School districts and the total percent of assessed valuation purchased under the two purchase programs.

District	Percent of district valuation purchased
1	19.96
3	1.06
4	33.07
5	5.74
7	18.06
9	18.93
10	none
11	8.92
12	1.99
14	52.57
15	11.43
16	none
17	11.50
18	0.66
19	18.99
20	28.10
RHS-1	10.99
RHS-2	17.65

There is a wide variation in the extensiveness of land purchased, varying from none in districts Nos. 10 and 16 to 52.57 percent of assessed valuation in district No. 14. The number of districts falling into groups by percent of valuation purchased is given below.

<u>Number of districts in each group</u>	<u>Percent of valuation purchased</u>
5	0 - 1.99
2	2.00 - 9.99
8	10.00 - 24.99
3	25.00 - 54.99

In general, the districts most distant from the Cimarron River were affected the least.

Effect on Settlement Pattern. It is difficult to appraise the extent to which the purchase program has affected the school population. The general decline of population in Morton County began in 1932 (Exhibit 3) but was accentuated during the years of the dust storms. The governmental purchase of 327 tracts, eliminating 93 homesteads of which 41 were occupied, would seem to have some influence on the settlement pattern. Even this does not exactly reflect the total negating effect on future settlement because there were some homesteads not occupied which were located outside, but contiguous to the purchased tracts, which might have been the base for operating leased or rented ground which now is government-owned. Even the school population of the 41 families removed is unknown.

The school districts affected and the distribution of the homestead retire-activity are shown in Table 2. The total miles the homesteads removed in each school district were from the school house was found by adding the distance of each individual homestead removed. For instance, in district No. 4, the total distance of the three homesteads removed from the school house was 13.5 miles. Because both rural high school districts are superimposed on several elementary school districts, the figures for these districts are repetitious.

Table 2. Distribution of families and homesteads removed, and miles located from schoolhouses.

School district	Number of families removed	Number of homesteads removed	Total miles all homesteads removed from school
1 (a)	0	11	unavailable
3	1	1	2.0
4	2	3	13.5
5	0	1	8.5
7	5	17	49.0
9	1	8	23.5
11	1	1	8.5
12	0	1	5.5
14	15	21	unavailable
15	0	2	6.0
17	6	21	82.5
19	2	9	44.0
RHS-1 (b)	8	23	136.0
RHS-2 (c)	5	21	72.0

(a) Includes units removed from district No. 20, which was disorganized and attached to district No. 1.

(b) The families removed, homesteads removed, and total miles removed homesteads were from schoolhouse includes those of districts Nos. 7, 15, and part of No. 9.

(c) The families removed, homesteads removed, and total miles removed homesteads were from schoolhouse includes those of districts Nos. 1, 18, and part of No. 9.

In 1937 after the first purchase program, four districts closed their schools and sent the pupils to other districts. Two districts, Nos. 12 and 15, had had no land purchased. The other two districts, Nos. 4 and 9, had approximately 10 percent and three percent, respectively, of their land purchased. In general, there seems to be no direct correlation between the closing of schools and land purchased except in district No. 14 which closed its doors in 1938, after the second purchase program had started, and in district No. 4 which closed its schoolhouse and sent its

pupils to other districts for five years beginning in 1938. The latter district resumed operation in 1942.

It can be seen from Table 3 that only districts Nos. 1, 3, 5, 7, 16, 17, and RHS-1 have not ceased operations for at least two of the seven years since the purchase program began. Some of the schools which first closed have reopened. Other factors, such as failure to obtain teachers, nearness of pupils to other schools of other districts, and general population decline seem to have had more influence than the purchase program on the closing of schools in most districts.

Table 3. Morton County schools closed (1937-1944).

School :Closed :Closed :Closed :Closed :Closed :Closed :Closed
district:1937-38;1938-39;1939-40;1940-41;1941-42;1942-43;1943-44

1							
3							
4	x	x	x	x	x		
5							
7							
9	x	x	x	x	x	x	x
10			x	x	x	x	x
11		x	x	x	x	x	
12	x	x	x	x	x	x	
14		x	x	x	x	x	x
15	x	x	x	x			
16							
17							x
18						x	x
19						x	x
RHS-1							
RHS-2						x	x

Effect on Future Settlement. The purchase pattern runs diagonally in a strip across the county flanking both sides of the Cimarron River, although some land lies 12 miles or more from the river. As can be seen in Fig. 2, land along the river was not completely blocked-in. Some of the land lies at a distance of 10 miles from the main purchase strip. Land holdings are fairly widely scattered. Several factors prevented a blocking-in of the area purchased: (1) Owners would not sell; (2) land could not be sold because of perpetual endowments; (3) the title to some land could not be cleared without exorbitant abstracting costs; and (4) the criteria established by the government did not emphasize the absolute necessity of blocked-in areas. Instead priority was recommended for: (1) Purchase of tracts too small to provide adequate family living, (2) tracts where the land was submarginal for cultivation due to soil composition, (3) tracts of better soil which had been seriously misused, and (4) tracts of abandoned crop land which jeopardized contiguous lands.

The failure to completely block-in the purchases in some areas leaves something desired. Even though the proposed future use of the government-owned land is grazing, necessitating extensive land use with a resulting scattered settlement pattern, it would still be a benefit to the various taxing institutions to eliminate altogether the possibility of indiscriminate settling. As can be seen by Fig. 2, there are three farm units which are surrounded on all four sides by federally-owned land; 13 farm units that are closed on all or part of three sides; and 29 farm units that have

project land adjacent to them on two sides. Some of these farms are now occupied although the improvements are in extremely poor condition.

In school district No. 14 three privately-owned occupied or occupable farming units have government-owned land on four sides and are located a total distance of 18 miles from Elkhart, the nearest school. Also, three occupied or occupable farming units with government-owned land on three sides are located a total distance of 20 miles from Elkhart. If the people occupying these homesteads had children of school age the district would have to pay transportation cost to Elkhart. According to state law, if a district does not maintain a school but sends children to other districts, the cost of the tuition must be paid by the district, and children living more than two miles from the school to which they are to be sent must either be transported in a bus, or paid as compensation a sum not in excess of the amount which would otherwise be paid for the transportation of such pupils. Even under the consolidation plan passed by the 1945 State Legislature, the pupil will still have to be provided transportation. This too, would necessitate the reestablishment of roads no longer maintained.

It is the policy of the Soil Conservation Service to trade its remote tracts whenever possible, for land which is contiguous or surrounded by government-owned land. The extent to which this policy will succeed is dependent upon the attitude of the owner of the land. Some owners, feeling that the government needs the

land to make the land utilization program more effective, will hold out for an exchange which will be decidedly to their advantage. Still others believe that their land which will be surrounded by good grazing land will be an attractive tract for some future settler who could take advantage of the Livestock Grazing Association privileges.

Effect on Finances of School Districts. Valuation and levies; Lack of information prohibits an exact comparison of the districts before and after the purchase. Material used for Table 3 was gathered from the incomplete files of the Morton County School Superintendent's yearly reports. The pre-purchase years of 1931, 1932, 1934, and 1935 and the post-purchase years of 1940, 1941, 1942, and 1943 were used in a comparative analysis of the problem.

The general trend in valuation of each district corresponds to the trend of the county as a whole (Exhibit 2). The purchase program accentuated a reduction in total valuation which began in 1932 and which continued through 1940.

Only three districts, Nos. 5, 15, and 9, levied a higher levy after the purchase than before. The levy of district No. 5 increased 80.55 percent despite the reduction in number of pupils. The operating expenses for heat, light, water, and repair to equipment increased considerably although instruction and transportation expenses decreased. District No. 15 showed a similar, although not so marked, increase in operating expenses other than instruction and transportation expenses.

Table 4. The assessed valuation and levy of selected school districts in Morton County for pre-purchase and post-purchase years. (a)

School district	Pre-purchase (1931-33)		Post-purchase (1940-43)		Percent change	
	Assessed valuation	General levy (mills)	Assessed valuation	General levy (mills)	Value	Levy
1	\$ 169,935(b)	7.75	\$ 132,112	7.00	-21.79	- 9.67
4	104,785(b)	8.00	53,012	6.41	-49.40	-11.98
5	560,503(b)	9.00	375,708	16.25	-32.95	+50.55
7	379,530	12.25	220,705	5.50	-40.27	-52.65
9	150,007	5.10	91,983	3.00	-38.68	-41.17
11	171,396(b)	6.25	125,359	4.12	-27.03	-50.06
14	152,332	7.37	31,526	0.10	-79.37	-93.84
15	211,834	3.32	124,243	4.85	-41.36	+26.96
17	1,049,058	9.81	750,350	6.21	-30.37	-36.69
19	1,270,827	3.25	171,387	3.62	-33.74	+11.39
RHS-1	1,357,279	7.10	1,063,784	5.49	-21.25	-21.26
RHS-2	642,743	3.75	365,050	4.13	-43.20	-11.46

(a) Districts in which two percent or more of the value was purchased by the government.

(b) For 1932 and 1935 only.

The post-purchase valuation of district No. 1 includes the value of district No. 20 which had been disorganized and attached to it. Thus, the reduction in value would really be more than 21.79 percent as indicated by Table 4.

There does not seem to be any correlation between the amount of taxable land removed from a school district and the rate of tax levy. Only in district No. 14 where the purchase removed all the school population was there a direct relationship.

Bonded indebtedness: The financing of outstanding indebtedness can be seriously endangered when much of the taxable property is removed from a taxing jurisdiction. A taxing unit can conceivably adjust its services and functions to meet the lowered tax return but it is difficult to reduce bonded indebtedness. Fortunately, the period of expansion of services and the assuming of outstanding indebtedness had occurred in the 1920's and the debt was reduced before 1934. Consequently, when the purchase program began the taxing units had a relatively small bonded indebtedness. Also fortunate was the fact that the years since the land was purchased have been prosperous for Morton County.

At the beginning of the purchase program two one-teacher districts had small bonded indebtedness. However, district No. 3 had a \$43,000 indebtedness and RRS-1 had \$36,000.

Both districts Nos. 4 and 7 paid their debts on schedule. District No. 3, which depends mostly on the city of Elkhart for its tax resources, paid off its debt in 1941--two years ahead of the date of retirement. RRS-1 had \$7,000 outstanding as of June 30, 1944.

Table 5. Bonded indebtedness of school districts of Morton County, June 30, 1936.

School district	Total of bond outstanding	Interest rate	Date of retirement
3	\$43,000	4½ to 5%	1943
4	400	5	1937
7	329	5	1937
RHS-1	36,000	4½ to 5	1946

To finance the reduction of a bonded indebtedness, a district must levy a separate tax called "Bond and Interest" levy which is levied at the same time the general school tax is levied. Despite the purchase program, the levy for the bond and interest account was reduced in both districts No. 3 and RHS-1.

<u>School district</u>	<u>Average bond and interest levy, 1929-35</u> (mills)	<u>Average bond and interest levy, 1940-44</u> (mills)
3	16.6	6.0
RHS-1	5.1	4.0

Although approximately 11 percent of the taxable value of RHS-1 was removed, the remaining property did not suffer unduly from the land removal. Not all the land was purchased at one time. Thus, the amount of bonded indebtedness attributable to the purchased land in RHS-1 would not be \$3,960, the debt outstanding at the beginning of the program multiplied by 11 percent, but would be somewhat less.

Cost of maintaining schools: The total cost of maintaining school is made up of salaries, supplies, operations, fixed charges, transportation, maintenance, capital and non-recurring expenses, and tuition; of these, salaries and transportation costs are the greatest. Whenever a district abandons school, the transportation and tuition usually increase whereas the costs of salaries and operations is eliminated. In a school which is operating, the transportation costs are the most flexible of the operating costs. The cost of operating a one-teacher schoolhouse remains about the same for three pupils as it does for 23 pupils. Thus, the marked increase in the cost per pupil in the post-purchase period does not indicate that economies have not been made for there is a marked decrease in the total expense. In district No. 1, only one teacher was employed to teach approximately 29 students in eight grades. In the post-purchase period one teacher in the same district was teaching on the average only 8.5 students. Although too many pupils per teacher are not conducive to good educational practices, too few pupils make for an inefficient schooling unit.

School districts Nos. 5 and RRS-1 have not reduced the total expense although there has been a reduction in average transportation cost. However, the costs of supplies, operations, non-recurring expenses, and auxiliary activities have increased considerably in these two districts. In only three districts, Nos. 5, 15, and RRS-1, was the percent of decrease in assessed valuation greater than the percent decrease in total school expenses. District No. 14 with the greatest amount of its tax base

purchased also had the greatest percent decrease in total expense. The number of children attending school is not reported in districts which send the students to other districts. Therefore, it was not possible to find the average cost per pupil in the post-purchase period except in schools which had maintained operations each year (Table 6).

Changes in transportation costs: One of the most important items in the operating expense of a school district in a sparsely settled agricultural area is the cost of transportation. The three basic factors contributing to transportation costs are distance, number of pupils, and the condition of the roads. The latter is not necessarily a contributing factor if the district pays individual drivers the rate set by law.¹² However, it does contribute to the expense of operating a district-owned school bus.

In considering the trend of transportation costs cognizance must be taken of the fact that any school which closes its doors must transport the pupils to another district or districts. Thus, larger transportation costs are usually incurred although this need not be reflected as an increase in the total expense of the school.

Districts Nos. 1, 5, 7, and 17 all maintained school during both periods and thereby provide a better basis for the evaluating

¹² A state law provides that districts holding school and not providing transportation must pay the parent or legal guardian 15 cents per day for children living at least three and less than five miles from the school and 25 cents per day for pupils living at least five or more miles from school as compensation in lieu of transportation.

Table 6. Average total expense, average enrollment, and average cost per pupil of selected school districts in Morton County for pre-purchase and post-purchase years. (a)

	Pre-purchase (1901-1910)		Post-purchase (1911-1935)		Percent: increase		Percent: decrease		
School district:	enrollment	total cost	enrollment	total cost	enrollment	total cost	enrollment	total cost	
1 (b)	28.5	\$1,789	\$62.73	8.5	\$1,250	\$147.06	70.17	30.09	137.00
4 (b)	10.5	1,480	140.90	(c)	625	(c)	(c)	51.01	(c)
5 (b)	101.0	7,164	70.94	40.0	7,162	179.06	60.39	0.00	155.71
7	57.0	4,454	78.14	19.0	1,553	81.73	66.66	65.13	3.84
9	26.7	1,013	37.82	(c)	560	(c)	(c)	44.71	(c)
11 (b)	11.5	1,786	156.30	(c)	937	(c)	(c)	47.53	(c)
14	28.0	1,546	59.48	(c)	220	(c)	(c)	95.76	(c)
15	12.0	1,171	97.58	(c)	973	(c)	(c)	25.44	(c)
17	194.0	11,319	58.34	100.0	7,886	78.86	48.45	30.32	34.48
19	24.5	1,720	70.20	(c)	993	(c)	(c)	42.26	(c)
FHS-1	65.0	8,637	131.33	50.0	8,121	203.00	23.02	4.87	54.96
FHS-2	21.0	4,261	202.42	(c)	1,738	(c)	(c)	59.13	(c)

(a) Districts in which two percent or more of the value was purchased by the government.

(b) For 1932 and 1935 only.

(c) Not available.

of the effects of the purchase program on transportation costs. The average decrease in transportation costs of these four districts was 37.16 percent. Both districts Nos. 4 and 14 show increased transportation costs, although they had a greater percent of valuation removed than any of the other districts. The total operating costs were considerably lower because the patrons had found it feasible to close school, incur larger transportation costs, and cut down the other operating expenses.

Table 7. Average transportation expenses of selected school districts in Morton County. (a)

School district:	Pre-purchase average: (1932 and 1935)	Post-purchase average: (1940-41-42-43)	Percent change in transportation cost :
1	\$ 916	\$ 598	-34.71
4	121	152	+26.61
5	1,720	1,220	-29.06
7	1,369	492	-64.06
9	125	(b) 435	+248.00
11	431	432	+0.20
14	none	51	---
15	391	76	-80.56
17	2,932	2,341	-20.83
19	307	219	-28.66
HHS-1	not available	(c) 694	---
HHS-2	not available	1,127	---

(a) Districts in which two percent or more of the value was purchased by the Federal Government.

(b) Paid to district No. 18.

(c) Paid to district No. 17.

Effect on Township Finances

There are six political townships ranging in size from 54 square miles in Jones and Teloga townships to 250 square miles in Richfield township. The importance of townships as a political unit in Kansas and elsewhere has decreased steadily. Their main function in Morton County is the maintenance of roads and bridges, although the county has assumed most of the road building and maintenance responsibility. The effect upon the road system will be treated under the county government.

Table 8. General tax levy for individual townships of Morton County for pre-purchase and post-purchase years.

Township	Pre-purchase : (1929-1935)	Post-purchase : (1940-1944)	Percent change
	Mills	Mills	
Cimarron	.48	.00	-100.00
Jones	.14	.09	- 35.71
Richfield	.00	.00	---
Rolla	.02	.03	+ 50.00
Teloga	.19	.11	- 42.10
Westola	.00	.06	---
Average	.14	.05	-64.28

There does not seem to be any correlation between the amount of land purchased in a township and the general levy.

Richfield, the only township with bonds outstanding when the purchase began, had \$8,000 indebtedness as of June 30, 1938. This was paid off by 1942 without an increase in the bond and interest

levy, which averaged 2.50 mills in the pre-purchase period and 1.93 mills in the post-purchase period. No indebtedness has been incurred since the program began.

In general, the effect of the purchase program upon township government has been insignificant.

Effect on County Government

Effect on Finances. Valuation and levies: Functions and services of the county have been delegated to it by the State Constitution and through various statutes passed by the State Legislature. Among these services and functions are: maintenance of law and order, administration of justice, registration of documents, provision for the poor and needy, provision for assessment and collection of taxes, provision for elections, and construction and maintenance of roads and bridges. Of these, providing for the poor and needy under the welfare program has been the most expensive in the post-purchase period, although no levies were made for public assistance in 1943 and 1944.

The administrative salaries of the elected officers paid from the general fund are within the salary pattern provided by statute for counties in certain population groups. When the purchase program began in 1936, the population of Morton County was 3,106. After the purchase program was completed in 1940, population had dropped to 2,036 (Exhibit 3). Because the lowest county population group provided under law is "3,000 population or less",

Morton County was placed in this group of counties, and consequently was affected in a number of instances by different tax limitations. Elected officers' salaries are lower in this group than in any other. Thus, the expenses to be paid under the general fund tend to be inflexible, although not completely so. Even though the program removed a number of people from the county, it was probably not the influencing factor which caused the population to drop to the lowest county group, permitting the paying of lower administrative salaries.

The county functions which might have been affected most by the program are the building and maintenance of roads and bridges and the providing for the social welfare program. Because one of the criteria used in selecting land for purchase was that the tract be incapable of supporting a farm family, it is probable that part of the group of 41 families removed would have become clients of the county. This leaves a question as to whether or not more money was saved by not having to support the needy members of the 41 families than was lost in tax receipts when the land was purchased. In other words, would the monies derived from taxation from these purchased lands have supported the relief cases on the land?

The maximum levy for public assistance permitted by statute was levied in the three post-purchase years, 1940, 1941, and 1942, in which a public assistance tax was levied. Thus, the tax loss to the public assistance fund which resulted from removal of the land from the tax base could not be met by raising the levy.

By finding the average valuation for these three years, the loss in public assistance tax attributable to the land removed from the tax base can be discovered. Since presumably this average valuation represents 90 percent of what it would have been had the land remained in private hands, it may be assumed that the public assistance tax would have increased accordingly. The average valuation would then have been \$3,291,846, of which 10 percent at three mills would have yielded approximately \$987.55 for the public assistance fund. Unfortunately, case histories of the families were not available and it leaves only conjecture as to whether or not \$987.55 would have been adequate to support the needy residing on the land the government purchased. It seems, though, in light of the criteria used in purchasing the land, that this sum would have been insufficient in assisting all the needy families of the 41 families removed.

From Table 9 it can be seen that all levies with the exception of the road and bridge fund levy increased during the post-purchase period. Other factors were involved in influencing the increases. However, general decline in valuation and increased need for public assistance were two of the most important.

Bonded indebtedness: The county government had a relatively small indebtedness when the purchase program began. As of June 30, 1936, \$12,000 of warrants and bonds were outstanding. This increased in 1938 when special warrants were again issued to provide for the financing of the public assistance program. These were reduced to \$2,000 by June 30, 1944. At the beginning of the

Table 9. Assessed valuation and tax levies of Morton County for pre-purchase and post-purchase years.

Year:	Assessed valuation:	General levy (mills):	Road and bridge levy (mills):	Public assistance (mills):	Farm Bureau levy (mills):	County tuition (mills):
Pre-purchase						
1929	\$5,685,327	2.00	2.00	0.20	---	0.50
1930	6,160,590	1.50	1.75	0.40	---	0.75
1931	4,872,837	1.50	1.75	1.10	---	0.75
1932	5,691,377	1.50	1.00	1.10	---	0.50
1933	4,665,133	3.00	1.00	1.10	---	0.50
1934	4,846,377	3.00	0.75	1.10	---	0.75
1935	4,829,021	3.00	0.75	1.10	---	0.75
Average	\$5,250,137	2.21	1.28	0.81	---	0.64
Post-purchase						
1940	\$3,128,981	3.00	0.62	3.00	---	0.75
1941	3,275,493	3.00	0.62	3.00	0.35	1.00
1942	3,471,068	3.00	0.62	3.00	0.38	1.00
1943	3,694,422	3.00	0.60	---	0.35	1.00
1944	3,906,480	2.07	0.57	---	0.29	1.00
Average	\$3,495,288	2.81	0.61	1.80	0.34	0.95
Percent change	-35.16	+27.14	-52.34	+122.22	---	+48.43

post-purchase period, a debt of \$9,000 was outstanding. Assuming again that the land purchased would have continued to be equal to 10 percent of the county value, the amount allocable to it would have been \$900 plus the interest cost. The bond and interest levy averaged 0.50 mills for the three years previous to the purchase program and averaged 0.29 mills during the post-purchase period. It is difficult to determine whether the program lessened the need for the issuing of warrants by reducing the number of relief clients or whether it increased the need because the loss in tax base had to be met by assuming indebtedness. The total debt and interest attributable to the land purchased equals approximately \$973.20. If the people had remained on the land, it is conceivable that the warrants which would have had to be issued would have equalled this figure.

Table 10. Bonded indebtedness of Morton County and the amount attributable to the land purchased by the Federal Government.

Year:	Bonds out- standing	Amount attrib- utable to govern- ment-owned land	Interest attributable to government-owned land at 3 percent	Total
1940	\$9,000	\$900	\$27.00	
1941	6,400		19.20	
1942	4,000		12.00	
1943	3,000		9.00	
1944	2,000		6.00	
		\$900	\$73.20	\$973.20

Payments made to Morton County in lieu of taxes: As has been mentioned previously, the law under which the Land Utilization Program is administered provides that the county in which the land is located shall receive 25 percent of the net income for school or road purposes--or both. The project in Morton County did not receive an income until 1943. In 1943 the first payment was made to the county.

The Federal Government is lenient in interpreting the word "net" income. Almost 25 percent of the total income was paid to the Morton County Treasurer to be turned over to the school districts on a basis of valuation purchased in each district. Had the interpretation of net income been that money above the operating expenses, no distribution would have been made. The payments made are as follows:

1943	\$354.40
1944	396.33
1945	463.20
<hr/>	
Total	\$1,213.93

Effect on County-Township Road System. In Morton County the funds for roads are derived largely from the sale of vehicle licenses and from the distribution of state-collected gasoline tax. Because 40 percent of the total state fund is divided equally among the 105 counties and 60 percent is distributed according to the population, the total change in financing road and bridge building and maintenance would most likely come in the county and township levels. Theoretically, all the roads in the

county could be closed and the county would continue to draw road funds from the state. Morton County does not have the "County Unit Plan" whereby the county is solely responsible for maintenance and construction of all roads in the county other than state and federal highways. Instead, it operates on a county-township basis with the county assuming full responsibility in some townships and only partial responsibility in others. In making provision for the distribution of the road fund, the State Legislature stipulated that 50 percent of the amount distributed to the county must be given to the townships if the county does not have a county unit plan. In 1943 and 1944 none of the townships levied taxes for the bridge and road fund.

Table 11. Road and bridge levies for Morton County and townships, pre-purchase and post-purchase periods.

	Average mills: 1929-1935	Average mills: 1940-1944	percent decrease
County	1.28	0.62	51.56
Townships:			
Cimarron	1.18	0.53	55.08
Jones	0.57	0.00	100.00
Richfield	0.28	0.00	100.00
Rolla	1.07	0.59	44.86
Taloga	1.78	1.19	33.14
Weetola	0.64	0.00	100.00
Average township	0.92	0.38	58.69

The average road taxes levied for the pre-purchase years, 1929-1935, were \$6,668 for the county and \$3,806 for the townships-- or \$10,472 of the yearly total average of \$26,080, exclusive of federal aid during the drought years. The yearly mileage of roads maintained is not available, but in 1935 the county and townships maintained 529 miles of metal surfaced (sand-gravel-chests, etc.), improved earth, and unimproved earth.

Table 12. Average road expenses and average cost per mile for Morton County, pre-purchase and post-purchase periods.

Miles	State aid	Taxes levied		Total aid	Average cost per mile
		Road and bridge fund: County	and Township		
Pre-purchase (a)					
(1929-35) 529	\$15,607.71	\$6,665.73	\$3,806.81	\$26,080.25	\$49.31
Post-purchase (b)					
(1940-44) 475	16,071.06	1,597.72	1,045.42	18,714.20	39.39

(a) 1935 mileage.

(b) 1941 mileage.

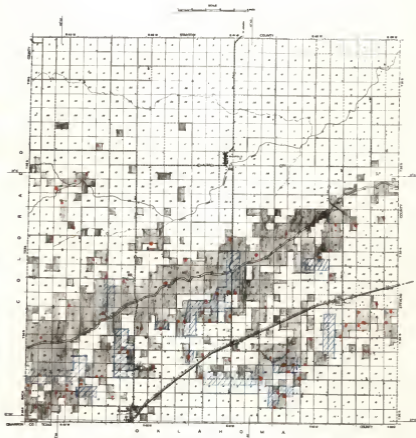
In the post-purchase years, 1940-1944, the county levied an average of \$1,597.72 and the townships \$1,045.42, or \$2,643.14 of the yearly total average road and bridge expense of \$18,714.20. It maintained 475 miles of metal, improved, and unimproved roads in 1941. The average mileage for the post-purchase years is not available, but it is believed that no roads have been closed since 1941. Of the 54 miles of road closed since the project was started, 40 miles were in or led to the areas purchased by the government.

Of this total, 27 miles were unimproved, 10 improved, and three metal. The average cost for maintenance in the post-purchase period was \$39.39 per mile compared to \$49.31 per mile in the pre-purchase period. There is no reason to believe that the purchase program has had an influence in lowering the maintenance cost per mile because the trend in the amount of taxes levied for the road and bridge fund, both by county and townships, was downward. The average cost per mile of maintaining the three classes of roads separately is not available.

Because the area purchased by the Federal Government is equal to 10 percent of the total county valuation, it may be assumed, although not necessarily accurately, that road and bridge fund tax receipts from county and township levies were only 90 percent of what they would have been had not the land been withdrawn from the tax rolls. Although the road levy was not at a statutory maximum, the total county levy was. It would have been impossible to levy higher road taxes without lowering some other levies. The average tax levied for roads in the post-purchase years was \$2,643.14. Assuming that this figure represents 90 percent, the yearly loss to the taxing units would have been \$282.44. It is felt that the 40 miles of retired road would have cost much more than this to maintain. At the post-purchase maintenance cost of \$39.39 per mile, approximately \$1,600 would have been saved. A section of the road closed included a bridge across the Cimarron River, which was costly to maintain because of damaging floods.

The state maintains and is responsible for 79 miles of road in the county. The purchase program did not affect the state highway system in Morton County.

MORTON COUNTY KANSAS



LEGEND

 FEDERALLY OWNED LAND

Fig. 2



fields closed due to Federal land purchase.



Farmsteads removed

COST AND IMPACT OF PROJECT

The purchase program developed with the change of conditions which occurred in southwestern Kansas. The National Resources Board had recommended a program of land retirement which was to continue for 15 years and which would have caused the least amount of abrupt change. However, the viciousness of the drought required a readjustment of the plans. It was necessary to alleviate immediately the distress of the people on the land and to prevent the complete depletion of the eroding lands which, unless checked, would have damaged contiguous fields. The seriousness of eroding land to adjacent fields was reflected in the passage by the State Legislature in 1937 of the Soil Drifting Law which permitted the county commissioners to require a land owner of land which was blowing to cultivate his land in such a manner as to prevent or lessen the soil blowing. If the owner could not or would not carry out the commissioners' directive, the county would do the work or hire it done. The expense involved could be levied as a special assessment to the land. Thus, because of these pressing conditions a long-time retirement program had to be adjusted for the sake of expediency to meet the problems of the day.

In buying the land the government was faced with a difficult situation. It did not want to appear as though it were taking advantage of unfortunate land owners who were unable to refinance their farms. Neither did it want to pay exorbitant prices just because the resources were available. The final outcome was a

compromise. The land was given a fair appraisal but the improvements were overappraised to "help" the operator. The average price paid for the land and improvements thereon was \$3.63 per acre. This amounted to \$371,914 paid to owners for surface property rights. Subsurface property rights to minerals, oil, and gas were retained by the individuals. The improvements were razed and disposed of in three ways: The project used what it needed for the headquarters, the Farm Security Administration received some of the material for its clients, and the remainder was sold at auction to the highest bidder.

When the administration of the project was transferred from one agency to another, complete records were not always maintained and transferred. Consequently, information from which the cost of establishing the project could be figured is not available. Many of the records were undoubtedly destroyed under federal regulations authorizing the disposal of such material as valueless after a period of five years. Works Progress Administration labor was used on the project for a number of years but the amount of money allocable to the project for this labor is unavailable.

The annual operating budget since the Soil Conservation Service resumed administration is \$30,000. This includes all expenses incurred including the purchasing of grass seed not raised on the project.

Revenues have been derived chiefly from grazing privileges and from the sale of hay.

Table 13. Income from Land Utilization Project LU-KA-38-21.

Year	Revenue from hay and grazing
1942	\$1,519.46
1943	1,598.92
1944	1,571.50
1945	2,752.22
Total	\$7,442.10

Not included in the revenue is the grass seed which has been harvested and used in seeding land of the project back to grass.

Table 14. Annual grass seed harvested from Land Utilization Project LU-KA-38-21.

Year	Aeres	Pounds	Average value per pound	Total value of seed harvested
1943	280	17,140	50¢	\$ 8,570.00
1944	350	14,600	56	8,176.00
1945	590	60,498	60	36,298.80
Total		92,238		53,044.80

OTHER ASPECTS OF LAND USE ADJUSTMENT
IN WASHINGTON COUNTY

Methods Employed by the Federal Government
in Aiding Land Use Adjustment

Land acquisition is only one of the several methods employed by the Federal Government in directing proper land use adjustment.

The most commonly used method is the paying of "benefits" to the farmer for meeting certain prescribed land use practices.^{/13} Another method is the paying of flat subsidies, either by the acre or by the unit of crop measurement, to the farmer for growing certain desired crops. The Agricultural Adjustment Administration also pays a land owner approximately 80 percent of the cost of re-seeding a plot of land back to permanent grass.^{/14}

In Morton County, \$2,906,559 was paid in benefit payments of all kinds from 1933 to 1944. For the years 1940-1944, the total was \$1,189,578--or an average of \$237,915 per year.

Table 15. Federal Government benefit payments of all kinds to Morton County (1933-1944).

Period	Amount	Average per year
1933-1939	\$1,716,971	\$245,248
1940-1944	1,189,578	237,915
Total	\$2,906,559	

^{/13} Under the Agricultural Conservation Program of the Soil Conservation and Domestic Allotment Act of 1936, approximately 60 percent of the total payments available for the farmer was to be earned by reducing the acreage of soil-depleting crops and 40 percent by performing soil building practices. The total payment available for each farm was dependent on the productivity of the farm. These figures changed somewhat and in 1938, 60 percent was paid for not exceeding soil-depleting crop acreage allotments, whereas 12 percent was paid for following soil building practices.

^{/14} In a personal interview with Mr. L. M. Knight, Executive Director of the Kansas Agricultural Adjustment Administration, it was learned that no payments had been made in Morton County for reseeded to permanent grass. At the present prices for grass seed which would be used in Morton County, the government would pay \$4.50 to \$6 an acre to the land owner for planting the land to grass.

Lack of information prevents an appraisal of the amount of benefit payments which would have been made if the land had not been purchased. Some of the land purchased was not under organized management and some was denuded to the point of complete unproductivity. It cannot be assumed, therefore, that its value which represented 10 percent of the 1935 assessed valuation of the county would necessarily represent the potential productive capacity. If, however, the 10 percent did represent past productive capacity as well as valuation, the total saving would have been \$118,957--or a yearly average of \$23,791 for the five-year period 1940-1944. No significance can be made in comparing the first period with the second of benefits payments in Table 15. The basis for figuring payments, the productivity of the farm and the price of the commodity, varied from year to year. Also, the requirements the farmer had to meet changed several times.

The theoretical "saving" of \$23,791 compares to the average operating cost of the project for the years of 1940-1944 of approximately \$30,000. It is believed that although the benefit payment method was effective to some degree in changing land use practices, the \$30,000 spent for project operations with the resultant yearly planting of 2,821 acres back to grass has effected a more permanent and useful change. Much of the time and effort of the project operations has been spent in preparing the land for seeding. Large dunes and holes have to be leveled and filled and thousands of acres of soapweed must be destroyed before the grass seed can be planted. The project has had positive

control over the ground and has had means of retarding soil erosion. Lands administered privately and semi-supported by the government's benefit payment program need not necessarily have been utilized to prevent soil erosion. Because no grass has been planted other than that which might have been planted without governmental aid, a current inventory of soil conditions would probably reveal that if adverse weather were to return, the private lands of similar soil types as that of the government-owned land would be much in the same position they were in 1936 when the area was declared to be a problem area. It is generally recognized that the cultivation of the sandy soils in the southwestern part of the state are extremely hazardous for cultivation and that the only feasible method of controlling erosion is by restoring a permanent grass cover.¹⁵

At first it might seem to have been cheaper for the government to have paid the individual owner 80 percent of the planting costs in restoring the land to grass, because the project has planted an average of 2,761 acres since the reseeding began in 1939 on a \$30,000 budget. However, it is doubtful if many farmers could have afforded to reseed all the land which was highly susceptible to wind erosion because all of the land of many farmers was of the light sandy eroding type soil. It would have been necessary for the average individual to obtain an income from the land. Consequently, he would have had to attempt growing marketable crops on some of his sandy soil. Also, the lack of

¹⁵Throckmorton, R. I. and Compton, L. L., "Soil Erosion by Wind", Kansas State Board of Agriculture, Vol. LVI, No. 224-A, p. 37, December 1937.

seed of native grasses adapted to the region would have prevented the individual from reseeding extensively. The project has plots which are used for seed alone and it has cooperated in conducting experiments in finding the grass most adaptable for that region. Few farmers could have spent the time and money for experimentation in discovering the equipment necessary for efficient planting.

Table 18. Acres of grass seeded on Land Utilization Project LU-RA-38-21 (1939-1945).

Year	Acres
1939	569
1940	444
1941	216
1942	2,013
1943	6,529
1944	4,904
1945	4,671
Total	19,326

Livestock Grazing Association

In line with the objective of restoring the land to its proper use level, the project has distributed grazing privileges to qualified ranchers and farmers.

Where the area of government-owned land is concentrated, a number of permittees may graze their livestock jointly. In the areas where the land purchase pattern is scattered, single tracts may be leased to an individual. Both reseeded and native plots are used for grazing purposes.

The privileges are distributed on the basis of established preferences to qualified applicants whose operating units or headquarters are in the vicinity of the government's land. A system of priorities has been adopted which prevents a monopoly of the grazing privileges but which gives the established farmer or rancher preference. The permittee must be a bona fide rancher or farmer; and the headquarters or base property which he uses must have been used as an operating unit for five years previous to issuance of his grazing permit and must be capable of providing feed or forage for the animals when grazing is not available on government land. Whenever hardship cases exist because the government-owned land prevents the farmer from expanding his holdings, some of the criteria are waived and individual privileges are adjusted accordingly. In granting grazing privileges, the project requires the permittee to control grazing on his property in accordance with its rated capacity.

In 1944, a Livestock Grazing Association was organized which handles the permittees' livestock being grazed on joint privilege areas. The Association pays the government 35 cents per month per animal unit and charges its members 85 cents per month. It maintains corrals and wells and provides salt. Two cowboys are employed to handle the livestock.

Grazing privileges were first granted in 1943. However, information is available for only 1944 and 1945 when 35 and 49 permits respectively were granted.

Table 17. Grazing service of the Land Utilization Project
LU-RA-38-21 (1943-1945).

Year	Acres grazed	Animal unit months	Permits		Average number of animal unit months per permit
			Joint	Single	
1943	18,000	3,405	---	---	---
1944	20,000	4,746	32	3	135.3
1945	21,240	7,814	45	4	169.9

The grazing season is normally considered to be four months. However, this can vary with the condition of the grass and the number of animal units using the grazing facilities. If the season for 1944 and 1945 was four months, then the average number of animal units per permit would have been 34 in 1944 and 39 in 1945.

The areas to be grazed and the conditions under which they are to be utilized is controlled by the project manager. In all cases the grass is protected so that a full cover will prevent any soil drifting.

The benefits to a farming community of grazing privileges are obvious. A more healthy and stable farming industry is the result. In an area in which 83 percent of the farmers depended entirely upon a cash crop for income in the pre-purchase period, the issuance of 49 grazing permits is indeed a heartening sign. It is difficult to judge how many farmers are stimulated by the current high prices to raise cattle but even without the abnormally high beef prices, accessible grazing facilities which are offered at a reasonable price are certain to be an inducement to farmers to continue general farming practices.

THE FUTURE OF THE PROGRAM

The reception given the land purchase program by Morton County citizens has been mixed. Originally there was general agreement that land should be purchased to ensure the stopping of soil drifting. However, there was little accord as to whose land should be purchased. In 1939, a group raised objections to further purchases. Appropriations were reduced and later purchases stopped altogether. During the last few years of abundant rainfall and high prices for agricultural products some of these people have more vociferously opposed the present use of the land. Recognizing the current profitability of farming, they have questioned the government's policy of returning land to grass. They would rather see the land producing a quick return crop.

Now that the war is over there is still a greater demand for the return of the land into private hands--preferably veterans. After each war there have been movements to provide veterans with land as a gesture of compensation. The results of these movements, especially after World War I, were not always successful. The present movement has developed sufficient momentum to have influenced the Representative in Congress of the district in which Morton County lies to make inquiries of the U. S. Department of Agriculture as to the availability of the land.

It is difficult to determine the spontaneity of the movement. There are vested interests which can profit handsomely by the return of the land to individual ownership. Some tracts, before the

government purchased them, had been sold many times without one "owner" ever enjoying full equity in the property. However, there is some pressure which might come from operators whose only avenues of expansion are blocked by the government-owned land. The general tendency during the war has been toward expansion in the size of farming units and the operators might easily feel that some of the land should be released.

That the movement has received wide attention is attested by the fact that the project headquarters has received a number of requests for land, some from residents in eastern Kansas.

What would seem to be a common interest, that of getting the land back on the tax rolls, has not been manifested. Mr. E. E. Dean, Chairman of the County Board of Commissioners, has expressed the opinion that "...the tax loss to the county is not serious..."¹⁶ This can be accounted for in part by the fact that the individual income has increased in the last few years far greater in proportion than the tax demands of local government. However, it can be expected that when the individual income goes down considerably and the tax demand then becomes proportionately larger, there might be a movement to put the land back in private hands to increase the tax base. However, the impact of the program on the taxing units will have changed considerably when the county undergoes consolidation and unification of its school districts. Whether there will be a diminished cost per pupil remains to be seen although it is certain that there will be a more equitable distribution of tax

¹⁶ Correspondence with Mr. E. E. Dean, Richfield, Kansas, February 12, 1946.

burden over the various areas of the county. If the present Secondary Road Program sponsored jointly by the Federal and State Governments is an indication of future trends, the county may not have to levy taxes for road purposes. In general just how much pressure is exerted primarily to get the land back on tax rolls also depends to some extent upon how much financial responsibility the State and Federal Governments assume in the field of functions and services now performed by local taxing units.

A consolidation of counties could conceivably lower the per capita service cost of county administration. However, no plans have been forwarded for consolidation and because of local pride and legal difficulty it is unlikely that such a step will be taken in the near future.

The movement to release government-owned land to individuals is not confined to Kansas but is nationwide and is supported by organized strength. The Natural Resources Department Committee of the United States Chamber of Commerce has recommended that all "acquired" lands not necessary and useful for a clearly defined governmental purpose be disposed of. The recommendation is included in several declarations of policy submitted to the organization members of the Chamber of Commerce for vote. As yet the Chamber has made no official approval of any of the declarations.

The success of these movements depends upon a number of factors. If the present favorable weather conditions continue and the prices of agricultural products remain high, interest in the movement will probably continue. Past production and weather records indicate

that the farming of land such as that owned by the government in Morton County is extremely hazardous; yet the farmer of Western Kansas has a peculiar psychology which is akin to that of a gambler. He is willing to risk reaping a large cash crop or nothing. Only extended dry weather or a prolonged deflation in the prices of farm products--or both--will influence the lessening of the movement from some quarters.

Distressed lands were retired so that the land use could be changed from its so-called "submarginal" use to its proper use level. It was the intention of the government that the land capable of affording a reasonable standard of living under proper usage would be returned to private ownership when it was restored to this level. However, this plan was made under the assumption that there would be complementary state and local programs which would assure that the land would be kept in its proper use level.

In a completely effective land utilization program, governmental purchase is only one of the methods employed. Other methods employable are: adoption of zoning ordinances, formation of soil conservation districts, use of land classification for property tax assessment basis, and the use of differential levies in a county tax program. Of these, only the formation of soil conservation districts and the use of land classification are available under present state laws.

The effectiveness of a soil conservation district depends upon the operators residing inside the district. Through a referendum passed by 90 percent of the votes cast, ordinances can be created

which can regulate the land use practices in a district. As yet no conservation district has been formed in Morton County, although the proposal to form one has been voted upon and turned down.

The adoption of a land classification map for property tax assessment basis would do much in eliminating the evils of over-assessing grazing land. One county in Kansas already has such a property tax program and work is being done to get more counties to adopt similar programs.

Unless a coordinated program preventing unrestricted settling and improper land usage is adopted, the land should not be transferred to individual ownership. However, Congress, yielding to certain pressure groups, may see fit to amend the Bankhead-Jones Act and direct the Secretary of Agriculture to dispose of the land.

The power to purchase land as prescribed under the Bankhead-Jones Act expired under a limitation clause in the appropriations section of the act. Under present statutes the Soil Conservation Service cannot purchase land.

The future of a program of more land purchases, however, does not depend on the statutes that exist today but upon the various factors which might bring about another era of distress. As has been pointed out previously, much of the land in Western and Southwestern Kansas is extremely hazardous to farm. The fact remains that after a thorough survey had been made more than 350,000 acres were recommended to be purchased, yet only 102,044 acres were purchased. Under private ownership the vicissitudes of economic activity bring into intensive use lands which from a long-range

point of view should obviously be used extensively. Reports from Western Kansas indicate that, despite the experiences of 1930-1940, prairie sod again is being broken. It is true that the methods of farming have changed somewhat from the pre-dust storm years, yet the change is insufficient within itself to prevent soil erosion by wind.

If the weather cycle repeats in which severe droughts are again an attribute of the Southern Great Plains Area the movement to purchase land will, in all probability, be renewed. Unfortunately in land utilization, as in other aspects of the farming industry, too often cures instead of preventives are used. Land retirement is a cure.

The land retirement program was suggested first as a means of removing surpluses, then the objective changed to the conservation of the soil; and during the height of the dust storms the relief of human beings occupying the land was the foremost purpose. After the dust storms it resumed its purpose of developing the land for the proper use level. That it was a program of various aims is attested by the fact that five agencies have been charged with the administration. The change of conditions in the Great Plains Area and lack of precedent probably influenced this policy of expediency. For expediency, however, it worked remarkably well. In the future, should another program be initiated, some improvements can be made in regards to the loss of tax revenue to the taxing units.

The agency purchasing the land might assume permanently the proportion of outstanding indebtedness which is attributable to

the land purchased. Fortunately, the outstanding indebtedness in Morton County was small. However, it is obvious that if some units in which the percent of land purchased was high had had a large debt the non tax-exempt land would have been discriminately burdened. Yet, there are circumstances under which the government could not assume the indebtedness. If it purchased an entire taxing unit which had an unwarranted high outstanding indebtedness it should not be forced to underwrite a bad financial investment which the purchasers of the bonds had made. The limitations could be adjustable and the amount of responsibility which the Federal Government should assume might be based on the ratio of debt to the taxing unit's resources.

Because the time of the purchase program seems to coincide with periods of low assessment values and high relief costs, the agency might contribute toward the public assistance fund even though by removing the potential clients from the county it might have lowered relief costs. This contribution could be an adjustable percent of the regular tax levied for public assistance purposes but it should not be a permanent arrangement and should be terminable upon the discretion of the agency handling the purchase program.

It is difficult to use the right of eminent domain without incurring some reaction but there seems to be some justification for using it as a last resort in a purchase program. It should not be used merely to bring about geometric symmetry to a proposed project but to acquire eroding land which threatens other land and

to acquire land which does not permit the project to operate most efficiently. A scattered purchase pattern might be necessary to some extent. Isolated tracts of land which threaten surrounding land should be purchased even if in purchasing, the efficiency of the administration of the project is lowered.

The power to reorganize taxing units lies within the jurisdiction of the state government and therefore an agency of the Federal Government can do little to effect a program of consolidation. However, it might work in close relationship with the state government by conducting studies of the area being purchased and by working out feasible consolidation plans. Often the state government and the taxing units do not have the means of conducting thorough research in specific problems in public finance, whereas an agency purchasing land would be able to make exhaustive studies. Preliminary proposals for the purchase of land should be presented to the officers of the different taxing units affected so they could make plans of adjustment until a more thorough study and recommendation for consolidation was made. Naturally, the final decision of reorganization rests with the state and taxing units but it should be incumbent upon the agency to assist in whatever way possible to effect more efficient functions and services of the local government.

SUMMARY

The purchase of 102,044 acres of sandy and shallow hardland in Morton County by the Federal Government during the years 1936-1939 was one of the most positive moves ever made in Kansas in effecting proper land utilization. This program of land retirement was employed after serious dust storms in the Great Plains Area had followed the wake of an economic depression. At that time the program was highly significant but it partially lost its significance when high prices for farm products and favorable weather conditions brought a prosperous era to the farming-grazing zone. These same factors which lessened the significance have now stimulated a movement to return the land to private ownership.

It was the purpose of this study to discover whether the loss in tax revenue to the county and its subdivisions was offset by the savings made in eliminating functions and services in the area and by the benefits derived from the restoration of the land to a usable status, and to discover whether or not the program has been successful in stabilizing and protecting the soil.

The retirement of land from use by private owners is relatively new and consequently few studies have been made of any phase of the program.

Material for this study was gathered from the files of the Soil Conservation Service at Elkhart, Kansas, through correspondence with leaders in the program, and from the offices of Morton County Superintendent of Public Instruction, County Clerk, and County Treasurer.

Because local governments depend upon the property tax to provide most of their operating expenses the loss of property from the tax roll through tax immunity affects the administration of their services and functions. Approximately 22 percent of the area and 10 percent of the county's assessed valuation was included in the purchase in Morton County. The effect on school districts was more pronounced than on the townships and county government. In appraising the effects of the program on the taxing units a comparative analysis was made of the systems in the pre-purchase years of 1929-1935 to the post-purchase years of 1940-1944.

The most noticeable change in school costs was in the transportation expenses. Schools which closed had a tendency to have an increased transportation cost. However, those schools which remained in operation during both periods experienced savings of 20.83 percent to 64 percent. Only three of the 12 districts affected by the purchase program experienced an increase in the tax levy. In only one district was there an unmistakable correlation between total saving in school expenses, lowering of levies and the amount of land purchased. The bonded indebtedness of school districts was not affected by the program to any extent.

The settlement pattern has been affected by the purchase and removal of 93 homesteads, of which 41 were occupied. However, there was no definite blocking-in of the area purchased and several tracts of privately-owned land remain surrounded or partially surrounded by federally-owned land. It is the policy of the Soil

Conservation Service to trade land in an effort to acquire a blocked-in area.

The effect of the purchase program on township governments was not significant. The effect on the county government was more marked. The loss of part of the tax base was directly reflected in tax receipts because many administrative costs are fixed and because the county levy was within 0.15 mille of the statutory limit when the program began. The purchase program could have saved the county some operating expense by reducing the relief load and by closing of roads. There is a question whether the saving made in the relief load by removing the 41 families was as great as the loss to the county in tax receipts for the public assistance funds. Lack of information prevents the drawing of any definite conclusion. However, the monies saved in the closing of roads due to the program seem to be greater than that lost to the road and bridge fund through loss of tax revenue from the property tax.

The cost of the project cannot be established because records are not available. The administration of the program changed hands five times and much information was lost. However, the price paid for the land and the improvements was \$3.63 per acre. The annual operating budget since the Soil Conservation Service assumed responsibility has been \$30,000. The income from grazing permits and the sale of hay, up to and including 1945, has been \$7,400 of which \$1,213 has been paid to Morton County in lieu of taxes as provided for in Section 53 of the Bankhead-Jones Act, under which the land is held.

So far, the project has seeded approximately 20,000 acres of grass and has produced 92,000 pounds of native gresa seed used on the project. In 1945 21,000 acres were used for grazing purposes. Privilege are granted for grazing purposes to qualified farmers or ranchers near the project land. Effort is made to give the established farmer the advantage. A livestock grazing association has been formed to handle the livestock. In 1945, 49 permits were granted and 7,800 animal month units were pastured. Because of the use of the land as a grezing area, a more healthy and stable farming industry will result. Previous to the purchase 83 percent of the farmers depended upon a cash crop alone for an income.

There is a current movement to return the land to private ownership. How successful this movement will be depends upon a number of factors. If the prices for agricultural products remain high and the weather continues favorable, interest will probably continue. It also depends, to some extent, upon the effectiveness of certain pressure groups now recommending the return of "acquired lands" to private ownership.

If conditions which caused the employment of a land retirement program return and federal land purchases are renewed, there are several policies which might be adopted affecting public finance of local governments. The loss of revenue to the various taxing units might be partially paid by the government. The portion of outstanding indebtedness attributable to the land purchase could be assumed to prevent burdening the remaining

taxable property. Probably the most important policy would be that of cooperation with the state and local governments to effect consolidation and reorganization so the purchase program will cause the least hardship on the financial structure of the local governments.

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APPENDIX

MORTON COUNTY, KANSAS

Soils Map



Deep moderately heavy hardland.



Medium depth moderately heavy hardland.



Deep and medium depth sandy land.



Shallow hardlands.



Sandhills and very severely eroded sandy land.



River wash.

Exhibit 2

Assessed Land Valuation by Townships and Total Tangible Valuation of Norton County, 1922-1944

Township	1928	1930	1932	1934	1936	1938	1940	1942	1944
Cimarron	\$ 418,560	\$ 419,365	\$ 398,305	\$ 390,740	\$ 390,740	\$ 227,205	\$ 190,240	\$ 155,940	
Jones	210,395	205,060	197,570	161,440	161,440	44,750	36,925	35,530	
Richfield	927,815	944,770	895,105	799,055	799,055	530,310	496,070	498,825	
Polla	914,845	831,210	863,205	715,080	715,080	382,765	367,780	393,875	
Taloga	373,160	372,970	354,055	304,005	304,005	217,390	147,700	139,750	
Neetola	645,355	641,605	607,538	512,195	512,195	357,255	311,690	316,040	
Total Land valuation	3,520,130	3,745,317	3,317,553	2,762,515	2,762,515	1,761,840	1,549,405	1,539,960	
Personal property, city lots, public service		(a)	(b)						
	1,915,754	2,739,153	2,374,838	2,091,955	1,838,070	1,647,185	1,630,135	1,932,894	
Total tangible valuation	\$5,435,884	\$6,484,470	\$5,692,391	\$4,854,470	\$4,600,585	\$3,409,025	\$3,179,540	\$3,472,854	

(a) Revised, 328,507

(b) Revised, 31,775

Source: Biennial Report, Kansas State Board of Agriculture.

Exhibit 3

Population of Morton County by Townships, 1929-1944

Township	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	
Clemarron	320	296	318	372	320	288	258	191	146	111	71	80	82	90	109	105	
Jones	157	131	132	165	179	140	144	94	70	19	11	10	10	13	18	21	
Richfield (a)	453	429	438	454	496	528	526	454	351	266	237	278	269	263	261	263	
Holla	(b)	865	1,123	771	711	907	979	817	799	674	540	578	519	498	464	501	555
Taloga	(c)	1,438	1,821	2,080	1,694	1,741	1,590	1,255	1,264	1,209	1,053	1,000	1,053	1,022	1,018	996	877
Westola	196	242	264	307	318	289	274	204	176	152	134	96	108	144	142	139	
Total population	3,429	4,092	4,053	3,703	3,961	3,814	3,274	3,106	2,626	2,141	2,031	2,036	1,989	1,992	2,026	1,960	

(a) Includes Richfield.

(b) Includes Holla.

(c) Includes Elkhart.

Sources: Biennial Report, Kansas State Board of Agriculture.