THE EFFECTS OF PROPERTY TAXES ON BEEF CATTLE PRODUCERS IN KANSAS AND OTHER STATES

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UWE PAULSSEN

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Approved by:

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Major Professor

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CHAPTER I

INTRODUCTION

This paper is concerned with property taxes paid by beef cattle producers in Kansas and seven other states. These states are: Arkansas, Iowa, Michigan, Nevada, Oklahoma, Wyoming and Utah. These seven states were selected on a purely pragmatic basis since they provided to a certain extent comparable data.

To achieve a comparison the paper is divided into five parts:

(1) General aspects of property taxation in the United States.

(2) Major taxes in Kansas with emphasis on the property tax.

(3) General property taxes of beef cattle produced in Kansas and the method of calculation.

(4) Comparatative tax calculations for other states.

(5) Summary and conclusions.

The objective of this report is to describe property taxation, both in the United States generally and in Kansas specifically. In addition, the report examines the differences in property taxation in Kansas from other states which have comparable data available.

CHAPTER II

FARM PERSONAL PROPERTY AND REAL ESTATE TAX SITUATION IN THE UNITED STATES

Historically, property taxation dates back to the times agriculture was the dominant industry in the United States. In the beginning, the tax-levies were relatively low since the costs for public services and improvements also were low. This has changed considerably in recent years as Table 1 indicates.

Table 1 indicates that the trends in real estate property and farm personal property taxation have been sharply upward during the last ten years. Taxes levied on farm real estate property have more than doubled since 1950 and the taxes levied on farm personal property almost doubled during the same time period. Barlowe, observing the trends in property taxation, arrives at the following statement:[1]

> "Property-tax payments including taxes on both realty and personalty, rose at a faster rate than farm incomes after 1940, with the result that property tax payments took a gradually increasing proportion of the average farm operator's net cash income. Some 10.2 per cent of the average farm operator's net cash income went for property taxes in 1950; 12.8 per cent in 1955; 14.7 per cent in 1960 and 16.3 per cent in 1963."

Thus rising property taxes represent a growing burden on property ownership. This growing burden finds the individual farmer rather helpless since property taxes are fixed. They do not vary with output or prices of farm products. The farmer has no command over this kind of cost factor since the local government decides about the amount of taxes levied on his

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[1]Barlowe, Raleigh, Taxation of Agriculture in Lindholm, Richard Property Taxation USA (Madison, Milwaukee, and London, The University Press of Wisconsin, 1967) p. 90.