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TAX BURDENS IN 1922

OUR TOTAL TAX BURDEN

In last week's News Letter we carried a table showing the total state expenditures on a per inhabitant basis of the various state governments of the United States in 1922. The table included not only the current running expenses of the state, but expenditures from state bond issues.

This week we are presenting a table which shows the entire tax burden on a per inhabitant basis incurred in operating the government of each state and all its subdivisions—county, city, town, and local districts.

For instance, according to the federal Department of Commerce it cost the people of North Carolina \$47,672,332 in taxes collected to run the state government, the one hundred county governments, the fifty-seven cities with more than 2,500 people, the four hundred and fourteen incorporated towns with fewer than 2,500 people each, and a multitude of special local districts. The total tax burden for all purposes amounted to \$18.01 per inhabitant and only four states spent less on this basis.

The entire burden of government, state, county, and municipal in Nevada was \$82.09 per inhabitant in 1922. Alabama spent less than any state in the Union, the amount being \$12.82 per inhabitant. Ranking along with Alabama are three other southern states, South Carolina and Georgia with heavy negro populations, and Arkansas, poor and indifferent.

Where Highest

It is clearly evident from the table presented in this issue that the entire burden of taxation is heaviest in two groups of states, western and urban. The cost is highest in the far western states because of the vast outlays for permanent improvements such as irrigation, public buildings, roads, and so on. They have modern schools, with new buildings and highly paid teachers. Government comes high in the western states because of vast outlays, sparsity of population, and the high cost of living prevalent in those states.

Along with the sparsely settled western states we find the cost of government relatively high in the states with large urban population ratios. This is naturally to be expected since urban people spend enormous sums for improvements, protection, comforts, conveniences and the like which are not indulged in by rural people. Therefore in those states with large urban ratios the vast additional expenditures incident to urban government cause the general average of the state to be high.

Expenditures per inhabitant for all governmental purposes are lowest in the southern states. The main reasons for this are (1) large rural population ratios where county government only is the main government to be supported, (2) large negro ratios which affect both total and per inhabitant expenditures, (3) relatively small taxable wealth per inhabitant, and (4) our prevalent tight-fisted notions about taxation, which is probably the most important reason of all.

Income Tax Omitted

It is important to explain in this study that in announcing the tax burden by states the Census Bureau does not include state income and inheritance taxes collected by any of the states. Several states do not levy income or inheritance taxes, and the fact that such taxes are levied by our state slightly affects our total collections, and the tax burden per inhabitant is slightly increased. It is very doubtful if the addition of these taxes would affect the rank of North Carolina. We cannot make corrections for all the states, but the following shows the effect the corrections have on our state. Our state income and inheritance taxes for 1922 amounted to \$3,101,237. If this is added to the census report the total cost of all government, state, county, and local, in North Carolina, becomes \$50,773,569, and the total cost per inhabitant becomes \$19.18. It is possible that if similar corrections were made for all the states North Carolina would replace Tennessee in the table.

Wealth and Taxation

Measuring the total tax burden on a per inhabitant basis is merely one manner of getting at a comparison. The real test is the relationship the tax burden bears to the volume of taxable wealth. In 1922 North Carolina had about fifty percent more wealth on the tax books than any other state in the South, except Texas. Now if the per inhabitant tax burden is measured in terms of our ability to pay taxes, that is in terms of our taxable wealth per inhabitant, then the tax burden is less in North Carolina than in any other state. Our tax burden per inhabitant for purely state purposes is fairly high (we rank 33rd) but the cost of all other forms of government in North Carolina, county, city, town, and special tax districts, is very small in comparison with other states. We are a rural state and the bulk of our people pay county taxes only.

All of which leads us to say in conclusion that considering our large investments in roads, school buildings, teacher salaries, higher education, public health work, the care of the sick and feeble-minded, and so on and on, government comes very cheap in North Carolina. The entire tax burden for all purposes in 1922, state, county, municipal, and local, was \$18.01 per inhabitant. The cost was less in only four states. What state can boast equal service for the cost?—S. H. H., Jr.

STATE REVENUES

Revenue Commissioner R. A. Doughton on his return to Raleigh today found that the books closing December 31 contained \$5,760,000 approximately as their work for 1923 and Governor Doughton is highly pleased over the year's work.

Incomes and schedule taxes did so much better than he had guessed, and his estimate always is regarded as authoritative, that he was disposed to be philosophic about the inheritance tax shortages, since inheritances reflect death and incomes and schedules abundant life. It was the governor's first year as commissioner and the showing is first rate.

R. A. Doughton makes public the collections of the state department of revenue for the year 1923 from income, inheritance, license and franchise taxes, which collections are largely in excess of the collections of that department for the previous year, due to the fact that the income tax shows a very considerable increase and to the further fact that the state department of revenue now collects directly certain taxes which have heretofore been collected by the other departments and by the sheriffs of the different counties. The legislature at its last session transferred the collection of these taxes to that department and gave it additional machinery for such collections.

Sources are Detailed

The commissioner reports a total collection during the year 1923 of \$5,760,067.73, from the following sources:

Income tax	\$3,976,444.68
Inheritance tax	410,492.80
License taxes under schedule B of the revenue act	418,029.00
Corporation franchise tax, telephone, telegraph, express and Pullman companies' privilege tax	988,388.75
Interest on bank balances of the Department	7,712.50

In addition to the above there has been collected by the department during the year 1923 \$10,220.20 license taxes which were due to have been paid prior to June 1, 1923, date on which the state department of revenue began the collection of this license tax direct, making a total of \$5,760,287.93.

The collections by the department for the year 1922 were \$3,101,946.92, from the following sources:

Income tax	\$2,414,726.07
Inheritance tax	686,610.89
Interest on bank balances	709.97

The inheritance tax collections show a decrease of \$276,000, but there is due the department a considerable amount of inheritance tax which is in process of collection, and when paid into the

TENANCY AND ILLITERACY

Economic and Social Conditions of North Carolina Farmers is the title of a recent bulletin based on a survey of 1000 North Carolina farmers in three typical counties of the state. The survey was conducted jointly by the North Carolina College for Women, the North Carolina State College of Agriculture and Engineering, the State University, and the State Department of Agriculture in cooperation with the U. S. Bureau of Agricultural Economics. The bulletin is mainly statistical, containing 184 tables of economic and social data. A copy may be secured from Dr. B. F. Brown, College Station, Raleigh, or from the Department of Rural Social Economics, Chapel Hill, N. C.

From time to time we will present some of the interesting facts brought out by the survey. One of the objects of the survey was to secure accurate data showing the effect of farm ownership and of tenancy on education. The information secured has been compiled in a series of tables printed in the bulletin. The following table shows the average school grade reached by the four classes of farmers, for both races. The average for North Carolina would be practically the same as the average for these 1,000 farmers in three typical counties of the state, Edgecombe, Chatham, and Madison.

Class	Average grade reached
White operator landlords	6.40
White owner operators	4.33
White tenants	3.97
White croppers	3.07
Negro owner operators	2.95
Negro owner landlords	2.00
Negro tenants	1.55
Negro croppers	.98

If these 1,000 farmers are typical of the state then the average white farm owner in the state has about a fifth grade education, while the average white tenant has finished less than three and a half grades, since the bulk of our tenants are croppers. The average negro owner has about two and a half grades of schooling while the average negro tenant has barely more than finished the first grade, since the great majority of them are croppers. Farm tenancy and illiteracy are twin-born social menaces.

department will very materially reduce this decrease as compared with the previous year.

There also remained uncollected \$22,791.97 franchise corporation tax, which tax is now in the hands of the sheriffs of the different counties in which the corporations are located for collection.

It is the opinion of this department that the license taxes of \$418,029, collected by the department under schedule B of the revenue act, are materially in excess of the amount of this license tax which has heretofore been collected by the sheriffs of the counties. The amount of \$418,029 covers the tax collected by the department from June 1, 1923, to December 31, 1923, only, the tax collected from January 1 to June 1, 1923, having been collected by the sheriffs of the counties.

It is also the opinion of the department that the corporation franchise and public service corporation privilege tax collected for the year 1923 is in excess of the amount collected for the year 1922.

The collections of the department have been made at a cost of two and one half percent exclusive of printing and stationery.—Greensboro News.

HAYWOOD'S BALANCE SHEET

My hearty congratulations to Haywood county's commissioners on the

publication of the classified balance sheet in a recent number of the Mountaineer-Courier. I have read the home paper ever since it was first established with its unintelligible yearly statement by the county commissioners, but this is the first time I have seen a statement that gave one any idea of the condition of county affairs. Such a statement was inaugurated for town affairs some 15 years ago when Mr. George W. Maslin was a member of the board of aldermen, and now we have seen the county commissioners make the same progressive step. This statement looks good to me, but at the risk of appearing in the role of a captious critic I wish to suggest that this excellent presentation would look even better if it had at the bottom the certificate of audit of a certified public accountant. For a number of years I was treasurer of the State Audubon Society, and had the handling of some \$12,000 to \$15,000, and every year my balance sheet to the board of directors bore the certificate of audit of a certified public accountant who had no connection whatever with the Audubon Society. This I did as much for my own protection as for the satisfaction of the directors and members of the

society. In this connection I may say that a number of interesting studies in the matter of county audits have been made at the state university. These have thrown a flood of light on the handling of county affairs in North Carolina.—E. W. Gudger, in the Carolina Mountaineer.

COMMUNITY SCHOOLS

Under the rule of farmers, Denmark has sought to make life on the farm a good life. The results include unique diffusion of prosperity, the lowest percentage of illiteracy among nations, and a civilization that is not measured by literacy merely. The chief agency in the progress has been the rural folk schools. From these schools is eliminated every vestige of the whole machinery of examinations, credits, diplomas, and external supervision and control. Service to its rural community is the endeavor of the folk school, and the education it offers is not limited by a curriculum or a building but keeps contact with the whole life of every member of the community, by no means excluding the marketing of his products.—Survey Graphic.

ASSESSED VALUATION AND TAX LEVIES

In North Carolina

The assessed valuation of all property subject to general property taxes was \$2,521,115,274 in 1922 as compared with \$747,500,632 in 1912. An increase of 237 percent. The per capita assessed valuation increased from \$323.90 in 1912 to \$952.46 in 1922. The per capita tax levy increased from \$4.33 in 1912 to \$13.98 in 1922. The following table shows the assessed valuation and tax levies of the state, counties, cities, towns, and all subdivisions.

	1922	1912	1902
Assessed valuation of all property (expressed in thousands)	\$2,521,115	\$747,501	\$346,879
Per capita assessed valuation of all property	952.46	323.90	177.98
Assessed valuation of real property and improvements (expressed in thousands)	1,672,540	382,776	178,898
Total levies of general property taxes (expressed in thousands)	37,017	9,989	3,975
Per capita levies of general property taxes	13.98	4.33	2.94
Average rate per \$100 of assessed valuation	1.47	1.34	1.16

TAX BURDEN PER INHABITANT IN 1922

For All Purposes, State, County, Municipal, and Local

The following table shows the entire tax burden per inhabitant for all state, county, city, town, and local purposes for each state in the Union. In Nevada it cost \$82.09 per inhabitant to run the state and all subdivisions of the state. In Alabama the cost was only \$12.82.

The entire tax burden in North Carolina for all purposes, state, county, and local was \$47,672,332. It was \$18.01 per inhabitant, and the burden was smaller in only four states, all southern with big negro population ratios.

(Income and inheritance taxes are not included for any state. Such taxes amounted to \$3,101,237 for North Carolina in 1922. If added, the tax burden becomes \$19.18 per inhabitant.)

Average for all states \$38.90 per inhabitant.

S. H. Hobbs, Jr.

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Rank	State	Tax Burden per Inhabitant, State, County, Local	Rank	State	Tax Burden per Inhabitant, State, County, Local
1	Nevada	\$82.09	25	Kansas	\$42.62
2	Oregon	61.54	26	Utah	41.45
3	California	59.86	27	Illinois	40.78
4	Arizona	58.76	28	Maine	36.35
5	New York	57.63	29	Florida	35.32
6	Rhode Island	55.17	30	Vermont	34.29
7	Washington	54.80	31	Pennsylvania	34.04
8	Massachusetts	54.37	32	New Mexico	31.92
9	Minnesota	53.40	33	Delaware	31.50
10	Colorado	52.82	34	Maryland	31.47
11	Iowa	52.72	35	Louisiana	29.20
12	Michigan	51.44	36	Missouri	29.06
13	South Dakota	50.07	37	West Virginia	28.11
14	New Jersey	49.01	38	Oklahoma	26.11
15	Wisconsin	47.48	39	Texas	22.76
16	North Dakota	47.05	40	Mississippi	21.50
17	Nebraska	46.02	41	Virginia	19.78
18	Wyoming	46.01	42	Kentucky	19.40
19	Ohio	45.62	43	Tennessee	18.57
20	Idaho	45.42	44	North Carolina	18.01
21	Connecticut	45.22	45	Georgia	14.39
22	Montana	45.04	46	South Carolina	14.15
23	Indiana	43.69	47	Arkansas	13.91
24	New Hampshire	43.48	48	Alabama	12.82