

TAXING PERSONALTY IN N. C.

PERSONAL PROPERTY

In 1919, the year before the revaluation, personal property listed by individuals and corporations amounted to forty six percent of the total amount of property listed for taxation. In 1925, despite the rapid urbanization and industrialization of the state and the unhealthy state of agriculture, personal property amounted to only twenty-four percent of the total. This comparison deals only with property listed locally; it does not include property assessed by the state such as public utilities, bank stock and corporation excess. If we include these items, considering public utilities as real estate (and it is not entirely so), and bank stock and corporation excess as personal property, the ratio becomes forty-three to twenty-four. Stated differently, in six years real estate (excluding railroads) increased 265 percent, or including railroads, 234 percent. Personal property, in the narrower sense, increased only thirty-seven percent, or if we include bank stock and corporation excess, thirty-eight percent.

Realty Penalized

We must grant that real estate was undervalued in 1919, but probably no more so than personal property. In six years the tax values were increased by \$1,647,619,626 and eighty-nine percent of this increase was imposed on real estate. Is it reasonable to believe that eight out of every nine dollars of new wealth created since 1919 has gone into real estate? Or is it likely that personal property was fully and adequately listed for taxation in 1919 and that its value has increased only thirty-seven percent in six years? Neither of these possibilities is likely. What has happened is that real estate, enhanced in value by the growth of towns and factories and the construction of improved highways, has been evaluated higher and higher for tax purposes. And it is proper that it should be. But the swelling volume of personal property has apparently not got on the tax books. Intangibles easily escape the tax assessor. In 1919 solvent credits represented over eight percent of the total taxables; in 1925 they represented less than six percent. Even tangible personalty has failed to show any marked increase, although it is obvious that there have been huge amounts spent for furniture, phonographs, radios, automobiles, and other movable property. These figures offer convincing evidence that the best way to escape taxation under our present system is to spend one's income rather than to invest it in a home, or a farm, or a factory. The general property tax, as it is usually applied, penalizes thrift and productive enterprise and encourages extravagant living.

Counties Ranked

The purpose of the table which appears elsewhere in these columns is to show the distribution of taxable personalty. The counties are ranked from high to low on a per inhabitant basis.

As might be expected, the urban counties have more personalty per inhabitant on the tax books than the rural counties, eight of the ten leading counties being urban. The people in these ten counties have on the average five and one-half times as much taxable property as the people in the ten poorest counties, the two averages being \$398.70 and \$73.10 respectively.

Forsyth county leads with \$852 per inhabitant or \$4,260 of taxable personalty for a family of five. This is a thousand dollars a family more than in Durham county, its nearest rival, and \$2,625 a family more than its neighbor, Guilford. Are Forsyth people so much richer than the rest of the people of the state, or does the county's low tax rate offer a partial explanation?

As already pointed out, Durham holds second place with \$649 of personalty per capita. This is almost double the amount per capita in Mecklenburg, Gaston, or Guilford. Montgomery's position at third place probably is a mistake. The Commissioner of Revenue's report gives Montgomery county more than six million dollars of personal property and, although these figures are not dissimilar to those of previous reports, it is probable that some large

slice of real property is reported under the head of personalty.

The state average is \$211 and there are only twenty-two counties above this average. Eighteen counties have less than \$100 of taxable personalty per inhabitant. None of these counties had in 1920 a census-size town. The excessively rural counties have little to tax except land and buildings, or real estate. Consequently the tax rate is usually high in these counties.

\$300 Exemption

One of the most interesting revelations in the report of the Commissioner of Revenue is the small amount of household furniture and personal effects listed for taxation—that is, the type of personalty which is subject to three hundred dollars exemption. Few families ever feel that they have more than three hundred dollars of this sort of property. The excess for the whole state in 1925 was \$26,645,269 or about forty-seven dollars a family. Perhaps people are not to be criticized for failing to list consumptive goods of this character, for they do not aid directly in producing income. Nevertheless, is it quite fair to exempt the library of a teacher and the tools of a plumber and then tax the team and plow of the farmer? The very nature of the general property tax leads to heavy taxation of productive goods and slight or no taxation of consumptive goods, thus discouraging enterprise and encouraging extravagance. It is neither possible nor desirable to discontinue the property tax, but it is important that it be skillfully and fairly applied, and furthermore that it be supplemented more and more by other forms of taxation. —Paul W. Wager.

THE RURAL EXODUS

Growing apprehension over the heavy movement of population from the farm to the city is being shown in Washington.

Recent announcement by the Department of Agriculture that the farm population decreased 649,000 persons last year, the greatest decrease since 1920, has jarred a good many people out of their complacency and forced them to admit that there is something radically wrong with the conditions surrounding agriculture and that it is high time to seek to remedy these conditions.

While there may be honest differences of opinion as to the remedies, and it will take time to work these remedies out, it is at least a distinct mark of progress that responsible officials and public men are showing an increasing disposition not to blink at the facts.

What has occurred is that since 1920 the farm population of this country has suffered a net loss of about 3,000,000. And, as the figures just announced show, the rural exodus is not being checked but is becoming more pronounced.

The tendency of the farm population to drift to the city and the nation to become industrialized is not fully appreciated without going back for about fifty years. In 1880, roughly speaking, 71 percent of the population was rural. In 1890, the rural population was about 65 percent. By 1900 it had gone down to 60 percent and by 1910 to 54 percent. Even this steady decline did not command the notice of more than a few keen observers and students. By 1920, it was found that only 48 percent of the population was rural. (Actually only one-fourth of the people of the United States live on farms.)

It is, of course, recognized that sooner or later this drift of population will stop. It will reach the point where the movement of people back to the farm and rural districts will equal the movement away from the rural districts. Perhaps we shall, before many years, see a greater movement of population back to the country than away from it. But that time is not yet at hand.

What sort of people are leaving the farms and going to the cities? That is something not yet answered satisfactorily. It is a question in which the economists are keenly concerned. Is the cream of the agricultural population in many communities abandoning the field of agriculture? If it is, then

FOURTEEN YEARS OLD

Fourteen years old; he got his man and is proud of it.

Fourteen years old; he knows how to make liquor but he never learned to read and write.

Fourteen years old; he is familiar with the courthouse but he has never been inside a church.

A boy who might pass for 12 years looks through the bars of Nash county jail and calmly admits murder. He learned to make whiskey when he was the veriest child; he hardly remembers the time. His father taught him. His mother died when he was six, but his stepmother, the boy says, was good to him.

Good to him!

Nobody has been good to that boy. Fate, that robbed him of a mother who at least had started him on the way to school, was not good to him. The father, who taught him to steal and to make whiskey, was not good to him. The stepmother, who saw no need for school or church, was not good to him. The community, which had abundant opportunity to see this menace in the making, was not good to him. The school, that noted his absence with indifference, was not good to him. The church, where neighbors worshipped in sight of this "violation of God's handiwork, was not good to him.

Nobody has been good to Andrew Denton, murderer at 14. And now the State—humane, advanced, prosperous—can think of no greater good for him than to kill him.

Who is going to answer for Andrew Denton?

"I put him away. I protected society," the State may say, whether it thrusts him behind iron bars or sends his soul into eternity.

That is the Law. The State is jealous of the Law, stands back of the Law, fights for the Law.

Andrew Denton isn't a law. Yet he—his immortal soul, his God-given right to life, growth, happiness, achievement—has been violated. Who is going to answer for that?—News and Observer.

this movement of population becomes extremely serious! If the poor or mediocre farmers are going to the city, that is one thing. If the best farmers are going, that is quite another thing.

"A good farmer," said a prominent official recently is not made in a day. The loss of a good farmer from a community is not easy to replace. To develop a good farmer out of a poor one is a slow process, if not an impossible one."

This official made the point that if the best farmers of America are drifting from the farm then this country stands face to face with a grave problem of threatened agricultural decay. England has had this problem on her hands for generations and has failed to deal with it.—Extracts from a recent A. C. L. Agricultural News Article.

COOPERATIVE MARKETING

If co-operative marketing is to become the accepted method of disposing of farm products it must be taught in rural schools—there must be a generation trained in its principles and practices.

With a background of early systematic instruction we can hope that the farmers of the future will accept co-operation not only as an efficient method of marketing products but as a type of organization which integrates and harmonizes the whole business of farming.

It then will be accepted as a way of living which will give rural life the satisfaction and dignity which it should enjoy.

Farm co-operative marketing implies control of the organizations by their producer members. An organization is not co-operative if controlled by an agency of the government; nor is it co-operative if set up and operated by semi-philanthropic organizations.

The weakness of an organization set up and operated for farmers by others is that it smothers rural initiative and self-help. Dependence on the government or on other agencies for

direction deteriorates the business capacity and morale of the producers. This is the unsurmountable objection to progress of farm relief which is not based on the greater development of co-operative marketing. Efficient marketing is as much the farmers' job as efficient production.

Co-operative marketing must begin with production. It implies economical production; improvement and standardization of varieties of crops and breeds of livestock, and must eliminate waste.—From address by W. M. Jardine.

A PRIZE WINNER

Following is the 200-word article with which Fred W. Vaughan, editor of the People's Advocate, of Fayetteville, won the first prize, \$100, in a contest staged by the National Farm News for the best article giving a plan by which the farm problem might be solved:

Farming, like every other productive enterprise, cannot be successful without sound business management. The lack of this is the chief handicap of the great majority of farmers. Inasmuch as the farmer has to sell his products in an unprotected market and buy his supplies in a protected market, he must overcome this difficulty as far as possible by living at home. That is, he must produce on his farm to the extent of his ability what he consumes. He will thus have less to buy.

The farmer must learn that the price for which a product is sold does not

determine profit or loss except when considered in connection with the cost of production. He must give attention to the details that come under the head of management, such as acreage of various crops, choice of soil, selection of seed, methods of cultivation, harvesting, and last, but not least, marketing.

Intelligent diversification has saved many farmers from bankruptcy.

The farmer must realize that his crop surpluses may be converted into milk and meat products through his livestock. He must be brought to a realization of the fact that organization affords protection in giving him a voice in fixing the prices at which his products shall be sold.—News and Observer.

OUR STATE DEBT

The funded or bonded debt of the state government of North Carolina on May 31, 1927, was officially reported to amount to \$143,093,600. The debt has been incurred for the following outlay purposes: highway bonds \$84,999,000; general fund bonds \$34,221,000; special school building bonds \$14,835,000; and general fund notes \$9,038,600.

The special school building bonds were sold in order to secure funds to lend to counties to enable them more economically to build school houses. While the state incurred the debt and stands responsible for it, it really is county debt.

There is a current debt of \$5,300,000 that will in time be funded. Five millions of this represents highway notes anticipating bond sales, and \$300,000 Chowan River bridge notes anticipating bond sales.

VALUE OF PERSONAL PROPERTY

Per Inhabitant in North Carolina in 1925

Based on 1925 report of the State Department of Revenue and estimated population for 1926. The figures are arrived at by dividing the value of personal property listed for taxation in each county by the estimated population. These amounts do not include the \$300 exemption, nor the bank stock and corporation excess reported by the State Board of Assessment.

Forsyth county leads with \$852 of personal property per inhabitant listed for taxation; Dare county trails with \$63. The state average is \$211; in 1921 it was \$252. Only twenty-two counties are above the state average.

Paul W. Wager

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Rank	County	Personal property per person	Rank	County	Personal property per person
1	Forsyth	852	51	Bertie	141
2	Durham	649	52	Pitt	138
3	Montgomery	420	53	McDowell	136
4	Mecklenburg	373	58	Craven	136
5	Gaston	327	53	Alexander	136
5	Guilford	327	53	Chatham	136
7	Buncombe	294	57	Yadkin	135
8	Anson	256	57	Polk	135
9	Wilson	248	59	Burke	134
10	Pasquotank	242	60	Union	132
10	Scotland	242	61	Warren	131
12	Chowan	236	62	Alleghany	130
12	Halifax	236	63	Perquimans	127
14	Alamance	233	54	Beaufort	122
15	Richmond	226	64	Hyde	122
16	Cabarrus	225	66	Carteret	120
17	Iredell	224	67	Martin	119
18	Stanly	223	68	Swain	118
19	Davie	221	69	Robeson	115
20	Cleveland	218	70	Graham	114
21	Rockingham	216	71	Greene	112
22	Rowan	215	71	Camden	112
23	New Hanover	210	73	Ashe	108
23	Surry	210	73	Franklin	108
25	Vance	206	75	Tyrell	107
26	Transylvania	205	76	Cumberland	104
27	Catawba	204	76	Onslow	104
28	Henderson	203	76	Watauga	104
29	Lincoln	199	76	Wilkes	104
30	Randolph	189	80	Lenoir	103
31	Rutherford	187	81	Cherokee	101
32	Caldwell	185	82	Duplin	100
33	Davidson	184	83	Gates	99
34	Wayne	180	84	Columbus	97
35	Moore	178	84	Currituck	97
36	Johnston	174	86	Bladen	95
37	Wake	167	87	Washington	94
38	Person	169	87	Avery	94
39	Orange	156	89	Madison	92
40	Lee	155	89	Sampson	92
41	Jackson	152	91	Macon	84
42	Hertford	151	92	Caswell	80
43	Stokes	150	92	Brunswick	80
43	Haywood	150	94	Mitchell	79
45	Edgecombe	147	95	Clay	75
46	Harnett	145	96	Jones	73
46	Hoke	145	97	Yancey	66
48	Nash	143	97	Pender	66
49	Granville	142	99	Pamlico	65
49	Northampton	142	100	Dare	63