

FEDERAL INCOME TAX PAYERS

FEDERAL INCOME RETURNS

In the table which appears elsewhere in this issue the counties of the state are ranked according to the relative number of people who make federal income tax returns. There were 38,740 returns filed for the year 1925, or one return for every 72.2 people. The distribution of returns was very uneven.

Naturally, there are relatively more people who file returns and pay income taxes in the urban counties than in the rural counties. Mecklenburg leads both in the aggregate number of returns filed and in the ratio of returns to population, there being a total of 4,470 returns filed or one for every 20.1 people. Buncombe occupies second place in both particulars with 3,210 returns or one for every 23.0 people. Guilford is third in aggregate number of returns, 3,190, but is surpassed by Henderson and New Hanover relative to their respective populations.

It will be noticed that there are nine counties with one return for fifty people or less. There are eleven other counties which exceed the state average of one return for 72.2 people. At the other extreme there are eleven counties which vary from one return for 502 people in Madison to no returns at all in Clay. These computations are only approximate, for the Treasury Department does not actually count the returns from each county, but measures the thickness of the file and its count is therefore accurate only to the nearest five. This slight inaccuracy would make no appreciable difference in the computations for the counties with several hundred returns. It would affect the accuracy of the ratios worked out for the counties with few returns.

This table has little value, perhaps, except to indicate what a small proportion of the people in the rural counties contribute directly to the support of the federal government, or to the state government. The present federal law exempts married men with an income of \$3,500 or less and single men, without dependents, with an income of \$1,500 or less. An additional exemption of \$400 for each child or dependent is also allowed. Finally, no public school teacher or other state employee is subject to the federal income tax. After exempting these classes it is apparent that there are few subjects to the tax in the average county—less than one in two hundred in forty counties of the state. It must be remembered, too, that the figures given here are the number of "returns filed," and less than half of those filing returns actually paid a tax.

While relatively few farmers pay federal income taxes, it does not follow that the farmer is enjoying special favors. To the contrary it indicates that his income is so small that it falls below the exemption point. Most farmers would be glad of an income sufficient to pay an income tax.—Paul W. Wager.

NORTH CAROLINA INCOMES

There were 38,740 North Carolina citizens who filed federal income tax returns for the year 1925. Of this number only 15,443 actually paid taxes; the others were entitled to exemptions in excess of their net income. The distribution according to income was as follows.

	Filed	Paid tax
Under \$1,000.....	1,837.....	56
\$1,000 to 2,000.....	10,414.....	3,264
2,000 to 3,000.....	8,122.....	2,247
3,000 to 4,000.....	7,949.....	1,566
4,000 to 5,000.....	4,460.....	2,743
5,000 to 7,000.....	2,265.....	1,884
7,000 to 10,000.....	1,557.....	1,487
10,000 to 15,000.....	969.....	969
15,000 to 20,000.....	461.....	461
20,000 to 30,000.....	365.....	365
30,000 to 40,000.....	142.....	142
40,000 to 50,000.....	82.....	82
50,000 to 100,000.....	93.....	93
100,000 to 200,000.....	24.....	24
200,000 to 500,000.....	7.....	7
500,000 to 750,000.....	3.....	3
	38,740	15,443

In most instances the incomes here tabulated are for the calendar year 1925; in a few instances the incomes

are reckoned from July 1, 1925, to June 30, 1926.

The average net income of the 15,443 income tax payers was \$6,666 and the average tax was \$205.84. The total amount of federal income taxes paid was \$3,178,767, and 94 percent of this amount was paid by people whose incomes exceeded \$10,000 and 56 percent paid by people whose incomes exceeded \$50,000. The average tax paid by the 13,307 people whose incomes were less than \$10,000 was \$14.73. Thus the federal income tax on individuals is not burdensome on those with moderate incomes and it does not apply at all to married persons whose incomes are less than \$3,500 or to single persons with incomes less than \$1,500. All persons, married or single, with gross incomes of \$5,000 or more are required to file a return, regardless of the amount of net income.

COUNTY ADMINISTRATION

In the following address delivered before the State Association of County Commissioners at the final session of their conference at Lake Lure last week, Dr. E. C. Brooks, President of State College and Chairman of the County Government Advisory Commission, clearly charts the path of procedure for the successful administration of county affairs.

"We should not form the opinion that accounting and bookkeeping are the major functions of county government. They are not. But they are very essential. Good government is dependent upon good planning and good execution. It is an administrative problem, more than an accounting problem. In a large percent of the counties, the county accountant may become the chief administrative officer. It seems to me that there are three major divisions of good administration.

"1. Planning the service that a county will render all the people. This includes education, roads, health and sanitation, charities and welfare and protection of the youth, agricultural problems and standards of living, preservation of law and order, rural and urban police and rendering other minor services. It has become necessary through public pressure for counties to render service in all of these many ways. They have become necessary functions and in most counties the work is not carefully planned, but the amount of service in each division is dependent in a large measure upon public pressure.

"Government is a great public business and it should be carefully planned. Each of these functions is represented by a special board. In my judgment each board should select a representative which should form a council to meet with the commissioners from time to time to study the needs of the people and to plan the county's business in such a way as to place the proper emphasis on each division of the county's business.

"2. The second factor in proper planning is safeguarding the revenue in order that maximum service may be rendered. This includes protecting the revenue; valuation of property should show a tendency to increase. A five-year comparison always before the officials should show at least the same number of acres of land each year, instead of trade fluctuations. Real property should be mapped, someone should study depressions and improvement. Interest on bank balances should be sufficient to pay for many minor services now neglected.

"A budget of receipts and expenditures and a continuous audit should save the county thousands of dollars. That county is very inefficient that pays every few years from \$10,000 to \$20,000 to have the books audited. And the county that pays an auditing firm to keep its books audited and then an annual fee to reaudit them is depriving its citizens of services that could be purchased with the wasted money.

"3. The third factor in county planning is preserving the credit of the county. Ability to meet obligations promptly is the first essential. The legality of obligations should be studied.

THE PUBLIC LIBRARY

The public library is America's continuation school. It is the most democratic of American educational institutions. . . It is free to every person who wishes to read, and who is willing to read. If the schools will only teach the reading habit, the library will educate the world, for the public library of America is free to every new idea, free to every fresh point of view; nothing is barred because it is new or radical or different. The public library is free from party politics; it is free from religious intolerance and prejudices. The public library provides information on all sides of every important question—so far as its funds will allow.—William Allen White, Emporia Gazette.

Mr. A. J. Maxwell's suggestion of a state commission on bonds and sinking funds is excellent and will, I think, save millions to the taxpayers. Credit is strengthened by increasing the purchasing power of the dollar by wise purchasing of supplies."

LIQUOR LAW VIOLATIONS

Mr. C. V. Kiser has recently completed a survey of liquor law violations in two mid-state counties, Durham and Person, one a representative urban county, the other a representative rural county. The data were secured for Durham county from the Durham County and City Recorder's Court, and for Person county from the Person County Recorder's Court.

According to the findings in the study of the police records for the city of Durham for the four-year period 1922-26, drunkenness constituted about sixty percent of all the liquor law violations, while illegal possession composed 31.3 percent of the offenses. The negro population, which constitutes about one-third of the population of Durham county, committed approximately forty percent of the liquor law violations. Males committed 94.13 percent of the liquor offenses as against 5.87 percent committed by females. The average age of liquor law offenders was 34.5 years and the modal age 27.9 years. In general, negro offenders were younger than the white offenders. A study of the occupational distribution of liquor law offenders showed that 88.92 percent of all offenders were of the laboring classes, 4.69 percent were of the business groups, 5.24 percent were farmers, and 1.15 percent were students.

Study of the marital condition of the liquor law offenders in Durham county showed that 45.4 percent were single and 54.6 percent were married, thus indicating that the unmarried group was responsible for more than its quota of offenses. This statement held true for single men of both races as well as for unmarried negro women. Unmarried white women, on the other hand did not commit their quota of offenses.

A study of repeating offenders showed that 70.8 percent of all white men offenders were charged with their first liquor law offense, 80 percent of all white women, 76.5 percent of all negro men, and 71.6 percent of all negro women. In other words, from 20 to 30 percent of the offenders were "repeaters."

Effect of Tenancy

The latter portion of the study is primarily concerned with the study of liquor offenders with relation to land tenure as based upon results secured in the study of liquor offenders in Person county. According to the findings, 88.1 percent of all liquor law offenders studied in the eighteen-month period were tenants, while only 61 percent of the farms in the county were operated by tenants in 1920. It is thus seen that farm tenants contributed considerably more than their share of liquor offenses. Whites alone considered, 82.5 percent of the liquor offenders were tenants and 17.5 percent owners. In the case of negroes, 98 percent of the offenders were tenants. It is significant that considered on the basis of race, whites committed a greater proportionate number of liquor offenses than blacks. While there were 1.35 times as many white as blacks in the county, whites committed 1.75 times as many liquor offenses as blacks.—J. J. Rhine.

NOTES ON PUBLIC EDUCATION

4. STATE BOARDS OF EDUCATION

The prevailing method of selecting the chief school officer or state superintendent is by popular vote. In six states these officers are appointed by the governor, in eight by the state board of education. The last of these methods is in line with accepted principles of school administration and has the most to commend it.

The chief state school officer should be selected by the state board of education from the country at large because of professional preparation and administrative ability, and if possible because of success in other positions requiring similar ability and involving similar duties. Many able and efficient chief school officers have come into office by popular election or by gubernatorial appointment. Both methods have some advantages, but neither is as sure and reliable as appointment by a non-partisan board. No other method of selection is rational, if this officer is to be responsible to the board. The term of office should have no reference to the change of officers connected with the partisan government of the state. It should be indefinite or for a period of years long enough to make possible the consistent development of administrative policies.

If the chief state school officer is selected by popular vote, the office may become a political one, subject to the fluctuations of party and factional politics. The term is short, two to four years, reelection is uncertain, and the lack of continuity in the service is a handicap to the officer, however capable. The term and salary are fixed by law and can not be adjusted to fit the person desired. The field from which to choose is limited as to age and citizenship. Under the appointive method the chief state school officer may be selected as are presidents of universities, city superintendents, and

other important school officials, from the country at large.

With the state organized for education on this basis, the position of chief school officer stands first in responsibility and in opportunity to render executive service. As executive official he administers the various divisions of the state department of education and also represents the state board as its professional representative with the higher educational institutions of the state.

Powers and Duties

There is general agreement by authorities on school administration, confirmed by practice in several progressive states, that this important officer should be assigned at least the following powers and duties:

1. The chief state school officer, the executive official of the state board of education and executive head of the state department of education, should enforce rules and regulations made in conformity to law by the state board for schools over which it has legal jurisdiction.
2. Supervision of all the different divisions of the state department of education responsible to the state board for the proper administration of the duties of each such division.
3. In cooperation with the heads of the state's institutions for training teachers, and in conformity with law, he should prescribe courses of study for these training schools, standards for certification of teachers, and methods for the validation of teachers' credentials from other states.
4. As the professional representative of the state board of education, he cooperates with the presidents and faculties of the higher educational institutions of the state.—U. S. Bureau of Education.

FEDERAL INCOME TAX RETURNS, 1925
Counties Ranked According to Number of People per Return

In the following table the counties of the state are ranked according to the number of people for each income tax return filed for the year 1925. Mecklenburg leads with one return for every 20.1 people. Clay is last with no returns at all. The average for the state is one for every 72.2 people, twenty counties exceeding this average and eighty falling below it.

The parallel column gives the number of returns filed in each county. Mecklenburg leads also in this particular, with 4,470 returns. The number of returns filed in the entire state was 38,740.

The table is based on Statistics of Income, United States Treasury Department.

Paul W. Wager Department of Rural Social-Economics, University of North Carolina							
Rank	County	Returns	People per return	Rank	County	Returns	People per return
1	Mecklenburg	4,470	20.1	51	Stanly	220	156.6
2	Buncombe	3,210	23.0	52	Rutherford	205	163.2
3	Henderson	740	26.5	53	Avery	60	180.0
4	New Hanover	1,700	27.3	54	Northampton	130	182.7
5	Guilford	3,190	28.8	55	Hoke	70	183.2
6	Durham	1,530	30.6	56	Jackson	70	195.2
7	Wake	2,450	33.9	57	Warren	115	195.5
8	Forsyth	2,275	42.9	58	Randolph	165	195.6
9	Pasquotank	410	49.6	59	Columbus	160	197.1
10	Rowan	945	51.3	60	Harnett	160	202.7
11	Alamance	660	53.6	61	Martin	110	207.8
12	Wilson	770	55.2	62	Hertford	80	210.8
13	Moore	410	59.3	63	Anson	140	216.0
14	Cumberland	630	60.9	64	Montgomery	65	224.7
15	Gaston	950	62.0	65	Washington	50	234.4
16	Lenoir	520	65.6	66	Currituck	30	242.3
17	Wayne	730	67.1	67	Tyrell	20	242.5
18	Edgecombe	615	68.3	68	Bertie	100	246.3
19	Catawba	550	68.7	69	Brunswick	60	252.9
20	Cabarrus	540	71.7	70	Pamlico	35	259.0
21	Craven	410	76.5	71	Mitchell	45	261.9
22	Richmond	370	79.8	72	Camden	20	269.1
23	Beaufort	390	80.0	73	Duplin	120	278.6
24	Iredell	500	80.8	74	Davie	60	285.2
24	Vance	310	80.8	74	Wilkes	120	285.2
26	Chowan	130	81.9	76	Pender	50	295.8
27	Carteret	200	82.3	77	Swain	50	302.2
28	Lincoln	190	96.6	78	Chatham	80	307.5
29	Nash	475	96.8	79	Sampson	130	307.9
30	Lee	150	98.5	80	Alexander	40	315.7
31	Davidson	390	100.2	81	Cherokee	60	319.7
32	Scotland	155	101.7	82	Franklin	80	349.9
33	Rockingham	470	104.9	83	Alleghany	20	370.2
34	Polk	90	107.0	84	Onslow	40	377.2
35	Transylvania	100	107.1	85	Macon	35	381.4
36	Halifax	440	108.8	86	Bladen	750	418.7
37	Pitt	470	110.1	87	Stokes	45	463.4
38	McDowell	170	111.3	88	Watauga	30	469.4
39	Caldwell	180	116.1	89	Graham	10	495.3
40	Surry	270	126.3	90	Madison	40	502.1
41	Granville	210	133.4	91	Dare	10	530.1
42	Cleveland	280	138.8	92	Caswell	30	598.7
43	Union	280	135.2	93	Ashe	30	743.1
44	Robeson	440	138.2	94	Hyde	10	838.6
45	Orange	140	141.3	95	Yancey	20	855.8
46	Haywood	170	148.0	96	Greene	20	915.4
47	Perquimans	75	149.2	97	Gates	10	1,059.2
48	Johnston	360	150.2	98	Yadkin	15	1,135.7
49	Burke	160	153.5	99	Jones	5	2,141.6
50	Person	130	154.2	100	Clay	0	—