

THE UNIVERSITY OF NORTH CAROLINA

# NEWS LETTER

The news in this publication is released for the press on receipt.

Published Weekly by the University of North Carolina for the University Extension Division.

MAY 9, 1928

CHAPEL HILL, N. C.  
THE UNIVERSITY OF NORTH CAROLINA PRESS

VOL. XIV, No. 26

Editorial Board: E. C. Branson, S. H. Hobbs, Jr., P. W. Wagon, L. R. Wilson, E. W. Knight, D. D. Carroll, H. W. Odum.

Entered as second-class matter November 14, 1914, at the Postoffice at Chapel Hill, N. C., under the act of August 24, 1912.

## OUR SMALL TOWNS

### OBSCURE AND COLORLESS

North Carolina has something over four hundred sub-census-size towns. That is, towns with less than 2,500 population. In 1920 there were 66 with less than 2,000 and more than 1,000 people. Miss Ina Young of the Institute for Research in Social Science is making a study of these towns, and in this week's issue she tells us something about their finances. The accompanying table gives their assessed valuations and tax rates.

There are probably 120,000 people living in North Carolina towns of this size. On the whole, they are a high class of people—merchants, teachers, lawyers, doctors, garage men, artisans of various trades, retired farmers, etc. Some of these small towns contain industries but, if so, the industrial workers are outnumbered by and merged into the general population. They are, in the main, homogenous, democratic communities.

The small town has too often been ignored by the census bureau, caricatured by the novelist, and despised by both the city and the country. Sometimes it has deserved to be criticized, for it has been ugly in appearance, torn by internal conflicts, lacking in progressiveness, devoid of any ideals of service, and quite unconscious of any responsibility to the countryside from which it draws its sustenance. Oftentimes it has manifested a profound complacency and been quite unmindful of its shabby and colorless character.

### Some Become Active

The renaissance of the South has affected the villages and towns, however. Many of them have caught the new spirit, have been aroused out of their lethargy, and have surprised themselves with their own achievements. Too often, however, the town which witnesses some activity and growth becomes dominated with a single ambition—namely, to become a city. As soon as it gets a paved street and a fire engine it calls itself a city. It measures itself in terms of population. It pushes out its boundaries in order to show an increase in numbers. Then it organizes a Chamber of Commerce and advertises for industries, all of which is good. The pity of it is, such a town surrenders its own individuality and its own character in the mad scramble to become a city—or if not a city as much like a city as possible.

### Preserve Individuality

Everyone must admit that the South needs industries and that it needs cities. And it is encouraging to see towns once inactive become bustling industrial towns. It is encouraging to see some of them growing into the proportions of a city. Yet not all of our four hundred and more small towns can become cities. Not all will attract factories. But there is not one, whether it be industrial, trade, or residential, that cannot become distinctive. If its people unitedly work for it, a town may develop into a delightful place to live in, even though its population remain small. It may become so attractive physically that passing tourists will remark about it and will stop to pay tribute. Every village and small town ought to try to acquire some characteristic which is unique—it may be a town common, a tulip-bordered boulevard, an unusual row of shade trees, an artificial lake, or a well equipped playground. It may be a town hall, a community church, a choral society, or a village band. It may be the presence of some historic shrine or some noteworthy institution. It may be the absence of something which is characteristic of most towns, such as ill-kempt vacant lots, dilapidated and unpainted buildings, or the severe and unvaried architecture of the business blocks.

In short, the theme of this article is that each town in North Carolina should discover its own peculiar endowments and magnify them. It should cease trying to be like other towns, or even to be as big as its neighbors, and try to be more attractive physically, more harmonious internally, more serviceable to the countryside, and, most of all, try to preserve and develop its own individuality.

### N. C. MUNICIPAL FINANCE

North Carolina had, according to the 1920 census, 413 incorporated places of sub-census size, that is, of less than 2,500 population, with a large number of places of similar size unincorporated. There were only 57 census-size cities and towns—incorporated places of over 2,500 population—and the largest cities in the state had less than 50,000 inhabitants. North Carolina, then, is still a rural state, though through the present process of industrialization it is rapidly becoming urbanized and will probably have one city or more in the 100,000 class when the next federal census is taken in 1930.

By definition an incorporated town is any group of people living in one geographic unit who have organized into a political unit for the purpose of receiving advantages which individually and unorganized they were not able to secure. In North Carolina this privilege is granted on petition to the legislature, and the requirements are that the contemplated incorporated territory shall contain at least 50 persons and 25 eligible voters. To pay for the benefits of such incorporation large revenues are necessary, and this is the chief problem to be considered in connection with city government.

As to the measure of local self-government received through incorporation, the cities and towns in North Carolina have very little, as their powers are limited by law, and they are almost entirely under legislative control. This is especially true of finances. The poll tax is limited by the constitution to \$1.00, and the general property tax rate is also limited to \$1.00 for general purposes, though it may be supplemented to cover the amount needed for bond issues. Moreover, the Municipal Finance Act requires that a bond issue may not exceed 8 percent of the total assessed valuation of property, "unless the bonds . . . are to be funding or refunding bonds, or are bonds for water, gas, electric light or power purposes . . ." However, any specific town may secure a special public-local act through the legislature, permitting it, as an exception, to violate this law. This is a constant practice, and the legislature through its inconsistency in granting unlimited special acts defeats and contradicts its own general law. The question may well be asked, what is the value of having such an act, when any city or town so desiring may be given permission to violate its requirements?

But what is the actual situation as to the administration of finances in North Carolina municipalities? Sixty-five small towns having between 1,000 and 2,000 population were selected for special study, and 7 of the largest cities in the state—those having over 25,000 population—chosen for purposes of comparison, were also considered. Following are some of the facts discovered in regard to these. The figures are those given in the Report of the Commissioner of Revenue for the year 1925.

### Assessed Valuation

The assessed valuation of real and personal property in the 65 towns studied ranges from about \$1,000,000 to \$3,000,000, the average assessment per town being around \$2,000,000 or about \$1,500 per capita, whereas the average assessed valuation per capita for the cities is about \$2,500. Of this about 20 percent in both cases is personal property. The assessments of cities and towns are made, according to law, by the counties for all purposes, and are usually at about 70 to 75 percent of their actual value.

### Receipts and Revenue

Great variation is shown in the receipts reported by the various towns. Six report less than \$10,000, while nine report over \$100,000. The majority report receipts ranging from \$30,000 to \$70,000, the average being around \$60,000 each. The average revenue per capita, or the average cost of government per individual in the small town is \$45, while that of the city is about \$125, though in the case of the latter much of this is paid by the large corporations and not by the individual citizens. But of course the differences in services received must also be taken

### THE VALUE OF BEAUTY

Like the individual, a town or city is invariably judged by the appearance it makes. If the general effect, as shown in its public buildings, churches, schools, streets, and homes is that of a well-ordered, self-respecting, beauty-loving community, its influence is immediately felt. Every visitor or traveler brought into personal touch with these evidences of progressive spirit immediately responds to their influence and is unconsciously transformed into a medium for spreading the fame of the town as a place in which to live and rear a family, or as a place where business may be done cleanly and with economy.—Charles S. Bird, Jr., in *Town Planning for Small Communities*.

into consideration, although it would be interesting to know if the differences in cost are commensurate with the differences in services received.

As to the taxes levied on property, this in most cases constituted less than one-half of the total receipts, the majority of the balance being receipts from bonds or borrowed money. In fact, in the case of the towns, the latter constituted about one-third of the total, and in the case of the cities about two-thirds. Twenty-seven towns reported no receipts from borrowed money. Only one of the cities studied reported no receipts from borrowed money.

The next largest item of receipts was from electric lights and other public service. Fifty-three of the towns reported receipts from this source, 44 of them receiving a net income, and 7 of them realizing a profit of over \$10,000. Twenty-five of the towns are reported in McGraw's Central Station Directory as owning municipal electric light plants, though few of them generate their own power, being merely distributing plants for some of the larger power companies of the state.

### Expenses and Disbursements

The total expenditures of the towns, and also the receipts, varied greatly throughout the state, some having heavier payments on bonded indebtedness than others, but practically all of them expending from \$1,000 to \$50,000 for this purpose. The expenditures also included the expense of operating public service, which item in some cases was quite large.

The total expenditures for the various towns range from less than \$10,000 in some of the mill towns to over \$300,000—one town spending exactly this amount on streets and sidewalks during the year, another \$240,000 for the same purpose, and two others over \$100,000. In fact, except for payments on bonds, this seems to be the chief item of expenditure made by the towns, and perhaps the bond payments were in most cases also for this purpose. The average expenditure per town towards bonds and other indebtedness is about \$20,000 a year, while that of the city is around \$1,500,000 or about one-third of the total disbursements in the case of each. If, as suggested, a large proportion of this is for street and sidewalk improvements, then a major proportion of the town's disbursements go to this purpose. Since this is the item that necessitates the largest amount of expenditure it constitutes the chief burden on the town. The total expenditures for the towns average around \$60,000 each or about \$40 per capita, while those for the cities average about \$4,000,000 or about \$125 per capita, which are approximately the figures given for average and per capita receipts.

Comparing the receipts and disbursements, we see evident lack of proper budgeting procedure, which is a specific legal requirement for the municipalities in the state. In many cases the expenditures exceeded the revenue received, and often also there was an unnecessarily large balance at the end of the year, which is an almost equally significant sign of poor financing; whereas if a proper budgeting system had been in use neither of these results would have appeared.

### Bonded Indebtedness

All but ten of the towns reported uncollected taxes for the year in amounts varying from a few hundred dollars

up to \$40,000—the greater number ranging from \$5,000 to \$10,000. This is also evidence of poor business administration, but is, however, no more characteristic of the towns than of the counties or the larger cities of the state; three of the latter reported over \$100,000 uncollected taxes for the same year, which makes a very bad showing for municipal administration in North Carolina.

As to tax rates, we find great variation here, which indicates individuality among municipalities as among individual citizens. Twelve of the towns had a general property tax rate of less than \$1.00, while all the other towns had a property tax of \$1.00 or over, 11 of them paying a rate of \$2.00 or more, which is allowed by law for the purpose of paying bonded indebtedness. In no case did the cities mentioned have a property tax exceeding \$1.50 which is perhaps the point at which the greatest differentiation between city and town government occurs, as the presence of large corporations in the city relieves the individual taxpayer from paying such excessive rates. This is one of the arguments in favor of the larger unit of city government, for although the average per capita cost of government is more in the city than in the town, it costs the individual citizen less. As to poll taxes, only 17 or about one-fourth of the total number of towns have as low a rate as \$1.00, although a constitutional amendment of 1917 made this the maximum limit of the poll tax. Eight towns paid a poll tax of between \$1.00 and \$2.00, 14 between \$2.00 and \$3.00, and 17 had a poll tax rate of over \$3.00.

The large bonded indebtedness of the towns is one of their characteristic and most significant features, and constitutes, perhaps, their most serious problem. Only six towns report no bonded indebtedness. Twelve had a bonded indebtedness of less than \$100,000, while the remaining 47 report an indebtedness of from \$100,000 to \$600,000. The average for the group is about \$200,000, while that of the cities is nearly twice as much in proportion to population. But again this must be thought of in terms of advantages received. The law on this point has

been noted above. Such heavy indebtedness is a challenge to study and investigation. Most of the towns also reported some current liabilities, or short-term indebtedness for current expenses. As to sinking funds, these are ceasing to be an important item of finance, as serial bonds are becoming more universal, only about two-thirds of the towns reporting under this head, and most of them for small amounts of less than \$10,000.

### Conclusions and Suggestions

In view of the above facts, what are the next steps to be taken toward the improvement of municipal administration in North Carolina? Following are some of the things that might aid in this direction:

1. The assessment of all property at its actual or real market value, and the discovery of some method of listing as great a percentage as possible of the total personal property owned.
2. The discovery of whether or not public service plants owned by the towns pay or whether it is more advisable to allow these services to be furnished by private companies, and the pursuit of a policy in accordance with the decision.
3. Some provision whereby the expense of public improvements, such as streets, which constitute such a heavy burden on the cities and towns, might be borne by others than the individual citizens.
4. The practice of following a proper budgeting procedure, so that current liabilities might be lessened and expenses not exceed income.
5. Some system of administration whereby the collection of taxes might be enforced by holding the tax official liable.
6. The discovery of other sources of revenue, so that such a large percentage of receipts from bonds or borrowed money will not be necessary.
7. Finally, less legislative control and the granting of more freedom to the cities and towns, substituting for the former system a state supervisory administrative control through some sort of municipal board, which would have the ability to advise as to policy and the power and authority to enforce the general municipal laws of the state.—Ina V. Young.

## NORTH CAROLINA'S SMALL TOWNS

### Their Valuations and Tax Rates in 1926

Listed below are the sixty-five incorporated towns of North Carolina which had a population in 1920 ranging from 1,000 to 2,000. Seven or eight separately incorporated places which are parts of larger towns are omitted.

The assessed valuations and tax rates for 1926 are given except in the cases of Fairmont and Lowell where the 1925 figures are given. The combined city and local school district rates are given for all except the following: Southport, McAdenville, Gibsonville, Farmville, Fairmont, Lowell, St. Pauls, Mayodan, and Wendell. In these cases no special school tax is included. This information is based on data assembled by the State Department of Conservation and Development.

It will be noticed that Andrews has the highest tax rate, \$3.50, and Franklinville the lowest, \$.50, if we limit the comparison to towns for which the combined town and school district rate is given.

Department of Rural Social-Economics, University of North Carolina

Town	Assessed valuation 1926	Local tax rate 1926	Town	Assessed valuation 1926	Local tax rate 1926
Ahoskie	1,713,839	2.15	Mayodan	1,368,001	.10
Andrews	1,263,653	3.50	McAdenville	182,046	.33
Ayden	2,152,187	2.05	Mebane	2,526,922	1.72
Belhaven	1,293,388	2.60	Mocksville	1,752,457	1.55
Benson	2,579,751	2.71	Mount Holly	3,604,072	1.20
Brevard	2,501,687	2.40	Murphy	1,439,693	2.25
Burgaw	1,111,809	1.10	Norwood	1,471,042	1.30
Chadbourn	1,820,517	1.28	Plymouth	1,079,143	3.27
Cherryville	2,764,195	1.35	Raeford	2,069,095	.85
China Grove	1,125,882	1.22	Ramseur	844,491	.80
Clayton	1,828,867	2.07	Randleman	1,208,600	1.60
Cornelius	1,104,933	1.05	Robersonville	1,220,104	1.65
Davidson	1,118,840	2.00	Roper	269,008	1.18
Dallas	1,415,973	.75	Roxboro	3,572,691	2.00
Elkin	3,165,000	1.10	Rutherfordton	2,081,316	3.20
Enfield	2,011,688	2.00	St. Pauls	1,589,631	1.00
Fairmont	1,324,751	1.75	Selma	1,529,527	2.05
Farmville	3,220,012	1.66	Siler City	1,503,355	1.58
Franklinville	605,571	.50	Smithfield	3,169,702	2.44
Fremont	1,800,778	2.10	Spring Hope	956,967	3.30
Gibsonville	2,234,355	.75	Southport	991,665	1.45
Granite Falls	2,280,622	1.10	Taylorsville	1,269,802	2.35
Hertford	1,551,362	1.55	Troy	828,714	2.10
Hillsboro	798,800	1.45	Tryon	1,228,840	2.65
Kernersville	1,553,613	1.30	Wake Forest	1,205,608	2.00
LaGrange	1,640,363	1.55	Warsaw	1,269,802	.93
Littleton	1,200,000	2.10	Waynesville	2,729,075	2.25
Louisburg	1,528,655	3.45	Weldon	1,911,010	2.15
Lowell	1,551,839	.10	Wendell	1,052,045	2.00
Madison	1,514,656	1.80	Whiteville	1,803,819	2.45
Maiden	1,485,000	1.60	Williamston	1,539,629	2.60
Marion	2,799,858	1.82	Windsor	1,003,130	2.75
Maxton	1,889,932	2.00			