

THE STATE TAX COMMISSION AND TAX REFORM IN KANSAS.

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TABLE OF CONTENTS.

CHAPTER I.

A REVIEW OF THE HISTORY OF TAXATION OF PROPERTY IN KANSAS.

General system of taxation in Kansas, the General Property Tax, and the problems connected with the same, p.1-- Tax legislation under the Territorial Government, 1854-1861, p.2--Provisions relating to taxation in state constitution, adopted Jan. 29, 1861, p.6--Later legislation, p.8--Results of investigation by the Commissioner of Labor in 1897, p. 10-- Special Tax Commission, 1901, p.29--Data bearing on taxation, Census report, 1904, p.40.

CHAPTER II.

THE CONSTITUTION AND FUNCTIONS OF THE TAX COMMISSION.

Creation of the Kansas State Tax Commission in 1907, p.43--Duties of the Commission, p.44.

CHAPTER III.

THE METHODS EMPLOYED AND THE RESULTS OBTAINED BY THE COMMISSION.

The work of the Commission as a board of assessors of railroad and other corporate property, p.49-- its powers and duties as a state board of equalization, p.59--The work done by the Commission in supervising the assessment of real property, p.67--Table showing ratio of assessed to true value of real estate in 1904 and 1911,

p.69--Tables showing relative regressivity of real estate taxes in 1897 and 1912, p.75--The taxation of personal property, p.85.

CHAPTER IV.

RECOMMENDATIONS MADE BY THE COMMISSION FOR THE REFORM OF THE TAX SYSTEM.

The Graded Property Tax,p.94--The taxation of mortgages, p.98--Recommendation in regard to county and deputy assessors, p. 99--The Inheritance Tax,p.104.

CHAPTER I.

A REVIEW OF THE HISTORY OF TAXATION OF PROPERTY IN KANSAS.

Kansas, like the other commonwealths, depends mainly upon the general property tax for the support of the State and local governments. Uniformity is the keynote of the system, which has as its ideal the taxation of all property in the state, not legally exempted, at a "uniform and an equal rate". Certain secondary taxes, such as the poll tax and the recent inheritance tax, have been employed, at least for a time, but the general property tax has from the first been the primary source of revenue. The constitutional provision that all property shall be taxed uniformly and equally precludes any changes in the fundamental system without a constitutional amendment, and all attempts at reform hitherto undertaken have aimed at a more efficient administration of the existing law, slightly amended, perhaps, rather than any farreaching revision.

Certain well-defined problems in connection with the administration of the general property tax, faced the State Tax Commission, when created in 1907. Some of these were the very great and unequal undervaluation of property assessed, the evasion of taxation by much personal property and the inequitable assessment of corporations.

These were not new problems. Indeed, they appeared long ago, as a review of the history of taxation in Kansas will show.

During the pioneer days of the State, the general property tax might reasonably be expected to meet the requirements of fairness and ease of administration very creditably. Under the simple economic conditions which then obtained, "general property" could more readily be assessed than at present and was a much better index of tax-paying ability. Land was the chief item of property. Personal property consisted principally of farm implements and other tangible property, and hence did not furnish the difficult administrative problems of to-day. Ability to pay taxes was roughly in proportion to property, because incomes from other sources were not of much consequence. Large corporations were not even dreamed of at that time, and their absence simplified tax problems considerably.

A territorial government for Kansas was provided for by Congress in 1854. Kansas was at this time in the frontier stage, hence Congress appropriated \$64,700 to meet the initial expenses of launching the new territorial government.

The first legislature of Kansas Territory was convened in 1855. This Legislature was known as the

"Bogus Legislature", being composed chiefly of pro-slavery men from Missouri. A law providing for taxation ~~for taxation~~ was one of the measures enacted by it. The purpose of taxation was declared to be the support of the territorial government, the payment of the public debt and the advancement of the public welfare.(1) Taxes were to be levied on land and improvements, leaseholds, slaves, and all personalty, including money and credits. An exemption of the property of all widows and minors not worth more than \$1,000 was provided. A poll tax was levied on men from twenty-one to fifty-five years of age, varying from 50 cents to \$1.00. A few license taxes were provided, for and most kinds of local official service was to be compensated by a rather inclusive system of fees. Thus the services by the district attorney, county commissioners, judges of probate courts, clerk of ^{the} supreme court, clerks of district courts, sheriffs, coroners, constables, justices of the peace, notaries public and recorders, were to receive their compensation from fees collected.

The method of assessment was exceedingly crude. A county assessor was chosen yearly by the county tribunal. Each person was then supposed to hand to him written lists

(1) Statutes of 1855, Ch. 137.)

of all his property. This method of virtual self-assessment could not possibly attain satisfactory results, and was soon abolished.

Provision was made for the taxation of corporations in the following clause: "Persons owning shares of stock, in banks and other incorporated companies, taxable by law, are not required to deliver to the assessor a list thereof, but the president or other chief officer of such corporation shall deliver to the assessor a list of all shares of stock held therein, and the names of the persons who hold the same. The tax assessed on shares of stock embraced in such list shall be paid by the corporators respectively."

The population of the Territory was only 8,601 at this time, hence it is easy to understand that the revenues would not meet the requirements of a newly formed territorial government. In a vain attempt to make the revenues cover the expenditures, the tax law was amended in various ways at every session of the Legislature. From 1855 to 1860 inclusive, the total revenue collected amounted to \$34,617.68, and under the acts making appropriations, warrants were issued for \$135,470.16, leaving a deficit of \$100, 852.48. Claims against the territory were also allowed to the amount of nearly \$400,000.⁽²⁾ Boyle, Financial History of Kansas, page 21.

In 1857 the definition of real property included buildings and fixtures and other improvements and all mines, minerals, quarries and fossils in and under the same.(3) All just debts were to be deducted from personal property. Township assessors, elected by the electors of the township, were to make the assessments. Assessments of both real and personal property were to be made annually. Persons owning stock in companies taxed on their capital, might deduct the value of such stock from personal property. The county Board of Supervisors could increase or decrease the assessment of real estate in any township or ward in order to distribute the burden equally among the various tax districts. The county Board of Supervisors were to apportion and raise the county and territorial tax. The township treasurer was to collect the township tax. A territorial Board of Equalization consisting of the Secretary of State, Treasurer and Auditor of the Territory, was provided for ^{to} apportioning taxes and to equalize assessments among the various counties. In 1860 the definition of real property was changed so as to include the lands only, excluding the crops and improvements thereon, except in cities and incorporated towns where improvements

(3) Laws of the Territory of Kansas, 1860,

might also be taxed, and all mines, minerals and quarries in and under the same. (4) A county assessor was to perform the duties connected with the assessment of property for taxation, and when, in the opinion of the county commissioners, the county assessor would be unable to do the work, they should authorize him to appoint deputies to assist him with the work of assessment. (5) The Board of County Commissioners was made the County Board of Equalization in place of the Board of Supervisors which was abolished.

Kansas was admitted into the Union January 29, 1861. The Constitution framed at that time limited the exercise of the taxing power by the Legislature by a clause reading: "The Legislature shall provide for a uniform and equal rate of assessment and taxation; but all property used for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, and personal property to the amount of at least two hundred dollars for each family, shall be exempted from taxation".(6) The only provision relative to corporations was with reference to banks and read

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- (4) Laws of the Territory of Kansas, 1860, Ch. XIV, Sec. 2.
 (5) Ch. 28, Secs. 121-123, Law of 1860.
 (6) Constitution of Kansas, Article XI. Finance and Taxation, Section 1.

as follows: "The Legislature shall provide for taxing the notes and bills discounted or purchased, moneys loaned and other property effects or dues of every description (without deduction) of all banks now existing, or hereafter to be created, and of all bankers, so that all property employed in banking shall always bear a burden of taxation equal to that imposed upon the property of individuals".(7) Appropriations were to be made for a period of two years.(8) No tax should be levied except in pursuance of a law, and the revenue derived from any tax should be applied to the object specified.(9)

No important tax legislation was enacted in 1861, but in 1862 the first comprehensive tax law since the admission of Kansas into the Union was enacted. The general features of the territorial law were retained intact. Some minor changes were made as follows: Assessments were to be made once in three years.(10) The definition of real estate was extended to include improvements and crops provided that their value exceeded \$500. In 1863 this was still further amended to include all improvements in ~~the~~ the term real estate. In 1865, the

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|------|--------------------------------|----------|-------------------|------|----|
| (6) | Constitution of Kans., | Art. XI. | Finance and Tax., | Sec. | 1. |
| (7) | " | " | " | " | 1. |
| (8) | " | " | " | " | 1. |
| (9) | " | " | " | " | 4. |
| (10) | General Laws of 1862, Ch. 198. | | | | |

assessment of real estate was to be made annually instead of every three years. In 1867 the office of county assessor was abolished, and the work of assessment again placed in the hands of the township trustee. In 1870 a law was passed providing that the township assessors should meet on the third Wednesday of April to agree upon an equal basis of valuation. In 1871 a State Board of Railroad Assessors was provided for, one member of which was to be elected from each Judicial district. In 1874 this law was repealed.

Interest in tax laws waxed strong at this time and the dissatisfaction with the results attained by the prevailing law was great. As a result the law of 1876 was enacted. This, however, was not a new law, but simply a reiteration of the numerous laws and amendments that had been tacked to the tax system from 1855 ~~until~~^{to} 1876. The law of 1876 possessed merit simply in the fact that it codified the laws already in existence, and thus by simplifying the system, some benefits probably accrued. The State Board of Railroad Assessors was re-introduced as a part of the tax system. The personell of the Board was changed by naming the lieutenant governor, secretary of state, treasurer, auditor, and attorney general as the members of the Board. The result of the Act of 1876 was

an increased assessment of personal and railroad property. The assessed value of personal property in 1877 was 18%, of railroad property 33% ^{larger} ~~higher~~ than in 1876. This increased assessment of personal property, however, did not continue more than about eight years.

The law of 1876 has remained upon our statutes nearly forty years, unchanged except for revision in minor particulars. In the meantime, the state has gained greatly in population and in wealth. Moreover, industry has undergone a tremendous differentiation, and new forms of property have appeared.

Most kinds of personalty invariably offer a difficult problem in taxation. This problem has been accentuated since the enactment of the law of 1876 by the increase in the amount of intangible personalty of all kinds. Representative wealth, such as stocks of corporations and mortgages upon real estate, has increased tremendously and the fact that many question the propriety of taxing such property at all. In addition to the tangible property which it represents, has caused widespread evasion in the case of all such types of property. Corporations have come to occupy a highly important position in our industrial life, but their growth, because extended over a relatively long period, was not attended by a

corresponding revision of the tax system to meet the new conditions. Thus we have tried to apply an antiquated tax system to a complex and differentiated industrial society.

It is not to be inferred, however, that the men at the head of State affairs were blind to the shortcomings of the tax system. Practically every governor's message and practically every auditor's and treasurer's report was replete with scathing references to some anomaly in the tax system. In almost every case the legislature was earnestly admonished to proceed with all possible haste to provide a remedy for the evils indicated. As a result, practically every legislative session witnessed some revision of the tax laws, but this tampering with the system in most cases did not bring far-reaching changes.

The first official investigation of any considerable importance into ^{the} practical workings of this tax system was made by Mr. W. L. A. Johnson, State Commissioner of Labor. The results of his investigation were published in the thirteenth annual report of the Kansas Bureau of Labor and Industrial Statistics for the year 1897. This investigation bore chiefly upon the relation between the assessed valuation and real or selling value of real property. The comparisons were confined to such real property as had been sold between March 1st and September 1st, 1897, only those transfers where the conveyance was made by warranty

deed and which gave evidence of being actual bona fide sales being used. A schedule was prepared to be filled out by registers of deeds and county clerks, the portion filled out by the registers of deeds being designed to show a detailed description of the real property conveyed, the consideration named in the deed, and the book and page in which the deed was recorded. That portion of the schedule filled out by the county clerks showed the assessed valuation, the per cent of levy, the amount of taxes levied, the township or city in which the property was located and the volume and page of the record in which assessed valuation was shown. Only twenty counties furnished the data desired, but special agents were employed to compile the information desired in ten more counties. Thus this part of the report was based upon data obtained from thirty counties out of the one-hundred-five. Other data, however, ~~were~~ were obtained also.

The first subject taken up for consideration was the effect of the law which provided that the assessors in each county should meet on the first Monday in each March to agree upon an equal basis of valuation of such property as they were called upon to assess. An inquiry as to the effect of this law was sent to the various county clerks throughout the State, and seventy-two counties were heard from in response to this inquiry. The intent of the statute

was obviously to decide what 100% of the actual value was when applied to the various objects to be taxed. Instead of this the universal procedure was to agree upon a certain per cent of actual value as the basis of assessment. With what regard for their oaths the assessors administered the law is indicated by the table following, which shows the agreed basis of assessment for real and personal property for the year 1897.

County.	Assd. Val. per acre	Real Est.	Personal prop.	Improvements
Allen	\$2 to 7			40
Atchison		25	25	
Barber	.50 to 3			
Barton	1.75 to 3			10
Bourbon		20	25	
Brown		20	33	
Butler	1.25 to 10		33	
Chase		50	33	
Chautauqual	.25 to 25			
Cherokee		33	50	
Clark	.50 to 1.50			
Clay		33	33	
Cloud		33	33	
Coffey		33	33	
Comanche	.62			
Cowley		20	33	
Decatur		100	100	

County	Assd. Val. per acre	Real	Personal.	Improvements
Dickinson		25	33	
Elk	.50 to 40		40	
Ellis		33	33	
Ford	1 to 8	50	33	
Franklin		50	50	
Geary		33	33	
Gove		200	33	
Graham		80	33	
Grant		200	33	
Gray		200		
Greeley		100	50	
Hamilton	.50 to 7			
Hodgeman		100	90	
		20	33	
Jackson		33	33	
Jefferson		50	50	
Jewell		20	33	
Johnson	6 to 11			
Kearney	.50 to 2			
Kingman	1 to 5	33	33	
Kiowa	.50 to .70			
Labette		50	50	
Lane	1.25 to 3.25	100	50	
Leavenworth		33	33	
Lincoln		33	33	
Linn		50	50	

County	Assd. Val. per acre	Real	Personal.	Improvements
Logan		35	33	
Lyon		50	50	
Marshall		25	25	
McPherson		40	40	
Miami		33	33	
Mitchell		40	40	
Morris	2 to 10	40	40	
Neosho		33	33	
Ness	1.00 to 1.50		50	25
Osage	Av. 4.12		50	
Osborne		40	40	
Ottawa	1.25 to 25		25	25
Pawnee		50	50	
Phillips		60	60	
Pottawatomie		33	33	
Prett	1 to 2.50			
Bawlins	.50 to 4	100	100	
Reno		25	33	
Republic	3.00	20	33	10
Rice	1 to 5	25	30	
Riley	1.50 to 40	33	33	
Rooks		33	33	
Rush	1 to 5		33	10
Russell		33	33	

County	Assd. Val. per acre	Real	Personal	Improvements
Saline		33	33	
Sedgwick		30	30	
Seward	.75 to 4.50	75	33	
Shawnee		33	50	
Sheridan	1.25 to 2.50		100	
Sherman	.75 to 1.50		50	
Smith	2 to 20			33
Stafford	1 to 8	40		10
Stanton	1.00	100	75	
Stevens	1.50 to 2			
Sumner		33	33	
Thomas	2 to 2.25	100	50	
Trego		50	33	
Wabaunsee	1.50 to 10	20	33	20
Washington		33	33	
Wichita	.75 to 1.25	100	33	33
Wilson		33	33	
Woodson	1.50 to 7	50	50	50
Wyandotte		33	33	

From the foregoing table the extreme lack of uniformity in assessment as between counties which resulted under the law in question may be seen. These facts constrained the Commissioner of Labor to make

the following statement: "There seems to be no doubt but what this matter of starting wrong in the assessment of property is the greatest cause of the injustice and unequal results that follow, and the repeal of this one section of the law under which the assessors assume to get their authority for their action would perhaps more nearly correct the evils of the tax system than any other one thing".

Yet it is not to be inferred that there was much correspondence between the agreed basis and the valuations actually made. It will be noted that in the first eight counties in the accompanying table the actual per cent of assessed valuation to true value, as determined by the investigation made in these counties, ranged from two-tenths of one per cent in Brown county, to six and two-thirds per cent in Shawnee county, higher than the basis agreed upon. In the other nine counties the actual assessed valuation ranged from one-third of one per cent in Neosho county to 170 per cent in Gove county, lower than the basis agreed upon.

County	Basis agreed upon.	Actual per cent.
Bourbon	20	32.8
Brown	20	20.2
Mitchell	40	42.1
Republic	20	21
Russell	33.33	36.4
Sedgwick	30	41
Shawnee	33.33	40
Wabaunsee	20	25

County	Basis agreed upon.	Actual per cent.
Atchison	25	19.6.
Ford	50	19.6
Franklin	50	29.2
Leavenworth	33.33	31.7
Neosho	33.33	33
Riley	33.33	28.7
Wyandotte	33033	24.2
Lane	100	33.7
Gove	200	30

The extensive undervaluation indicated by the last column of the above table, was accompanied by the grossest inequality in the assessment of individual holdings in each of the several counties. In Atchison county the per cent of assessed valuation to real or selling value, in the individual instances investigated, ranged from 9 ~~per cent~~ to 53.3 per cent; Barber, 15.5 to 250; Bourbon, 8.3 to 186; Brown, 5.3 to 106.6; Butler, 3.7 to 690; Chautauqua, 8.2 to 300; Comanche, 12 to 240; Doniphan, 6.6 to 87; Douglas, 10 to 321; Ellsworth, 15.7 to 720; Ford, 10.3 to 213.3; Franklin, 5 to 70; Gove, 12 to 300; Hamilton, 6.9 to 240; Lane, 12.5 to 200; Leavenworth, 5.3 to 130; Mitchell, 18.7 to 150; Neosho, 13.3 to 80; Ness, 15.6 to 230; Ottawa, 13 to 230; Republic, 7 to 40; Riley, 7.2 to 139; Russell, 13.1 to 146; Scott, 7 to 190; Sedgwick, 18 to 175; Shawnee, 2 to 216; Sherman, 10 to 187; Smith, 16.6 to 110; Wabaunsee, 11.4 to 580; Wyandotte, 3.7 to 34. The highest and the lowest instance appeared in Butler county where the highest per centage was 186.5 times greater than the lowest. The least dis-

crepancy occurred in Republic county where the maximum percentage was 5.7 times as great as the minimum. In Butler no agreement had been made as to the percentage of true value that should be used in arriving at the assessed valuation. In Republic county the agreed basis of assessment of real estate and improvements was 30 per cent.

Another table shows the inequalities in the assessment of lots in twenty-eight counties, the ratios being in the main about the same as in the case of lands. The greatest discrepancy occurred in Sedgwick where the maximum percentage was 950 times greater than the minimum. The least difference occurred in Comanche where the maximum was only 2.8 times greater than the minimum. Comanche had no agreed basis of valuation for real estate while that of Sedgwick county was 30 per cent.

With the view of ascertaining the discrimination, if any, in the assessment of large and small holdings of property, the data obtained were divided into seven groups as follows:

Where the value of the holding was:

Less than \$250, known as group "A".

Between \$250 and \$500, group "B".

Between \$500 and \$1,000, group "C".

Between \$1,000 and \$2,500, group "D".

Between \$2,500 and \$5,000, Group "E".

Between \$5,000 and \$10,000, group "F".

~~Between~~ \$10,000 and upwards, group "G".

The general results obtained are summarized in the following table, which shows the average of assessed of true value:

Group	Lots	Lands
A	59.4%	107.4%
B	43	56.3
C	38	41.1
D	31.8	29.9
E	34	24.9
F	36.4	18.4
G	33.	16.18

A group of tables was made to show the inequalities of assessment for both lands and lots as applied to groups of different values, showing the group in which the minimum and maximum average assessment occurs, together with the average per cent of assessed valuation for each county.

For Atchison county, the minimum average was 13.1 per cent, group F; the maximum average was 34.8, group B; the average for the county was 15.9 per cent. Barber, minimum average 31.6 per cent, group D; maximum average 159.1, group A; average for county, 51.5. Bourbon, minimum average 14.3, group G; maximum average 173.1, group A; average for county, 30.5. Brown, minimum average 17,

group F; maximum average 88.7 group A; average for county, 19.5. Butler, minimum average 13.7, group F; maximum average 312, group A; average for county, 19.4. Chautauqua, minimum average, 21.8, group F; maximum average, 180, group A; average for county, 35.7. Comanche, minimum average 20.7, group F; maximum average 153, group A; average for county, 37.5. Doniphan, minimum average 16.6, group F; maximum average 33, group A; average for county, 22.1. Douglas, minimum average 21.4, group F; maximum average 93.1, group A; average for county, 25. Ellsworth, minimum average, 36.1, group D; maximum average 373.3, group A; average for county, 47.9. Ford, minimum average 10.2, group F; maximum average 165.6, group A; average for county, 31.2. Franklin, minimum average 23.9, group D; maximum average 65, group A; average for county, 30. Hamilton, minimum average 11.3, group E; maximum average 142.9, group A; average for county, 31.7. Lane, minimum average 22.7, group D; maximum average 200, group A; average for county, 33.7. Leavenworth, minimum average 10.6, group G; maximum average 83.2, group B; average for county, 24.4. Mitchell, minimum average 35.7, group F; maximum average 150, group A; average for county, 41.6. Neosho, minimum average 21.4, group E; maximum average 69.5, group A; average for county, 33.9. Ness, minimum average 15.6, group G;

maximum average 124.4, group A; average for county, 35.6: Ottawa, minimum average 13, group G; maximum average 158.3, group A; average for county, 32.8: Republic, minimum average 17.8, group E; maximum average 32.5, group B; average for county, 21: Riley, minimum average 20.4, group D; maximum average 109, group B; average for county, 26.3: Russell, minimum average 19.4, group E; maximum average 66.7, group B; average for county, 34.6: Scott, minimum average 13, group D; maximum average 110.8, group A; average for county, 20.1: Sedgwick, minimum average 24, group F; maximum average 84, group B; average for county, 35.9: Shawnee, minimum average 24.3, group F; maximum average 89.5, group A; average for county, 36.1: Sherman, minimum average 14.8 group D; maximum average 121.2, group A; average for county, 28.6: Smith, minimum average 22.5, group E; maximum average 63.8, group B; average for county, 33.7: Wabaunsee, minimum average, 19.7, group E; maximum average 22.6, group G; average for county, 17.4.

In regard to the facts thus shown, the report has the following to say: "The foregoing is the natural and logical result which necessarily follows the discrepancy in individual assessments, and proves conclusively that for some reason or other the small holder of property pays much more than his just share of taxes. Reviewing the

table it is found to be almost universally true that the average maximum per cent of assessed valuation to true value occurs in groups A and B, while the average minimum per cent occurs in the groups representing the highest value of holdings. Wyandotte county shows the nearest uniform assessment, as the difference between the highest and the lowest groups is but 9.6 per cent, about one-half the agreed basis of assessment, or 82.6 per cent less than its "true value in money".

A similar table covers the same points as the preceding one, but refers to lots. Here again it was shown that the smaller the holding, the higher was the ratio of assessed to sale value.

Two more tables are presented showing, first, the minimum average per cent of taxes to real or selling value, the maximum average per cent of taxes to real or selling value, and the average per cent of taxes to real or selling value, for each of the thirty counties represented, confining the minimum and maximum averages to the groups in which they occur, and second, the same points in the case of town lots. A few counties are quoted to show the general trend, because the situation differed only in detail in the various counties. Thus in the case of lands, for Atchison county, the minimum average of taxes to selling value was .5 of 1 per cent, occurring in group F;

the average maximum of taxes to real or selling value was 1.2 per cent, and occurred in group C; the average of taxes to real or selling value for the county was .6 of 1 per cent for lands only. The corresponding figures were for Barber county, minimum average .9, group D; maximum average 4.6, group A; average for county, .8; for Wabaunsee, minimum average .9, group E, maximum average 8.6, group A; average for county 1.1; for Wyandotte, minimum average .4, group F; maximum average .8, group B; average for county, .5.

The situation indicated caused the Commissioner to express himself as follows: "This table is perhaps the most remarkable showing in this chapter, evidencing as it does beyond doubt that the rich mans dollar is many times better than the poor mans dollar; for, in nearly every instance, the maximum per cent of taxes to selling value occurs in the smaller holdings, and the minimum per cent of taxes to selling value universally occurs in the larger holdings, considering the thirty counties as a whole or separately."

Before passing to other matters presented in the Labor Commissioner's report, the following table showing the thirty counties in which data were obtained with reference to the relation between assessed and true values of real estate and the per cent of taxes to real value is presented.

County	No. of transfers	Total real or selling value	Total assessed valuation
Atchison	69	\$104,810	\$20,590
Barber	78	52,778	25,401
Bourbon	147	186,540	61,285
Brown	140	237,650	48,100
Butler	52	84,415	18,072
Chautauqua	95	82,467	28,533
Comanche	50	35,479	13,570
Doniphan	111	161,986	37,342
Douglas	215	286,453	76,296
Ellsworth	81	72,754	35,677
Ford	58	51,699	17,417
Franklin	186	183,181	53,651
Gove	45	49,198	14,760
Hamilton	40	33,283	11,514
Lane	25	19,905	6,720
Leavenworth	281	450,778	143,070
Mitchell	65	87,030	36,645
Neosho	105	82,682	27,365
Ness	53	52,587	19,403
Ottawa	106	87,531	30,219
Republic	62	74,695	15,732
Riley	51	69,338	19,901
Russell	70	49,182	17,937
Scott	28	24,770	5,308
Sedgwick	348	375,230	154,093
Shawnee	447	649,415	278,035
Sherman	35	20,675	6,278
Smith	143	155,168	51,821
Wabaunsee	54	56,689	14,741
Wyandotte	372	528,694	128,887
Totals & Av.	3,612	\$407,062	\$1,418,363

Av. tax levy. Mills per \$	Total amt. taxes charged against lands or lots	% of asssd. val. to real val.	% of taxes to real value
46.6	\$959.81	*19.6	.9
33.5	850.94	*48.1	1.6
33.3	2,063.53	32.8	1.1
38.4	1,850.	20.2	.7
33.6	608.14	21.4	.7
44.2	1,261.66	34.7	1.5
44.8	608.54	37.9	1.7
37.5	1,400.27	23.	.8
49.4	3,774.53	26.6	1.3
37.4	1,335.99	49.3	1.8
42.8	746.00	33.6	1.4
37.7	2,027.00	29.2	1.1
32.8	485.56	30.	.9
34.8	401.13	34.5	1.2
43.8	294.63	33.7	1.4
42.8	6,125.24	31.7	1.3
26.4	979.66	42.1	1.1
35.3	966.81	33.	1.1
67.3	1,306.00	36.8	2.4
39.	1,179.75	34.5	1.3
41.7	656.32	21.	.8
47.8	951.64	28.7	1.3
33.6	594.15	36.4	1.2
36.3	193.21	21.4	.7
43.8	6,734.74	41.	1.7
36.7	10,217.43	40.	1.5
54.3	341.29	30.3	1.6
35.5	1,843.34	33.3	1.1
41.4	611.9	26.	1.
52.	6,706.46	24.3	1.2
	\$58,075.06		
40.9		32.1	1.3

The Commissioner of Labor presented, also, data relative to the relation between assessed valuations and the capital invested in industrial concerns and public utilities. These data are summarized in the following table:

Comparison between Assessed Valuation and Capital Invested of Manufacturing and Industrial Concerns.

Concern	Capital inv.	Assd. Val.	Assd. Val. to cap. inv.	Av. Amt. inv. cap. inv.	No. Pl. rep.
Packing Houses	\$9,667,202	\$581,075	6.	\$2,416,800	4
Salt Works	725,000	48,145	6.6	181,250	4
Coal mining	1,908,089	251,145	13.1	127,206	15
Milling	1,641,074	341,265	20.7	36,468	45
Cement mfg.	130,000	11,069	8.5	32,500	4
Misc. Mfg.	928,069	104,226	11.2	27,297	34
Planing mills	93,000	12,560	13.5	23,250	4
Foundries	124,700	17,280	13.8	20,783	6
Brick mfg.	122,250	15,051	12.3	13,583	9
Cooperage	55,600	5,895	10.6	11,120	5
Creameries	210,742	33,757	15.9	11,091	19
Grain & elevators	86,377	8,190	9.4	10,797	8
Plumbing	38,600	4,680	12.1	7,720	5
Carriage mfg.	21,000	3,678	17.4	7,000	3
Bakeries	35,600	2,996	8.4	5,933-	6
Ptg. and Pub.	362,980	64,979	17.9	5,671	64
Bottling wks.	52,100	4,911	9.4	4,736	11
Laundries	50,523	7,495	14.8	4,593	11
Marble and granite	35,600	2,584	7.2	4,450	8
Mchts. tailoring	16,300	2,990	18.3	4,075	4
Cigar mfg.	27,250	5,497	21.7	1,362	20
Totals and Avs.	\$16,333,256	\$1,529,495	8.1	\$56,516	289

Industries operated as public utilities.

Concern	Capital inv.	Assd. Val.	Assd.val. to cap inv.	Av.amt. cap.inv.	No. Pl. rep.
Electric light	\$658,366	\$85,565	12.9	\$ 31,350	21
Water and El. light	175,000	21,110	12.05	87,500	2
Gas and El. light	728,028	74,551	10.2	145,605	5
Mfd. gas	638,839	103,497	16.3	90,548	7
Nat. Gas	178,459	17,257	9.6	59,486	3
Water-works	3,871,108	478,153	12.3	129,036	30
Street Rws.	842,729	76,090	9.	140,454	6
Telephones	328,678	42,491	12.9	27,389	12
Totals and Avs.	\$7,416,207	\$898,713	12.1	\$86,234	86
	16,333,256	1,529,495	8.1	56,516	289
Grand Tot. and Avs.	\$23,749,463	2,428,208	10.2	63,331	375

That part of the table relating to manufacturing and industrial concerns is arranged with reference to the average value of the holding; and, true to the rule found good in the case of real estate, the highest value of the holding, \$2,416,800, the average for the four packing-houses represented, was assessed at the lowest average per cent of assessed valuation to capital invested, the percentage being 6%; and the lowest average holding, \$1362, the average for the 20 cigar factories, was assessed at the highest average per cent of assessed valuation to capital invested, the assessment being made at 21.7 per cent.

Industries operated as public utilities were assessed equally low, ranging from the minimum average of 9 per cent for street railways to the maximum average of 16.3 per cent for the seven gas plants represented.

By comparing the average per cent of assessed valuation to capital invested in these cases with the lands and lots previously considered, it is found that this class of property was underestimated relatively to real property.

From the facts indicated above the Commissioner drew the following conclusions in regard to the then tax system and its possible betterment: (10)

(10) Bureau of Legislative Report, 1897, p.81.

"I. That as a whole the tax system in this state could be made no worse than it is. II. That it might be made better by repealing section 42, chapter 158, General Statutes of 1897, as the repeal of this section would prevent an "agreed basis of assessment" less than that contemplated by law. Some assessors might hit the 100 per cent mark all the time if let alone. III. That more time should be allowed assessors in which to complete the work, for it is necessarily imperfect, unequal, and unfair, because no time is allowed to revise the lists and ascertain and estimate values. It is a rule of some assessors to copy the old books. IV. That there should be greater publicity of assessments. Every man should know the assessment of his neighbors property as well as his own. V. Complete separation of the source of state and local taxes--removing the temptation to place the burden upon the other fellow. VI. That all of the above and foregoing might be best accomplished by the creation of a board of tax commissioners similar to that of New York."

While the report and conclusions and recommendations of the Commission of Labor did not result immediately in legislation, they did serve to attract the attention of taxpayers and legislators to some of the evils of the system and to show the need of reform. At any event, discontent with the prevailing tax system grew steadily until finally a

special Tax Commission was created, charged with the duty of investigating the tax system and recommending measures for its improvement.

The Legislature of Kansas in 1901 provided for the appointment of two members of the senate, to be designated by the president of the senate, and three members of the house of representatives, to be designated by the speaker of the house, who should, with the state treasurer, auditor of state, and attorney-general, constitute a Board of Tax Commissioners of the state of Kansas, for the revision of the laws of the state relating to assessment and taxation. The Commission was enjoined to investigate and consider carefully the question of assessment and taxation, and to formulate bills which should contain a careful and full revision of the laws relative to the same. Among the objects sought to be obtained were the following: First, to secure the return and assessment of all property liable to taxation in the state; second, to secure uniformity in the valuation and assessment of all taxable property in the state; third, to secure the return and assessment of all taxable property in the state at its full and correct valuation; fourth, to simplify the methods of the assessment, levy and collection of taxes; and fifth, to adopt a

simple and concise method and system for keeping the books and records relating to the assessment, levy and collection of taxes.

The first part of the report submitted by the Commission was devoted to a discussion of the laws then upon the statutes. The opinion of the Commission is reflected in the opening statement of the report: "The laws relating to assessment and taxation in this state at present constitute a Joseph's coat of many colors, each representing the temporary opinion of legislators, or the fluctuations of public sentiment from time to time."

The entrusting of the work of assessment to a township or city assessor was considered by the commission to be one of the causes of unequal assessments, because such local officers are always impelled by a desire to have their own particular district, as far as possible, escape the burden of state and county taxation, and with this end in view reduce their assessments to the lowest possible point. The desire for reelection and the element of personal friendship also, though perhaps unconsciously, influence locally elected assessors.

The Commission attributed a certain amount of the inequality in assessment which obtained to the fact that no power was lodged in any state body to correct inequality

of assessment between the different counties, except for the purpose of state taxation, which imposes the least of our burdens. "So it happens that wheat is assessed in one county at five cent^s per bushel, in another at ten cents per bushel, and in another at forty cents per bushel; that other personal property is assessed at full value in some counties and at anywhere from five to fifty per cent of its value in others."

"Meetings of the township and city assessors each spring to agree upon a basis of valuation have become a school in which are taught the methods of releasing property from assessment, of lowering valuations, and generally evading the tax laws." (11)

The Commission commented on the small contribution made by personal property. This can best be shown by a table.

(11) Special Tax Commission, Report 1901, p. 6.

The following table shows the percentage of assessed valuation of each class of property for each year for the period 1861-1900.

Year	Lands	Town Lots.	Personal	Railroads.
1861	49.90	50.10		
1862	72.43	16.46	11.11	
1863	73.05	13.93	13.02	
1864	62.89	17.27	20.00	
1865	50.76	19.87	29.37	
1866	54.08	19.38	26.54	
1867	51.03	21.48	27.49	
1868	51.87	18.01	30.12	
1869	51.54	18.15	30.31	
1870	53.47	17.78	28.75	
1871	54.30	16.40	29.30	
1872	58.13	16.03	25.84	
1873	57.90	16.57	17.79	7.85
1874	56.30	14.93	17.24	11.42
1875	59.20	14.74	15.97	11.00
1876	57.12	13.49	17.36	12.10
1877	57.14	13.46	18.00	11.40
1878	58.13	12.14	18.58	11.25
1879	57.47	12.30	19.00	11.23
1880	54.41	12.98	19.84	12.77
1881	53.47	13.17	20.17	13.19
1882	52.38	14.08	20.50	13.04
1883	49.50	13.61	23.55	13.34
1884	49.5	14.68	23.80	12.02
1885	49.50	15.49	22.78	12.23
1886	51.81	16.95	20.00	11.24
1887	49.02	18.21	19.57	13.20
1888	48.07	21.00	15.90	15.03
1889	48.08	21.18	14.74	16.00
1890	48.50	20.86	14.00	16.64
1891	49.75	21.69	13.74	14.82
1892	51.28	19.57	13.79	15.36
1893	50.01	18.80	13.36	17.83
1894	51.80	18.43	12.14	17.63
1895	52.63	18.80	10.62	17.95
1896	51.81	18.38	11.21	18.60
1897	51.82	18.20	11.73	18.25
1898	50.59	17.57	13.92	17.92
1899	50.11	17.12	14.99	17.78
1900	48.06	17.95	16.46	17.53

Note--In 1861 personal property is included in town Lots. Up to 1873 railroads are included in personal property.

Commenting upon this table the Commission says:

"It will be seen from the above table that the average assessed valuation of land during those years has amounted to practically one-half the total valuation of the state. The exact average for forty years is 53.71. The maximum was in the year 1863, when the valuation reached 73.05. The minimum was for the year 1900, 48.06. The yearly average valuation of town and city lots has been 17.68; the extremes being 21.69 in the year 1878 and 12.14 in the year 1891. In 1884 personal property formed 23.80 of the total assessed valuation; in the year 1895 it had shrunk to 10.62. Since then it has shown an upward tendency, and in the year 1900 it formed 16.46 of the total assessment. The average assessed valuation of railroad property for the whole period was 14.24 of the total valuation; for the year 1900 it formed 16.46 of the total valuation; for the year 1900 it was 17.53. Thus it will be observed that real estate, including land and town lots, bears upon the average over seventy-one per cent or almost three-fourths of the whole burden of taxation; while personal property upon the average bears about one-seventh of that burden."

The agreement of the various assessors upon the "basis of valuation resulted in the following anomalous

situation. ~~1121~~ "In Barber county horses were assessed at from \$5 to \$150; in Elk county \$15 to \$140; in Sheridan county, \$3 to \$16; in McPherson county, \$30 to \$80. In other words, the minimum assessment of horses varied from \$1, in Morris county, to \$30, in McPherson county; The maximum assessment, from \$16 in Sheridan county to \$150/ in Chautauqua county. The minimum assessment of cattle varied from \$1, in Rooks county, to \$15 in Riley county; the maximum assessment from \$8 in Ottawa county to \$66 in Elk county. The minimum assessment of gold watches varied from \$1 in Stevens county, to \$20 in Cowley county, and the maximum assessment, from \$10, in Butler county, to \$100 in Lyon county. Other personal property was assessed in most counties at one-third of its real value; in McPherson county, at 20 per cent; in Reno county, adjoining McPherson, at its actual value, and in many counties at the discretion of the assessor. In some counties the \$200 exemption is deducted from the full value of the property, and in other counties from the assessed valuation so that the constitutional exemption of \$200 varies from \$200, in Reno county, to \$1,000, in McPherson county."

"In some of the counties of Kansas grain in store is not assessed at all, but ignored by the township assessor. In other counties household furniture including plate, jewelry, and pianofortes, lumped at from \$20 to \$50 per family regardless of the amount or quality of the same. In some counties corporations assessed at a rate as low

as one-half of one per cent of their paid up capital stock; in other counties at a rate as high as fifty per cent. In some counties money assessed at thirty per cent of its face value; in other counties, forty per cent; in other counties fifty per cent".

"On the first day of March, 1901, when the bank deposits of Kansas amounted to more than \$70,000,000, besides all the money outside of the bank vaults, the township and city assessors of Kansas were only able to find, for the purpose of taxation, \$3,059, 424." (12)

The Special Tax Commission of 1901 did not propose anything strikingly new in the legislation it recommended. All the legislation recommended was based upon the theory that the general property tax as it stood upon the statute books, with changes in detail only, was the most desirable method of taxation, provided that it could be properly administered. The prevailing sentiment in the Commission was voiced by the following quotation: (13)

"It is a general rule, in communities as old as Kansas, that the total valuation of personal property exceeds or equals the total valuation of real estate of such community. This rule is considered so thoroughly established that one of the

(12) Special Tax Commission, Report, 1901, page 10.

(13) Special Tax Commission, Report, 1901, page, 10.

aims of all tax laws is to obtain as large an assessment of personal property as of realty. This has never been accomplished, but until it has been, no system of assessment can be considered as attaining perfect results."

The members of the Tax Commission attended the national tax conference held at Buffalo, N. Y. on the 24th and 25th days of May 1901, under the auspices of the National Civic Federation. They found that many of the suggestions made at the conference were of no value for their purposes because they proceeded along lines which the Kansas constitution would not permit. The Indiana law, however, they unanimously agreed was best and the bill presented by them was based upon it. The Indiana law, besides having effected an improvement in the taxation of property in that state, had a further advantage as a model in that it had been tested in the courts and sustained by them. It differed from the Kansas law in that it provided for a state tax commission as an agent for supervising the administration of the tax laws and as an advisory body to the legislature, and for county assessors to supervise the work of the township assessors. Accordingly the most extensive changes contemplated in the proposed law were in provisions for a state tax commission and an assessor for each county in the state.

The commission, as provided for, was to consist of two commissioners, elected for a term of four years, these commissioners to be elected at alternating elections, and the auditor of state, state treasurer and secretary of state as ex officio members. The two commissioners would be expected to give their entire attention to matters of taxation and revenue, visiting the various counties of the state for the purpose of seeing that the law was complied with and property assessed at its full value and at a uniform rate. The state tax commission was to be empowered to provide and enforce the use of a uniform method of keeping tax-rolls and books of account relating to taxation. At least once in two years the state tax commission should require the county assessors of the state to meet with them at Topeka, for the purpose of considering matters relating to taxation, and particularly for the purpose of keeping in touch with the county assessors and advising and controlling their action in making a uniform assessment over the state. The tax commission would be given the power of equalization, because the old board of equalization was prevented by the urgency of other duties from spending the necessary time for doing this work properly.

It was proposed that each county should have a county assessor elected for a term of four years, the office being filled until after the first regular election by appointment by the county commissioners. The county assessor

would be ineligible for reelection and ineligible as a candidate for any office during his term. Unlike the Indiana system where the county assessor is a supervisor of the work of elected township assessors, the provision recommended was that this officer should nominate and the county commissioners confirm such deputy assessors as they should deem necessary to perform the actual work of assessment. The deputy assessor should be directly responsible to the county assessor and could be removed by him at any time. No deputy assessor should be permitted to assess the township or district of which he was a resident.

Another agreed change was that manufacturers should be assessed upon their plant and machinery and also upon the value of the average amount of their raw material, which average should be obtained in the same manner as the average amount of a merchants stock. Corporations should be taxed upon a valuation handed in by the corporation, stating their assets, stock, and business, and particularly the amount and value of the public franchise owned or enjoyed by them. The assessor, however, should not be bound by the declaration of the corporation but could investigate more fully into the actual value of the corporation. Telegraph and telephone companies should be assessed upon the basis of the total valuation of the stocks and bonds of such company, instead of upon the tangible property within the state, in proportion to the amount of their mileage located within the state of Kansas.

Express companies should be assessed upon the same basis as telegraph and telephone companies. Refrigerator, ^{companies} stock tank, fast-freight, Pullman sleeper and dining cars, should be compelled to make full reports of their business, the cars owned by them and the cars owned in Kansas. The railroads hauling such cars should be compelled to keep "car day" records showing the distance such cars are hauled and where they are when idle. The companies should then be assessed upon the number of cars so found.

The tax commission like the board of equilization was charged with the duty of apportioning the state tax among the various counties and if the amount apportioned should not be raised during the year it was levied it would have to be paid as a delinquency during the following year. In this way the state would be assured of realizing every year the exact amount appropriated.

An inheritance tax law was also recommended. The exemption point was \$500, and the law was not to apply to direct heirs. In other cases a tax of \$5 upon every \$100 of the clear market value of the estates was to be paid.

None of these recommendations was acted upon by the legislature to which this special commission submitted its report. Six years later, however, the more important recommendations were adopted.

In the Census report on Wealth, Debt and Taxation for the year 1904, we find data confirming, in so far as they go, these earlier reports of great and unequal undervaluation of property. The percentages of assessed of true value there shown by counties were as follows:

County	%	County	%	41.
Allen	42	Linn	31	
Anderson	24	Logan	45	
Atchison	17	Lyon	29	
Barber	29	Marion	21	
Barton	26	Marshall	17	
Bourbon	30	McPherson	20	
Brown	1	Meade	36	
Butler	21	Miami	23	
Chase	25	Mitchell	26	
Chautauqua	29	Montgomery	20	
Cherokee	27	Morris	18	
Clark	41	Morton	47	
Clay	18	Nemaha	16	
Cloud	24	Neosho	24	
Coffey	25	Ness	42	
Comanche	21	Norton	24	
Cowley	15	Osage	16	
Crawford	24	Osborne	25	
Decatur	30	Ottawa	21	
Dickinson	21	Pawnee	24	
Doniphan	18	Phillips	19	
Douglas	18	Pottawatomie	19	
Edwards	31	Pratt	26	
Elk	26	Rawlins	44	
Ellis	30	Reno	23	
Ellsworth	18	Republic	25	
Finney	17	Rice	17	
Ford	31	Riley	20	
Franklin	23	Rooks	39	
Geary	22	Rush	26	
Gove	31	Russell	19	
Graham	44	Saline	20	
Grant	47	Scott	17	
Gray	24	Sedgwick	28	
Greeley	44	Seward	57	
Greenwood	19	Shawnee	33	
Hamilton	31	Sheridan	31	
Harper	25	Sherman	47	
Harvey	23	Smith	28	
Haskell	48	Stafford	24	
Hodgeman	31	Stanton	40	
Jackson	22	Stevens	62	
Jefferson	21	Sumner	27	
Jewell	23	Thomas	35	
Johnson	16	Trego	21	
Kearney	24	Wabaunsee	17	
Kingman	27	Wallace	33	
Kiowa	19	Washington	17	
Labette	20	Wichita	44	
Lane	46	Wilson	19	
Leavenworth	22	Woodson	25	
Lincoln	22	Wyandotte	19	

These data are shown in graphic form in chart No. I.

This table shows the inequality of assessments of real estate between counties. The maximum percentage in any one county was found in Stevens where it was 62%. The minimum was 15% in Cowley county. The ratio of assessed to real value in all the counties was about 17%. In Census Bulletin 21, also published in 1904, entitled Commercial Valuation of Railway Operating Property in the United States, the commercial valuation of railroads in Kansas is given as \$356,356,000. The assessed valuation of railroads in Kansas for that year was \$60,093,534 or 16.9 per cent of the true value.

Thus it is evident that the theory and the letter of the law were not realized in practice. Two investigations, one by the Commissioner of Labor in 1897, the other by the special Tax Commission of 1901, resulted in the recommendation that a permanent tax commission with wide powers should be created. In 1907 a bill providing for such a commission but different in some respects from the one recommended by the special commission, was introduced and enacted into law. The law also revised the system in certain other respects as the analysis in the following chapter will show.

CHAPTER II.

THE CONSTITUTION AND FUNCTIONS OF THE TAX COMMISSION.

In 1907 a new law relating to assessment and taxation was enacted. As its most important provisions it created a permanent state Tax Commission and the office of county assessor. Not only had the investigations made of the system of taxation resulted in the recommendation that a state commission should be created; the creation of such bodies and their successful work in a number of other states had by 1907 added weight to this recommendation. In Indiana, Wisconsin, Michigan, Minnesota, West Virginia and New York, especially, had great improvement in the system been effected in this way. Kansas accepted a method of reform successfully tried by a number of other states.

The constitution of the Commission is provided for in the following terms: "The said tax commission shall be composed of three commissioners, who shall be appointed by the governor, by and with the advice and consent of the senate. The commissioners shall devote all their time to this work and can hold no other office. Their salary shall be \$2,500 per annum. They shall give bond to the amount of \$10,000 each, conditioned that they will well and truly perform their duties as tax commissioners, and

will faithfully observe the laws regarding the assessment and equalization of property".

The Tax Commission is charged with numerous duties. In the first place it succeeds to the powers of the board of railroad assessors. It is charged with making an appraisement and assessment of all railroad, telegraph and telephone lines; of the property of all sleeping car companies and private car lines doing business within the state of Kansas; of gas pipe lines and property, of all oil pipe lines and property, of all street railroads and electric lines and property, and of all express companies doing business in the state.

In the second place it serves as a board of equalization, taking the place of a board made up of various state officers, which had long served in that capacity. As a board of equalization it may review the assessments between different kinds of property, townships, and counties.

In the third place and most important, the Commission has general supervision over all local tax officers "to the end that all assessments of property, real, personal and mixed, be made relatively just and uniform and at its true and full cash market value". Here we find the dominant idea in the law. It is that an earnest effort shall be made to realize in practice the theory of the general property tax. The Commission is charged with the duty of providing a uniform method of keeping

the tax rolls and books relating to taxation in each county of the state and in the offices of the state auditor and treasurer. The Commissioners, or one of them, must from time to time, as often as may be necessary, visit each county in the state for the purpose of requiring the proper assessment and return of property, a uniform valuation thereof, and the use of forms and systems of accounts provided by law or by the Tax Commission. The Commission has personal supervision and direction of the county assessors. These county assessors were to be elected by the people, but now in 1913 the county clerks serve ex officio as assessors, and ^{are} ~~were~~ charged with the duty of supervising the work of the township assessors and of discovering property not upon the assessment roll. The Commission, in order that the law and appropriate methods may be explained to them, is to require the county assessors to meet with it at the capitol at least once in two years, upon a day designated by it. And, finally, in order that it may have real power in the enforcement of the law, it is empowered to remove local tax officers who fail in the performance of their duties.

In the fourth place, though the main underlying idea is that the system of taxation was essentially good

and its problems were due to administrative weakness, the Commission is to serve as an investigating body with a view to advising the Legislature with reference to needed legislation. The Commission is enjoined to conduct such investigation as may be deemed profitable in regard to taxation within the state. In order to facilitate this work, it is empowered to compel any local officer to report as prescribed, to call upon individuals and corporations for information bearing upon the subject of taxation and to summon witnesses to appear and testify and to produce books and papers before it at any time and place appointed by it. It is made the duty of the Commission, also, to investigate the systems of other states and countries, with the object, of course, of serving the legislature as expert advisors.

Finally, the Commission is to make a biennial report of its work, investigations, and recommendations. This report, together with such measures as it may formulate for the consideration of the legislature, are to be transmitted to the governor and to each member of the legislature thirty days before the opening of each regular session.

This is the constitution of the Tax Commission and these briefly, are the powers conferred upon it. How have these powers been exercised? What has the Tax Commission accomplished?

CHAPTER III.

THE METHODS EMPLOYED AND THE RESULTS OBTAINED BY THE COMMISSION

The Tax Commission was created chiefly as a piece of administrative machinery. The general tax system was presumed to be correct in principle, and the evils which had crept in, were attributed to the lack of an efficient administrative system, and not to any inherent shortcomings of the system itself. Any inquiry into the results attained by the Commission must be made in the light of this fact. The primary purpose for which the Commission was created was to bring about the assessment of all property, real, personal and mixed at its "actual and real cash market value". In the eyes of the law which gave it existence, then, the Commission may in general be said to have succeeded in the measure that it has succeeded in causing assessment of all taxable property to approximate the one hundred per cent ideal, and to have failed if it be found that very glaring departures from this standard persist even after the Commission has been at work for a reasonable number of years. In case it may appear, however, that certain evils are due to inherent fallacies in the tax system itself, and not to inefficiency on the part of the Commission, that body cannot in justice be held responsible for these evils arising out of a system, in the framing of which the Commission has had no voice. The Commission, however, is

required to investigate such evils and to make recommendations for changes in the law which may reasonably be expected to remove the same.

In the first place, as has been stated, the Tax Commission succeeded to the powers of the board of railroad assessors. This board was composed of the lieutenant governor, secretary of state, auditor, and attorney-general. The Commission was also given power to assess and appraise telegraph and telephone lines, sleeping car companies, private car companies, gas and oil pipe lines, inter-urban street railroads and electric lines and express companies. In conferring this duty upon the Commission no new principle in the taxation of corporations was introduced. The same method of assessment was to be used as the old board of railroad assessors had employed since its creation in 1876, namely the ad valorem method, the franchise value as well as physical property being taken into consideration. The assessment of corporations thus is seen to be rather an incidental than a fundamental function of the Tax Commission. The work done by the Commission in the assessment of corporate property can thus only be judged in the matter of efficiency of the Commission in comparison with the board which it succeeded. The advantages which may be cited in favor of vesting the power of assessment of certain kinds of corporations in

the Tax Commission rather than in an ex officio board similar to the one preceding the Tax Commission are, in the first place, that the Commission has more time to devote to this work and hence can arrive at more accurate results than the old board could; in the second place the Tax Commission, working as it does with tax problems exclusively, has an opportunity to familiarize itself with the details of the situation more thoroughly and thus execute the letter of the law more successfully; in the third place, the Commission, being appointed, is supposed to be more stable in its personell than such a board as the one it succeeded and hence more competent to grapple with the situation from year to year. Thus, while it is true that no new methods are employed in the taxation of corporations, still the Commission may well be expected to perform the duties imposed by the law in a much more efficient manner than it was possible for the old board to do.

Railroads are assessed annually. On or before the 20th day of March of each year the railroads operating within the state must submit to the Tax Commission a sworn statement or schedule, containing a description in minute detail of all the property used by it in railway operation within the state, This statement must show in detail the following things: The length of main track within the state, the length of all side-tracks, number and value of

all station buildings, character of the road-bed, full list of the rolling stock owned or operated by the company, the amount of capital stock authorized and paid in, the market value of such stock, the amount of outstanding bonded indebtedness and market value thereof, a correct inventory of all tools and materials and of all personal property.

With the aid of these elaborate returns of property the Commission proceeds to make a valuation of the entire concern. The statement delivered by the railroad company, however, is not taken as conclusive by the Commission. The Commission has the power to enforce the presence of any officer of the company to testify before it and may also consult the books of any railroad company to verify the schedule returned by it. When the Commission has completed its valuation, it transmits returns to the county clerks of every county in which the railroads have property. These returns must show, in general the following things: First, the number of miles of track located in each city and township in the county, and the total length in the county. Second, the average valuation per mile, such valuation to include the following items: Track, right-of-way, franchise, road-bed, rolling-stock, telegraph lines and instruments connected therewith, material on hand, supplies and tools, and all other property used in the

operation of the road, and all moneys and credits: Third, the average valuation per mile of all other personal property: Fourth, the amount of valuation that shall be placed to the credit of each city and township in the county.

The local tax rate of each taxing district through which the railroad passes is then applied to the assessment made by the Commission.

While much may be said against such a method of arriving at a basis for taxing railroad companies, still, when properly applied, it probably combines a rough approximation to justice with an absolute certainty of revenue, which makes it not wholly undesirable. It is true that the earnings of a railroad company are not in proportion to the value of physical property, but this difficulty the Kansas plan attempts to meet by taxing "franchise" values, thus making the tax a rough net earnings tax. The relative homogeneity of railroad property, due to the topographical uniformity of the state, also causes this method of assessment to be more just than it could possibly become in a section of the country where difficulty of construction would make tremendous differences between roads in different parts of the state.

The assessment of railroad property was raised to a considerable extent after the Tax Commission began its work. The assessment of all railroad property in the state in 1907 was \$69,300,696.(14) In 1912 the

assessment of railroads within the state was \$378,104,550. This shows an increase of 445.6 per cent, which is not as great an increase as is found in the case of lands. This is due to the fact that the Commission, upon investigation, came to the conclusion that previous to 1908 railroads had been carrying a burden of taxation which was too large in comparison with the burden borne by other kinds of property in the state. In fact railroad property has at least in 1908 and 1910 paid less taxes than in 1907 as the following table will show:

Total taxes collected from railroads in Kansas:		
1906	1907	1908
\$2,557,961	\$3,014,144	\$2,775,949
1909	1910	1911
\$3,113,166	\$2,949,006	\$3,406,523

The overassessment of railroad property under the regime of the state board of railroad assessors is attributed by the Tax Commission to the influence of local pressure brought to bear upon the board to make railroad property bear more than its proportionate share of the tax burden. However this may have been, it would appear that other property was undervalued to even a greater extent than the state board was aware. Any effort to secure a fair assessment of railroad property as compared to other property would thus likely lead to the over-taxation of the former.

The methods employed in assessing railroad property are fairly typical of the methods used in the case of all the corporations coming within the jurisdiction of the Commission, with the exception of express companies. Telegraph, telephone and pipe-line companies are placed by the law in the same group as railroads. As in the case of railroad companies, these corporations must file a statement with the Commission, showing in detail the following things: Name, nature, location of the company, names of officers, par value of stock, detailed statement of real estate owned, whole length of lines within Kansas, total gross receipts for preceding year, itemized account of operating expenses for preceding year, the amount and rate per cent of dividends, and, in the case of pipe-lines, the length, size and value of its line, its tanks and the capacity thereof, and all other property owned by the company, as well as the length of line within each county, and the size of the pipe, together with whatever other information the Commission may require. After this information has been received, the Commission is converted into a board of appraisers sitting in session to appraise such telegraph, telephone and pipe-line property. The Commission may require the attendance of any member of the respective companies before it to testify under oath in regard to the matter of valuation of his company.

Any books or accounts of the corporation shall be open to the Commission for the corroboration of the statement returned by the corporation.

The assessment under the old state board of appraisement was as follows in 1907:~~1907~~ Total assessed valuation of telegraph companies was \$1,157,311., of telephone companies, \$1,187,508., and of pipe-line companies \$5,187,451.65.(14) In 1912 these assessments were considerably higher, of telegraph companies, \$2,584,648., of telephone companies, \$8,927,877., and for pipe-line and gas companies, \$29,490,798. (15) It will be noted that the assessment of telephone lines at the latter date included more companies than at the former date, which is true also of the pipe-line companies. The advantages to be derived from placing the assessment of such property in the hands of the Tax Commission are in the main the same as the ones enumerated in the case of railroad property. In the case of telegraph, telephone and pipe-line companies located wholly within one county assessment is made by local officers.

The Pullman sleeping-car company, as well as other private car companies of all kinds has always furnished a knotty problem for solution in the matter of taxation. Under the present law relating to such com-

(14) Sixteenth Report, Auditor of State, page 114.)

(15) Tax Commissions report, 1912, page 155.

panies, they are required to make a report of numerous details. These may be grouped in general as follows: Stock, capitalization, dividends, gross and net earnings, surplus, mileage made by rolling stock within and without the state during the preceding year, and the total miles of railroad within and without the state used by the company during the preceding year.

Upon the basis of this information, the Tax Commission makes a valuation and causes to be sent to the company a statement of the valuation or assessment, the rate of the levy and the amount of the tax, which tax is payable into the treasury, and goes into the general revenue fund of the state.

The assessments in 1907 and 1912 were		
Pullman car company	\$331,292.	\$2,498,260.
Other car cos.	282,683.	1,313,668.

This table shows a substantial increase in the assessment of private car lines. The tax of \$20,606.29 charged to the Pullman company in 1911 was not paid and the company commenced action in the federal court against the auditor of state and the treasurer of state to contest the said assessment and the tax charged for the year 1911. In 1912 the company again refused to pay the tax of \$24,952.92 charged against it. Both cases are pending in the Federal court. Other companies whose property comes within the scope of this law have made no objection to the assessments

made.

Street and interurban railway companies are also assessed by the state Tax Commission. The assessment of this kind of property was taken out of the hands of local taxing officials because it was found that no semblance of uniformity was found. Interurban railroads are of very recent origin in the state of Kansas, but such property has assumed considerable proportions during the last few years. In 1912 the assessment of street and interurban railway companies totaled \$11,905,528.

In the case of express companies a different method is employed than the one described in the case of the above named corporations. In 1907 a law was passed authorizing the levy of a gross-earnings tax upon express companies at the rate of one and one-half per cent. In 1909 this rate, upon the recommendation of the Commission, was raised to four per cent. The company is required to file a statement with the Commission showing the name of the company, the location of the main office, the name and address of its principal officers, the chief Kansas agent, the entire receipts (including all sums earned or charged, whether actually received or not) from business done within the state (giving the name of the office and agent and the amount received by him) for the year ending the 1st day of May, including its proportion of gross receipts for business

done within the state in connection with other companies; also, the total amount of such receipts for business done within the state. The amount paid by the express company during the preceding year to the railroads within the state for the transportation of its freight within the state, must also be stated. Finally, the statement must show the entire receipts of the company for business done within the state, after deducting the amount paid for transportation of freight. The Tax Commission makes a computation of the gross receipts of each company from the data presented. The tax collected is turned into the state treasury. Previous to 1907 express companies paid taxes only upon such property as could be found by local assessors and in addition license taxes in a number of the cities where offices of the companies were located. In 1912 the various express companies paid taxes at the ordinary rates upon property to the amount of \$195,998. In addition, a gross earnings tax of four per cent was paid upon total gross earnings of \$300,675.91. This amount causes express companies to pay taxes more nearly in proportion to the taxes borne by other kinds of business. The rate of four per cent is about the average rate employed in ^{other} ~~such~~ states where the gross earnings tax is employed.

The Tax Commission also succeeded to the powers of the state board of equalization, formerly composed of the state treasurer, auditor and secretary of state, serving ex officio. In this capacity the Commission has the power to make equalizations between persons, firms or corporations of the same assessment district, between cities and townships of the same county, and between the different counties of the state, and between all other property assessed by the tax commission itself in the first instance. Appeal may be made from equalizations made by county boards of equalizations to the state board. The Tax Commission in its capacity of state board of equalization also apportions the state tax among the various counties in proportion to the valuation of the taxable property therein for the year as equalized by it. Whenever the Tax Commission makes any change in the assessment of any taxing district all local taxing officers must make all levies of taxes upon this valuation. In brief, the state commission can make new assessments as well as equalize valuations for the purpose of apportioning the state tax.

In the work of equalizing the property of individuals, firms and corporations within the same taxing district, it is obviously a physical impossibility for the Commission to work on its own initiative in examining the relative assessment of the property of individuals in

the various taxing districts. This work is left to the county boards of equalization and is only acted upon by the Commission upon appeal from county boards of equalization to the Tax Commission. In 1911 thirteen cases were heard upon appeal from the county boards. In only three cases were the contentions of the appellant wholly or in part sustained. In seven cases the relief asked for in the appeal was denied. In the remaining three cases the Commission held that the question involved was a legal one and hence did not come within the jurisdiction of the Commission.

In the case of equalization between various taxing districts within the same county, the Commission does take the initiative and conducts investigations to ascertain the true conditions existing in this respect. Thus in 1912 the assessment of all lands outside of cities, exclusive of improvements, in townships, in Kiowa county were raised by the following percentages: Brenham 20, Butler 15, Center 20, Glick 0, Garfield 15, Kiowa 5, Lincoln 5, Martin 15, Reeder 5, Ursula 5, Union 5, Valley 15, Wellsford 15.

In Reno county similar changes were made in all the townships but two, and the assessment of real estate, including improvements, was increased 5 per cent in the city of Hutchinson. In a number of instances a change was made in the assessment either of rural or

city property to equalize the assessment between the two.

In the equalization of assessments between the various counties of the state the Commission has proceeded much more aggressively than in the cases mentioned above. In 1912 changes of one kind or another were made in 51 of the 105 counties of the state. These changes ranged from a level increase of 35% in the assessment of all lands outside of cities in Ness county to a decrease of 25% in both city and rural property in Seward county. In about forty counties the assessment of real estate outside of cities exclusive of improvements was raised, while in 9 cases the assessments of this kind of property were ordered to be lowered. In six cases city real estate including improvements, was raised either throughout the entire county or in certain cities. In two cases the assessment of such property was lowered. This indicates the peculiar fact that in Kansas the tendency is to over-assess city property relatively to rural property.

This is no doubt due largely to the fact that many of the cities have found it difficult to raise sufficient revenue to meet their rapidly expanding expenditures. Between 1901 and 1911 the taxes on property for state purposes increased 66.80 per cent, for county purposes, 111 per cent, for city purposes, 149.11 per cent. While the total taxes on property for all purposes increased

97.9 per cent, ~~149.11~~ for city purposes it increased 149.11, or roughly 50 per cent more. Assessed values as well as the rates of levy have been forced up as a result of this pressure.(17)

No actual equalization is made between corporations originally assessed by the Commission ^{for it} is supposed to arrive at ~~the~~ proper valuations. Appeals from assessments made by the Commission are heard in a number of cases. In 1911 four such cases were heard. The reduction asked was granted in two cases and denied in the other two. The grounds upon which re-adjustment of the assessments was made in two cases was that the original returns of the company were erroneous.

From the instances cited above it is seen that the Tax Commission takes its power of equalization seriously and actually investigates assessments in various taxing districts and counties in order to secure as just a distribution of the taxes as possible.

The Commission in its report to the Legislature for 1909 points out the fact that the most important equalization is that between individual tax payers within the same taxing district. In the first place, the county and local taxes are by far more heavy than state taxes,

(17) Kansas State Tax Commission, Third report to the Legislature, p. 6.

hence inequalities between individuals cause greater inequality in the actual amount of taxes paid than in the case of inequalities between counties. In the second place, if the assessment of property can be made just between individual tax payers in the same taxing district, it obviously becomes unnecessary to make any equalization between townships or counties, provided, however, that the assessment is made at a uniform percentage of true value, preferably 100%. The equalization of property assessments hence pales to insignificance compared with the imperative necessity of securing uniform treatment of individual pieces of property throughout the state. It is this fact which causes the assessment of real property in the state to be given the greater emphasis in treating of the work of the Tax Commission. The Commission is presumed to assess the types of property which come directly under its jurisdiction ^{as} ~~or~~ assessor at 100%. It is also the duty of the Commission to secure the assessment of real and personal property throughout the state at 100%, although in this case the assessment is made by approximately 1600 local city and township assessors. What influence has been exerted by the Commission in securing the observance of this fundamental requirement of the law? These subjects will next be taken up for brief discussion.

In the assessment of certain specified classes of corporations, as we have seen, the Commission was given extensive powers. In the assessment of real and personal property, however, the Commission's powers were made rather limited. The Commission, at its inception, ~~was~~ ^{had} ~~not~~ to face ~~with~~ the problem of causing about 1600 local city and township assessors to raise the assessment of real and personal property throughout the State as nearly as possible to the one hundred per cent ideal set by the law. The most successful method employed for this purpose has been the holding of bi-ennial Conference Conventions of the tax commissioners and the county assessors at Topeka. Three of these conferences have been held. At these conferences papers are usually read by the members of the Commission upon various vital subjects relative to assessment and taxation. After these papers have been read, the session is thrown open for general discussion. All questions arising are answered where possible by the Commissioners. After these conferences the county assessors are dispatched to spread the gospel of one hundred per cent assessment among their deputies. To these Conference Conventions, the Commission itself attributes most of the success that has been attained in raising assessments. The Commission has gathered considerable data by means of which it is possible to ascertain at what

points the administration of the law is lax and where to bring pressure to bear to raise the assessment. Moreover, a limitation upon the amount of taxes to be levied has facilitated the raising of the assessments. In all cases when the Commission began it provided that taxpayers be guaranteed against excessive taxation by limiting the tax levy, and in some cases the limitation of tax levy forced the assessment up in order to make it possible to secure sufficient revenue for local purposes.

The general and most readily observed result of the work of the Commission is seen in a striking increase in the assessment of all kinds of property. This increase is shown by the following table copied from the third report to the Legislature:

Year	Land	Lots	Personal Property	Public Service Corporations.
1907	\$ 190,467,720	\$ 78,686,780	\$ 78,854,269	\$ 77,272,445
1908	1,204,426,913	368,621,877	474,191,255	404,320,352
1909	1,210,193,156	377,557,857	507,194,796	416,314,476
1910	1,353,199,725	424,623,964	554,151,453	420,133,536
1911	1,353,956,858	439,312,480	556,679,833	427,124,591
1912	1,358,118,313	440,221,647	517,350,932	431,209,399

Year	Total
1907	\$ 425,281,214
1908	2,451,560,397
1909	2,511,260,285
1910	2,752,108,678
1911	2,777,073,762
1912	-2,746,900,291

This table shows a tremendous increase in the assessment of all kinds of property, with real property showing the greatest relative increase. The bare statistics, however, do not throw any light upon the matter of inequalities between individuals, counties or local taxing districts. In order to ascertain whether any progress has been made in diminishing the evils complained of in Labor Commissioner Johnson's report of 1897 and in the report of the special Tax Commission of 1901, an attempt will be made to compare some of the available data in more minute detail with similar data previous to the creation of the Commission. Exact correspondence cannot always be claimed for the comparisons made, but in any case the data available will show the general trend of affairs in taxation since the Commission was created.

The following table demonstrates the fact that real estate assessments have been raised and as the one hundred per cent mark has been approached, the inequalities between counties have been diminished to an appreciable extent. Of course, with higher valuations, the relative inequalities are diminished even where the percentages showing differences are absolutely as large as before. The table shows the relation between assessed and ~~time~~^{real} value, comparing the assessed value of real estate in 1904, with the real value of the same property as

reported in the Census volume on Wealth, Debt and Taxation; also, in the second column, the relation as between the assessed value and the sale value of all pieces of property actually sold during the year 1911, in so far as such sales were made solely for a cash consideration.

County	1904	1911
Allen	42%	66%
Anderson	24	62
Atchison	17	73
Barber	29	74
Barton	26	69
Bourbon	30	80
Brown	16	71
Butler	21	78
Chase	25	71
Chautauqua	29	73
Cherokee	27	79
Cheyenne	31	49
Clark	41	59
Clay	18	75
Cloud	24	70
Coffey	25	69
Comanche	21	63
Cowley	15	73
Crawford	24	75
Decatur	30	90
Dickinson	21	59
Doniphan	18	71
Douglas	18	80
Edwards	31	51
Elk	26	50
Ellis	30	60
Ellsworth	18	71
Finney	17	55
Ford	31	45
Franklin	23	75
Geary	22	65
Gove	31	80
Graham	44	73
Grant	47	81
Gray	24	87
Greeley	44	87
Greenwood	19	76
Hamilton	31	61
Harper	25	70
Harvey	23	70
Haskell	48	66
Hodgeman	31	55
Jackson	22	71
Jefferson	21	76
Jewell	23	67
Johnson	16	69

County	1904	1911
Kearney	24	76
Kingman	27	86
Kiowa	19	86
Labette	20	84
Lane	46	64
Leavenworth	22	76
Lincoln	22	73
Linn	31	76
Logan	45	82
Lyon	29	71
Marion	21	62
Marshall	17	66
McPherson	20	82
Meade	36	50
Miami	23	74
Mitchell	26	76
Montgomery	20	78
Morris	18	62
Morton	47	62
Memaha	16	72
Neosho	24	78
Ness	42	44
Norton	24	90
Osage	16	77
Osborne	25	83
Ottawa	21	73
Pawnee	24	68
Phillips	19	66
Pottawatomie	19	76
Pratt	26	78
Rawlins	44	51
Reno	23	78
Republic	25	70
Rice	17	58
Riley	20	56
Rooks	39	74
Rush	26	66
Russell	19	80
Saline	20	71
Scott	17	81
Sedgwick	28	65
Seward	57	85
Shawnee	33	72
Sheridan	31	63
Sherman	47	67
Smith	28	72
Stafford	24	81
Stanton	40	80

County	1904	1911
Stevens	62	76
Sumner	27	83
Thomas	35	85
Trego	21	78
Wabaunsee	17	73
Wallace	33	65
Washington	17	71
Wichita	44	102
Wilson	19	80
Woodson	28	73
Wyandotte	19	56

The above table shows that the county averages of assessments of real property in 1904 ranged, for the most part, between 15% and 30% of actual value, though in a few instances the assessments mounted to more than 40%. The maximum was ⁶² 44% in ~~Stevens~~ ^{Stevens} county and the minimum was 15% in Cowley county. In 1911 averages are seen to be materially higher. The lowest percentage among the 105 counties is found in ~~in~~ the case of Ness county, where the percentage of assessed of real value was 44. The maximum percentage was 102% in Wichita county.

Although at first sight there seems to be as great inequality as between counties in 1911 as in 1904, this is not true. In 1904 the maximum percentage was approximately four times as ^{large} ~~large~~ as the minimum. In 1911 the minimum assessment was 43.1% of the maximum assessment, hence the maximum assessment was only about 2.3 times as ^a great as the minimum. The grouping of the per-

percentages may perhaps better ~~be~~ exhibited by the following table showing how many counties are found to have their percentages in each of several groups:

The groups are based upon the percentage of assessed of true value. Thus the first group includes those counties where the average percentages are between 10 and 20.

Group	$\frac{10}{20}$	$\frac{20}{30}$	$\frac{30}{40}$	$\frac{40}{50}$	$\frac{50}{60}$	$\frac{60}{70}$	$\frac{70}{80}$	$\frac{80}{90}$	$\frac{90}{100}$	$\frac{100}{110}$
1904	24	49	16	14	1	1				
1911				3	10	23	45	21	2	1

From this table the general distribution of the percentages of the two years are seen to be grouped to the greatest extent between the percentages 20 and 30 in 1904 and 70 and 80 in 1911. In 1904, 103 counties were grouped between 10 and 50%. In 1911, 99 counties are grouped between 50 and 90%. The difference between 10 and 50 is ^{as} $\frac{1}{5}$ to 1. The difference between 50 and 90 is ^{as} $\frac{1}{1.8}$ to 1, hence the variation in 1911 was not nearly so great in 1911 as in 1904.

These comparisons show conclusively that not only have the assessments been raised, but also, and more important, that the inequalities as between counties have been materially decreased since the Tax Commission came into power.

Another phase of the tax system which was very much criticised previous to the creation of the Tax

Commission. was the regressive nature of the same. Large holdings of property were shown on various occasions to be assessed at a far lower rate than small holdings of property. In the Bureau of Labor Report for 1897, statistics are compiled, which are calculated to show to what extent this evil existed at that time. These statistics are based upon sales of property in the thirty counties which were included in this investigation.

The Tax Commission since its creation has caused the county assessors to gather similar data every year for the use of the Commission in ascertaining the conditions prevailing throughout the State. The following table shows a comparison of the conditions in this respect for the two years 1897 and 1912, in the six counties^{of} Neosho, Douglas, Mitchell, Butler, Ford and Sherman. These counties have been selected without regard to the showing which they make in the matter of increased assessments. The first two are located in the eastern part of the State, the third and fourth in the central, and the last two in the western part of the state. The statistics given are based on bona fide sales of real property in both instances, an attempt having been made to eliminate all sales where some other than a purely cash consideration entered. Property is grouped into seven classes according to the

size of the holdings as follows: Class A, holdings below \$250 in value; Class B, holdings from \$250 to \$500; Class C, \$500 to \$1,000; Class D, \$1,000 to \$2,500; Class E, \$2,500 to \$5,000; Class F, \$5,000 to \$10,000; Class G, \$10,000 upward

		Percentage of Assessed to Real Value.			
		1897		1912	
County	Class	Lands	Lots	Lands	Lots
Neosho County	A	150	60	50	60
	B	74.5	25	93	116
	C	47.6	51.7		86
	D	37.6	38	72	71
	E	35.7		75	51
	F			72	
	G			67	
	Totals		41.6	45.3	71
Douglas County	A	93.1	44	106	102
	B	31	39.5		140
	C	26.4	32.6	95	113
	D	25.2	23	83	108
	E	21.4	27.3	87	88
	F	23.2	15.5	85	97
	G	23.2	31.9	78	100
	Totals		25	27.9	83.5
Mitchell County	A	150	60	50	60
	B	74.5	25	93	116
	C	47.6	51.7		86
	D	37.6	38	72	71
	E	35.7		75	51
	F			72	
	G			67	
	Totals		41.6	45.3	71
Butler County	A	312	52.7		110
	B	39.1	15.1		80
	C	30.4	53.8	100	99
	D	23.7	32.6	90	86
	E	20.3		85	85
	F	13.7		80	89
	Totals		19.4	42.1	80
Ford County	A	165.6	176.6		29
	B	60.7	67.5		36
	C	34.8	38.2		57
	D	17.4		114	45
	E	28	58	40	
	F	10.3		51	46
	Totals		31.2	54.3	56

Sherman County	Class	1897		1912		76.
		Lands	Lots	Lands	Lots	
	A	121.2	106.6			
	B	49	28.1	70	61	
	C	22.1	34.6	71	89	
	D	14.8		71		
	E			67		
Totals		28.6	43.8	74	80	

This table shows that the regressivity of the system has been materially reduced. Although tremendous discrepancies still occur, they are found not to occur so regularly as at the earlier date. High percentages still occur in the case of smaller holdings, especially in Douglas county, and there chiefly on city property. This may be accounted for at least in part by the fact that the tax rate is limited, hence the city of Lawrence is compelled to raise assessments to tremendous heights in order to obtain sufficient revenue. In general, however, it will be found upon examining the table, that the discrepancy between the highest and the lowest average of assessments is not so great in the case of the 1912 assessment as in the case of the assessment for 1897. In the case of lands the highest average for any one class is found to be 313% in 1897 and the lowest average 10.3%. In 1912 the highest average for any one class in the case of lands was 114% and the minimum was 49%. In the former case the maximum average percentage was 30.3 times, in the latter case the maximum was only 2.3 times greater than the minimum. In the case of

lots, the highest average in 1897 was 176.6%, in 1912 it was 116%. The minimum for 1897 was 15.1% and for 1912 it was 29%. Thus in 1897 the highest average percentage was 11.6 times greater than the minimum average. In 1912 the maximum average percentage on lots was only four times greater than the minimum average.

The above table also shows the discrepancy in the assessment of city and rural property: This table shows the rather unusual fact that city property is generally assessed at about the same rate as rural property. In Douglas county, ^{however,} city property is assessed at a considerably higher figure than rural property. In Ford county on the other hand, city property is assessed far below rural property. Taking the six counties as a whole it will be found that the assessments of city and rural property are very nearly on a par with each other.

Discrimination between individuals within the same taxing district was another evil complained of by the Commission^{er} of Labor in 1897. The only statistics given in his report bearing directly on this point, however, are the maximum and minimum ratios of assessed to real value in each county. While these extreme cases are not altogether fair indications of the discrimination that may prevail in general throughout the county, still if the discrepancies between the maximum and minimum assessments in the counties used for purposes of illus-

tration are found to be less in 1912 than in 1897, it can be inferred with a reasonable degree of plausibility that the general grouping of the percentages between the extremes will also be more uniform. The following table shows the maximum and minimum percentages in individual instances for lands and lots separately in the case of six counties. The percentages for 1897 are copied from the Bureau of Labor Report of 1897 and the corresponding percentages for 1912 are taken from reports made by the county assessors to the Tax Commission, Jan. 1, 1913. In both cases the comparison is between the cash consideration in a bona fide sale and the assessed valuation for the same year. The ratio of the minimum to the maximum assessment in each county is also given:

County	1897	<u>Lands.</u>		1912	Ratio of Max. to Min.
		Ratio of Max. to Min.	Ratio of Max. to Min.		
Neosho	13.3 to 80%	6.0	6.1	27 to 164%	6.1
Douglas	10 to 321	32.1	3	47 to 141	3
Mitchell	18.7 to 150	8.0	4.4	32 to 141	4.4
Butler	3.7 to 690	186.3	2.4	60 to 145	2.4
Ford	10.3 to 213.3	20.7	5.2	28 to 147	5.2
Sherman	10 to 187	18.7	2.2	45 to 100	2.2

County	1897	<u>Lots.</u>		1912	Ratio of Max. to Min.
		Ratio of Max. to Min.	Ratio of Max. to Min.		
Neosho	8 to 200	25.0	3.6	67 to 240	3.6
Douglas	3.3 to 128	38.8	7.1	62 to 440	7.1
Mitchell	25 to 72.5	2.9	5.	38 to 191	5.
Butler	1.3 to 125	96.1	1.7	70 to 120	1.7
Ford	18 to 318.7	17.7	8.9	10 to 89	8.9
Sherman	15 to 200	13.3	1.9	50 to 96	1.9

This table shows that while great discrepancies still occurred in 1912, ~~and~~ they were not nearly so great as in 1897. In only one case, namely, in the assessment of lots in Mitchell county, is the discrepancy found to be greater in 1912 than in 1897. Incidentally it may be mentioned that the discrepancy found in Mitchell county was the least in any of the thirty counties used as the basis of the Report of 1897.

While the above table seems to prove quite conclusively that discrimination between individual holdings of property has been materially decreased, still it would be more to the point to show the grouping of all the instances noted between the two extremes in each county. Such a table unfortunately cannot be constructed from the data given in the Bureau of Labor Report of 1897. In 1912 the grouping by tens between the two extremes was as follows:

<u>Lots</u>	<u>10</u> <u>20</u>	<u>20</u> <u>30</u>	<u>30</u> <u>40</u>	<u>40</u> <u>50</u>	<u>50</u> <u>60</u>	<u>60</u> <u>70</u>	<u>70</u> <u>80</u>	<u>80</u> <u>90</u>	<u>90</u> <u>100</u>	<u>100</u> <u>110</u>	<u>110</u> <u>125</u>	<u>125</u> <u>up-</u>
Neosho		1	2	6	5	9	8	15	7	10	2	3
Douglas		1	1		1	4	4	5	8	13	7	11
Mitchell			1	8	8	12	5	2		2	1	4
Butler							2	10	5	3	3	
Ford	2	5	8	6	3	5	2	1				
Sherman					2	2	1	1	1			
<u>Total Lots</u>	2	7	12	20	19	32	22	34	21	28	13	18

<u>Lands</u>	80.											
	<u>10</u> <u>20</u>	<u>20</u> <u>30</u>	<u>30</u> <u>40</u>	<u>40</u> <u>50</u>	<u>50</u> <u>60</u>	<u>60</u> <u>70</u>	<u>70</u> <u>80</u>	<u>80</u> <u>90</u>	<u>90</u> <u>100</u>	<u>100</u> <u>110</u>	<u>110</u> <u>125</u>	<u>125</u> <u>up-</u>
Neosho		2	4	9	28	21	25	27	16	10	3	7
Douglas			1	1	14	22	30	22	17	13	8	6
Mitchell			2	5	8	26	19	11	9		1	1
Butler						4	12	25	10	9	1	1
Ford		1	11	21	9	6		1	1		3	2
Sherman				1	2	7	3	4	4	1		
<u>Total Lands</u>		3	18	37	61	86	89	90	58	33	16	17
Total Lands & Lots	2	10	30	57	80	118	111	124	79	61	29	35

From the above table it may be noted that the assessment in the case of 343 transfers^s, nearly one-half of the total number, are found to be between 60 and 90% of the sale value. Ninety-seven transfers are found to be below 50% and 125 are above 100%. While this table shows a wide variation, still, in view of the facts disclosed by the table showing the difference between the maximum and minimum percentages, it is practically certain that a table similar to the above for the year 1897 would disclose far greater variation in the assessment of individual holdings.

From the various tables and miscellaneous data presented above, it is seen that in the assessment of real estate, the Commission has obtained very gratifying results. Not only has the aggregate assessment of real estate been raised from \$269,154,500 in 1907 to \$1,798,339,960 in 1912, an increase of about six fold, but also certain other evils connected with the general property tax have been materially diminished. As far as the assessment of real estate is concerned, then,

the Commission may without question be said to have succeeded fairly well. Yet it is evident that much remains to be done to make the rule of uniformity effective in practice, a matter touched upon presently.

Kansas is and probably will remain for many years to come pre-eminently an agricultural State. Whatever changes and innovations in taxation may be introduced, it is very probable that in Kansas at least, land will for some time to come be one of the most important items of taxable property. Hence any improvement that can be made in the method of assessing real property will be of lasting benefit to the State. In this respect at least the Commission has fulfilled its mission and justified its existence.

An address delivered before the National Tax Association by Dr. L. G. Powers, chief statistician of the Census Bureau, on the classification of real estate caused that body to appoint a committee to formulate a plan for the classification of real estate. This committee was much impressed by the Somers method of assessing city sites and attempted to perfect a similar plan for the assessment of lands ~~xxxxx~~. The Kansas Tax Commission recommended to the Legislature of 1911 that the law be so amended as to permit the classification of real estate. This amendment was enacted into law and an attempt was made in the course of the 1912 assess-

ment to make such a classification. It is doubtful, however, whether this plan will effect much improvement in the assessment of real estate. In the first place, under the present method of assessment, the township assessors are not likely to ~~take~~ take the matter seriously enough to permit of a uniform classification. In the second place, the great influence of site value upon the sale value of real estate would not be reflected in such a classification. The data collected may be of use in other ways in arriving at a fair assessment, but as a hard and fast or other rule for the assessment of real estate it does not have much to commend itself.

The class of property which has always been the stumbling-block in the way of the successful application of the general property tax, is personal property. In the eyes of many, perhaps, the success of the Commission is here tested by its success, or failure, in causing all taxable personalty to be assessed at or near the same rate as other kinds of property. If the discovery and the assessment of all kinds of personalty be taken as a criterion of its success, it may well be said that the Commission has been an ignominious failure. In fact, it repeatedly confesses its own inability to reach certain kinds of personalty for the purpose of taxation. The opinion of the Commission is shown in the following quotation:

"Without any positive evidence, but with as sure a conviction as can come from a study of the reported administration of tax laws in all tax jurisdictions available, it may be said that there never was a tax district in which all of the personalty, tangible and intangible, was returned to the assessor".(18) Perhaps the judgement pronounced by Americas greatest taxation authority apropos^{of}/the shortcomings of the general property tax as applied to personal property, would not be amiss. Professor Seligman expresses his opinion as follows: "Personalty will escape the most inquisitorial assessor. Wherever tried, the general property tax resolves itself into the real property tax".(19) Every report of the Tax Commission contains some reference to the impossibility of reaching all personal property at the rate imposed upon other property. The reasons for the impossibility of reaching all kinds of personalty are various. Some kinds of personalty will not bear the ordinary rate. Thus many kinds of stocks and bonds, if taxed at the ordinary rate would pay a tax which would in many cases take the greater part of the income derived from the same. Much property is difficult to

(18) First Report to the Legislature, page 26.

(19) Seligman, Essays in taxation, Ed. 8, page, 33.

value when it has been discovered. This makes evasion easy and profitable to the owner.

The commission maintains that in the 1908 assessment public service corporations and real estate, as well as railroad property were assessed as near to actual value as can reasonably be expected. "While the requirements of law have thus been observed in the assessment of real estate and of the property of public-service corporations, the Commission does not believe that personal property bears the proportion of the total assessment that the law requires. During the assessment period county assessors and deputy assessors throughout the state labored with great zeal to secure a full listing of all such property. Through their efforts personal property of the value of \$213,591,148 never before taxed, was placed upon the assessment roll. It is a curious fact that notwithstanding this large addition to the roll, the proportion of the total assessment of 1908 falling upon personal property exceeds the proportion of 1907 by only .80 of 1 per cent, the proportion for 1907 being 18.54 per cent and for 1908 19.34 per cent. This proves conclusively that in assessments previous to 1908 personal property that was assessed was assessed much higher relatively than were other kinds of property.

The assessment for 1908 resulted, after state equalization, in the following totals:

Real Estate	\$1,573,048,790
Personal property	474,191,255
Public-service corporation property	404,320,352
Grand Total	\$2,451,560,397

In 1907 the total was \$425,281,214. Assuming that the 1908 real estate assessment was made at actual value in money, it follows that the 1907 assessment was made at only 17.11 per cent of such value. The Commission holds from the facts adduced that personal property was over-assessed previous to 1908, whenever it was assessed at all. This, the Commission further holds probably had a great deal to do with the omission from the roll of large amounts of personalty.

The actual situation in regard to the assessment of personal property is difficult to ascertain. The Commission estimates the value of personalty that was missing from the 1908 assessment roll by taking the estimate made by the Bureau of the Census in 1904 and increasing the same by 25% to allow for the increase in such property from 1904 to 1908. The value of personal property escaping taxation in 1908 is then estimated as follows:

Estimated total value of personalty in 1904	\$1,118,219,548
Increase of 25 per cent	<u>279,554,887.</u>
Estimated total value in 1908	\$1,397,774,435
Deduct-	

Assd. Val. Pub. Ser. Corp.

property, 1908.	\$404,320,352
Assmt. of personalty 1908	474,191,255
Exemption of \$200 per family	<u>46,461,402</u> \$224,973,009
Remainder of value not assessed	\$472,801,426 (20)

The value of personalty thus found to have escaped assessment equals 99.7 per cent of the personalty, exclusive of the property of public-service corporations, that was assessed and 19.28 per cent of the total assessment for the year 1908. In regard to the results obtained the Commission has the following to say: "Painstaking efforts were made by all officers having to do with the assessment of 1908 to secure a full listing of all kinds of property. Compared with previous assessments, great success was obtained, and yet the result, as has been shown, was not what is intended by the law. It is probable that in future assessments, personal property values never before assessed will be added to the roll with a consequent increase from year to year in the assess-

ed proportion of the total value, but with no positive conviction can it be claimed that all of such property will ever be assessed under the present system." (21)

The subsequent developments show that the Commission was right in assuming that but little more personal property would be added to the tax rolls. In fact since 1910 personal property has borne a decreasing percentage of the tax burden as the following table will show:

Table showing the division of the total assessment by percentages among classes of property:

Year	Lands	City real est.	All	Pers. prop.	Rlds. etc.
1907	44.78	18.50	63.28	18.54	18.16
1907	49.12	15.03	64.15	19.34	16.49
1909	48.19	15.03	63.22	20.11	16.66
1910	49.17	15.43	64.60	20.14	15.26
1911	48.73	15.83	64.56	20.05	15.39
1912	49.43	16.03	65.46	18.84	15.70

It is only a reiteration of the opinion of the Commission as well as of all taxation authorities, to say that the failure of the Tax Commission to reach all forms of personal property is not due to inefficiency on the part of the Commission, but to an inherent fallacy

(21) Third Report to the Legislature, 1912, page 9.

in the principle which attempts to tax all kinds of property at the same rate. The experience of the Kansas Commission in this particular is only a repetition of the experience of all taxing officials the world over who have attempted to tax personal property at the same rate as ~~the~~ other property. In fact it has frequently happened that more stringent methods of administration have simply increased evasion and decreased revenue. When this has not been the case, the injustice and industrial effects flowing from such methods have been admitted to make a bad situation worse. A number of states, including Ohio, Wisconsin and Iowa, have tried various devices in a vain attempt to discover personal property. Ohio, in 1888, resorted to a "Tax Inquisitor Law" in an attempt to reach personal property, particularly that of the comparatively wealthy residents of the state. Instead of serving the purpose for which it was created, it begot increasing dissatisfaction with the system itself. Professor Seligman describes this tendency in the following terms: "When an effort is made to introduce still more drastic methods by the employment of so-called "tax-inquisitors" or "tax ferrets", as until recently in Ohio and Iowa, and still in Indiana, Kentucky and Oklahoma, the situation becomes still worse." (22)

The Tax Commission draws the following conclusion in regard to the taxation of personal property. (23)

"In the light of all modern experience the conclusion is unavoidable that the general property tax has no place in a system which is intended to distribute the tax burden equitably. Just what changes are required in order to provide a more just method is the theme of all present-day discussion." The Commission calls attention to the following remedies that have been suggested to remedy this evil: More drastic laws; the exemption of all personal property; exemption of intangible personalty only; classification of personalty with special tax rates upon classes perhaps differing in amount among the classes; the substitution for the tax upon personalty under the general property system of taxes upon incomes, upon inheritances, license taxes upon businesses and callings, habitation taxes upon rentals paid, and franchise taxes. Of these various reforms the Commission has from the first recommended the graded property tax, which will be discussed in connection with other recommendations for reforms in the following chapter.

The results obtained by the Commission as brought out by the above considerations are in brief as follows: In the case of the taxation of corporations the situation has been improved, not through the introduction of any new and improved methods, but simply through more

efficient administration; in the case of real estate, the situation has been vastly improved and this is one of the main purposes for which the Commission was created; in the taxation of personal property, on the other hand, the results have been far from gratifying, due not to *any* inefficiency on the part of the Commission but to the impossibility of the task itself.

The results attained by the Commission have thus been found in the main to have been very good, but certain evils, according to the Commissions own statement, still cling to the system. What steps shall be taken to remedy these evils?

CHAPTER IV.
RECOMMENDATIONS MADE BY THE COMMISSION FOR THE REFORM
OF THE TAX SYSTEM.

The three preceding chapters have been devoted to a discussion of the problems connected with taxation in Kansas which more or less directly brought about the creation of the State Tax Commission; the creation, powers, and methods of the Commission; and, finally, a few of the most important results of the work of the Commission. It has been found that the evils which it was designed to correct, were great, and that, while the Commission has been successful in doing away with a few of the minor evils of the old system and has improved the situation at numerous other points, it has failed in certain respects in applying the law (according to its own statement.)

In considering the efficiency of the Commission, it is not enough simply to confine our attention to the work that has already been done and to the results that have already been accomplished. In the first place, justice in taxation is a relative matter and it cannot be expected that change in the administrative machinery will work any miraculous improvement in the direction of justice without any change in the law of taxation. In the second place, the business of assessing and collecting taxes is distributed over the entire state, hence it must needs

take considerable time to bring into effect in all parts of the state such changes as already have been made in some localities. In the third place, one of the original duties imposed upon the Commission was to investigate the methods employed in the state, as well as those employed in other states and in foreign countries, in order to ascertain at what points changes in the tax system should be made and to formulate such bills for presentation to the Legislature as seem applicable to Kansas conditions and likely to prove useful in improving the tax system of the state of Kansas. It is out of the question to expect that any great change should have been made in the system during the five years the Commission has been in existence. The justification of the Commission as an expert advisory body lies chiefly in the future and hence any conjecture as to what it ~~commission~~ may be expected to perform in this line is entirely too speculative in its nature to be of any value. The Commission has in its hands, however, the power to influence legislation in such a way as to bring about the most efficient and just tax system possible. In its capacity as an investigating body it ~~commission~~ has improved every opportunity to ~~studying~~ existing and proposed methods of tax reform, and as a result the members have become well versed in the general subject of taxation. No other persons in the state could be more competent than they to formulate plans for

needed tax reform. The chairman of the Commission has in fact become so able in dealing with tax problems that his fame has spread far beyond the borders of his home state and he is considered throughout the entire country as one of the authorities on American methods of taxation. In recognition of his ability the International Tax Association has elected him to the position of vice-president. It is thus seen that the investigating and advisory duties of the Tax Commission are lodged in competent hands, and if the recommendations of the Commission are heeded, very good results in tax reform may be expected in Kansas.

In a few cases the Commission has recommended changes in the tax laws. If these recommendations have been productive of good results when adopted, it can reasonably be inferred that future recommendations of the Commission will have as great, if not greater value. It will be the purpose of the final chapter, then, to enumerate a few of the more important recommendations made and to inquire briefly into the results that have been obtained in those cases where the recommendations have been adopted, and also, into the merits of the recommendations that have not been adopted, in the light of the results that have been obtained by similar changes in the law in other states.

One of the first recommendations the Tax Commission made was that a classified or graded property tax should be adopted. This plan was first seriously advocated by Charles J. Bullock in an address delivered before the International Tax Association. The substance of the argument used for the adoption of such a tax is that, while we have not made a mistake in attempting to tax all classes of property, a fundamental error has been committed in attempting to tax them all at a uniform rate high enough to meet public expenditures of the present day. The present rate on personal property is too high. It is on the average about \$20 per \$1,000 of the assessed capital value of the property. It is as low as \$10 per \$1,000 in some places but in others it reaches \$30, and, in a few localities, as high as \$40 or \$50 per \$1,000. Now the average rate of \$20 per \$1,000 of the capital value is equivalent to 40% of the income from property that yields the investor 5% interest. When the tax rate rises to \$30 or \$40 it approaches the point of practical confiscation. No sane man would willingly pay such an exorbitant tax; there is the strongest inducement to evade the tax altogether. Such property need not be wholly exempted from taxation. Certain types of personal property can bear a considerably higher rate than other kinds. The differentiation which should be made but at present is not made between different kinds of property

is illustrated by the following quotation from the report of the Tax Commission of 1909: "Household furniture is not in the same class with manufacturing machinery, the former is not only unproductive but deteriorates from year to year, and an annual tax uses up the principal investment and amounts really to confiscation, while the latter is an aid to production."

"Shares of building and loan association stock, held by one who has become a member of the association in order that he may thereby borrow money with which to build a home and whose payments upon the stock are in fact a payment upon the indebtedness thus incurred, cannot be compared with the holders of prepaid or full-paid shares of stock in the same association, taken out as an investment; neither can the shares of the borrowing member be justly classed with shares of stock in a bank or other corporation which yields to the owner an income of six per cent, and sometimes two, three and four times that rate."

"Eleemosynary institutions whose charities and benevolences are not class-limited but are as broad as mankind should not be put in the same class with wealthy fraternal societies who dispense charity or benevolence to beneficiaries in return for periodical dues or assessments paid by members."

"Subject to a like contrast are the necessities of life in opposition to articles of luxury".

The principle of the "graded" tax is thus to tax each kind of personal/^{property} at the rate which will produce the largest revenue, or in other words, at the highest rate it will bear. The theory of the law is, that when such a rate is imposed, most of the property previously evading the tax will be uncovered, with the result that as much or more revenue will be obtained as under the higher rate. The most positive benefit, however, lies in the fact that in the latter case the amount of the tax will be distributed among a far greater number of tax-payers. This method is employed in Pennsylvania, Maryland, Iowa, Minnesota, Michigan and Ohio. In nearly every instance the result has been the return of a large amount of personalty which previously had evaded taxation. In the city of Baltimore, the old law taxing personalty at the same rate as real estate, was repealed. In the late nineties the classification of personal property was worked out more completely and the results are shown by the fact that the assessment of property coming under this classification was increased from \$58,703,795 in 1897 to \$150,447,733 in 1907. When this is compared with the returns of personal property in states where this method has not been employed, it is readily seen that this method has brought about very gratifying results. It has done

so every where except in Iowa.

It was chiefly in view of these considerations that the Commission was constrained to recommend a similar amendment of the law in Kansas. This recommendation was made in 1909, 1911 and 1913. The recommendation provided for the amendment of sections 1 and 2 of article 11 of the state constitution as follows:

"The legislature shall have power to establish and maintain an equitable system for raising state and local revenue, and may classify the subjects of taxation so far as their differences justify the same, in order to secure a just return from each". ⁽²⁴⁾ Exemptions were to be provided for as before. No action was taken upon this recommendation in 1909/~~and~~ ^{or in} 1911. In 1913, however, the amendment was attached to a bill providing for the submission to the electors of an amendment to the constitution permitting the legislature to levy an income tax. In this way it was passed by the house and senate and will be voted upon at the next general election, and in all probability it will be ratified by the electors at that time.

It would be foolish to offer any conjecture as to what results will be attained by this amendment if it were not for the results obtained in other states. In light of the success attained in the states mentioned, it seems safe to predict that the application of this amend-

ment would result in a vast improvement in personal property assessment in the state. But when the necessary amendment to the constitution is ratified, it will remain to see how the new power will be used by the legislature.

The taxation of mortgages has been widely discussed in Kansas. The Commission has thus far merely discussed the revenue effects which would follow the adoption of each of such systems as are found in other states, and requested the Legislature to authorize a full investigation of the whole subject.

The assessed value of mortgages in 1907 was \$4,382,864. In 1912 the corresponding figure was \$65,795,195, the revenue produced by the taxes on the same being estimated at \$657,170. Even yet, however, only the smaller part of the taxable mortgages are discovered and assessed. The estimated total of mortgages is \$300,000,000. If one-half of this sum is held by non-residents, and therefore not taxable in Kansas, only about 40 per cent of the taxable mortgages are reached. Were a mortgage registration tax employed, as in New York and several other states, the Commission, assuming that the average life of loans on mortgage is five years, estimates the revenue from a suggested fifty cents per \$100 rate, at \$300,000. Were the graded property tax applied to mortgages at the usual rate of 3 or 4 mills, the revenue would be smaller than that

now obtained. Were mortgages exempted from taxation, the whole of the \$647,170.30, the present estimated yield, would be lost. Thus any liberalization of the law which now provides ^{for} the taxation of the credit held by the resident of Kansas as well as the property upon which the credit rests, would result in the loss of some revenue (26)

The great diversity of view in Kansas with reference to the taxation of mortgages, has, however, turned largely on difference of opinion as to the incidence of the tax. It is both affirmed and denied that the tax upon mortgages is shifted to the borrower. In the opinion of the Commission, the policy pursued should be decided upon largely in view of the incidence of the tax. Maintaining that "the question of the incidence of the tax upon mortgaged cannot be satisfactorily solved until suitable evidence upon which to base a conclusion is available", the Commission in 1911 submitted a bill to the Legislature providing for a special investigation of the entire matter. The bill was not enacted into law, however, so that the Commission has had to content itself with presenting some general data bearing upon the matter, as briefly indicated above.

The experience of all states with the general property tax seems to have forced the conclusion upon those connected with the making of assessments that

(26) Third Report, (1913), pp.80-84.

this cannot be done efficiently by ~~taxing~~ officers who are elected locally. Pressure is brought to bear upon such an officer to keep assessments down in order that the entire community may escape a part of its share of the state tax burden. Personal favoritism will often creep into the work done by a locally elected assessor. The added fact that the great number of assessors so elected are working more or less independently of each other, causes the element of personal judgement to play a great part in arriving at the proper value of property. That these results have been the same as in other states is evidenced by the following quotation from the report of the Commission: "The crying evil of the present system is the inequalities in assessment which result from the discordant operation of the minds and judgments of numerous deputy assessors". The Commission gives the following instance to show how widely divergent the opinions of two assessors in adjoining townships were on the point of the true value of property:

		Township line.	
\$137	'	\$78	
		\$91	' \$45
149	'	82	' 47
129	'	70	' 44
116	'	76	' 44
96	'	73	' 40
70	'	71	' 53

(27)

The figures given show the assessed values per acre of adjoining lands without improvements, separated by township line. As has been stated before, the all-

important thing in the assessment of property is the initial assessment, because if it is uniform, all need for subsequent county and state equalization is obviated. The significance of such figures as those exhibited above becomes all the greater in view of this fact.

With regard to the inequalities found in various tax jurisdictions, the Commission writes as follows:

"A system is required which will produce an equal assessment of all the real estate in a particular county. A pre-requisite to such a result will be one judgment operating as to the value of all such property within the bounds of the given county. After years of study and experience, the Commission is of the opinion that the situation can be redeemed only by radical changes from present methods, and what is thought will be a complete and perfect plan of reformation is here suggested, i. e.:

First. Create the office of county assessor in all counties and devolve upon such officer exclusively the duty of assessing all property in his county.

Second. Allow sufficient time for the county assessor to assess all real estate in the county upon actual view thereof; one year might be considered the maximum time to embody in the law.

Third. Provide for quadrennial assessments of real estate--new improvements to be added annually.

Fourth. Repeal all provisions which now require the services of township trustees or other persons as deputy assessors.

Fifth. Enact suitable measures for the employment of needed help in the work of the county assessor; he should be given authority to employ assistants to work under his direction, the total compensation to such assistants to be reasonably limited by statute.

Sixth. Repeal the provision for boards of review.

Seventh. Make the county board of equalization an appellate board to hear and decide complaints of individuals who feel aggrieved." (28)

By the introduction of the quadrennial assessment, the Commission claimed that a more accurate assessment could be secured, because more time could be devoted to the work than under the existing system. The Commission also estimated that the expense connected with making assessments could be reduced about \$125,000 per year. The fundamental purpose of the amendment, however, would be to secure uniformity in assessments by means of the abolition of the locally elected township assessor and the substitution of assessment by the county assessor with the aid of assistants appointed by him. The Commission states the main argument in favor of the amendment as follows:

(28)Third Report to the Legislature, p. 39.

"It is a business proposition that is here suggested. What is proposed is to do away with the work of approximately sixteen hundred men with widely varying ideas as to value and to substitute therefor the work of one hundred and five responsible officers, who under the system proposed can, by consultation at county lines and by careful work within the boundaries of their counties, respectively, secure an assessment of all property in the state upon a plane of relatively uniform value."

In order to show that they were not advocating an untried innovation, the Commission also printed the provisions of twenty-eight states besides Kansas relative to the work of county assessors.

In spite of the fact that evident success had accompanied the work of the county assessors, there was throughout the state a well-defined popular prejudice against them. It was maintained that the county assessors did not perform any duties that had not previously been performed by the county clerks,^{and} but little consideration was given to the fact that they had performed these duties better. Local communities, as a rule, guard with jealous care their right to elect their own local assessors, and the creation of the county assessor was vaguely felt to be the entering wedge for a system of taxation which would endanger this time-honored privilege. Because of this

popular prejudice, a considerable number of the members of the Legislature of 1913 had made campaign pledges to secure the abolition of the office of county assessor. Instead of acting upon the advanced suggestions of the Tax Commission, the Legislature abolished the office of county assessor and imposed his multifarious duties upon the county clerk.

In 1909 the Commission made a recommendation that a progressive tax on inheritances should be adopted. The contentions of the Commission in favor of this tax in 1909 were in the first place, that it was employed with remarkable success and freedom from complaint in thirty-six states in the Union. The large revenue derived from this source, especially in New York and Pennsylvania, probably had considerable weight in influencing the opinion of the Commission and others in its favor. The question whether this tax should be used as a means of preventing the perpetuation of large estates was not considered favorably by the Commission. Revenue and the experience of other states and of European countries were the chief contentions upon which the Commission based its recommendation. As a result of this recommendation the Legislature in 1909 enacted an inheritance tax law based upon the Wisconsin law and containing in brief the following schedule of rates:

	Rates Applicable				
	On Amounts up to and in- cluding to \$25,000.	On amounts from \$25,000 to \$50,000	On amounts from \$50,000 to \$100,000	On Amounts from \$100,000 to \$500,000	On Amounts in ex- cess of \$500,000
Class A. Husband, lineal an- cestor, lineal des- cendant, adopted child, lineal descend- ant of any adopted child wife or widow of a son or husband of a daughter.	1%	2%	3%	4%	5%
Class B. Brother, sister, nephew or niece.	3	5	7.5	10	12.5
Class C. Persons in other degrees of collateral consan- guinity, strangers or others not included in classes A and B.	5	7.5	10	12.5	15

As to Class A, the law does not become operative until the legacy or succession exceeds \$5,000, when the beneficiary is the husband, wife, father, mother, child or adopted child of the deceased.

As to class B, the law does not become operative until the legacy exceeds \$100.

As to class C there is no exemption. (29)

The law outlined above did not meet with general favor in Kansas. One of the main objections to the measure was that the exemption in the case of direct heirs was too

low. The argument was that a wife had an equal share in the accumulation of an estate with the husband and hence should not be taxed upon coming into full possession of the same. It was also held that the main object in view in accumulating an estate, is to provide for ones children, hence any tax upon such inheritances is manifestly unjust. In the case of collateral inheritances, no objection was usually made unless the rates were high enough to make the tax smack too much of confiscation. The total taxes charged against 5,596 estates passed upon previous to October 15, 1912 were \$602,166.86. The taxes collected during the same period amounted to \$463,228.41.

The Commission recognized the validity of some of the arguments advanced against the inheritance tax and in 1911 and 1913 made a recommendation for the amendment of the law to remove these evils. The amendment proposed would leave all heirs classified as before, with the exception that the wife's share should be taxed at only one-half the rate of other members of Class A. The exemption should be \$10,000 in the case of the wife, \$5,000 in the case of other direct heirs and \$1,000 in the case of members of class B. The rates named were to be charged only on the excess over the exemptions. These amendments would undoubtedly correct the evils complained of and distribute the taxes less arbitrarily among the estates returned for taxation, but in spite of the arguments in its favor, the law was repealed

in 1913 and no substitute measure enacted in its place.

In addition to those discussed above, the Tax Commission has from time to time made various recommendations of a minor nature, and the majority of them have been adopted by the legislature. The fact that some important recommendations by the Commission have been disregarded does not necessarily prove that the members of the Legislature do not, in the main, consider the advice of the Commission favorably. The pressure of prejudiced constituencies has forced the defeat of a few very excellent recommendations. But progress in such matters follows upon discussion and an educational campaign.

In general, the modest investigation attempted above, seems to show that the State Tax Commission of Kansas has been remarkably successful in correcting at least to some extent a number of the most glaring evils which had repeatedly been shown to exist in the tax system of the state. In view of the fact that the Commission has been at work only five years, it has had time only to begin to show its usefulness. If its personell continues to be as efficient as at present, the probability is that the Tax Commission will be a permanent and highly efficient part of the state government, and to this body more than to any other, may we in the future look for sound suggestions for the reform of present and future evils in the tax system.

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