

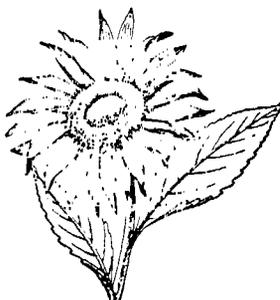
# AGRICULTURAL EXPERIMENT STATION

KANSAS STATE COLLEGE OF AGRICULTURE  
AND APPLIED SCIENCE

MANHATTAN, KANSAS

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## ASSESSMENT AND COLLECTION OF FARM REAL ESTATE TAXES IN KANSAS



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# Assessment and Collection of Farm Real Estate Taxes in Kansas<sup>1</sup>

HAROLD HOWE AND I. F. MILLER

## INTRODUCTION

Judged from experience, necessary improvements in property tax administration seem to have been retarded, at least in part, because of the absence of available information relative to the problems involved. An effort has been made in this study to assemble pertinent facts on assessment and collection as a background for the questions that the public asks relative to these subjects. Consequently, the emphasis is upon the present situation and its weaknesses rather than upon proposals for change. It is believed that an investigation, more detailed and comprehensive than this, should precede conclusive recommendations. In the light of investigations completed to date, the lines of remedy suggested in this bulletin are considered suitable, but are not in any sense offered as the final word.

This report roughly covers the period from the time of the collapse of agricultural prices in the early Nineteen-Twenties until the present. Before the agricultural depression of the Twenties, the burden of rising local government costs had not become plainly evident. Since that time farmers have been keenly aware of the heavy tax load. After 1929, local tax problems, which before were serious, became acute. It was during this particularly serious period of the early Thirties that most of the data for this study were gathered.

## PURPOSE OF STUDY

The purpose of this study is to show the results of the present system of administration of the general property tax in Kansas, to indicate weaknesses of the system, and to suggest lines of remedy. The study emphasizes assessment and collection, the first and final stages in the administration of the general property tax. Equalization of assessed values, which follows assessment in administrative procedure, is not stressed, because it holds a position secondary to assessment. The importance of equalization diminishes with improvements in the assessment system. Establishment of the tax rate, although important, is not emphasized because it is largely a matter calling for the exercise of judgment on the part of budget-making authorities.

Throughout the report, emphasis is upon assessment and collection as they relate to farm real estate, but, due to the many ramifications that exist in a taxing system, it is not always possible to isolate farm real estate and consider its problems alone. At times it becomes necessary to consider assessment and collection problems in general.

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1. Contribution No. 105 from the Department of Agricultural Economics. This bulletin is an adaptation of a thesis entitled, "Assessment and Collection of Farm Real Estate Taxes in Kansas," submitted to the Graduate School of the University of Wisconsin, June 1937, by Harold Howe, in partial fulfillment of the requirements for the degree of doctor of philosophy.

SOURCES OF DATA

The data upon which this study is based were obtained from a number of different sources and by different methods. Many of the records were obtained through a study conducted in cooperation with the Bureau of Agricultural Economics, United States Department of Agriculture and the Federal Civil Works Administration. This project, known as Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency," and conducted during the first four months of 1934, was nationwide in scope. Some of the data collected under this project were summarized by Civil Works Administration workers and are reported upon in other publications. Other records, obtained by the field survey in Kansas, were summarized by the Kansas Agricultural Experiment Station after the Civil Works Administration project was closed. These records, summarized by the experiment station, were the source material for some of the data on ratios of assessed to sale value and farm real-estate tax delinquency appearing in this study. County project leaders in the Civil Works Administration tax delinquency project also furnished information, particularly on tax collection procedure, by responding to a questionnaire which was sent to them.

Information was obtained in May, 1936, as the result of a questionnaire asking for information on tax collection procedure which was sent to all county treasurers in the state. The Kansas Tax Commission furnished information on the sale value of farm real estate and on many other subjects. Data were secured, also, from the offices of the county treasurer and county clerk of Riley county, the county in which Kansas State College is located. In a general statement it is impossible to name all of the state, college, and county officials and individuals who answered inquiries relative to phases of assessment and collection procedure. It will suffice to say that a number of these persons were consulted, either by letter or by personal visit, and in this manner valuable information was secured.

REVIEW OF LITERATURE

Research studies on the assessment and collection of farm real-estate taxes are a comparatively recent development. The early studies in the field of public finance, for the most part, only incidentally treated agriculture. These early studies, which were made primarily by state tax commissions and university specialists in public finance, in a few instances did point out the problems connected with the administration of the general property tax in its relation to agriculture. Some of the results of these studies are reported in the proceedings of the National Tax Association in the years shortly after the founding of that organization in 1907. Intensive research into the agricultural aspects of property tax administration problems did not come until the agricultural experiment stations began to do research in this field. The first experiment station project in the field of public finance was conducted in Kansas.

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This program was carried on by Eric Englund, who published his first bulletin on the subject in 1924.<sup>2</sup> Since that time much work has been done in the field of assessment. Considerably less attention has been given to the subject of collection.

## ASSESSMENT

Literature on the assessment of farm real estate is extensive. In Englund's study, to which more extended reference is made later, the equality of the tax levy was tested as among different counties, among different townships, and among different farms. Comparison of the taxes on farm and city real estate was made, also. Assessed values in each instance were compared with bona fide sales. The work of Englund marked the beginning of a series of somewhat similar investigations in a number of other states. At least one feature of all of these investigations was a determination of the relation between assessed valuation and actual valuation of farm real estate.

All of these studies have disclosed situations which were quite similar, and for that reason they may be discussed as a group. The principal facts brought to light are: (a) The great inequalities in assessment among individual parcels of farm real estate, (b) the discrimination in relative assessment between large and small properties, (c) the different ratios of assessed to sale value among taxing units, and (d) the different ratios of assessed to sale value between farm real estate and other classes of property such as city real estate, farm improvements and certain classes of personal property on farms. It is not to be inferred that methods or points of emphasis were identical in all studies. As one example of the difference in approach it might be mentioned that in some studies owner's valuation was assumed to be the measure of true value; in others capitalized earnings were used; and in the majority of studies actual sales value was used as a basis.

In 1931 a study by Clarke and Jesness<sup>3</sup> in Minnesota shed additional light upon at least one phase of the earlier studies by supplying a possible explanation for the discrimination against small properties. The Minnesota analysis indicated that "assessors are not influenced by the number of acres in the farm. The mere fact that one farm contains more or fewer acres than another will not in itself affect the percentage of its sale value at which the farm is assessed. But the assessor evidently tends to be influenced by value per acre. The tendency shown to assess low-value acres high and high-value acres low appears to be the only reason for the relative underassessment of high-value farms." Subsequently, studies in which the value per acre as well as area of property were considered have been conducted in other states.

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2. Englund, Eric. *Assessment and Equalization of Farm and City Real Estate in Kansas*. Kansas Agricultural Experiment Station Bulletin 232. July, 1924.

3. Clarke, George B., and Jesness, O. B. *A Study of Taxation in Minnesota, With Particular Reference to Assessments of Farm Lands*. Minnesota Agricultural Experiment Station Bulletin 277. August, 1931.

## COLLECTION

Literature on the collection of farm real-estate taxes is comparatively meager, and practically all that exists has been published within the last few years. The rapid spread of real-estate tax delinquency during the depression years first attracted attention to this subject. As tax delinquency became more acute, the broader problem of collection also received some consideration. In 1934 the Federal Civil Works Administration project, previously referred to, was undertaken, and the results of this project may be said to have marked the beginning of research in the field of farm real-estate tax collection. Most of the publications now available have grown out of the data from this nationwide survey. The Federal Bureau of Agricultural Economics<sup>4</sup> published a series of state reports on tax delinquency of rural real estate. These mimeographed reports represented detailed tabulations for about 700 counties in the 48 states. These reports gave, among other facts, the total delinquency, the years when delinquencies began and were terminated, and the average period of delinquency for the counties studied.

**PRESENT ADMINISTRATION OF GENERAL  
PROPERTY TAX****ASSESSMENT**

Assessment is the first phase of the administration of the general property tax. It is the foundation upon which the other stages in property tax administration are based. "The local assessor is the most important official in the administration and application of the ad valorem tax, and his functions or duties exceed in importance those of any other official or group of officials. This is true because the work of the assessor is primary, and the work of others is either doing that which the assessor has failed to do or perfecting that which he has initiated. If the local assessor should perform his task perfectly, there would be little left for either county, district, or state boards of equalization to do."<sup>5</sup>

The Kansas law provides that real property shall be assessed once every four years and that personal property shall be assessed every year. However, there may be an assessment of real estate in any even-numbered year in any county, provided the board of county commissioners orders such an assessment.

The State Tax Commission supervises the assessment of all property in the state. In the case of some property, the Commission actually does the assessing. Under the present law, the Tax Commission assesses directly all public service utilities whose property extends beyond the bounds of a single county. Consequently, railroad, telegraph and telephone, pipe-line, electric power transmission, street,

4. Bureau of Agricultural Economics. United States Department of Agriculture Series of State Reports on the Delinquency of Rural Real Estate. 1935 and 1936.

5. Coody, A. S. The Local Assessor and His Functions. Proceedings of the 18th National Conference of the National Tax Association. 62-72. 1925.

and interurban railway, express, private car-line, and motor bus companies are assessed by the Tax Commission. After the assessment is made and the values equalized, these assessed values are distributed by the Tax Commission to the counties according to some basis, such as the miles of roadway or miles of transmission lines in the county.

For all other property, the Tax Commission exercises only supervisory powers and the local assessor performs the actual work of making the assessment. This supervisory power of the Tax Commission consists of preparing and distributing forms and blanks used by assessors and of issuing a set of instructions to the assessors.

In each county the county assessor is responsible for the assessment of all property not assessed by the State Tax Commission. In most counties the county clerk is the county assessor ex-officio. However, in those counties where the population exceeds 65,000, the law provides for the election of a full-time county assessor. In those counties having 200 or more producing oil wells, and having an assessed valuation of \$100,000,000 or more, the county commissioners may appoint a regular county assessor. In any county of 65,000 or less in which the county clerk is ex-officio the county assessor, the county may, upon the petition of 10 percent of the voters, vote on the question of electing a full-time county assessor.

It is the county assessor's duty to instruct his deputies upon all matters relating to values. He has the right to advise the deputies what the values should be, and to correct clerical errors found in the returns of deputy assessors, but does not have a right to coerce them in fixing value. The county assessor also has the power to assess, after the regular assessment period, any property omitted by the deputy assessors. If, in the opinion of the county assessor, the valuation returned by the deputy assessor does not conform to statutes—that is, "true value in money"—it is his job to return the statements to the assessor and ask that the necessary changes be made therein. Should the deputy assessor refuse to make changes, it is the county assessor's duty to bring the matter to the attention of the board of county commissioners.

The deputy assessors, working under the direction of the county assessor, deserve first mention in the discussion of property tax administration. The law provides that the county assessor appoint the township trustee as deputy assessor for the township in which the trustee is an official. In the case of first- and second-class cities, which comprise separate assessment districts, the county assessor, with the consent of the county board of commissioners, appoints such number of deputies as will be necessary to make the assessment. The deputy assessors receive \$5 per day in the country and \$4 per day in the city for the time actually spent at their duties. The duty of the deputy assessor is to assess all property subject to taxation in his district at its "true value in money." The assessor himself is to determine the actual value after having viewed personally the property. Much depends upon the man who acts as deputy assessor. If

the importance of the function which he performs were more generally realized, more attention would be given to his special fitness for the job and he would be given greater recognition for his services.

The deputy assessors officially begin work March 1, and property is listed and taxed "as of March 1." In general, personal property is to be listed and taxed in the assessment district where it is located March first. Money and credits, aside from those pertaining to a business, are listed at the owner's residence, while those pertaining to a business are assessed at the place of business.

During the assessment period the county assessor requires that the deputies furnish him, as often as may be desired, the real-estate assessments and the personal property statements of persons assessed, so that he may prepare the assessment roll, which must be completed not later than the Saturday preceding the third Monday in May each year.

#### **EQUALIZATION**

Equalization, the second stage in the administration of the general property tax, is designed to make alike or to render uniform. Equalization of assessment consists of making corrections in the original assessments. The purpose of equalization is (a) to correct the inequalities and defects of the original assessment as among individuals, and (b) to afford a more uniform basis of assessment among districts for the equitable distribution of county and state taxes. The work of equalization in Kansas is performed by the state and county boards of equalization.

The mechanics of the equalization process may be described as follows: On the third Monday in May the county board of equalization meets to equalize the valuations as returned by the deputy assessors, and to hear complaints made by any taxpayer as to the assessment and valuation of property. The board of county commissioners constitutes this county board of equalization. At the time prescribed for the board's meeting, the assessment of property in the county must be complete and the assessment roll must have been prepared by the county assessor. The board remains in session for a ten-day period, and any time during this period a taxpayer may present his complaint. At the end of the ten-day period the county board adjourns for at least ten days, when it again convenes and remains in session for not more than three days. The final adjournment of the county board must be not later than June 20. The second or short session of three days is for the purpose of granting hearings to those whose property assessments have been increased by the board at its first meeting. For example, if the county board, in examining the valuations as returned by the deputy assessors, finds that valuations in one township run considerably below the average, it may order an increase in those valuations. The persons whose valuations are affected will be notified and they will be granted a hearing, if they desire it, during the second or short session. Only those persons whose valuations have been changed by the county board are allowed a hearing at the second or three-day session. Any person

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who feels that his property has been overassessed by the deputy assessor must present his complaint to the county board on the third Monday in May, or on any one of the nine days following that date. Any person feeling aggrieved at the county board's action may then, within thirty days after the decision, appeal to the state board of equalization.

Immediately after the adjournment of the county board, the county clerk prepares an abstract of the assessment rolls of his county and forwards it to the State Tax Commission on or before the first day of July. This abstract shows the assessed valuation of farm lands and improvements, city lots and improvements, tangible personal property, and all other classes of property within the county. The State Tax Commission meets as the State Board of Equalization on the second Wednesday of July of each year. This board has power to equalize the assessment of all property in the state and its action is final. In order that the state board may have all possible information concerning the assessment as made and as equalized by the local authorities, certain dates are assigned on which hearings are given representatives of those counties desiring to be heard relative to the equalization of assessment of their respective counties. For example, on a certain day persons from a group of counties in northeastern Kansas may be heard. On the following day persons from a group of counties from another part of Kansas may have their hearing. After the hearings are concluded the state board considers the complaints and announces equalizations for the state. From that time, all valuations are known as the equalized assessed valuations for that year.

### ESTABLISHMENT OF THE TAX RATE

The act by which a duly authorized officer or body fixes a tax rate represents the third principal stage in administering the general property tax.

After values are equalized by the State Board of Equalization, they constitute the tax basis of the state, county, township, city, and school district. The State Tax Commission, with this total valuation as a basis, determines the rate of taxation necessary to produce, when applied to the entire valuation of the state, the revenue (together with other state taxes) required to pay the debts, obligations, and running expenses of the state government during the coming year. The county commissioners in each county use the total equalized value of their county and adopt a rate of taxation which, when applied to that value, will produce the revenue necessary to pay for the salaries of county officers, the running expenses and the debts and expenses of the county falling due in the coming year. In the same manner, the officers of each township, each city, and each school district adopt the necessary rate, which in every case must be within limits prescribed by law.

Kansas has statutory tax limitations which limit practically all the specific rates at which taxes may be levied by local taxing dis-

tricts. In addition, there is a limit on the total rate of each local governmental subdivision. These limits apply to levies for all purposes except bonds and interest. Kansas laws do put certain restrictions on bond issues, but the debt-rate limitations have not been given as much emphasis as have the tax-rate limitations.

After all levies are certified to the county clerk, it is his duty to determine the sums to be charged against each piece of real estate and personal property. On or before the first day of November he delivers the completed list to the county treasurer. The county treasurer is then charged with the amount of taxes assessed on the tax roll in his county.

**COLLECTION**

After the taxes have been levied by the various taxing districts, the final stage is the collection of the taxes levied. Prompt and thorough collection of taxes is just as important as proper assessment. Assessment, equalization, establishment of the tax rate, and collection are complementary parts of tax administration, and if one is deficient the others are weakened as a consequence.

All property taxes are due on the first day of November of each year. The first half of taxes, whether on real or personal property, must be paid on or before December 20. A person charged with taxes may at his option pay the full amount of the tax on or before December 20, or one-half on December 20 and the remaining one-half on or before the following June 20. Any person paying his taxes in full on or before December 20 is given a discount of 2 percent, upon the last half of the tax, and this discount is deducted from the tax charged.

If the first half of the annual tax on real estate is not paid on December 20, interest is charged at the rate of 10 percent on the amount of the first half of the tax from December 20 until date of payment. The first half of the tax, together with interest from December 20 to date of payment, may be paid at any time before June 20. All taxes remaining due and unpaid on June 21 draw interest at the rate of 10 percent from June 20 until paid or until the land is sold for taxes as provided by law. Between the first and tenth day of July the county treasurer makes out a list of all real estate upon which taxes are delinquent, stating that such property will be sold by him on the first Tuesday in September. He then has published in the official county paper once each week for four consecutive weeks prior to the day of the sale the list of such delinquent real property.

From this point the procedure of collecting the tax depends upon the practice followed in each particular county. Kansas statutes authorize two methods for the sale of delinquent real estate to private parties. One provides for sale after the expiration of the four-year redemption period. The other provides for sale of a tax certificate before the expiration of the redemption period. Most Kansas counties have followed the first plan, which provides for bidding in the real estate by the county and collecting the interest

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charges throughout the redemption period. Reports received from county treasurers in May, 1936, indicated that 93 of the 105 counties in Kansas follow this practice. The remainder of the counties have followed the second plan of accepting bids for the property before expiration of the redemption period. Under this plan certificates or tax liens may be granted to private parties in September of the same year that the property became delinquent.

If the first practice mentioned is followed the county treasurer bids off, in the name of the county, on the first Tuesday in September, all lands or town lots advertised for sale for delinquent taxes for the amount of the delinquent taxes and the legal charges thereon. The tax certificates which the county thus acquires are not assignable until after the period of redemption has expired. The county treasurer enters the real estate on the book of tax sales in the same manner as though the property were sold to other purchasers.

All real property so bid off by the county for delinquent taxes is held by the county until the expiration of four years from the date of sale, subject to the right of redemption by the owner. The owner may at any time within four years from the date of sale redeem his property by paying the county treasurer the amount of back taxes and interest. The county cannot accept from any person except the owner the money to redeem the property. The owner also has the right to redeem partially his property by paying the amount of taxes and interest for one or more years, beginning with the first year for which the real estate was sold. When such partial redemption is made, the time when a tax deed can be issued is extended by the number of years paid for in the partial redemption,

After the county has held the property for four years and it remains unredeemed the county may issue a tax certificate to any individual offering to buy the same; and, if the purchaser pays the full amount of taxes, interest, and penalties, he immediately is entitled to a deed.

If the county follows the second practice mentioned of allowing individuals to purchase tax certificates before the expiration of the redemption period, the procedure differs from that above. In such a county a person offering to pay the delinquent taxes and charges against any one piece or parcel of land by purchase of the smallest quantity of land off the north side of the tract or piece of land, shall be the purchaser of such quantity. If no one is willing to bid for a smaller quantity than the whole, the treasurer may sell any tract or piece of land to anyone who is willing to pay the total charges against said land. The county treasurer may require immediate payment, and, if the payment is not made within twenty-four hours, he may cancel the bid and resell the land or sue the purchaser for the purchase money and recover the same with costs and 10 percent damages. After the purchaser has made his payment a tax certificate is issued which describes the property for which the certificate is issued, states the amount paid for the certificate, gives the date of

Sale, and designates the time when the purchaser will be entitled to a deed.

If any parcel of real estate cannot be sold for the amount of taxes and charges thereon, it is bid off by the county treasurer in the name of the county for the amount. In cases where the county bids in delinquent property at the September tax sale because of a failure of other bidders, the tax certificate which the county thereby acquires may be assigned at any later time to any individual who pays the amount of the taxes, with interest and penalty, if any. Thus, whatever certificates are not disposed of on the first Tuesday in September may be purchased on the next day or any subsequent day during the redemption period. The only difference is that those who buy certificates on the day of the tax sale are issued tax certificates directly, while those who buy later have certificates which were issued previously to the county, assigned to them by the county. These assigned certificates bear the date that the money was paid in to the county treasurer by the purchaser. If no offer for a parcel of real estate is made during the redemption period, the county continues to hold the tax certificate throughout the period.

Any individual who purchases a tax certificate can either pay the subsequent taxes and have the same endorsed on his certificate, or he can postpone paying subsequent taxes until after he obtains a tax deed. However, if he fails to pay within four years, any other individual may acquire the tax certificate.

Under the procedure where tax certificates are sold to individuals, the owner has the four-year period in which to redeem his property. If the owner does redeem, the individual who bought a tax certificate presents his certificate to the county treasurer and collects the money that he paid when he purchased the certificate, plus interest at the rate of 10 percent.

In the event that the property is not redeemed at the end of the four-year redemption period, the purchaser of the tax certificate, upon presentation of a qualified tax certificate to the county clerk of the county where the property was sold, receives a deed to the property remaining unredeemed. Or, if at the end of the four-year period the county is still the holder of the tax certificate, the county may (as it also does under the first plan mentioned where all property is bid in by the county) then issue a tax certificate to any individual offering to buy the same; if the purchaser pays the full amount of taxes, interest and penalties, he is entitled immediately to a deed.

After the expiration of the redemption period, the legal provisions for disposal of delinquent real estate are the same throughout the state, regardless of which of the two plans previously described has been used prior to expiration of the redemption period. As indicated previously, if the county is still the holder of the tax certificate after the expiration of the redemption period, regardless of whether it has or has not offered previously tax certificates to private bidders, the

property then may be disposed of by assigning the tax certificate to any person who **pays** the full amount of taxes, interest and penalties.

It is a well-known fact that a considerable amount of real estate is held by the counties beyond the expiration of the redemption period, without any offers by private individuals to buy the land for the total charges against it. The statutes of Kansas have recognized this fact by providing two other methods of disposing of unsold and unredeemed real estate. One of these methods allows the county to compromise the taxes and assign the certificates for less than the amounts due. The other method provides for foreclosure proceedings and a foreclosure sale at which the property is sold for whatever amount is bid.

The compromise method for disposing of delinquent real estate vests the power of compromise with the county commissioners. After expiration of the redemption period, the county commissioners may compromise the taxes against any piece of land, either for the owner of the land or any other person. If a compromise is made for any person other than the owner, a deed cannot be issued until after six months from the date of issuance of the certificate, and during the period the owner may redeem by paying the compromise figure.

In the case of the foreclosure method for disposal of delinquent real estate, the law provides that if the property remains unredeemed for a period of four and one-fourth years after the date of sale or any extension as provided under partial redemption, it is the duty of the county attorney, when ordered by the county commissioners, to institute an action against the owners, and unless the owners answer in a reasonable length of time judgment is taken by default and the land is sold by order of the court for the nonpayment of taxes. In every case, however, the property must be held by the county until the expiration of the regular four-year redemption period, subject only to the right of redemption by the owner. In the event that property actually is sold, the law provides that the county clerk, upon presentation to him of a certificate of sale, executes, in the name of the county, a deed to the purchaser.

The tax deeds which are issued to purchasers of delinquent real estate ordinarily are said to convey fee-simple title. This statement would apply whether the method of disposal is an assignment of the tax certificate for the amount of taxes, interest and penalties due, a compromise, or a foreclosure proceedings and sale. However, a more conservative statement of the case would be to say that a successful suit to quiet title after the purchaser has obtained the tax deed and the possession of the property would result in a fee-simple title.

## RESULTS FROM THE PRESENT SYSTEM OF FARM REAL ESTATE ASSESSMENT

The goal of assessment, as set down by Kansas law is that all real property shall be assessed at its "true value in money." Englund<sup>6</sup> observed that "since perfect compliance with this principle is obviously impossible of attainment, the spirit of the law would surely be satisfied if all property were assessed at a uniform ratio to sale price." The assessment system can be judged largely by the extent to which real-estate assessment approximates this goal.

The case of farm real estate illustrates assessment difficulties particularly well, for determination of these values presents problems more complex than many of those found in determining values of farm products, household goods, or other articles which are regularly assessed. This is true for the following reasons: (a) The annual volume of real-estate transfers in any given area may be insufficient to furnish a sample large enough to be truly representative of values in the area. Land does not change hands so frequently as commodities do. It is not unusual for a parcel of real estate to be held in the hands of a family for a period of fifty years or more without any transfer. (b) There are no central markets for farm real estate similar to those for commodities; consequently, no complete record is kept of the prices involved in the transactions. It is true that sales prices are found in the conveyance records in all of the counties of the state, but what the deed contains cannot be accepted in all cases as a statement of fact. The federal stamp tax on conveyances apparently has had no appreciable influence on the accuracy of sales prices that appear on deeds. (c) The excellent information on land values furnished currently by the Federal Bureau of Agricultural Economics, and based, primarily, on individual estimates of crop reporters, shows trends but does not shed any light on the values of specific properties. Likewise, the census figures, which show average real-estate values by political subdivisions, do not show values of specific parcels of real estate. (d) Farm real estate cannot be standardized into grades and classes as commodities are grouped. Every parcel of real estate is distinctly different from every other parcel.

Inadequate information on real-estate values causes difficulty in making a check on the accuracy of assessment, just as it handicaps the actual work of assessment. Conveyance records constitute about the only source of information on sale prices over a large area. If records of all of the transfers which are made each year could be used, a fair sample of farm real-estate values would be available, but from the total number of transfers, only those which are voluntary transfers may be used. And of those transfers which are voluntary,

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6. Englund, Eric. Assessment and Equalization of Farm and City Real Estate in Kansas. Kansas Agricultural Experiment Station, Bulletin 282. July, 1924.

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only a comparatively small number show a bona fide consideration on the record. A careful selection of only those which give good evidence of being for a bona fide consideration materially limits the sample.

In a study of 38,401 transfers for the five-year period 1929 to 1933, obtained through the Federal Civil Works Administration project, from approximately one-half of the counties in the state, 30,294, or 78.8 percent, were voluntary sales. Of the voluntary sales, records for 6,523, or 21.5 percent, were considered to be bona fide. This means that only 16.9 percent of the total number of transfers were of any benefit in throwing light on the value of the real estate. A great many of the voluntary sale records were thrown out because they were for "\$1 and other consideration." Other records of sales were thrown out, because upon examination they showed what appeared to be unduly inflated or deflated values. It should be mentioned at this point that in many instances the judgment of the investigator was the sole guide in determining whether or not a sale was bona fide. Some sales which were not bona fide probably were included, while others which were bona fide may have been thrown out. The selection of samples by this method, which is apparently the only method available, leaves the door open for considerable error.

If the limited sample mentioned is any criterion, the tendency seems to be for bona fide records of transfers to become smaller percentages of total transfers and voluntary sales. In 1929, 26.1 percent of all of the transfers were considered bona fide; in 1930, 19.4 percent; in 1931, 13.7 percent; in 1932, 12.9 percent; and in 1933, 15.4 percent. In 1929, 31.5 percent of all voluntary sales were considered bona fide; in 1930, 25.3 percent; in 1931, 16.5 percent; in 1932, 16.8 percent; and in 1933, 20.1 percent. The ratio of voluntary sales to total transfers remained approximately constant, through the five-year period, but, the number of records showing bona fide sales, as indicated above, dropped rapidly.

The best that may be expected from conveyance records, then, is a comparatively small list of transfers for each county per year. The sample is so small that no great reliance should be placed upon what it shorn for an area as small as a county. For areas comprising several counties, or for the state as a whole, the sample is somewhat more reliable. In spite of the shortcomings of conveyance records, the fact remains that these records do constitute the most comprehensive information that may be obtained, without excessive cost, on the value of specific parcels of real estate. The term "assessment ratio," which will be used frequently hereafter, is the ratio, expressed in percentages, of the assessed value to the sale value of a property. For example, if the assessed value of a property is \$2,000 and its sale value is \$3,000, the assessment ratio would be 66.66 percent. The term "average assessment ratio" refers to an average obtained by dividing the total of the assessed values in any classification by the total of the sale values in the same classification

**AVERAGE ASSESSMENT RATIOS FROM 1913 TO 1922**

using records of bona fide sales furnished by the State Tax Commission, Englund described the relationship existing between assessed and sale values of real estate during the ten-year period 1913 to 1922, inclusive. His figures for the state show that the assessed valuation of farm real estate was 64.6 percent of the sale price for the years 1913 to 1922, inclusive. For the first five years of the period, 1913 to 1917, the state average was 67.7 percent, and for the last five years of the period, 1918 to 1922, the state average was 61.3 percent, indicating a tendency toward a lower rate of assessment in the later years. This lower rate of assessment probably was due to the higher farm real-estate values prevailing at that time. Although the assessed value of land and improvements in Kansas increased from \$1,365,455,604 in 1913 to \$1,738,324,506 in 1922, the increase was not as great, proportionally, as the increase in the value of land and improvements. The period 1913 to 1922, with the exception of the last two years, was one of increasing farm real-estate values. (Table I.) In spite of the decline at the end of the ten-year period, the value of farm real estate was higher in each of the last five years, 1918 to 1922, than in the first five-year period, 1913 to 1917.

**AVERAGE ASSESSMENT RATIOS FOR THE YEARS 1923 TO 1933**

The information on the relation of assessed to sale values obtained by Englund covered a period of increasing real-estate values. Data on the same relationship during a period of decreasing real-estate values may be obtained by studying more recent years. Consequently, the remaining data on the relationship of assessed to sale value are based upon the eleven-year period from 1923 to 1933, during which time the value of land and improvements was decreasing. Nineteen hundred and thirty-three apparently marked the end of this particular era of falling land prices, because slight advances were recorded for the years 1934, 1935, 1936, and 1937. (Table I.) Data on the sale values of specific properties are not available for these last four years.

The period 1923 to 1933, inclusive, also was a period of decline in assessed values of farm land and improvements. (Table II.) The equalized assessed value of land and improvements in Kansas in 1923 was \$1,740,105,386. In 1933 it had declined to \$1,196,501,499. The large decreases in 1932 and 1933 resulted from orders by the State Tax Commission, acting as the State Board of Equalization. In 1932 a blanket reduction of 14 percent was made in the assessed value of all farm lands in the state. This reduction was computed from the assessment of land made in 1930. In 1933 the State Board of Equalization reduced the assessed values of all farm land and improvements 16.66 percent less than the 1932 values.

For the period 1923 to 1930, inclusive, records of bona fide sales of farm real estate throughout Kansas were obtained, as in former year, through the courtesy of the State Tax Commission. The Tax Commission is empowered by law to call upon county assessors to

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TABLE I. INDEX NUMBERS OF ESTIMATED VALUE PER ACRE OF FARM REAL ESTATE IN KANSAS, 1912 TO 1937, INCLUSIVE. (a)

(1912-1914 = 100 percent)

| YEAR.     | Index number. | YEAR.     | Index number. |
|-----------|---------------|-----------|---------------|
| 1912..... | 101           | 1925..... | 115           |
| 1913..... | 99            | 1926..... | 113           |
| 1914..... | 99            | 1927..... | 113           |
| 1915..... | 103           | 1928..... | 113           |
| 1916..... | 109           | 1929..... | 113           |
| 1917..... | 115           | 1930..... | 113           |
| 1918..... | 122           | 1931..... | 103           |
| 1919..... | 132           | 1932..... | 89            |
| 1920..... | 151           | 1933..... | 70            |
| 1921..... | 149           | 1934..... | 72            |
| 1922..... | 130           | 1935..... | 73            |
| 1923..... | 127           | 1936..... | 75            |
| 1924..... | 118           | 1937..... | 78            |

(a) U. S. D. A. Circular 417, "The Farm Real Estate Situation, 1935-1936." October, 1936, and U. S. D. A. press releases.

TABLE II. EQUALIZED ASSESSED VALUE OF FARM LAND AND IMPROVEMENTS IN KANSAS 1923 TO 1936, INCLUSIVE. (a)

| YEAR.     | Assessed value of land and improvements. | YEAR.     | Assessed value of land and improvements. |
|-----------|--|-----------|--|
| 1923..... | \$1,740,105,386                          | 1930..... | \$1,643,857,437                          |
| 1924..... | 1,729,353,981                            | 1931..... | 1,641,568,824                            |
| 1925..... | 1,728,641,086                            | 1932..... | 1,433,413,471                            |
| 1926..... | 1,714,837,089                            | 1933..... | 1,196,501,499                            |
| 1927..... | 1,713,295,046                            | 1934..... | 1,171,516,228                            |
| 1928..... | 1,715,227,376                            | 1935..... | 1,172,112,719                            |
| 1929..... | 1,716,329,690                            | 1936..... | 1,172,239,815                            |

(a) Fourteenth Biennial Report of Tax Commission, state of Kansas, page 139, and unpublished data furnished by the Tax Commission.

make a report of all real estate sold for a bona fide consideration in their respective counties. These reports were called for by the Tax Commission every year through 1930. In 1930 the commission discontinued the practice of requesting this information from the county assessors, and subsequently the information has not been available from the commission's records. Consequently, it was necessary to go elsewhere for the information for the later years. Fortunately, the schedules which were used in the Civil Works Ad-

ministration project on "Farm Mortgages, Land Values, and Rural Tax Delinquency" called for records of real-estate transfers for the years 1931, 1932, and 1933, which could be used to supplement the data for the earlier years. This summary of transfers was made on a calendar-year basis, using date of transfer and not the date on which the deed was filed. The information obtained from these schedules is not as complete as that which had been secured previously from the office of the Tax Commission. Records from only 46 of the 105 counties could be used. The counties for which records were obtained are shown in figure 1. The type-of-farming areas shown in figure 1 are based upon data presented in a Kansas Agricultural Experiment Station publication<sup>7</sup> and upon an unpublished

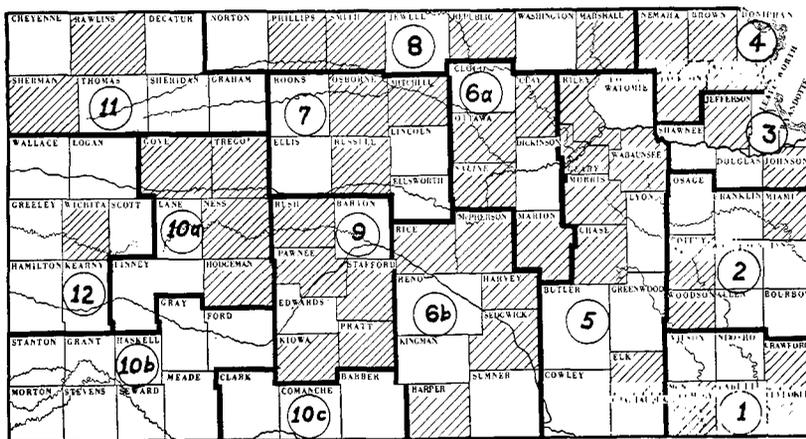


FIG. 1.—Map of Kansas showing type-of-farming areas and counties (shaded area) in which data on selling value and assessed value for the years 1931 to 1933, inclusive, were obtained.

revision of those data prepared by J. A. Hodges in 1934. Although the counties from which these data have been gathered are fairly well distributed, the extreme western part is not so well represented as are the other parts of the state.<sup>8</sup>

7. Hodges, J. A., F. F. Elliott, and W. E. Grimes, *Types of Farming in Kansas*, Kansas Agricultural Experiment Station Bulletin 251, August, 1930.

8. There is reason to believe that the information on values obtained from the Civil Works Administration project for the 46 counties is fairly comparable with the data obtained by the State Tax Commission from the county assessors during the earlier years. For the years 1929 and 1930, information on values from both sources was available. For the same counties a comparison of assessed value to selling value by the two methods for the two years is as follows:

|  | 1929             | 1930             |
|--|------------------|------------------|
| For 46 counties using figures obtained in C. W. A. Project, F-6 .....  | 77.7%            | 76.2%            |
| For the same 46 counties using figures furnished by the State Tax Commission (figures for state as a whole in parentheses) ..... | 70.8%<br>(68.4%) | 73.6%<br>(69.0%) |

It will be noted that the percentages obtained by the Civil Works Administration project schedules run higher than the figures obtained by the State Tax Commission from the county

## FARM TAXES IN KANSAS

The number of properties upon which the percentages are based is considerably smaller for the years 1931 to 1933 than for the earlier years. From 1923 to 1930 the average number of transfers for which there were records of bona fide considerations was approximately 3,700 each year. During the years 1931 to 1933, approximately 1,000 records of bona fide sales were obtained for each year.

Table III was prepared by supplementing the data obtained from the State Tax Commission for the years 1923 to 1930 with information secured from the Civil Works Administration project for the years 1931 to 1933.

TABLE III. AVERAGE ASSESSMENT RATIOS OF FARM REAL ESTATE IN KANSAS FOR THE YEARS 1923 TO 1933, INCLUSIVE. (a)

| YEAR.     | Number of properties. | Acres.  | Sale price.  | Assessed value. | Average assessment ratio. |
|-----------|-----------------------|---------|--------------|-----------------|---------------------------|
| 1923..... |                       | 486,087 | \$22,365,901 | \$15,010,834    | 67.1                      |
| 1924..... | 3,300                 | 453,344 | 20,002,017   | 13,862,132      | 69.3                      |
| 1925..... | 4,482                 | 668,179 | 27,660,184   | 18,610,398      | 67.3                      |
| 1926..... | 4,128                 | 537,301 | 25,275,236   | 17,370,027      | 68.7                      |
| 1927..... | 3,721                 | 504,395 | 24,837,117   | 17,143,585      | 69.0                      |
| 1928..... | 3,756                 | 508,351 | 25,097,639   | 17,645,745      | 70.3                      |
| 1929..... | 3,645                 | 523,043 | 21,646,205   | 14,806,329      | 68.4                      |
| 1930..... | 3,061                 | 450,548 | 18,310,464   | 12,641,525      | 69.0                      |
| 1931..... | 1,047                 | 146,082 | 5,601,849    | 4,899,938       | 87.8                      |
| 1932..... | 972                   | 129,393 | 4,531,404    | 4,176,645       | 92.2                      |
| 1933..... | 975                   | 126,358 | 3,926,759    | 3,692,129       | 94.0                      |

(a) Data for the years 1923 to 1930, inclusive, were obtained from the Kansas Tax Commission, and include all of the counties in the state except Scott county in 1926 and Harper county in 1929.

Data for the years 1931 to 1933, inclusive, were obtained in C. W. A. Project F-6, "Farm Mortgages, Land Values and Rural Tax Delinquency," and include 46 counties of the state.

The contrast between the later and earlier years of the period is so great that the two parts should be discussed separately. During the first eight years, 1923 to 1930, inclusive, the relation between as-

assessors. An explanation for this is that in the Civil Works Administration project the proportion of eastern Kansas transfers recorded in relation to the total number of transfers, was larger than in figures obtained by the State Tax Commission. Eastern Kansas properties are less valuable than the average of properties over the state as a whole and, as will be noted later, low-value properties on the average are over-assessed. Consequently, this situation tends to raise the percentage of assessed to sale value in the Civil Works Administration data.

The 46 counties which were used in this study for the years 1931 to 1933, inclusive, apparently show a tendency in 1929 and 1930 for a slightly higher percentage of assessed to sale value than is true for the state as a whole. This comparison of the percentages for the 46 counties and for the state as a whole (in parentheses) both derived from the same source is shown above.

The average assessment ratios obtained in this study are high compared with those found in a study of 30 Kansas counties made by the Kansas State Planning Board for the years 1933-1937. This study, which was conducted in 1938, shows the average assessment ratio for rural real estate to be 75.1 percent for the year 1933, with declining assessment ratios in subsequent years. It is interesting to note that there was a preponderance of counties from western Kansas, where assessment ratios are generally low, used in the Planning Board study.

essed and sale values remained practically constant from year to year. The highest percentage during this period was 70.3 and the lowest was 67.1

Reference to Tables I and II sheds some light on the reason for this situation. Both land values and assessed valuations were decreasing moderately during this period. From 1923 to 1930 land values decreased approximately 11 percent, while assessed valuation decreased approximately 6 percent. During this period the largest decrease in land values occurred in 1924, while the largest decrease in assessed valuation occurred in 1930. These changes apparently are not reflected in any change in the percentage of assessed to sale value as shown in Table III.

During the last three years of the period the assessed value of farm land became a much larger percentage of the sale value than at any time during the earlier years. This situation also may be explained in part by reference to Tables I and II. From 1930 to 1933 both land values and assessed valuation declined abruptly, but the decrease in land values was greater. During this period Kansas land values decreased 38 percent, while assessed valuation decreased 27 percent.

While the reductions in assessed valuation ordered by the Tax Commission apparently were for the purpose of maintaining the old relationship between assessed and sale value, they did not succeed, because of the large decline in land values. Assessed value of farm real estate increased to 87.8 percent of sale value in 1931. A decrease in land values as compared with fairly constant assessed values from 1930 to 1931 was responsible for the larger assessment percentage. In 1932 assessed values on farm land were decreased 14 percent by order of the State Board of Equalization, but apparently the decrease in land values was larger, for the percentage of assessed to true value increased to 92.2 percent. In 1933 assessed values of farm real estate were decreased by state order, but the decrease was not so great proportionately as the decrease in land values, because farm real estate was assessed at 94 percent of sale value in that year.

In discussing the relationship between assessed values and sale values during the depression years, the fact must be recognized that many land sales in the nature of forced sales probably were included. Consequently, the sales records tended to be lower than the actual value of the land.

The wide diversity in agricultural resources existing throughout Kansas suggests a study of the ratios of assessed to sale value in different parts of the state. Consequently, a further division of the study is shown in Table IV. The areas represented are types-of-farming areas of the state as shown in figure 1. The number of transfer records for Areas 10a, 10b, and 10c was so small that it was believed advisable to combine them. Consequently, the tables show one area where three ordinarily would be. The area is called 10.

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Table IV shows the assessed valuation of farm real estate in percent of sale price in Kansas by farming areas for the eleven-year period 1923 to 1933, inclusive. In this table the outstanding fact is that the ratio of assessed to sale value is distinctly lower in the western one-third of the state than in the remainder. Area 9, which is located in the southwest central section of the state, also resembles the western one-third of the state in its tendency toward lower assessed valuations. The eastern two-thirds of the state show a more uniform condition, with the exception of Area 9, just mentioned,

TABLE IV. AVERAGE ASSESSMENT RATIO OF FARM REAL ESTATE IN KANSAS BY FARMING AREAS FOR THE ELEVEN-YEAR PERIOD, 1923 TO 1933, INCLUSIVE. (a)

| FARMING AREA. | Number of properties (b). | Acres.    | Sale price.   | Assessed value. | Average assessment ratio. |
|---------------|---------------------------|-----------|---------------|-----------------|---------------------------|
| 1.....        | 1,418                     | 126,912   | \$5,312,488   | \$4,307,826     | 81.1                      |
| 2.....        | 2,605                     | 272,388   | 14,049,135    | 10,671,681      | 76.0                      |
| 3.....        | 2,162                     | 132,276   | 13,162,164    | 9,579,321       | 72.8                      |
| 4.....        | 1,782                     | 174,921   | 16,276,993    | 12,696,627      | 78.0                      |
| 5.....        | 3,168                     | 476,586   | 23,535,606    | 16,905,144      | 71.8                      |
| 6a.....       | 1,876                     | 222,150   | 15,421,619    | 11,072,286      | 71.8                      |
| 6b(c).....    | 2,862                     | 377,158   | 26,240,312    | 19,200,160      | 73.2                      |
| 7.....        | 1,488                     | 266,806   | 11,762,441    | 8,649,669       | 73.5                      |
| 8.....        | 2,289                     | 327,961   | 16,369,867    | 13,228,186      | 81.2                      |
| 9.....        | 1,654                     | 309,120   | 16,552,119    | 10,739,028      | 64.9                      |
| 10.....       | 4,299                     | 992,213   | 24,191,434    | 13,742,699      | 56.8                      |
| 11.....       | 1,969                     | 433,026   | 10,823,237    | 5,442,106       | 50.3                      |
| 12(d).....    | 1,515                     | 444,235   | 5,578,254     | 3,564,557       | 63.9                      |
| State.....    | 29,087                    | 4,555,902 | \$199,275,669 | \$139,859,290   | 70.2                      |

(a) For years 1923 to 1930, data were obtained from Kansas Tax Commission; for years 1931 to 1933, from C. W. A. Project F-6.

(b) Number of properties for 1923 is not included.

(c) Harper county records for 1929 omitted.

(d) Scott county records for 1926 omitted.

which shows low assessed valuations, and Areas 1, 4, and 8, which show a high percentage of assessed to sale values. Area 1 comprises six counties in the southeast corner of the state. Areas 4 and 8 comprise the counties adjacent to the northern boundary of the state from the Missouri river to the western boundary of Norton county. It is interesting to note that the areas showing the highest and lowest ratios of assessed to sale values adjoin each other and both lie on the northern boundary line of the state. A spread of 30.9 percent exists between Area 11, whose ratio of assessed to sale value is 50.3 percent, and Area 8, whose ratio is 81.2 percent. The ratio of assessed to sale value for the state is 70.2 percent.

VARIATION IN THE ASSESSMENT RATIOS OF INDIVIDUAL PROPERTIES

One method of testing the accuracy of assessment is to compare the ratios of assessed to sale value of individual parcels of farm real estate. The assessment ratio was calculated for each of 2,935 individual transfers for the three years 1931 to 1933. When a frequency distribution of the ratios of assessed to sale values of these parcels of farm real estate was constructed, the range in ratios was from 13 to 856 percent. The assessment ratio of the lower one-fourth of the properties was 67.4 percent or less, while the assessment ratio of the upper one-fourth of the properties was 125.9 percent or more. The assessment ratio of one-half of the properties was between 67.4 and 125.9 percent. Table V shows this frequency distribution and the percentages of the total number of properties within each class interval. Figure 2 presents the same facts in graphic manner.

TABLE V. FREQUENCY DISTRIBUTION OF THE ASSESSMENT RATIOS FOR 2,935 KANSAS FARM PROPERTIES FOR THE YEARS 1931 TO 1933, INCLUSIVE. (a)

| ASSESSMENT RATIO. | Number of properties in class. | Percentage of total number of properties. | ASSESSMENT RATIO. | Number of properties in class. | Percentage of total number of properties. |
|-------------------|--------------------------------|---|-------------------|--------------------------------|---|
| 0-10.....         | 0                              | 0   | 170-180.....      | 53                             | 1.8                                       |
| 10- 20.....       | 14                             | .5  | 180-190.....      | 33                             | 1.1                                       |
| 20- 30.....       | 56                             | 1.9                                       | 190-200.....      | 30                             | 1.0                                       |
| 30- 40.....       | 103                            | 3.5                                       | 200-210.....      | 27                             | .9  |
| 40- 50.....       | 166                            | 5.7                                       | 210-220.....      | 20                             | .7  |
| 50- 60.....       | 209                            | 7.1                                       | 220-230.....      | 13                             | .4  |
| 60- 70.....       | 253                            | 8.6                                       | 230-240.....      | 12                             | .4  |
| 70- 80.....       | 330                            | 11.3                                      | 240-250.....      | 14                             | .5  |
| 80- 90.....       | 301                            | 10.3                                      | 250-260.....      | 10                             | .4  |
| 90-100.....       | 267                            | 9.1                                       | 260-270.....      | 6                              | .2  |
| 100-110.....      | 238                            | 8.1                                       | 270-280.....      | 10                             | .4  |
| 110-120.....      | 178                            | 6.1                                       | 280-290.....      | 7                              | .2  |
| 120-130.....      | 147                            | 5.0                                       | 290-300.....      | 5                              | .2  |
| 130-140.....      | 115                            | 3.9                                       | 300-400.....      | 51                             | 1.7                                       |
| 140-150.....      | 92                             | 3.1                                       | 400-500.....      | 19                             | .6  |
| 150-160.....      | 75                             | 2.6                                       | More than 500...  | 22                             | .7  |
| 160-170.....      | 59                             | 2.0                                       | Total.....        | 2,935                          | 100.0                                     |

(a) Data were obtained in C. W. A. Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency," and were from 46 counties.

The same 2,935 properties also were separated into six classes based on the sale price of the individual properties. The class limits were arbitrarily set. Table VI shows the assessed value of farm real estate in percent of sale price for each of these classes. The

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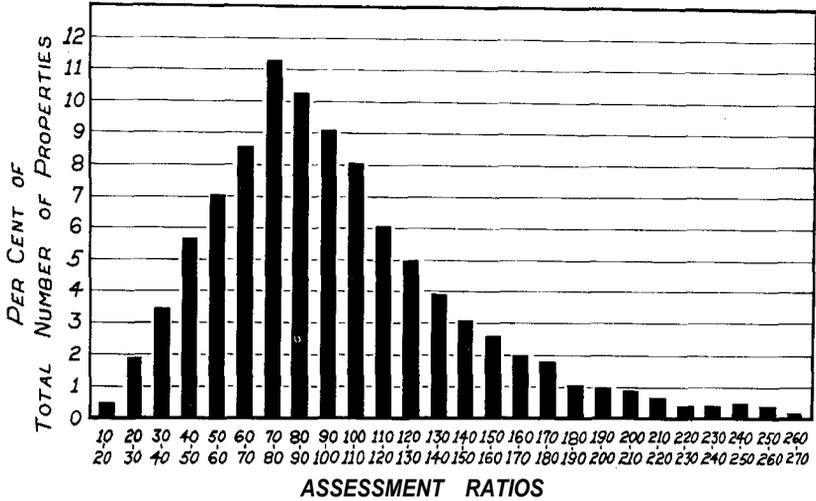


FIG. 2.-Percentages of the total number of farm properties that fell within each class interval of the assessment ratios. (Data were obtained in C. W. A. Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency," and were from 46 counties. Because of lack of space it is not possible to show all percentages in this figure. Properties for which the assessed value was more than 270 percent of sale value, 3.9 percent of total number of properties, were not included.)

table show conclusively the tendency to overassess low-value properties, a fact which had been described in studies previously made in Kansas and other states. For the properties of lowest value, within a price range of 0 to \$1,500, assessed value was 166.2 percent of sale price. This percentage decreased as the value of the property increased until in the case of properties which sold for more than \$15,000 the assessed value was 65.9 percent of sale price.

TABLE VI. AVERAGE ASSESSMENT RATIOS, BY GROUPS OF FARMS, BASED ON SALE VALUE OF PROPERTIES, FOR THE THREE-YEAR PERIOD, 1931-1933, INCLUSIVE. (a)

| SALE VALUE.            | Number of properties | Total Sale Value | Total assessed value. | Assessment ratio. |
|------------------------|----------------------|------------------|-----------------------|-------------------|
| \$0.0-\$1,499.99 ..... | 516                  | \$425,996        | 8,707,857             | 166.2%            |
| 1,500- 2,999.99 .....  | 629                  | 1,333,486        | 1,590,051             | 119.2%            |
| 3,000-4,999.99 .....   | 747                  | 2,822,866        | 2,836,205             | 100.5%            |
| 5,000- 9,999.99 .....  | 749                  | 4,969,508        | 4,364,131             | 87.8%             |
| 10,000-14,999.93 ..... | 205                  | 2,391,062        | 1,825,463             | 76.3%             |
| More than 15,000 ..... | 89                   | 1,801,702        | 1,187,538             | 65.9%             |

(a) Data were obtained in C. W. A. Project F-6 "Farm Mortgages, Land Values, and Rural Tax Delinquency, and were from 46 Kansas counties.

There may be at least two reasons why the more valuable properties are underassessed and the less valuable properties are over-assessed. The larger value of the more valuable property may be the result of large area, or high value per acre. The assessor may be influenced strongly by the value-per-acre factor and only slightly by the area factor or vice versa. In the following section additional data on the overassessment of low-valued properties are presented and an attempt is made to give some information concerning which of the two factors most strongly influences the Kansas assessors.

SOME FACTORS AFFECTING THE ASSESSMENT RATIO

Method of Studs

All but 24 of the properties mentioned above were used in a study of some of the factors affecting the assessment ratio. The state was divided into four regions for this study. (Figure 3.) If this had

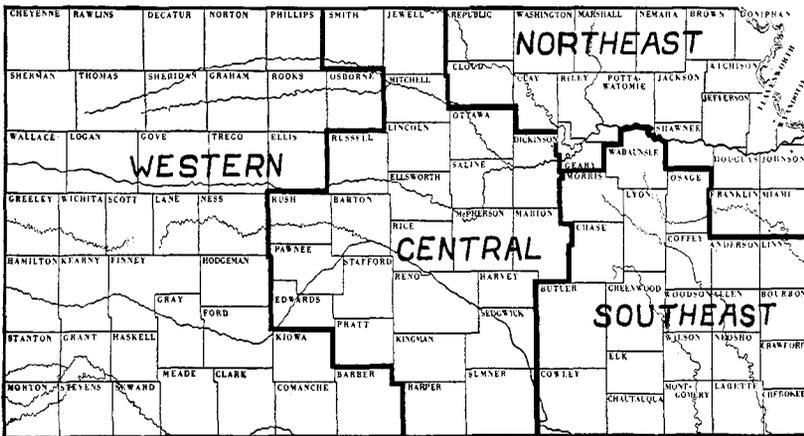


FIG. 3.—Map of Kansas showing the division of the state used in the study of factors affecting the assessment ratio.

not been done a frequency distribution of the sale value per acre for the state as a whole would have shown most of the transfers from western Kansas to be concentrated in the lower class intervals, while the transfers from northeast Kansas would tend to be in the higher class intervals.

In a similar distribution of the number of acres per sale the transfers from western Kansas would be found tending toward the higher class intervals, while those from northeast Kansas would be in the lower class intervals. By dividing the state into four regions of more nearly homogeneous land values and then combining these four regions into a state table by means of a weighted average, representative figures for the state were obtained which partially avoided the difficulties mentioned.

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The period taken for a study of factors affecting the assessment ratio should be one in which the average level of assessment remains fairly constant. This is true because, if during part of the period assessed value is more nearly equal to sale value than during the remainder of the period, there is the possibility that the proportion of one class of properties to the other classes would not be the same throughout the period. In case this proportion did not remain uniform true conditions might not be revealed. Data for the years 1931 to 1933 would have been unsatisfactory to study because of the rapidly declining land values during these years except for the fact that the State Tax Commission made uniform reductions in the assessed valuation in 1932 and 1933. Because of this the average assessment ratio increased only slightly during the three years; it was 87.8 percent in 1931, 92.2 in 1932, and 94 in 1933. This increase in the assessment ratio is hardly sufficient to affect the conclusions, even if the proportion of the different classes of property had not been uniform throughout the period. The number of properties used in the different parts of the study has been given in every table so that the results obtained could be interpreted in view of the size of the sample.

The effect of total sale value on the assessment ratio was the first factor studied. However, this comparison does not show whether it is the total value of the property or one of the factors which determines total value; namely, value per acre or number of acres, that is fundamentally responsible for the relationship indicated. This problem was analyzed further by studying the effect of the value per acre, and number of acres per sale on the assessment ratio. As a final step the effect of a combination of both value per acre and number of acres per sale on the assessment ratio was studied.

### Total Sale Value

The effect of total sale value on the assessment ratio is shown in Table VII. This table shows that there is a strong tendency in all parts of the state for the low-valued properties to be overassessed. In western Kansas, for example, the improved properties whose total sale value was \$2,999.99 or less were assessed at 158.1 percent of their sale value, while the properties whose total sale value was \$9,000 and more were assessed at only 51.3 percent of the sale value.

TABLE VII. RELATION OF TOTAL SALE VALUE TO THE ASSESSMENT RATIO FOR 2,911 PROPERTIES OF FARM REAL ESTATE, 1931-1933.

**Kansas as a Whole**

| Size group based on total sale value. | Improved.             |                           | Size group based on total sale value. | Unimproved.           |                           |
|---------------------------------------|-----------------------|---------------------------|---------------------------------------|-----------------------|---------------------------|
|                                       | Number of properties. | Average assessment ratio. |                                       | Number of properties. | Average assessment ratio. |
| Group I.....                          | 443                   | 152.0(a)                  | Group I.....                          | 332                   | 135.9                     |
| Group II.....                         | 599                   | 105.9                     | Group II.....                         | 345                   | 103.6                     |
| Group III.....                        | 329                   | 92.5                      | Group III.....                        | 258                   | 85.9                      |
| Group IV.....                         | 297                   | 73.0                      | Group IV.....                         | 309                   | 74.7                      |

(a) This figure is a weighted average of the first size group of the four subdivisions of the state. The other figures in this "Kansas as a Whole" table were derived in the same manner.

**Western Kansas**

| Size group based on total sale value. | Improved.             |                           | Size group based on total sale value. | Unimproved.           |                           |
|---------------------------------------|-----------------------|---------------------------|---------------------------------------|-----------------------|---------------------------|
|                                       | Number of properties. | Average assessment ratio. |                                       | Number of properties. | Average assessment ratio. |
| \$0.0-\$2,999.99.....                 | 52                    | 158.1                     | \$0.0-\$1,499.99.....                 | 65                    | 113.2                     |
| \$3,000-\$5,999.99.....               | 80                    | 87.1                      | \$1,500-\$2,999.99.....               | 90                    | 85.6                      |
| \$6,000-\$8,999.99.....               | 29                    | 71.6                      | \$3,000-\$4,499.99.....               | 71                    | 62.1                      |
| \$9,000 and more.....                 | 35                    | 51.3                      | \$4,500 and more.....                 | 64                    | 50.3                      |

**Central Kansas**

| Size group based on total sale value. | Improved.             |                           | Size group based on total sale value. | Unimproved.           |                           |
|---------------------------------------|-----------------------|---------------------------|---------------------------------------|-----------------------|---------------------------|
|                                       | Number of properties. | Average assessment ratio. |                                       | Number of properties. | Average assessment ratio. |
| \$0-\$3,599.99.....                   | 111                   | 151.3                     | \$0-\$1,699.99.....                   | 86                    | 140.5                     |
| \$3,600-\$7,199.99.....               | 172                   | 99.7                      | \$1,700-\$3,399.99.....               | 103                   | 102.5                     |
| \$7,200-\$10,799.99.....              | 91                    | 86.6                      | \$3,400-\$5,099.99.....               | 76                    | 95.6                      |
| \$10,800 and more.....                | 59                    | 77.3                      | \$5,100 and more.....                 | 96                    | 73.9                      |

FARM TAXES IN KANSAS

Northeastern Kansas

| Size group based on total sale value. | Improved.             |                           | Size group based on total sale value. | Unimproved.           |                           |
|---------------------------------------|-----------------------|---------------------------|---------------------------------------|-----------------------|---------------------------|
|                                       | Number of properties. | Average assessment ratio. |                                       | Number of properties. | Average assessment ratio. |
| \$0-\$2,999.99.....                   | 148                   | 155.1                     | \$0-\$1,599.99.....                   | 83                    | 145.1                     |
| \$3,000-\$5,999.99.....               | 195                   | 115.6                     | \$1,600-\$3,199.99.....               | 82                    | 112.4                     |
| \$6,000-\$8,999.99.....               | 123                   | 100.1                     | \$3,200-\$4,799.99.....               | 66                    | 97.7                      |
| \$9,000 and more.....                 | 119                   | 77.2                      | \$4,800 and more.....                 | 83                    | 82.9                      |

Southeastern Kansas

| Size group based on total sale value. | Improved.             |                           | Size group based on total sale value. | Unimproved.           |                           |
|---------------------------------------|-----------------------|---------------------------|---------------------------------------|-----------------------|---------------------------|
|                                       | Number of properties. | Average assessment ratio. |                                       | Number of properties. | Average assessment ratio. |
| \$0-\$1,999.99.....                   | 132                   | 144.2                     | \$0-\$1,199.99.....                   | 98                    | 139.8                     |
| \$2,000-\$3,999.99.....               | 152                   | 115.4                     | \$1,200-\$2,399.99.....               | 70                    | 120.5                     |
| \$4,000-\$5,999.99.....               | 86                    | 98.6                      | \$2,400-\$3,599.99.....               | 45                    | 86.3                      |
| \$6,000 and more.....                 | 84                    | 74.7                      | \$3,600 and more.....                 | 65                    | 86.6                      |

Value Per Acre

Table VIII shows the relationship between value per acre and the assessment ratio. It shows that for the state the improved properties of lowest per-acre value were assessed at 167.2 percent of their sale value, while the improved properties of highest per-acre value were assessed at 60.8 percent of their sale value. Apparently the per-acre value of the property is an important factor affecting the assessment ratio.

TABLE VIII. RELATION OF VALUE PER ACRE TO THE ASSESSMENT RATIO FOR 2,911 PROPERTIES OF FARM REAL ESTATE, 1931-1933

Kansas as a Whole

| Size group based on value per acre. | Improved.             |                           | Size group based on value per acre. | Unimproved.           |                           |
|-------------------------------------|-----------------------|---------------------------|-------------------------------------|-----------------------|---------------------------|
|                                     | Number of properties. | Average assessment ratio. |                                     | Number of properties. | Average assessment ratio. |
| Group I.....                        | 330                   | 167.2(a)                  | Group I.....                        | 214                   | 150.8                     |
| Group II.....                       | 645                   | 103.2                     | Group II.....                       | 462                   | 97.3                      |
| Group III.....                      | 398                   | 83.4                      | Group III.....                      | 281                   | 77.5                      |
| Group IV.....                       | 295                   | 60.8                      | Group IV.....                       | 286                   | 61.1                      |

(a) This figure is a weighted average of the first size group of the four subdivisions of the state. The other figures were derived in the same manner.

**Western Kansas**

| Size group based on value per acre. | Improved.             |                           | Size group based on value per acre. | Unimproved.           |                           |
|-------------------------------------|-----------------------|---------------------------|-------------------------------------|-----------------------|---------------------------|
|                                     | Number of properties. | Average assessment ratio. |                                     | Number of properties. | Average assessment ratio. |
| \$0-\$11.99.....                    | 37                    | 135.2                     | \$0-\$9.99.....                     | 54                    | 110.0                     |
| \$12-\$23.99.....                   | 63                    | 87.4                      | \$10-\$19.99.....                   | 106                   | 73.9                      |
| \$24-\$35.99.....                   | 54                    | 68.5                      | \$20-\$29.99.....                   | 72                    | 58.0                      |
| \$36 and more.....                  | 42                    | 49.5                      | \$30 and more.....                  | 58                    | 47.6                      |

**Central Kansas**

| Size group based on value per acre. | Improved.             |                           | Size group based on value per acre. | Unimproved.           |                           |
|-------------------------------------|-----------------------|---------------------------|-------------------------------------|-----------------------|---------------------------|
|                                     | Number of properties. | Average assessment ratio. |                                     | Number of properties. | Average assessment ratio. |
| \$0-\$24.99.....                    | 72                    | 154.4                     | \$0-\$24.99.....                    | 57                    | 137.2                     |
| \$25-\$49.99.....                   | 161                   | 99.7                      | \$25-\$49.99.....                   | 142                   | 97.8                      |
| \$50-\$74.99.....                   | 122                   | 86.6                      | \$50-\$74.99.....                   | 93                    | 81.1                      |
| \$75 and more.....                  | 78                    | 70.8                      | \$75 and more.....                  | 69                    | 58.8                      |

**Northeastern Kansas**

| Size group based on value per acre. | Improved.             |                           | Size group based on value per acre. | Unimproved.           |                           |
|-------------------------------------|-----------------------|---------------------------|-------------------------------------|-----------------------|---------------------------|
|                                     | Number of properties. | Average assessment ratio. |                                     | Number of properties. | Average assessment ratio. |
| \$0-\$29.99.....                    | 111                   | 185.6                     | \$0-\$24.99.....                    | 44                    | 162.7                     |
| \$30-\$59.99.....                   | 224                   | 111.1                     | \$25-\$49.99.....                   | 114                   | 113.6                     |
| \$60-\$89.99.....                   | 141                   | 89.3                      | \$50-\$74.99.....                   | 62                    | 97.3                      |
| \$90 and more.....                  | 109                   | 63.7                      | \$75 and more.....                  | 94                    | 71.8                      |

**Southeastern Kansas**

| Size group based on value per acre. | Improved.             |                           | Size group based on value per acre. | Unimproved.           |                           |
|-------------------------------------|-----------------------|---------------------------|-------------------------------------|-----------------------|---------------------------|
|                                     | Number of properties. | Average assessment ratio. |                                     | Number of properties. | Average assessment ratio. |
| \$0-\$19.99.....                    | 110                   | 170.8                     | \$0-\$14.99.....                    | 59                    | 180.4                     |
| \$20-\$39.99.....                   | 197                   | 103.3                     | \$15-\$29.99.....                   | 100                   | 101.1                     |
| \$40-\$59.99.....                   | 81                    | 73.1                      | \$30-\$44.99.....                   | 54                    | 74.8                      |
| \$60 and more.....                  | 66                    | 48.4                      | \$45 and more.....                  | 65                    | 56.9                      |

## FARM TAXES IN KANSAS

### Number of Acres

The effect of the number of acres per sale on the assessment ratio is shown in Table IX. A study of Table IX shows that the apparent relationship between acreage and assessment ratio is not the same for all parts of the state. In western Kansas there appeared to be some tendency to overassess the properties of small acreage. In the other three parts of the state there seemed to be some tendency to overassess the properties of large acreage. However, in no case was the relationship so strong or consistent as between the value per acre and the assessment ratio.

TABLE IX. RELATION OF NUMBER OF ACRES PER SALE TO THE ASSESSMENT RATIO FOR 2,911 PROPERTIES OF FARM REAL ESTATE, 1931-1933

#### Kansas as a Whole

| Size group based on number acres. | Improved.             |                           | Size group based on number acres. | Unimproved.           |                           |
|-----------------------------------|-----------------------|---------------------------|-----------------------------------|-----------------------|---------------------------|
|                                   | Number of properties. | Average assessment ratio. |                                   | Number of properties. | Average assessment ratio. |
| Group I.....                      | 378                   | 85.9(a)                   | Group I.....                      | 241                   | 67.4                      |
| Group II.....                     | 657                   | 93.0                      | Group II.....                     | 269                   | 82.1                      |
| Group III.....                    | 463                   | 96.1                      | Group III.....                    | 437                   | 84.2                      |
| Group IV.....                     | 170                   | 91.0                      | Group IV.....                     | 296                   | 92.1                      |

(a) This figure is a weighted average of the first size group of the four subdivisions of the state. The other figures were derived in the same manner.

#### Western Kansas

| Size group based on number acres. | Improved.             |                           | Size group based on number acres. | Unimproved.           |                           |
|-----------------------------------|-----------------------|---------------------------|-----------------------------------|-----------------------|---------------------------|
|                                   | Number of properties. | Average assessment ratio. |                                   | Number of properties. | Average assessment ratio. |
| 0-159.9.....                      | 34                    | 85.0                      | 0-79.9.....                       | 31                    | 79.0                      |
| 160-319.9.....                    | 97                    | 78.5                      | 80-159.9.....                     | 63                    | 70.5                      |
| 320-479.9.....                    | 37                    | 71.7                      | 160-239.9.....                    | 146                   | 62.9                      |
| 480 acres and more....            | 28                    | 64.3                      | 240 acres and more....            | 50                    | 61.6                      |

#### Central Kansas

| Size group based on number acres. | Improved.             |                           | Size group based on number acres. | Unimproved.           |                           |
|-----------------------------------|-----------------------|---------------------------|-----------------------------------|-----------------------|---------------------------|
|                                   | Number of properties. | Average assessment ratio. |                                   | Number of properties. | Average assessment ratio. |
| 0-79.9.....                       | 54                    | 98.2                      | 0-39.9.....                       | 63                    | 65.2                      |
| 80-159.9.....                     | 146                   | 95.4                      | 40-79.9.....                      | 63                    | 82.4                      |
| 160-239.9.....                    | 179                   | 95.3                      | 80-119.9.....                     | 131                   | 85.0                      |
| 240 acres and more....            | 54                    | 89.0                      | 120 acres and more....            | 104                   | 92.2                      |

Northeast Kansas

| Size group based on number acres. | Improved.             |                           | Size group based on number acres. | Unimproved.           |                           |
|-----------------------------------|-----------------------|---------------------------|-----------------------------------|-----------------------|---------------------------|
|                                   | Number of properties. | Average assessment ratio. |                                   | Number of properties. | Average assessment ratio. |
| 0-79.9.....                       | 159                   | 88.7                      | 0-39.9.....                       | 81                    | 64.8                      |
| 80-159.9.....                     | 253                   | 96.8                      | 40-79.9.....                      | 89                    | 86.8                      |
| 160-239.9.....                    | 140                   | 100.1                     | 80-119.9.....                     | 88                    | 103.8                     |
| 240 acres and more....            | 33                    | 107.3                     | 120 acres and more....            | 56                    | 107.4                     |

Southeastern Kansas

| Size group based on number acres. | Improved.             |                           | Size group based on number acres. | Unimproved.           |                           |
|-----------------------------------|-----------------------|---------------------------|-----------------------------------|-----------------------|---------------------------|
|                                   | Number of properties. | Average assessment ratio. |                                   | Number of properties. | Average assessment ratio. |
| 0-79.9.....                       | 131                   | 78.3                      | 0-39.9.....                       | 66                    | 70.4                      |
| 80-159.9.....                     | 161                   | 91.9                      | 40-79.9.....                      | 54                    | 87.1                      |
| 160-239.9.....                    | 107                   | 101.7                     | 80-119.9.....                     | 72                    | 95.6                      |
| 240 acres and more....            | 55                    | 97.9                      | 120 acres and more....            | 86                    | 99.3                      |

Value Per Acre and Number of Acres

So far, no attention has been given to the fact that these simple frequency distributions may not be showing the true relationship of the factors studied to the assessment ratio. For instance, there is a possibility that, one of the reasons why the land of low per-acre value is overassessed is that properties of low per-acre value also may be of small acreage, so that it is the combination of factors which is responsible for the overassessment. To test this possibility, the effect of both value per acre and number of acres per sale on the assessment ratio was studied. The properties were divided on the basis of both number of acres and value per acre. Since acreage appeared to be a less significant factor affecting the assessment ratio than did the value per acre, only two class intervals were used for acreage to keep down the number of groups so that there would be sufficient transfers in each group to give reliable results. Table X shows the results of this study. For the state, among the improved properties in the same acreage group, there is a variation in the assessment ratio from 170.2 percent for the land of lowest per acre value to 62 percent, for land of the highest per acre value. For the state, among the improved properties in the same per acre value group, there is variation in the assessment ratio only from 170.2 percent for the small acreage properties to 165.2 percent for the

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TABLE X. RELATION OF BOTH VALUE PER ACRE AND NUMBER OF ACRES PER SALE TO THE ASSESSMENT RATIO FOR 2,911 PROPERTIES OF FARM REAL ESTATE, 1931-1933  
Kansas as a Whole

| Size group (b) based on the number of acres per sale. | IMPROVED<br>size groups based on value per acre. |           |            |           | Size group based on the number of acres per sale. | UNIMPROVED<br>size groups based on value per acre. |           |            |           |
|---|--|-----------|------------|-----------|---|--|-----------|------------|-----------|
|   | Group I.   | Group II. | Group III. | Group IV. |   | Group I.   | Group II. | Group III. | Group IV. |
| Group I:<br>Number of sales.....                      | 160  | 365       | 268        | 243       | Group I:<br>Number of sales.....                  | 60   | 137       | 129        | 187       |
| Assessment ratio.....                                 | 170.2(a)   | 113.4     | 87.7       | 62.0      | Assessment ratio.....                             | 141.4  | 105.7     | 86.1       | 59.0      |
| Group II:<br>Number of sales.....                     | 170  | 282       | 127        | 53        | Group II:<br>Number of sales.....                 | 156  | 324       | 155        | 95        |
| Assessment ratio.....                                 | 165.2  | 98.2      | 79.1       | 58.5      | Assessment ratio.....                             | 151.7  | 95.9      | 74.6       | 62.0      |

(a) This figure is a weighted average of the first size group of the four subdivisions of the state. The other figures were derived in the same manner.  
(b) The first and second, and the third and fourth size groups based on acreage were combined for this phase of the study.

Western Kansas

| Size group based on the number of acres per sale. | IMPROVED<br>size groups based on value per acre. |             |             |                | Size group based on the number of acres per sale. | UNIMPROVED<br>size groups based on value per acre. |             |             |                |
|---|--|-------------|-------------|----------------|---|--|-------------|-------------|----------------|
|   | \$0-11.99.                                       | \$12-23.99. | \$24-35.99. | \$36 and more. |   | \$0-9.99.  | \$10-19.99. | \$20-29.99. | \$30 and more. |
| 0-319.9 acres, number of sales.....               | 15   | 40          | 43          | 32             | 0-159.9 acres, number of sales.....               | 11   | 29          | 26          | 30             |
| Assessment ratio.....                             | 124.1  | 106.5       | 77.1        | 59.5           | Assessment ratio.....                             | 125.1  | 83.1        | 69.6        | 61.4           |
| 320 acres and more, number of sales.....          | 22   | 23          | 11          | 10             | 160 acres and more, number of sales.....          | 44   | 75          | 47          | 28             |
| Assessment ratio.....                             | 139.6  | 76.4        | 53.4        | 39.3           | Assessment ratio.....                             | 105.7  | 71.8        | 55.6        | 41.5           |

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**Central Kansas**

| Size group based on the number of acres per sale. | IMPROVED<br>size groups based on value per acre. |                   |                   |                   | Size group based on the number of acres per sale. | UNIMPROVED<br>size groups based on value per acre. |                   |                   |                   |
|---|--|-------------------|-------------------|-------------------|---|--|-------------------|-------------------|-------------------|
|   | \$0-<br>\$24.99.                                 | \$25-<br>\$49.99. | \$50-<br>\$74.99. | \$75 and<br>more. |   | \$0-<br>\$24.99.                                   | \$25-<br>\$49.99. | \$50-<br>\$74.99. | \$75 and<br>more. |
| 0-159.9 acres, number of sales.....               | 25   | 55                | 65                | 55                | 0-79.9 acres, number of sales.....                | 12   | 34                | 43                | 40                |
| Assessment ratio.....                             | 172.1  | 111.8             | 89.4              | 71.9              | Assessment ratio.....                             | 104.6  | 122.6             | 87.9              | 49.1              |
| 160 acres and more, number of sales.....          | 48   | 106               | 56                | 23                | 80 acres and more, number of sales.....           | 45   | 108               | 52                | 27                |
| Assessment ratio.....                             | 148.2  | 97.0              | 84.3              | 69.6              | Assessment ratio.....                             | 141.5  | 95.0              | 79.4              | 62.0              |

**Northeastern Kansas**

| Size group based on the number of acres per sale. | IMPROVED<br>size groups based on value per acre. |                   |                   |                   | Size group based on the number of acres per sale. | UNIMPROVED<br>size groups based on value per acre. |                   |                   |                   |
|---|--|-------------------|-------------------|-------------------|---|--|-------------------|-------------------|-------------------|
|   | \$0-<br>\$29.99.                                 | \$30-<br>\$59.99. | \$60-<br>\$89.99. | \$90 and<br>more. |   | \$0-<br>\$24.99.                                   | \$25-<br>\$49.99. | \$50-<br>\$74.99. | \$75 and<br>more. |
| 0-159.9 acres, number of sales.....               | 66   | 152               | 98                | 98                | 0-79.9 acres, number of sales.....                | 16   | 47                | 38                | 67                |
| Assessment ratio.....                             | 176.6  | 118.9             | 93.6              | 63.0              | Assessment ratio.....                             | 172.2  | 104.6             | 99.3              | 61.3              |
| 160 acres and more, number of sales.....          | 45   | 73                | 42                | 11                | 80 acres and more, number of sales.....           | 27   | 70                | 25                | 24                |
| Assessment ratio.....                             | 191.6  | 104.3             | 84.2              | 64.5              | Assessment ratio.....                             | 161.0  | 115.8             | 96.1              | 81.9              |

**Southeastern Kansas**

| Size group based on the number of acres per sale. | IMPROVED<br>size groups based on value per acre. |                   |                   |                   | Size group based on the number of acres per sale. | UNIMPROVED<br>size groups based on value per acre. |                   |                   |                   |
|---|--|-------------------|-------------------|-------------------|---|--|-------------------|-------------------|-------------------|
|   | \$0-<br>\$19.99.                                 | \$20-<br>\$39.99. | \$40-<br>\$59.99. | \$60 and<br>more. |   | \$0-<br>\$14.99.                                   | \$15-<br>\$29.99. | \$30-<br>\$44.99. | \$45 and<br>more. |
| 0-159.9 acres, number of sales.....               | 54   | 118               | 62                | 58                | 0-79.9 acres, number of sales.....                | 21   | 27                | 22                | 50                |
| Assessment ratio.....                             | 176.8  | 106.9             | 79.6              | 47.3              | Assessment ratio.....                             | 183.9  | 118.5             | 78.6              | 60.4              |
| 160 and more, number of sales.....                | 55   | 80                | 18                | 9                 | 80 and more, number of sales.....                 | 40   | 71                | 31                | 16                |
| Assessment ratio.....                             | 168.0  | 102.0             | 66.1              | 48.8              | Assessment ratio.....                             | 182.0  | 99.3              | 71.3              | 55.2              |

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large acreage properties. These facts substantiate the first conclusion that the value per acre is a much more important factor affecting the assessment ratio than is the number of acres. It will be remembered that in discussing the effect of acreage on the assessment ratio there were three regions in the state in which there appeared to be some tendency to overassess the properties with a large number of acres. On the other hand, Table X shows that if the value per acre were kept constant, there was a slight tendency for the reverse to be true or that the smaller acreage properties were overassessed. Therefore, it would seem that the explanation for the apparent relationship between larger acreage and overassessment, is that the properties of lower per acre value tended to be larger in size; therefore, it was the lower per-acre value rather than the larger number of acres that was responsible for this relationship.

The relationship noted above between the number of acres per sale and the assessment ratio, though slight, may be due to what has been termed "the impressiveness of large numbers." In other words, the reason the properties of large acreage tend to be somewhat underassessed is that when the per-acre value is held constant the properties with the larger acreage have the larger total value. Assessors may hesitate to make the same percent change in a high- as in a low-valued property because of the actual amounts involved in the case of the higher valued property.

Thus, upon further analysis, the parallel trend between total sale value and the assessment ratio was found to be due primarily to the more fundamental relationship between per-acre value of a property and its assessment ratio. The fact that properties of high total value tend to be underassessed evidently is due to the fact that such properties generally comprise the better land which has a high per acre value. In placing values on the different grades of land, assessors fail to realize that a small difference in the annual returns of two tracts of land, when capitalized, amounts to significant variation in the per acre value of the two tracts.

#### Improved and Unimproved

Whether or not the property is improved apparently is another factor affecting the assessment ratio in Kansas. Table XI Shows that the improved property is assessed somewhat higher than unimproved property in western, central, and northeastern Kansas. The effect is most pronounced in western and central Kansas. One explanation for the tendency to assess improved property somewhat higher than unimproved property in certain parts of the state may be that assessors tend to keep their valuations in line with the present owner or user's idea of the buildings' importance which in the western and central parts of the state, is relatively greater than the importance of these buildings to the buyers of these properties. However, a careful analysis of this apparent effect of improvements on the assessment ratio is not possible, since separate sales data on buildings and land are not available.

## FARM TAXES IN KANSAS

TABLE XI. COMPARISON OF THE AVERAGE ASSESSMENT RATIO OF IMPROVED AND UNIMPROVED FARM REAL ESTATE IN DIFFERENT PARTS OF THE STATE

| AREA.             | Improved.             |                   | Unimproved.           |                   | Difference between unimproved and improved. |
|-------------------|-----------------------|-------------------|-----------------------|-------------------|---|
|                   | Number of properties. | Assessment ratio. | Number of properties. | Assessment ratio. |   |
| Western.....      | 196                   | 73.3              | 290                   | 64.4              | 8.9   |
| Central.....      | 433                   | 93.6              | 361                   | 87.2              | 6.4   |
| Northeastern..... | 585                   | 97.9              | 314                   | 94.9              | 3.0   |
| Southeastern..... | 454                   | 94.6              | 278                   | 95.5              | -0.9  |

### Conclusion

The most significant and fundamental factor affecting the assessment ratio of a property is its value per acre. Number of acres per tract is a minor factor affecting the assessment ratio. Apparently improvements likewise influence the ratio only slightly. In determining values, assessors do not make fine distinctions between the grades of land. As in most assessing work, they tend to take an average value and place that value on all land. Land below the average in value is, as a consequence, overassessed and land above average is underassessed.

### OPERATION OF THE TOWNSHIP ASSESSOR SYSTEM IN TEN TOWNSHIPS IN RILEY COUNTY, 1908 TO 1934

The assessment rolls in 10 townships in Riley county were studied for the years 1908 to 1934 for clues as to the operation of the township assessor system over a period of years. Data on the legal description, acreage, and equalized assessed value of a number of unimproved tracts of land distributed throughout ten townships were obtained from the 1908 assessors' rolls. The name of the assessor also was obtained for each township for each of the ten assessments that were made during the period. An effort was then made to secure the equalized assessed value for each property for each of the assessment years by tracing it through the assessors' rolls from 1908 to 1934. As a large number of tracts lost their identity because of transfers of one kind or another, it was necessary to take most of the unimproved tracts that were available in 1908 so that there would be a sufficient number of tracts remaining in 1934 to provide a good sample. In fact, 479 properties were selected in 1908, but only 256 properties could be followed through the period studied. In order to avoid the possibility of large changes in the assessed value due to the addition of improvements, only unimproved tracts were used. Assessments were made every second year until after 1918, when they were made every fourth year.

## Effect of Changing Assessors on Assessed Values

Do new assessors tend to express greater dissatisfaction with the Present assessed values than do old assessors? The data from the ten townships mentioned above were studied with this question in mind. The data are too limited to warrant definite conclusions; the results, therefore, are not given in detail.

In 1912 new assessors made 13 percent more of the possible changes than did old assessors. In 1914 the changes made by new assessors exceeded those made by old assessors by 21 percent. In three of the other six assessment years the new assessors made a larger percentage of the possible changes than did old assessors, but in none of the six years was the difference in the percentage of the possible number of changes made by new and old assessors more than 2.3 percent.

The deviation or dispersion of the percentage change of individual properties from the average percentage change of all properties in the township was measured by the mean deviation. In 1910 the mean deviation was 5.4 percent greater for new assessors than for old; in 1914 it was 3.1 percent greater for new assessors. In five of the remaining six assessment years the mean deviation was larger in the case of new assessors, but in none of the six years was the difference more than 1.2 percent. With the exception of 1910, general increases or decreases in the level of assessed values in the township as measured by the average percentage change, was concentrated in certain years regardless of changes in assessor.

Thus, on the basis of the limited data available, this study indicates that new assessors did express greater dissatisfaction with existing assessed values than did old assessors; however, this tendency on the part of new assessors was not consistent, and the changes of assessed values due to this factor were seldom significant. There was wide variation between individual assessors in both groups.

## Nature of the Assessed Values

Information also was obtained on the nature of the values actually assigned to the properties over a period of years. In analyzing the data several unusual and pertinent facts were discovered. For example, in two adjoining townships there was no change in the assessors for the assessment periods, 1914 and 1916. In one township, out of a possible 34 changes that could have been made in the assessed value of the properties studied, 32 were made. In the other township, out of a possible 40 changes that could have been made, only three were made. One of these was a \$10 change and the other two were \$5 changes in the total assessed values of the properties.

While in a number of cases the amount of the change made was small, there were some cases in which unusually large changes were made. Table XII gives examples of these large changes. Care was taken to include only those properties for which the data appeared unquestionable.

TABLE XII. THE ASSESSED VALUE PER ACRE OF UNIMPROVED TRACTS OF LAND FOR THOSE YEARS IN WHICH LARGE CHANGES WERE MADE, RILEY COUNTY, 1908-1930

| TOWNSHIP.        | Acres. | 1908.   | 1910.   | 1912.   | 1914.   | 1916.   | 1918.   | 1922.   | 1926.   | 1930.   |
|------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Grant.....       | 160    |         |         |         | \$25.00 | \$16.00 | \$30.00 | \$34.50 |         |         |
| Jackson.....     | 78     |         |         |         |         |         | 31.98   | 41.28   | \$27.94 |         |
| Madison.....     | 160    |         |         | \$25.00 | 20.00   | 20.00   | 30.00   |         |         |         |
| Madison.....     | 159    | \$23.62 | \$39.60 | 32.01   | 29.12   | 35.03   | 58.21   |         |         |         |
| May Day.....     | 80     |         |         |         |         |         | 27.62   | 43.12   | 26.62   |         |
| May Day.....     | 80     |         |         |         |         | 32.50   | 41.25   | 47.75   | 51.25   |         |
| Sherman.....     | 40     |         |         |         |         |         |         | 38.00   | 27.25   | \$38.00 |
| Swede Creek..... | 40     | 23.75   | 31.00   | 23.25   |         |         |         |         |         |         |
| Swede Creek..... | 45.58  |         |         |         | 36.20   | 29.62   | 37.08   |         |         |         |
| Swede Creek..... | 73.12  |         |         |         | 19.69   | 39.39   | 24.75   | 30.77   |         |         |
| Wild Cat.....    | 40     | 17.62   | 35.00   | 28.50   |         |         |         |         |         |         |
| Wild Cat.....    | 80     | 20.00   | 25.00   | 14.25   |         |         |         |         |         |         |
| Wild Cat.....    | 360    | 12.50   | 8.33    | 14.25   |         |         |         |         |         |         |
| Zeandale.....    | 301    |         |         |         | 18.01   | 8.04    | 21.64   |         |         |         |

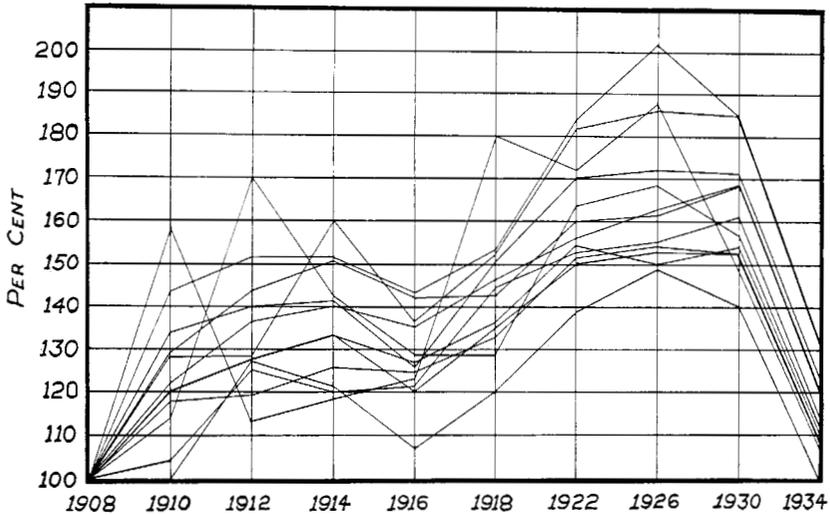


FIG. 4.—Assessed valuations of 12 tracts of land in Ashland township, Riley county, expressed in percent of the 1908 assessment.

To show the trend in the assessed value of properties during the period studied and also to give some idea of the readjustments attempted, the assessed values of 12 tracts of land in Ashland township, Riley county, were expressed in percent of the 1908 assessments in figure 4. In view of this figure it seems that although a property may be assessed correctly one year it is quite likely to be assessed incorrectly the next year because of the seemingly irrelevant, juggling of the assessed values.

A frequency distribution of the percentage change in the assessed values from the previous assessment of all properties studied is given in Table XIII. It is surprising to note the great variation in the percentage changes in the assessed value of the properties from one assessment period to the next. If it were possible to make a similar frequency distribution of the percentage change in the actual value of these properties there would probably be but little, if any, resemblance to the distribution shown in Table XIII.

In conclusion it is evident that many assessors do not follow any definite system in determining the value of the properties they assess. The unsystematic methods being used result in the fixation of assessed values that cannot be explained from the viewpoint of the economic value of the land.

FARM TAXES IN KANSAS

TABLE XIII. FREQUENCY DISTRIBUTION OF THE PERCENT CHANGE IN THE ASSESSED VALUE FROM THE PREVIOUS ASSESSMENT OF 256 UNIMPROVED TRACTS OF FARM REAL ESTATE IN RILEY COUNTY, 1910-1930 (a)

| CLASS INTERVAL IN PERCENT CHANGE. | Number of properties changed. |       |       |       |       |       |       |       |        |
|-----------------------------------|-------------------------------|-------|-------|-------|-------|-------|-------|-------|--------|
|                                   | 1910.                         | 1912. | 1914. | 1916. | 1918. | 1922. | 1926. | 1930. | Total. |
| <i>Increase.</i>                  |                               |       |       |       |       |       |       |       |        |
| 39 and more.....                  | 40                            | 3     | 2     | 3     | 25    | 5     | ..... | 1     | 79     |
| 36 to 38.99.....                  | 2                             | 2     | 1     | 1     | 6     | 2     | ..... | ..... | 14     |
| 33 to 35.99.....                  | 5                             | 1     | 1     | ..... | 9     | 4     | ..... | ..... | 20     |
| 30 to 32.99.....                  | 3                             | 4     | ..... | ..... | 19    | 3     | ..... | ..... | 29     |
| 27 to 29.99.....                  | 5                             | 1     | ..... | 1     | 18    | 7     | 1     | 1     | 34     |
| 24 to 26.99.....                  | 11                            | 8     | 7     | ..... | 70    | 6     | ..... | ..... | 102    |
| 21 to 23.99.....                  | 9                             | 6     | 2     | ..... | 9     | 16    | 3     | ..... | 45     |
| 18 to 20.99.....                  | 25                            | 7     | 5     | 2     | 78    | 44    | ..... | ..... | 161    |
| 15 to 17.99.....                  | 9                             | 7     | 4     | 1     | 2     | 68    | 2     | ..... | 93     |
| 12 to 14.99.....                  | 14                            | 10    | 5     | 4     | 7     | 23    | 2     | 1     | 66     |
| 9 to 11.99.....                   | 13                            | 16    | 8     | 6     | 2     | 12    | 17    | 1     | 75     |
| 6 to 8.99.....                    | 16                            | 8     | 8     | 8     | 3     | 11    | 25    | 2     | 81     |
| 3 to 5.99.....                    | 16                            | 18    | 87    | 7     | 3     | 4     | 20    | 10    | 165    |
| .01 to 2.99.....                  | 14                            | 10    | 14    | 18    | ..... | 6     | 47    | 14    | 123    |
| 0.....                            | 22                            | 15    | 55    | 162   | 3     | 3     | 9     | 3     | 272    |
| <i>Decrease.</i>                  |                               |       |       |       |       |       |       |       |        |
| -.01 to -2.99.....                | 11                            | 9     | 17    | 14    | ..... | 2     | 37    | 47    | 137    |
| - 3 to -5.99.....                 | 9                             | 56    | 19    | 8     | ..... | 32    | 24    | 51    | 199    |
| - 6 to -8.99.....                 | 9                             | 9     | 11    | 5     | ..... | ..... | 19    | 55    | 108    |
| - 9 to -11.99.....                | 8                             | 11    | 4     | 6     | 1     | 4     | 15    | 26    | 75     |
| - 12 to -14.99.....               | 4                             | 17    | 1     | 2     | ..... | 1     | 15    | 26    | 66     |
| - 15 to -17.99.....               | 2                             | 10    | 3     | 3     | ..... | 2     | 5     | 5     | 30     |
| - 18 to -20.99.....               | .....                         | 10    | 2     | 1     | ..... | ..... | 2     | 6     | 21     |
| - 21 to -23.99.....               | 3                             | 3     | ..... | 2     | ..... | 1     | 4     | 2     | 15     |
| - 24 to -26.99.....               | 2                             | 6     | ..... | ..... | ..... | ..... | 1     | 3     | 12     |
| - 27 to -29.99.....               | .....                         | 2     | ..... | ..... | ..... | ..... | 2     | 1     | 5      |
| - 30 to -32.99.....               | .....                         | 1     | ..... | ..... | ..... | ..... | 3     | ..... | 4      |
| - 33 to -35.99.....               | 2                             | ..... | ..... | ..... | ..... | ..... | 1     | 1     | 4      |
| - 36 to -38.99.....               | 1                             | 2     | ..... | 1     | 1     | ..... | 2     | ..... | 7      |
| - 39 and more.....                | 1                             | 4     | ..... | 1     | ..... | ..... | ..... | ..... | 6      |

(a) Changes for 1934 were not included because of state-wide reduction in assessed values by the State Tax Commission.

## EFFECTIVENESS OF THE PRESENT METHOD OF ASSESSING FARM REAL ESTATE IN KANSAS

The foregoing data on the results from the present system of assessing farm real estate in Kansas lead one to the conclusion that the present assessment system falls far short of the goal set by Kansas statutes. Real property generally is assessed at less than its sale price. Even in times of drastic reduction in land values, assessed valuations, in general, remain below actual values. The fact that properties, on the average, are not assessed at 100 percent of value does not necessarily present a problem. It would be humanly impossible to make assessments exactly equivalent to sale prices. The fact that assessment practice has resulted in average assessments usually being placed at figures 60 or 70 percent of true value does not in itself merit condemnation even though the letter of the law is not followed. If assessment officials consciously and consistently, through a uniform procedure, made all assessments at 60 or 70 percent of the sale value, "the spirit of the law would surely be satisfied." However, there is no evidence to show that this has been done. The fact that for a long period, real property was assessed on the average at a fairly constant ratio of assessed to sale value appears, in the light of other facts, to have been without conscious or consistent action on the part of those making assessments. The rapid increase in the ratio of assessed to sale value in the early Thirties lends support to this later statement. The wide discrepancy in rates of assessment, between different farming areas of the state is evidence of the absence of any conscious attempt, at least on a large scale, to make assessed values represent any definite percentage of sale value. Likewise, ratios of assessed to sale values of individual properties show no consistent effort on the part of assessors to assess properties at a uniform percentage of sale value.

It would seem then that the only semblance of uniformity in the assessment system has been the tendency for assessors to undervalue most property for assessment purposes, but this effort has not resulted in the uniform undervaluation of all property. As has been shown previously, the pronounced inequalities between individual properties result in unjust burdens on some and relief to others.

One might be charged with being unfair in presenting assessment data for the years 1931 to 1933 when the property tax was under severe strain. However, it is improbable that a similar study of other years would reveal anything contrary to the general conclusions presented here.

The results of the present system of assessing real property in Kansas cannot be termed gratifying. In the following section an attempt is made to indicate specific weaknesses in assessment procedure which may be responsible in part for its present undesirable status.

## WEAKNESSES IN THE PRESENT SYSTEM OF ASSESSMENT OF FARM REAL ESTATE

### THE STATE TAX COMMISSION

The Kansas Tax Commission was created in 1907 by an act of the Kansas legislature to replace the board of railroad assessors and the board of equalization. During the years 1924 to 1928 the Commission was combined with the Court of Industrial Relations and the Public Utilities Commission under the name of the Public Service Commission. Except for these four years, it has functioned continuously as a separate entity since 1907.

As the statutes provide, three members compose the Commission, which is a continuous body in that not more than two members' terms of office expire at the same time. The members are appointed by the governor, with the advice and consent of the Senate, for four-year terms. The Commission ordinarily appoints as chairman the member who is senior in point of service.

The powers and duties granted the Commission in the original act have been changed but little. These powers and duties, in so far as they have to do with property taxation, and as was indicated previously, may be roughly divided into two groups: First, the actual assessment of intercounty property; second, the supervision of all other property assessment in Kansas. Since this discussion deals with farm real estate, only the second group of powers will be discussed here.

The statute contains a provision requiring the Commission to visit each county as often as is necessary to insure the proper and uniform assessment of property. The Commission prescribes the forms to be used by all the local assessors, and notifies the county assessors of any changes in the law in regard to property assessments. Every two years the county assessors meet with the Tax Commission at Topeka to consider matters relating to taxation. Frequently the county assessors take their individual problems to the Commission for solution. The Commission may institute proceedings for the enforcement of the laws, and may remove a county assessor after a hearing for official misconduct or neglect of duties. Since its inception in 1907, the Commission has dismissed only one or two county assessors.

After the assessments have been made by the deputy assessors and equalized by the county commissioners, the Tax Commission acts as the State Board of Equalization. It has the power to equalize all property in the state among persons or corporations of the same assessment district, among cities and townships of the same county, and among different counties of the state. Thus, the Tax Commission is granted the authority to provide for equal and fair assessment before the assessment actually is made, and it, is empowered, insofar as the equalization process permits, to correct inequalities subsequent to assessment.

The Tax Commission can order a reassessment of **property (a)** in the event that the county assessor, any deputy assessor, or the board of county commissioners of any county makes a complaint to the Commission and in a summary hearing it appears advisable to reassess the property in any assessment, district, or (b) if it appears that the public would be benefited by the reassessment. Since the time of its creation in 1907, the Tax Commission has ordered reassessments on only six or seven occasions.

In addition to the powers and duties enumerated above, the Commission prepares a biennial report. This report includes statistics on the assessment of property in Kansas, and a statement of the amount of taxes levied for various purposes. It also includes the results of any investigation by the commission, and any recommendations for the improvement of the Kansas taxation system.

The following paragraphs present some of the important weaknesses of the Tax Commission as it exists today. The Commission has rendered much valuable service to the state of Kansas, and these defects are pointed out only because they do exist in this and in other tax commissions, and should be corrected.

(a) The Commission lacks financial support. Appropriations which would enable the Commission to do more supervisory and investigational work are lacking. It is more than a possibility that the other defects which are listed are largely caused by the lack of financial support; nevertheless, they exist, and are presented regardless of cause.

(b) The Commission does little educational and supervisory work. When private industry employs a corps of field representatives, these men meet and study conditions in order that they may work with increased efficiency. If such a program of education and training pays private industry, it should prove of even greater benefit in the case of deputy assessors because industry has control over its personnel, while the county assessor has no choice but to appoint the trustee as his township representative.

(c) The term of office of many members of the Commission has been too short. These men should be selected and appointed because of their experience and ability in taxation work. There is no reason why a capable man should not hold office for an indefinite time. Unfortunately, it appears to be the accepted practice for each new governor to appoint new men on the Tax Commission. The Kansas Tax Commission has only one example of long tenure — that of Mr. Samuel T. Howe, who served on the Commission from 1907 to 1922. Contrasted to this, three commissioners have served less than one year, while eleven have served less than three years. The following tabulation gives a summary of the tenure of the nineteen commissioners who have served on the commission since its creation in 1907. The personnel of the Tax Commission in 1937 and 1938 is not included in this tabulation.

## FARM TAXES IN KANSAS

| <i>Tenure</i>       | <i>Number</i> |
|---------------------|---------------|
| 0- .9 years .....   | 3             |
| 1- 1.9 years .....  | 1             |
| 2- 2.9 years .....  | 7             |
| 3- 3.9 years .....  | 4             |
| 4- 4.9 years .....  | 2             |
| 5- 5.9 years .....  | 1             |
| 6-13.9 years .....  | 0             |
| 14-14.9 years ..... | 1             |

(d) The Commission has not collected the information or carried on the research necessary for improvement of the present taxation system and the development of a valuable educational program. The Commission and other public agencies have carried on valuable research, but more should be done.

### THE COUNTY ASSESSOR AND ASSESSMENT

After the Tax Commission, the next official to be considered is the county assessor. In 1855 the territorial laws required that the county tribunal transacting public business should appoint a county assessor who held office for one year (Statutes of Kansas Territory, p. 659, 1855). This county assessor was required to post, by the first day of January of each year, a written notice at four of the most public places in each township. This notice stated the day and place that the county assessor would meet the taxpayers in the township for the purpose of recording the amount of property which each owned. This practice of self-assessment was not continued long; instead, the property was assessed by the assessor after his personal inspection.

In 1858 the office of the county assessor was abolished and the assessments were made by a township assessor, elected annually (Laws of Territory of Kansas, p. 388, 1858). Legislative action restored the office of county assessor in 1860, with provision for an annual election (General Laws of Kansas, p. 65, 1860). In 1869, when the township trustee was made the township assessor, ex-officio, the office of county assessor was again abolished. (Laws of Kansas, p. 111, 1869.) All duties of the county assessor were assumed by the township assessors.

The county clerk always has performed certain duties in connection with the assessing of property; in 1869 when the office of county assessor was abolished, the county clerk became in actual practice the county assessor ex-officio, although the statutes never definitely stated that such was to be the case. From 1869 to 1907 assessments were made by the township assessors with the county clerk performing certain supervisory duties. In 1907, however, the Kansas legislature reestablished the office of county assessor in all counties. (Laws of Kansas p. 603, 1907.) The assessor was to be elected for a two-year term.

Since then there has been a gradual, unexplained development away from the special county assessor system as established by the 1907 law. In 1909 the law was amended to provide that in counties with a population of 12,000 or less the county clerk was to be county

assessor ex-officio. (Laws of Kansas, p. 608, 1909.) In 1913 the law was again changed, so that in counties of 55,000 or less the county clerk was the county assessor ex-officio. (Laws of Kansas, p. 550, 1913.) The population requirement was raised again in 1925, and from that date to the present, a county must elect a full-time assessor only if its population exceeds 63,000. (Laws of Kansas, p. 175, 1925.)

For assessment purposes the office of county assessor in any of the forms that it has existed in the past in Kansas has not measured up to the modern concept of its function in the county unit. The county assessor as provided for in Kansas laws has not replaced the local assessor, but has been given merely some small degree of supervision over him. In the modern viewpoint, the county assessor has full responsibility for assessment in the county as well as power to appoint his assistants. A revival of the office of county assessor as it has existed in the past probably would not result in any noticeable improvement in property assessment. The assessment system which is proposed later rests upon the conclusion that greater authority must be granted to the county assessor and that many other improvements, both in personnel and technique, must be made before desirable progress can be assured.

One explanation for the gradual abandonment since 1907 of the special county assessor plan was that these officials succeeded in getting too much property on the tax rolls that previously escaped taxation and were for that reason unpopular with some people. The method of compensating the assessor may have accounted for this unwelcome diligence. According to the statutes of 1907, in counties of 25,000 or less the county assessors were to receive five dollars per day for the days they worked. (Laws of Kansas, p. 605, 1907.) At that time, as today, they could not assess property that the law required should be assessed by the deputy assessor. They could, however, assess any property that had been omitted by the deputy assessor during the regular assessment period. It is entirely possible that some county assessors may have used this privilege to put more property on the tax rolls and thereby increase their pay check. Although the method of compensating the county assessor remains essentially the same as in 1907, this official now has to perform the duties of county clerk as well as assessor and is, as a consequence, less likely to be active in placing property on the tax rolls.

The powers and duties of the county assessors have changed little, if any, since 1907. The weakness in this part of property assessment, is largely due to the inherent weakness in the law. In most of the counties in the state the county clerk, who already is charged with a multitude of duties, is put in charge of a task that requires the full time of a man scientifically trained in property appraisal and taxation. Furthermore, the office is an elective one.

In spite of the limitations placed upon them by the statutes, some of the alert, conscientious county assessors who have been fortunate enough to remain in office for several terms have alone good work.

They are aware of the defects in the assessment system as it seems today and have worked out various systems to aid in correcting the faults.

THE LOCAL ASSESSOR AND ASSESSMENT

The last official to be mentioned is the township assessor. His work is far more important than commonly is realized, for on him rests the responsibility of establishing the tax base upon which all other steps in the administration of the general property tax depend. If the original assessment, is not equitable the usual equalization process will not correct the evil.

It is the duty of the assessor to list the class, amount, and value of all property in his district on definite forms prescribed by the Tax Commission. The owner may list the value of his property, but he seldom does so unless he is dissatisfied with the value assigned by the assessor. Personal property is assessed every year and real estate every four years. If there has been any decided change in the value of the real estate, resulting from improvements or destruction in those years when it is not assessed, the assessor merely makes note of this change on the personal property statement and the new valuation is entered on the assessment rolls.

The deputy assessor is responsible to the county assessor and may be suspended by him. Local authorities, after receiving approval from the Tax Commission, may dismiss a deputy assessor for neglect of duty. Dismissal rarely occurs.

The system of appointing the township trustee as township assessor has been followed in Kansas since 1869. This is perhaps the greatest weakness in the administration of the property tax today. The fact that these deputy assessors are generally acquainted with local conditions is the only important qualification they possess. This may often become a disadvantage, because these deputy assessors do not wish to set values on the taxable property of their friends and neighbors any higher than is necessary.

There are approximately 2,800 deputy assessors in Kansas. In the more populous counties there are several hundred. This large number is the result of two factors: (a) Only fifty days are permitted by law for assessment; and (b) the law provides that each township trustee shall be appointed deputy assessor. Even with this large number of assessors, the time is so short that some are compelled to rush through their work.

As was the case with the county assessor, the major weaknesses are inherent in the system itself and are not to be attributed to the officials. As a group, the deputies perform their duties as well as could be expected in view of the handicaps under which they work. Most of the assessors have had little experience in appraising property. It is possible that they could become efficient at their work if they were given training, but since they are elective officers and are at work a relatively small part of each year, the state can hardly afford to offer this large corps of widely scattered assessors the necessary training and assessment aids. Furthermore, it is questionable

if, under the present system of selecting assessors, the deputy assessors would cooperate in a state educational program.

To obtain definite information on the turnover in township assessors, the length of tenure of township assessors was secured from ten townships in Riley county from 1908 to 1934. The average number of continuous real-estate assessments made by one assessor in these ten townships was 1.8, with a range from 1.2 in Zeandale township to 3.0 in Grant and Swede Creek townships. If, on the average, assessors in Kansas make only 1.8 continuous assessments, one cannot expect them to reach a high degree of efficiency.

#### THE ASSESSMENT UNIT

In most cases the township is a unit too small to adopt modern assessment methods. However, there are townships that are too large and complex to be assessed properly under our existing laws. For example, there are fourteen townships in Kansas having a larger assessed value than the smallest county, and there are sixty-seven townships having a larger population than the smallest county. In addition, the use of the township as the assessment unit means that there must be 1,550 different individuals making farm property assessments in Kansas. Each of these assessors has a different concept of the proper values that should be assigned. Under such conditions it is reasonable to believe that the use of larger assessment areas with the corresponding reduction in the number of assessors would eliminate some of the inequalities that exist at present.

The many inherent weaknesses of the present assessment system clearly indicate the need for a change. It is true that there are many improvements that could be made without changing the present assessment laws, but it is difficult to visualize a close approach to scientific assessment under the present statutes.

### LINES OF REMEDY FOR ASSESSMENT WEAKNESSES

#### SOME IMPROVED ASSESSMENT PRACTICES FOUND IN OTHER STATES

On January 1, 1934, the county was the assessment unit in 23 states, the township or its equivalent predominated in 16 states, and there was a mixture of the two systems in nine states.<sup>9</sup> Kansas may be considered in the last of these three categories. In eight states the local official in charge of assessment was appointed. In Delaware he was appointed by the levy court; in Georgia and Maryland, by the county commissioners; in Louisiana and South Carolina, by the governor; and in Kentucky, North Carolina, and Virginia, by the Tax Commission. Four states—Delaware, Kentucky, Louisiana, and North Carolina—have the county as the assessment unit and appoint their local assessment officials. In North Carolina, however, the term of office is only one year, which is too short. This does not

9. Kansas Legislative Council Research Department. The County as an Assessment Unit. Topeka, Kansas. November 27, 1934.

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mean that these four states have an ideal assessing system. In fact, the status of assessment in these states is little better than in other states. In some southern states where such handicaps as self-assessment and fee or commission compensations are present, general administration problems are much greater than in Kansas. The use of the county as the assessment unit will do little to improve the assessment system unless this development is coupled with the intelligent use of assessment aides and the careful supervision of local assessment by competent state officials.

A number of improved assessment practices have been adopted by various states in an attempt to correct some of the evils that have existed. Kentucky, for example, is the only state which requires its county tax commissioners to be qualified technically for their work. Aspirants to these positions must take an examination prepared by the State Tax Commission. The examination, given by the county attorneys once every four years, is designed to test the applicant's general fitness for the position. The papers are sent to the State Tax Commission for grading. If the applicant makes a grade of 75 percent or more the Tax Commission issues a certificate to him which makes him eligible for election to the position of county tax commissioner.

#### State Supervision of Assessment

Indiana, Minnesota, Iowa and Wisconsin are examples of states that exercise rather vigorous supervision over local assessments. The Indiana Tax Commission has a staff of eight property tax experts and an engineer, which supervises assessment in that state. These representatives are assigned districts where they become familiar with local conditions and help with assessment problems. The Minnesota Tax Commission holds regular meetings in the counties with its local assessors, issues an up-to-date assessor's manual, and designs model assessment maps. The Tax Commission has special representatives who obtain equalization data, help with the assessment of difficult properties, and supervise the local assessor in the field. In recent years Iowa has given detailed instructions to local officials on assessment methods through the medium of its assessor's manual. This state also has investigated assessment conditions and reviewed individual appeals.

Wisconsin exercises more vigorous state supervision than any other state. The tax system of this state provides for four assessments: (a) The state assessment, or the total of county assessments; (b) the county assessment, or determination of property values in each of the counties by the tax commission; (c) the taxation-district assessment or determination of the full value of all property in each taxing district within the county, a duty assigned the county boards under Wisconsin law, and (d) the local assessment or determination of the value of the property of the individual taxpayer by the local assessor.

In reality there are only three separate assessments, since the state assessment is made merely by adding the county values that

have been determined previously. The Wisconsin method of supervision is unique and calls for some explanation. The Wisconsin Tax Commission conducts its supervisory work through state-appointed and technically competent, civil-service officials called supervisors of assessments. The state is divided into 10 districts, with a supervisor in charge of each. The supervisors actually determine the taxation-district values as well as the county values, for in recent years the county boards have been inclined to accept the values provided by the supervisors rather than to determine these values themselves. Three of the four assessments mentioned above are made by the tax commission and its employees, the supervisors of assessments. The law requires in these assessments that real property is to be assessed at "full value which ordinarily could be obtained therefor at private sale." A rather large number of alternate methods are used by the supervisors in building up valuations for the various districts. A system of unit valuation, which will be referred to later, is being initiated to aid in value determination. Values of taxation districts and of counties are helpful measuring sticks in determining the degree to which local assessment approaches a full-value assessment. In Wisconsin the county assessments are used also as a basis for distributing the state tax, and the taxation-district assessments are used as a basis for the apportionment of county and state taxes.

In addition to making the county and taxation-district valuations, the tax commission and the supervisors of assessments have the responsibility of supervising and assisting with local assessment. In carrying out this work the supervisors instruct local assessors in the use of field books, maps and land classification systems. Individual assessment problems are discussed and standards are compared. Assistance is given in the field in instances where property may be particularly difficult to assess. The local assessors may go to the supervisors at any time for consultation and advice. Despite these advantages of supervision, local assessment in Wisconsin remains in the hands of independent, elective officials who may or may not follow the advice of the supervisors in determining the assessed values which are used as the basis for local taxes. However, it is true that in Wisconsin supervision of assessments on the part of the Tax Commission through its Supervisors of Assessments practically has eliminated the old tendency toward competitive undervaluations on the part of local assessors.

#### **Objective Valuation of Property**

To enable the assessors to be more scientific in determining the value of real property, several states have adopted appraisal cards and other devices for making objective valuations. Iowa used "data valuation sheets" in 1931. The assessors were asked to fill in certain blanks calling for the kind and value of all land, the type of soil, the kind and number of crops, a detailed description of the buildings, and certain facts regarding the schools and transportation facilities. The Minnesota Tax Commission has been using appraisal cards since

1928 in valuing all improved property. These cards call for approximately the same information as the Iowa valuation sheets.

Wisconsin initiated a system of unit valuation in the rural sections about 1927, although this system has not been established in all districts. The Tax Commission, through its supervisors of assessment, is attempting to install the unit-valuation system in all taxing districts. In determining the unit values to be used, representative sales are divided into their component land types. Values then are assigned to these various types which, when multiplied by the number of acres in their respective types, plus the value of the improvements, give the sale value. After a number of properties have been analyzed in this manner, average unit value can be established for each type. These average unit values then are applied to other farms with similar land types and their approximate value determined. Other factors, such as type of community, roads, and distance to market, are considered in determining the final value of the property for taxation purposes. Some of the more advanced assessment districts have made detailed maps which give much of this pertinent information.

It is interesting to note that the states which have taken the lead in state supervision of assessment also have taken the lead in the objective valuation of property.

Evidence gathered on rural assessment conditions throughout the United States leads one to conclude that assessment on the whole is rather poorly done. When the organization and results of local assessment are reviewed, no state stands out as having an especially good system. There is no state today that has developed what may be termed an outstanding system of local rural assessment, although the assessment in some states is far more effective than it is in others. However, when the matter of state supervision is considered, a few states, notably Wisconsin, have developed systems which are outstanding and deserving of serious study by taxing officials throughout the country.

#### SUGGESTIONS THAT HAVE BEEN MADE FOR KANSAS

Investigators and political leaders for many years have recommended certain changes in the Kansas assessment system. Thinking people long have realized that justice in taxation cannot be attained unless assessment reforms are inaugurated. In 1900 Benton<sup>10</sup> suggested that a county assessor be appointed by the judge of the district court for a term of four years. In Englund's work, previously referred to, it is stated: "There is every reason to believe that one person in each county, especially qualified for the work of assessing property, would be able to fix more uniform values on individual parcels of real estate than is attained under the present system."

In recent years; a large number of assessment reforms have been

10. Benton, Elbert J., *Taxation in Kansas*. Johns Hopkins University Studies in Historical and Political Science. Vol. 18, No. 3. 167. 1900.

suggested. In 1929 the Kansas Tax Code Commission<sup>11</sup> drafted a bill setting up the county as the unit of assessment. This bill also rendered void the requirement that township trustees be appointed deputy assessors and provided for a board of real-estate appraisers consisting of three members, one to be appointed for each county commissioner district. Four-year terms were provided for these board members.

A measure based on the above bill was introduced in the 1931 session of the legislature. During the same session the House Committee on Assessment and Taxation introduced a bill to repeal the provision requiring the township trustee to be appointed deputy assessor. A bill which had been drafted by the legislative committee of the Kansas State Chamber of Commerce also was introduced. This bill provided for an appointive county assessor who must meet certain standards prescribed by the State Tax Commission. He was to receive his appointment from the board of county commissioners, with the approval of the State Tax Commission. A bill providing for the reorganization of the county assessor's office in Wyandotte county also was introduced in the 1931 session of the legislature. This bill gave a detailed plan for setting up and maintaining a scientific assessment system in Wyandotte county.

In the 1933 session a bill similar to the original Tax Code Commission bill was introduced. This bill was designed to make the county the unit, of assessment and to make possible the appointment of deputies who were not elected township trustees.

In the 1935 session of the legislature one bill was introduced to provide for a county unit system of assessment for Wyandotte county, another providing for the county unit system in all counties. Similar bills were introduced in the regular legislative session of 1937.

These numerous attempts to change the assessment of property in Kansas indicate a growing realization of the inadequacy of the present system. Some of them has been approved by the legislature. These propositions, although differing somewhat in method, attempted to do the same thing; namely, to abolish the township trustee-deputy assessor system and establish in its place the county unit plan with improved assessment practices. In the pages that follow, a system which attempts to utilize the better points of each as well as to introduce some additional features will be suggested.

#### A MODEL ASSESSMENT PATTERN FOR KANSAS

After appraising some of the improved assessment practices that have been adopted in various parts of the United States, and a few of the outstanding suggestions that have been made for improving assessment in Kansas, it becomes difficult to resist the urge to construct a model plan of assessment which may be considered as a goal.

11. Kansas Tax Code Commission, Report of. Topeka, Kansas. 1929.

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### The State Tax Commission

The ideal assessment organization calls for a strong State Tax Commission, clothed with powers which give it control of assessment throughout the state. Kansas ranks high among the states insofar as powers and duties granted to its Tax Commission are concerned. Unfortunately, financial support has not always been sufficient to allow full use of the powers which have been granted. Furthermore, the Tax Commission has exercised only sparingly certain powers which it might have used.

The State Tax Commission should be given increased financial and popular support. The financial support is necessary if the Commission is to assume greater control over assessment procedure in the state. The popular support is essential as a backing for the leadership that the Commission must accept, in improving the assessment system. Kansas would gain much by having a bipartisan Commission consisting of two members of the party in power and one member of the minority party. Such a plan has been followed in some states. Under this arrangement, two men, one from each party, frequently have been kept at their jobs for a number of years and have not been disturbed by changes of administration. The third member, usually designated as the chairman, changes with the governor, but his coming and going ordinarily changes only slightly the normal routine of the office. Such a system would do much to prevent the rapid turnover of tax commissioners such as has occurred in Kansas during the last 15 years.

The Commission needs greater financial support to carry on the research necessary for a progressive, well-informed agency. A special research department directed by a taxation specialist and under the general supervision of the Commission could do much to obtain the facts upon which an improved taxation system should be based. One of the major drawbacks to research in taxation is that unless it is carried on by men who have the right to demand that certain information be given them, there is inevitably a crippling insufficiency of facts supplied. The Tax Commission has an opportunity of which it could make greater use.

With increased financial support, the Commission also could do more work in supervising local assessment. This would involve the employment, by the tax commission, of supervisors, preferably on a district basis, as in Wisconsin, to perform the twofold duty of (1) directing and assisting the county assessor, and (2) preparing an intercounty equalization. By building up county valuations on an objective basis, supervisors of assessments would promote the movement toward full value assessment as well as make effective a more uniform assessment throughout the state. At present one serious handicap stands in the way of making these improvements in Kansas. In this state a civil-service system—a factor of real significance in the Wisconsin plan—has never been developed, although there is a civil-service law on the statute books.

### The Assessment Unit

The county, while it may not be the ideal assessment unit, is better adapted to this purpose than the township. The main advantages of the county as the assessment unit are due principally to its greater size. The median Kansas county has approximately 20 times the assessment value, 25 times the population, and 20 times the area of the median Kansas township. Because of this larger size, the county could adopt modern assessment aids and employ a qualified, full-time county assessor.

Special assessment units, adopted for the purpose, and designated without regard for county lines would, in some cases, be more satisfactory for assessment purposes than the county; however, the county is so well established that it would be difficult at present to develop such units. A study of the counties in Kansas indicates that only a few in the western part of the state would need to be combined into larger units to support properly a capable county assessor and well-equipped office. This situation lessens the need for special assessment units.

### The County Unit System of Assessment

Under a model assessment system, the work of assessing all real and personal property in the county, except that which is assessed by the State Tax Commission, would be in charge of a full-time county assessor. Subject to the approval of the State Tax Commission, the board of county commissioners would appoint this assessor, selected because of his qualifications to perform the duties of the office and without regard to political affiliation. The term of this office should be not less than four years with the privilege of reappointment, and the occupant should be subject to removal only by action of the county board of commissioners and the State Tax Commission, for failure or neglect to perform properly his duties.

Assessment of real property would be a continuous process of collecting appraisal data, with an annual adjustment of assessments as of March first, each year. Day-to-day work of the assessor would consist of obtaining current information on the market value of land as shown by any land sales that have been made and by the value of the products of the land. He should consider all new buildings that have been erected and any buildings that have been destroyed or damaged by flood, fire or wind. He should consider also the trend of public improvements and developments which may have changed the value of the property in one way or the other. The assessment of personal property would be made annually by the county assessor and the procedure would not vary greatly from that now used for this class of property except that the county would be the unit, and present assessment-district lines would be disregarded.

In the smaller counties, the county assessor would be able to do all the work of assessing real and personal property without any assistance. In most of the counties, it would be necessary for the county assessor's office to have one or more full- or part-time deputies. These deputies would not be assigned to districts, but would work

over the entire county under the supervision of the county assessor. They would be appointed by the county assessor subject to the approval of the State Tax Commission, would have terms of not less than four years in length, and could be removed for cause under the same provisions by which a county assessor is removed.

An appointive full-time county assessor, appointed because of his qualifications, not his party affiliations, would not possess strong inclinations to underassess property belonging to the men who are politically powerful. He would not be so well acquainted as the township assessor now is with the persons he assesses, and would, therefore, have less reason to display favoritism. These same advantages would apply also to the few deputies that would be required in most counties. In other words, it is believed that the psychological relationship existing between the assessor and the assessed would be an improvement over the present system.

Probably the strongest argument in favor of such a system is that the services of men who are better trained for their work could be secured. Not only would they be better trained; but if they were capable, they would be able to stay in the work long enough to become more efficient. By combining better trained men with adequate maps, field notes, data on sales value, leases, and mortgages, and other pertinent information it seems reasonable to expect that real estate would be assessed at more nearly its actual value.

The establishment of a full-time county assessor also would mean the setting up of a well-equipped county assessment office. One complements the other. The county assessor, without the necessary aids, has a greater handicap than that of the township assessor under existing circumstances, for, because of the larger area, the job of assessing a county is more difficult than that of assessing a township. It is essential that this point be emphasized to offset any mistaken idea that the mere change from the township unit to the county unit would result in better assessment. In fact, the county-unit states have made a poor showing. In these states, the county assessors have not been supplied with a competent organization to perform the task assigned them. A discussion of the necessary assessment aids and office organization is a large field in itself and only can be mentioned here.

An improved Kansas assessment system would involve at least three major steps; namely, (a) strengthening the Tax Commission and establishing a corps of district supervisors of assessments, (b) inaugurating the county unit system with county assessors, and (c) setting up a well-equipped, county assessment office. Vigorous state supervision, modeled after the plan now in force in Wisconsin, combined with a provision for full-time, nonelective county assessors, equipped with the necessary assessment aids, should result in an assessment framework superior to any now found among the states.

It is not the intent here to infer that the organization proposed is the final word in real property assessment. It is believed, however, that it would be a marked improvement over the present system

and that it would provide the proper foundation upon which to build a genuinely scientific assessment system.

**PRESENT AND PROPOSED PLANS OF ASSESSMENT COMPARED**

After a summary of the advantages which the proposed system offers over those offered by the present, a question arises concerning the actual operation of the two systems. It must be stated at the beginning that it is impossible to give any definite information concerning the costs of the proposed plan, since it has not been tried in Kansas. There are, however, certain facts concerning the proposed system that must be conceded. First, if the county assessor is to have the ability and training necessary to establish the advantages given, he must be well paid. Second, the cost of supplies would be higher under the proposed system. Third, it would require more clerical work in the county assessor's office to compile the information that must be kept on file. Fourth, the deputy assessors' salaries should be increased in order to secure more capable men.

These items of increased cost are partially offset by the fact that less time would be required to make the assessment with a few, well-trained assessors than with a large number of untrained men who assess property only a small part of each year. A reduction of approximately one-eighth in the time required should be a conservative estimate. This is an arbitrary figure, but it is believed to be a fair statement of the time that would be saved as the result of the introduction of the county unit plan in an ordinary county.

With these propositions in mind, the two systems have been compared in Riley county. This county had an assessed valuation in 1934 of \$29,953,553, a population of 20,055, and a total area in farms of 399,829 acres. Its rank among the 105 counties of the state for these items was 31, 29, and 81, respectively. This discussion is concerned directly with farm real estate, but since in actual practice no distinction would be made between farm and city property, they will be considered together. The actual costs given in Table XIV were obtained from the county clerk's office.

TABLE XIV.—COST OF ASSESSING PROPERTY IN RILEY COUNTY, KANSAS, 1932-1935, INCLUSIVE. (a)

| ITEMS.                         | 1932.      | 1933.      | 1934(b).   | 1935.      | Average for four-year period. |
|--------------------------------|------------|------------|------------|------------|-------------------------------|
| County assessor.....           | \$1,038.15 | \$399.35   | \$628.45   | \$680.00   | \$761.49                      |
| Clerical help (estimated)..... | 400.00     | 400.00     | 400.00     | 400.00     | 400.00                        |
| Township assessors.....        | 2,103.03   | 1,013.67   | 2,646.01   | 2,003.03   | 2,166.43                      |
| Manhattan city assessors.....  | 2,158.25   | 1,903.50   | 3,298.00   | 2,298.75   | 2,414.62                      |
| Supplies.....                  | 987.76     | 1,132.10   | 977.52     | 552.17     | 912.39                        |
| Totals.....                    | \$6,687.19 | \$6,048.62 | \$7,949.98 | \$5,933.95 | \$6,654.93                    |

(a) Data obtained from county clerk's office.  
(b) Real estate was assessed in this year.

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For the purpose of comparing these actual costs of the present system with those of the proposed system certain wages and values must be assigned. The following assigned values are carefully calculated approximations:

|  |            |
|--|------------|
| County assessor's salary for one year..... | \$1,800.00 |
| Clerical work in assessor's office.....    | 575.00     |
| Deputies.....                              | 3,734.00   |
| Supplies.....                              | 975.00     |

The amount spent for deputies was derived in the following manner: An average of \$2,166.43 has been spent, annually for township assessors, which at the rate of \$5 per day, is the equivalent of 433 days' work. An average of \$2,414.62 has been spent for Manhattan city assessors, which at the rate of \$0.50 per hour is the equivalent of 604 days' work. Considering the estimated reduction of one-eighth in the time required under the proposed system, there would be 528 days' work in the city and 379 days' work in the country. The county assessor, after supervising the work in the office, probably could spend not more than 216 days in the field. If he spent 115 of these days assessing city property and 100 days assessing farm property, there would be 412 days' work left in the city and 279 days' work left in the country to be done by deputies. If the current rate of \$4 a day in the city were increased to \$5 a day and \$5 a day in the country to \$6 a day, the amount necessary for the deputies would be \$3,734.

The comparison of costs shown in Table XV assumes that the proposed system is in operation. Consequently, it does not include any installation expenses. The main items of expense in initiating the proposed system would be appropriate tax maps and office equipment. The cost of these maps would depend upon the size and number of properties in the county and upon whether any maps were available that could be revised for assessment purposes. Another item of expense in the actual inauguration of the proposed system might be the complete reappraisal of all properties. The cost of an extensive reassessment program is not considered here.

TABLE XV.—COMPARISON OF THE COST OF THE PRESENT ASSESSMENT SYSTEM WITH THE ESTIMATED COST OF THE PROPOSED SYSTEM IN RILEY COUNTY.

| ITEMS.               | Present system<br>(average of<br>actual costs). | Proposed<br>system<br>(estimated). |
|----------------------|---|------------------------------------|
| County assessor..... | \$761.00  | \$1,800.00                         |
| Clerical help.....   | 400.00(a)                                       | 575.00                             |
| Deputies.....        | 4,581.00  | 3,734.00                           |
| Supplies.....        | 912.00  | 975.00                             |
| Totals.....          | \$6,654.00                                      | \$7,084.00                         |

(a) Estimated.

The liberal estimates assigned to the proposed system show an increase of \$430, or 6.6 percent, in annual costs above the present system. As a more general estimate, one might say that the increase in cost probably would be less than 10 percent. In actual practice, however, the cost of the proposed system easily might prove to be less burdensome than the present for the average taxpayer because of the taxes that could be derived from property that now escapes taxation. For example, in 1928, in Riley county alone, a special check-up on automobiles and intangibles that had been omitted during the regular assessment revealed enough property to amount to approximately \$1,700 in additional taxes.

The small additional cost of the county unit system probably is not an important obstacle in the way of its adoption. There are other much more important barriers. One is that the average taxpayer does not realize the extent of the inequalities that exist in the present system. Even if the facts were more generally known, it is difficult to make any departure from a system that has been in existence for many years. Another obstacle in the path of change arises from the fact that there probably is not any group in the state which would work as energetically to get the county designated as the assessment unit as certain groups might work to oppose the idea. The county clerk's salary would be lowered if he were deprived of his ex-officio assessor's duties. The township trustee also would experience a financial loss. One would not expect these officials to favor the change.

So far, in the comparison of present and proposed plans, mention has not been made of the greater costs that would accrue to the state government as a result of the larger number of employees and the more extensive equipment required by the Tax Commission to carry out its additional duties. One can only approximate the increase in expenditures that would be required. It is probable that a 20 percent annual increase in the present budget of the Tax Commission would be adequate for the period during which the supervisory system was being installed. After this system became well established, increased appropriations for this purpose might be considered a profitable investment of public funds.

## **RESULTS FROM THE PRESENT SYSTEM OF FARM REAL ESTATE TAX COLLECTION IN KANSAS**

Assessment and collection of taxes, located as they are at opposite ends of property tax administration, are more closely related than their positions might indicate. Assessment, being the first and primary stage, directly influences all of the other parts in administrative procedure. If it is poorly done, whatever difficulties exist in the collection of taxes are bound to be aggravated further.

### **AMOUNT OF FARM TAX DELINQUENCY IN KANSAS 1928 TO 1932**

Before discussing the weaknesses of present collection practice, it seems advisable to give some figures on the total amount of farm tax delinquency in Kansas and upon some characteristic features of

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this delinquency. As a result of Federal Civil Works Administration Project F-6, previously mentioned, some rather complete and uniform data on rural tax delinquency in Kansas were collected. The figures in this section are based, for the most part, on these data.

For the purposes of this survey, tax delinquency was defined as "taxes due and unpaid on the date when a penalty was legally applied or an interest charge began." In Kansas, during the period covered by this study, these dates were December 21, for the first half of the tax in the same year in which the tax was levied, and June 21 of the following year for the last half of the tax.

An experiment station publication<sup>12</sup> based on this study shows that in Kansas in 1928, a year generally considered fairly prosperous, approximately two million dollars of farm real-estate taxes became delinquent. In 1929 delinquencies were slightly less than in 1928. This slight downward trend in 1929 was followed by a sharp increase in 1930 and in 1931. In 1931 approximately five million dollars of farm real-estate taxes became delinquent. The total delinquency in that year was more than two and one-third times that in 1928. A slight recession from this peak occurred in 1932.

An idea of the extent of tax delinquency can be obtained by comparing total delinquent taxes with total taxes levied. Such a comparison (Table XVI) shows that the amount of delinquency not only has increased at a rapid rate, but that it has done so in the face of decreasing tax levies. In 1928, 6.5 percent of the total taxes levied became delinquent. In 1932, 21.73 percent of the total taxes levied became delinquent.

TABLE XVI. TOTAL TAXES LEVIED ON FARM LANDS AND BUILDINGS IN KANSAS, AMOUNTS OF DELINQUENCY AND PERCENTAGES. (a)

| YEAR.               | Total taxes levied (b). | Taxes delinquent. | Percent of taxes delinquent. |
|---------------------|-------------------------|-------------------|------------------------------|
| 1928.....           | \$30,136,453.41         | \$1,958,320.58    | 6.50                         |
| 1929.....           | 20,249,149.05           | 1,905,303.15      | 6.30                         |
| 1930.....           | 28,433,132.62           | 2,844,284.44      | 10.00                        |
| 1931.....           | 26,859,032.74           | 4,702,006.58      | 17.51                        |
| 1932.....           | 21,065,335.74           | 4,576,882.00      | 21.73                        |
| 5-year average..... | \$27,348,621.09         | \$3,137,359.35    | 11.69                        |

(a) In this table, records of taxes levied and taxes delinquent are omitted for six counties for which delinquency data were incomplete.

(b) Taken from the Biennial Reports of the State Tax Commission for 1930 and 1932 and from unpublished data furnished by the Tax Commission.

The area involved in tax delinquency is even more striking. In 1928 and 1929 approximately five million acres of farm land were involved in tax delinquency, or nearly one-tenth of all the land in

12. Howe, Harold. Tax Delinquency on Farm Real Estate in Kansas, 1928 to 1933, Kansas Agricultural Experiment Station Circular 186. October, 1937.

farms. From 1929 to 1932 this area more than trebled, bringing the total area involved to more than 16 million acres, or nearly one-third of all the land in farms in the state.

The state was divided into the type-of-farming areas to study the amount of tax delinquency in different parts of the state. Table XVII shows the results of this tabulation. The highest delinquency was found in the western portion of the state. The extreme eastern, northern, and central western portions of the state occupied an intermediary position and the central and southern areas were the most favored with the lowest percentage of delinquency.

TABLE XVII. PERCENTAGE OF TOTAL TAXES LEVIED WHICH BECAME DELINQUENT AND PERCENTAGE OF ACRES IN FARMS WHICH BECAME DELINQUENT, BY TYPE-OF-FARMING AREAS AS DETERMINED BY A FIVE-YEAR WEIGHTED AVERAGE, 1928-1932.

| AREA.   | Percentage of taxes delinquent. | Percentage of acres delinquent. | AREA.    | Percentage of taxes delinquent. | Percentage of acres delinquent. |
|---------|---------------------------------|---------------------------------|----------|---------------------------------|---------------------------------|
| 1.....  | 12.12                           | 17.64                           | 8.....   | 11.61                           | 15.08                           |
| 2.....  | 11.45                           | 15.85                           | 9.....   | 12.99                           | 21.21                           |
| 3.....  | 9.67                            | 14.17                           | 10a..... | 10.52                           | 17.35                           |
| 4.....  | 12.20                           | 19.00                           | 10b..... | 19.56                           | 20.19                           |
| 5.....  | 9.68                            | 14.10                           | 10c..... | 16.84                           | 23.24                           |
| 6a..... | 8.82                            | 12.77                           | 11.....  | 14.68                           | 20.33                           |
| 6b..... | 10.25                           | 16.65                           | 12.....  | 28.98                           | 23.80                           |
| 7.....  | 7.45                            | 10.86                           |          |                                 |                                 |

**SOME CHARACTERISTIC FEATURES OF FARM TAX DELINQUENCY IN KANSAS**

There was, in addition to the figures on tax delinquency summarized by the Civil Works Administration workers, a great mass of data in the schedules which were in part summarized by the Kansas Agricultural Experiment Station. From these records information was obtained on the character of delinquency for 31 Kansas counties for the five-year period, 1928 to 1932. In 22 of the 31 counties delinquency data were complete for the entire county. In the other 9 counties delinquency data for some of the townships were missing. In the entire 31 counties there are 424 townships. Delinquency data were obtained from 378 townships, or 89.1 percent of all townships in the area studied. The counties used in the study were selected so that each farming area of the state, as shown in figure 1, was well represented. As a result, the records show data for at least two counties in each one of the fifteen farming areas, with the exception of area 10c. One county's record represents this area, which embraces only three counties.

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Data on delinquent properties and acreage were taken from the original schedules by townships for each of the five years from 1928 to 1932. From the information thus obtained the properties were separated into classes depending upon whether they were delinquent for one, two, three, four, or five years. The properties were classified further into short-term delinquency, consisting of those delinquent for one year, and long-term delinquency, consisting of those delinquent for two years or more.

Table XVIII shows the total number of properties and acreage which were delinquent some time during the five-year period from 1928 to 1932. This total is not the same as that which would be obtained by adding delinquent properties and acreage as shown in the county treasurer's record for each of the five years, because a property is counted only once in this table, even though it may have been delinquent for each of the five years covered by the records. Consequently, the total figures as shown in this table are smaller than the actual total figures for tax delinquency over the five-year period. Table XVIII also shows the number of properties and acreage delinquent for one, two, three, four, and five years.

Table XIX is based upon Table XVIII and shows the percentage of the total properties and acreage delinquent during the five-year period 1928 to 1932, which was delinquent one, two, three, four, or five years. Figure 5 is based on Table XIX.

It, should be pointed out that the properties listed as one-year delinquencies include all properties that were first delinquent in 1932 and therefore include some properties that eventually may become long-term delinquencies. In this study, however, it was necessary to assume that they were one-year delinquencies. Also, some properties which available records show to be delinquent only in 1928 also may have been delinquent in years previous to 1928. In taking a cross section such as this, it is safe to say that figures for long-time delinquency are low. For some unaccountable reason, in area 10c, 77.2 percent (Table XIX) of the properties and 76.1 percent of the acres that became delinquent during the period 1928 to 1932 were delinquent for more than one year, while only 39 percent of the properties and 35.9 percent of the acres in the adjoining area 10a, which became delinquent, were long-time delinquencies. For the state as a whole, long-time delinquencies amounted to 57.6 percent of the total properties delinquent.

TABLE XVIII. THE TOTAL NUMBER OF PROPERTIES AND THE ACRES THAT WERE DELINQUENT DURING THE PERIOD 1928-1932, AND THE NUMBER THAT WERE DELINQUENT FOR ONE, TWO, THREE, FOUR, OR FIVE YEARS DURING THE PERIOD, BY TYPE-OF-FARMING AREAS AND FOR THE STATE. (a)

| Area.       | No. of counties represented. | One year.   |           | Two years.  |           | Three years. |         | Four years. |         | Five years. |         | Area total. |           |
|-------------|------------------------------|-------------|-----------|-------------|-----------|--------------|---------|-------------|---------|-------------|---------|-------------|-----------|
|             |                              | Properties. | Acres.    | Properties. | Acres.    | Properties.  | Acres.  | Properties. | Acres.  | Properties. | Acres.  | Properties. | Acres.    |
| 1.....      | 2                            | 802         | 61,733    | 655         | 48,704    | 527          | 39,908  | 311         | 20,904  | 257         | 15,063  | 2,552       | 186,372   |
| 2.....      | 2                            | 418         | 52,899    | 366         | 42,978    | 204          | 24,860  | 98          | 9,797   | 37          | 3,589   | 1,123       | 134,123   |
| 3.....      | 2                            | 1,093       | 91,577    | 799         | 60,734    | 522          | 39,190  | 336         | 23,384  | 240         | 14,601  | 2,990       | 229,486   |
| 4.....      | 2                            | 1,431       | 129,257   | 650         | 52,890    | 335          | 25,122  | 182         | 12,588  | 101         | 6,749   | 2,699       | 226,606   |
| 5.....      | 3                            | 1,133       | 264,242   | 653         | 154,244   | 322          | 55,297  | 103         | 19,981  | 64          | 14,288  | 2,275       | 508,052   |
| 6a.....     | 2                            | 610         | 75,065    | 619         | 75,412    | 293          | 33,022  | 62          | 6,339   | 20          | 2,313   | 1,604       | 192,151   |
| 6b.....     | 3                            | 1,831       | 212,124   | 1,136       | 134,393   | 545          | 66,270  | 235         | 27,014  | 179         | 21,890  | 3,926       | 461,691   |
| 7.....      | 2                            | 707         | 153,802   | 446         | 96,676    | 275          | 51,211  | 181         | 31,280  | 184         | 30,919  | 1,793       | 363,888   |
| 8.....      | 2                            | 845         | 124,043   | 423         | 66,074    | 195          | 29,290  | 94          | 14,615  | 88          | 13,064  | 1,645       | 247,086   |
| 9.....      | 2                            | 995         | 131,271   | 490         | 63,839    | 218          | 29,253  | 82          | 9,919   | 49          | 5,816   | 1,834       | 240,098   |
| 10a.....    | 2                            | 673         | 215,698   | 291         | 83,935    | 81           | 20,556  | 45          | 11,601  | 14          | 5,025   | 1,104       | 336,815   |
| 10b.....    | 2                            | 328         | 124,869   | 263         | 102,341   | 172          | 61,407  | 137         | 40,271  | 127         | 48,142  | 1,027       | 377,030   |
| 10c.....    | 1                            | 134         | 91,550    | 133         | 153,630   | 106          | 49,522  | 90          | 42,003  | 125         | 45,707  | 588         | 382,412   |
| 11.....     | 2                            | 793         | 191,773   | 537         | 122,220   | 395          | 83,758  | 334         | 73,402  | 405         | 93,619  | 2,464       | 564,772   |
| 12.....     | 2                            | 640         | 194,619   | 491         | 187,423   | 229          | 71,561  | 183         | 56,903  | 166         | 57,169  | 1,709       | 567,675   |
| State total | 31                           | 12,435      | 2,114,522 | 7,952       | 1,445,553 | 4,419        | 680,227 | 2,473       | 400,001 | 2,056       | 377,954 | 29,333      | 5,018,257 |

(a) Data were obtained in CWA Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency."

TABLE XIX. THE PERCENTAGE OF PROPERTIES AND ACRES THAT WERE DELINQUENT FOR ONE, TWO, THREE, FOUR, OR FIVE YEARS, AND PERCENTAGE OF LONG-TERM AND SHORT-TERM DELINQUENCY DURING THE PERIOD 1928-1932, BY TYPE-OF-FARMING AREAS AND FOR THE STATE. (a)

| AREA.             | Number of counties represented. | One year. |          | Two years. |          | Three years. |          | Four years. |          | Five years. |          | Area total. |          | Long term. |          | Short term. |          |
|-------------------|---------------------------------|-----------|----------|------------|----------|--------------|----------|-------------|----------|-------------|----------|-------------|----------|------------|----------|-------------|----------|
|                   |                                 | Prop., %  | Acres, % | Prop., %   | Acres, % | Prop., %     | Acres, % | Prop., %    | Acres, % | Prop., %    | Acres, % | Prop., %    | Acres, % | Prop., %   | Acres, % | Prop., %    | Acres, % |
| 1.....            | 2                               | 31.4      | 33.1     | 25.7       | 26.2     | 20.6         | 21.4     | 12.2        | 11.2     | 10.1        | 8.1      | 100         | 100      | 68.6       | 66.9     | 31.4        | 33.1     |
| 2.....            | 2                               | 37.2      | 39.5     | 32.6       | 32.0     | 18.2         | 18.5     | 8.7         | 7.3      | 3.3         | 2.7      | 100         | 100      | 62.8       | 60.5     | 37.2        | 39.5     |
| 3.....            | 2                               | 36.6      | 39.9     | 26.7       | 26.4     | 17.5         | 17.1     | 11.2        | 10.2     | 8.0         | 6.4      | 100         | 100      | 63.4       | 60.1     | 36.6        | 39.9     |
| 4.....            | 2                               | 53.0      | 57.0     | 24.1       | 23.3     | 12.4         | 11.1     | 6.8         | 5.6      | 3.7         | 3.0      | 100         | 100      | 47.0       | 43.0     | 53.0        | 57.0     |
| 5.....            | 3                               | 49.8      | 52.0     | 28.7       | 30.4     | 14.2         | 10.9     | 4.5         | 3.9      | 2.8         | 2.8      | 100         | 100      | 50.2       | 48.0     | 49.8        | 52.0     |
| 6a.....           | 2                               | 38.0      | 39.1     | 38.6       | 39.2     | 18.3         | 17.2     | 3.9         | 3.3      | 1.2         | 1.2      | 100         | 100      | 62.0       | 60.9     | 38.0        | 39.1     |
| 6b.....           | 3                               | 46.6      | 45.9     | 28.9       | 29.1     | 13.9         | 14.4     | 6.0         | 5.9      | 4.6         | 4.7      | 100         | 100      | 53.4       | 54.1     | 46.6        | 45.9     |
| 7.....            | 2                               | 39.4      | 42.2     | 24.9       | 26.6     | 15.3         | 14.1     | 10.1        | 8.6      | 10.3        | 8.5      | 100         | 100      | 60.6       | 57.8     | 39.4        | 42.2     |
| 8.....            | 2                               | 51.4      | 50.2     | 25.7       | 26.7     | 11.9         | 11.9     | 5.7         | 5.9      | 5.3         | 5.3      | 100         | 100      | 48.6       | 49.8     | 51.4        | 50.2     |
| 9.....            | 2                               | 54.2      | 54.7     | 26.7       | 26.6     | 11.9         | 12.2     | 4.5         | 4.1      | 2.7         | 2.4      | 100         | 100      | 45.8       | 45.3     | 54.2        | 54.7     |
| 10a.....          | 2                               | 61.0      | 64.1     | 26.3       | 24.9     | 7.3          | 6.1      | 4.1         | 3.4      | 1.3         | 1.5      | 100         | 100      | 39.0       | 35.9     | 61.0        | 64.1     |
| 10b.....          | 2                               | 31.9      | 33.1     | 25.6       | 27.1     | 16.8         | 16.3     | 13.3        | 10.7     | 12.4        | 12.8     | 100         | 100      | 68.1       | 66.9     | 31.9        | 33.1     |
| 10c.....          | 1                               | 22.8      | 23.9     | 22.6       | 40.2     | 18.0         | 12.9     | 15.3        | 11.0     | 21.3        | 12.0     | 100         | 100      | 77.2       | 76.1     | 22.8        | 23.9     |
| 11.....           | 2                               | 32.2      | 34.0     | 21.8       | 21.6     | 16.0         | 14.8     | 13.6        | 13.0     | 16.4        | 16.6     | 100         | 100      | 67.8       | 66.0     | 32.2        | 34.0     |
| 12.....           | 2                               | 37.5      | 34.3     | 28.7       | 33.0     | 13.4         | 12.6     | 10.7        | 10.0     | 9.7         | 10.1     | 100         | 100      | 62.5       | 65.7     | 37.5        | 34.3     |
| State totals..... | 31                              | 42.4      | 42.1     | 27.1       | 28.8     | 15.1         | 13.6     | 8.4         | 8.0      | 7.0         | 7.5      | 100         | 100      | 57.6       | 57.9     | 42.4        | 42.1     |

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(a) Data were obtained in CWA Project F-6 "Farm Mortgages, Land Values and Rural Tax Delinquency." In this table, data from Table XI are expressed in percentages.

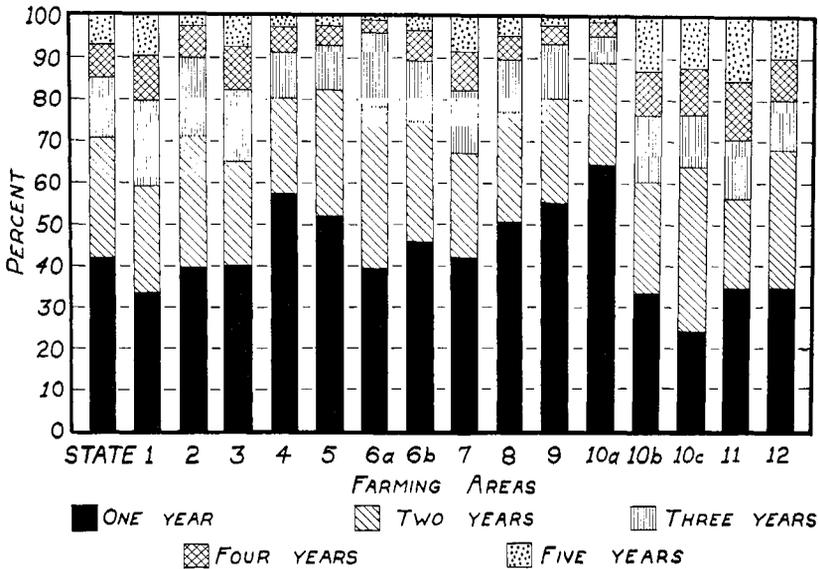


FIG. 5.—Percentage of acres that were delinquent for one, two, three, four, or five years during the period 1928 to 1932, by type-of-farming areas and for the state. (Data from Table XIX.)

Table XX shows the percentage of the land in farms which was delinquent at some time during the five-year period, 1928 to 1932. Again, it is necessary to emphasize that the total acreage involved in delinquencies during the five-year period would be a larger percentage of the land in farms than this percentage shows, because in this table the acreage in one property is counted only once even though it may have been delinquent every one of the five years. Table XX also shows the percentage of the land in farms which has been delinquent one, two, three, four, or five years during the period from 1928 to 1932. This table reveals that 42.9 percent of the area studied was delinquent at some time during the five years. In area 12, 82.2 percent of the area was delinquent at some time during this period. Figure 6 presents these facts in graphic form.

TABLE XX. THE PERCENTAGE OF THE LAND IN FARMS DELINQUENT AT SOME TIME DURING THE PERIOD 1928-1932, AND THE PERCENTAGE OF THE LAND IN FARMS DELINQUENT ONE, TWO, THREE, FOUR, OR FIVE YEARS DURING THE PERIOD, BY TYPE-OF-FARMING AREAS AND FOR THE STATE. (a)

| Area.         | No. of counties represented. | All land in farms, 1932. | Percent of area delinquent at some time in the five-year period. |      | Percentage delinquent one year. |      | Percentage delinquent two years. |      | Percentage delinquent three years. |      | Percentage delinquent four years. |     | Percentage delinquent five years. |      |
|---------------|------------------------------|--------------------------|--|------|---------------------------------|------|----------------------------------|------|------------------------------------|------|-----------------------------------|-----|-----------------------------------|------|
|               |                              |                          | Acres.   | %    | Acres.                          | %    | Acres.                           | %    | Acres.                             | %    | Acres.                            | %   | Acres.                            | %    |
| 1.....        | 2                            | 495,176                  | 196,372  | 37.6 | 61,733                          | 12.5 | 48,764                           | 9.9  | 39,908                             | 8.0  | 20,204                            | 4.2 | 15,063                            | 3.0  |
| 2.....        | 2                            | 477,658                  | 134,123  | 28.1 | 52,899                          | 11.1 | 42,978                           | 9.0  | 24,860                             | 5.2  | 9,797                             | 2.0 | 3,589                             | 0.8  |
| 3.....        | 2                            | 591,578                  | 229,486  | 38.8 | 91,577                          | 15.5 | 60,734                           | 10.3 | 39,190                             | 6.6  | 23,384                            | 3.9 | 14,601                            | 2.5  |
| 4.....        | 2                            | 685,958                  | 226,606  | 33.0 | 129,257                         | 18.8 | 52,890                           | 7.7  | 25,122                             | 3.7  | 12,588                            | 1.8 | 6,749                             | 1.0  |
| 5.....        | 3                            | 1,100,173                | 508,052  | 46.2 | 264,242                         | 24.0 | 154,244                          | 14.0 | 55,297                             | 5.1  | 19,981                            | 1.8 | 14,288                            | 1.3  |
| 6a.....       | 2                            | 937,302                  | 192,151  | 20.5 | 75,065                          | 8.0  | 75,412                           | 8.1  | 33,022                             | 3.5  | 6,339                             | 0.7 | 2,313                             | 0.2  |
| 6b.....       | 3                            | 1,240,469                | 461,691  | 37.2 | 212,124                         | 17.1 | 134,393                          | 10.8 | 65,270                             | 5.3  | 27,014                            | 2.2 | 21,890                            | 1.8  |
| 7.....        | 2                            | 961,127                  | 363,888  | 37.9 | 153,802                         | 16.0 | 96,676                           | 10.1 | 51,211                             | 5.3  | 31,280                            | 3.3 | 30,919                            | 3.2  |
| 8.....        | 2                            | 1,001,194                | 247,086  | 24.7 | 124,043                         | 12.4 | 66,074                           | 6.6  | 29,290                             | 2.9  | 14,615                            | 1.5 | 13,064                            | 1.3  |
| 9.....        | 2                            | 434,642                  | 240,098  | 55.2 | 131,271                         | 30.2 | 63,839                           | 14.7 | 29,253                             | 6.7  | 9,919                             | 2.3 | 5,816                             | 1.3  |
| 10a.....      | 2                            | 1,068,316                | 336,815  | 31.5 | 215,698                         | 20.2 | 83,935                           | 7.8  | 20,556                             | 1.9  | 11,601                            | 1.1 | 5,025                             | 0.5  |
| 10b.....      | 2                            | 565,231                  | 377,030  | 66.7 | 124,869                         | 22.1 | 102,341                          | 18.1 | 61,407                             | 10.9 | 40,271                            | 7.1 | 48,142                            | 8.5  |
| 10c.....      | 1                            | 530,640                  | 382,412  | 72.1 | 91,550                          | 17.3 | 153,630                          | 29.0 | 49,522                             | 9.3  | 42,003                            | 7.9 | 45,707                            | 8.6  |
| 11.....       | 2                            | 925,254                  | 564,772  | 61.0 | 191,773                         | 20.7 | 122,220                          | 13.2 | 83,758                             | 9.1  | 73,402                            | 7.9 | 93,619                            | 10.1 |
| 12.....       | 2                            | 690,572                  | 567,675  | 82.2 | 194,619                         | 28.2 | 187,423                          | 27.1 | 71,561                             | 10.4 | 56,903                            | 8.2 | 57,169                            | 8.3  |
| State totals, | 31                           | 11,705,490               | 5,018,257  | 42.9 | 2,114,522                       | 18.1 | 1,445,553                        | 12.4 | 680,227                            | 5.8  | 400,001                           | 3.4 | 377,954                           | 3.2  |

(a) Data were obtained in CWA Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency."

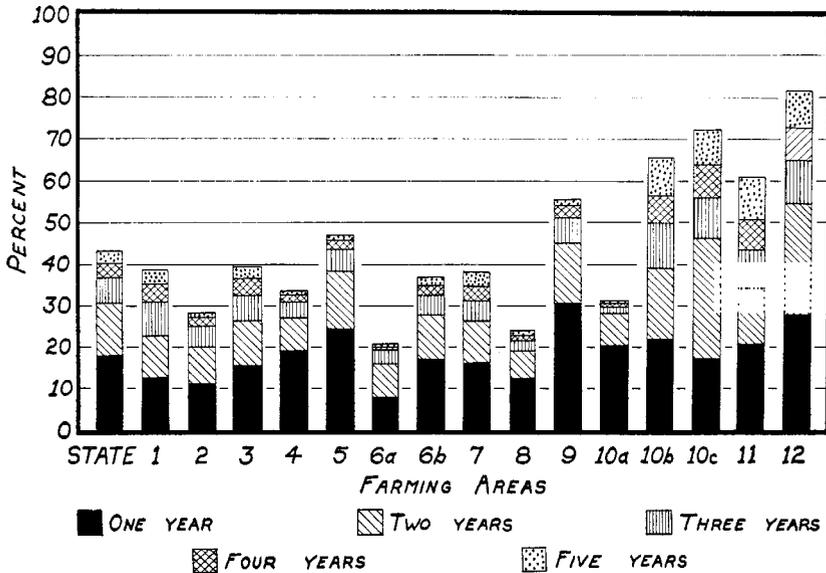


FIG. 6.—The percentage of the land in farms which were delinquent one, two, three, four, or five years during the period 1928 to 1932, by type-of-farming areas and for the state. (Data from Table XX.)

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Table XXI shows the total amount of delinquency during the five-year period as shown by the county treasurer's records. This is obtained by adding the total delinquency for each of the five years. Those properties which were delinquent for more than one year are counted more than once. In this respect Table XXI differs from Table XVIII. For example, if a property were delinquent five years it would be considered as five properties in Table XXI, but only as one property in Table XVIII.

TABLE XXI. THE TOTAL NUMBER OF PROPERTIES AND THE TOTAL ACREAGE DELINQUENT FOR THE PERIOD 1928-1932, INCLUSIVE, BY TYPE-OF-FARMING AREAS AND FOR THE STATE. OBTAINED BY ADDING TOGETHER THE TOTAL DELINQUENCY FOR EACH ONE OF THE FIVE YEARS. (a)

| AREA.             | Number of counties represented. | Properties. | Acreage.   |
|-------------------|---------------------------------|-------------|------------|
| 1.....            | 2                               | 6,222       | 437,916    |
| 2.....            | 2                               | 2,399       | 270,568    |
| 3.....            | 2                               | 6,801       | 497,156    |
| 4.....            | 2                               | 4,969       | 394,500    |
| 5.....            | 3                               | 4,137       | 889,985    |
| 6a.....           | 2                               | 3,075       | 261,876    |
| 6b.....           | 3                               | 7,573       | 897,226    |
| 7.....            | 2                               | 4,068       | 780,502    |
| 8.....            | 2                               | 3,092       | 467,841    |
| 9.....            | 2                               | 3,202       | 415,464    |
| 10a.....          | 2                               | 1,748       | 516,765    |
| 10b.....          | 2                               | 2,553       | 915,566    |
| 10c.....          | 1                               | 1,703       | 943,923    |
| 11.....           | 2                               | 6,413       | 1,449,190  |
| 12.....           | 2                               | 3,871       | 1,297,605  |
| State totals..... | 31                              | 61,766      | 10,536,083 |

(a) Data were obtained in CWA Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency."

Table XXII gives the average period of delinquency of all the properties delinquent during the period 1928 to 1932. The average period of delinquency for the state as a whole is 2.1 years. The range is from 1.2 years in Nemaha county in area 4, to 3.48 years in Sheridan county in area 11.

TABLE XXII. AVERAGE PERIOD OF DELINQUENCY OF ALL PROPERTIES DELINQUENT: 1928-1932, INCLUSIVE, BY TYPE-OF-FARMING AREAS AND FOR THE STATE. (a)

| AREA.                    | Number of counties represented. | Average period of delinquency in years. |
|--------------------------|---------------------------------|---|
| 1.....                   | 2                               | 2.44                                    |
| 2.....                   | 2                               | 2.08                                    |
| 3.....                   | 2                               | 2.27                                    |
| 4.....                   | 2                               | 1.84                                    |
| 5.....                   | 3                               | 1.82                                    |
| 6a.....                  | 2                               | 1.92                                    |
| 6b.....                  | 3                               | 1.93                                    |
| 7.....                   | 2                               | 2.27                                    |
| 8.....                   | 2                               | 1.88                                    |
| 9.....                   | 2                               | 1.74                                    |
| 10a.....                 | 2                               | 1.58                                    |
| 10b.....                 | 2                               | 2.48                                    |
| 10c.....                 | 1                               | 2.90                                    |
| 11.....                  | 2                               | 2.60                                    |
| 12.....                  | 2                               | 2.26                                    |
| <b>State totals.....</b> | <b>31</b>                       | <b>2.10</b>                             |

(a) Data were obtained in CWA Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency."

Table XXIII contains facts on the properties in the 31 counties studied which became delinquent for the first time in each of the five years, 1928 to 1932. By glancing at the number of properties and acreage delinquent in 1932, one may determine how many properties became delinquent for the first time in each of the five years. Although in most cases the 1932 delinquent properties which became delinquent in 1928 were delinquent throughout the five-year period, it is not always true. Occasionally taxes have been paid for some of the intervening years. This table indicates the seriousness of long-time delinquency. Of the 6,696 properties that were delinquent in 1928, 4,033 of these same properties were delinquent in 1932.

TABLE XXIII. PROPERTIES AND ACREAGE WHICH BECAME DELINQUENT EACH YEAR FROM 1928 TO 1932, INCLUSIVE, TRACED THROUGH TO THE YEAR 1932. (a)

| YEAR.       | 1928.       |           | 1929.       |           | 1930.       |           | 1931.       |           | 1932.       |           |
|-------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
|             | Properties. | Acres.    |
| 1928.....   | 6,696       | 1,140,756 | 4,020       | 688,044   | 3,878       | 664,301   | 4,050       | 719,164   | 4,033       | 753,155   |
| 1929.....   |             |           | 3,256       | 494,868   | 1,822       | 273,966   | 1,818       | 272,934   | 1,809       | 292,068   |
| 1930.....   |             |           |             |           | 4,981       | 709,657   | 3,293       | 472,651   | 2,956       | 438,913   |
| 1931.....   |             |           |             |           |             |           | 7,360       | 1,302,360 | 4,872       | 956,103   |
| 1932.....   |             |           |             |           |             |           |             |           | 7,032       | 1,386,212 |
| Totals..... | 6,696       | 1,140,756 | 7,276       | 1,182,912 | 10,681      | 1,547,924 | 16,521      | 2,767,329 | 20,702      | 3,826,451 |

(a) Data were obtained in CWA Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency." Thirty-one Kansas counties were included.

The same data given in Table XXIII were compiled for each area and are the source of the information in Table XXIV, given by type-of-farming areas. This table clearly indicates that the number of delinquencies in any one year is not due to some temporary condition, but is rather a result of some recurring factor or combination of factors. Areas 1 and 10c are good illustrations of this fact. Of all the property delinquent in these areas in 1932, 81 percent in area 1 and 80.5 percent in area 10c were delinquencies that started in some previous year. For the entire state, 66 percent of the properties delinquent in 1932 were delinquent in some previous year.

TABLE XXIV. PERCENTAGES OF TOTAL PROPERTIES DELINQUENT IN 1932, WHICH BECAME DELINQUENT IN EACH OF THE FIVE YEARS, 1928-1932, INCLUSIVE, BY TYPE-OF-FARMING AREAS AND FOR THE STATE. (a)

| AREA.      | Number of counties represented. | Percentage of those properties which were delinquent in 1932. |                |                |                |                |
|------------|---------------------------------|---|----------------|----------------|----------------|----------------|
|            |                                 | First in 1932.  | First in 1931. | First in 1930. | First in 1929. | First in 1928. |
| 1.....     | 2                               | 19.0  | 20.0           | 19.0           | 14.5           | 27.5           |
| 2.....     | 2                               | 28.8  | 27.8           | 22.3           | 10.7           | 10.4           |
| 3.....     | 2                               | 23.6  | 23.2           | 17.7           | 10.5           | 25.0           |
| 4.....     | 2                               | 41.5  | 22.6           | 15.3           | 8.6            | 12.0           |
| 5.....     | 3                               | 42.5  | 26.7           | 17.5           | 5.7            | 7.6            |
| 6a.....    | 2                               | 22.4  | 42.1           | 25.7           | 6.0            | 3.8            |
| 6b.....    | 3                               | 39.2  | 27.0           | 14.9           | 6.7            | 12.2           |
| 7.....     | 2                               | 32.8  | 19.4           | 9.8            | 7.2            | 30.8           |
| 8.....     | 2                               | 40.8  | 25.0           | 13.6           | 5.4            | 15.2           |
| 9.....     | 2                               | 50.6  | 20.7           | 10.6           | 9.5            | 8.6            |
| 10a.....   | 2                               | 59.7  | 23.9           | 6.8            | 5.0            | 4.6            |
| 10b.....   | 2                               | 25.7  | 21.8           | 12.6           | 8.7            | 31.2           |
| 10c.....   | 1                               | 19.5  | 15.7           | 7.7            | 13.7           | 43.4           |
| 11.....    | 2                               | 26.8  | 14.8           | 8.5            | 10.1           | 39.8           |
| 12.....    | 2                               | 31.0  | 23.6           | 9.2            | 10.5           | 25.7           |
| State..... | 31                              | 34.0  | 23.5           | 14.3           | 8.7            | 19.5           |

(a) Data were obtained in CWA Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency."

The tax delinquency data obtained under the Civil Works Administration Project F-6 gave, among other facts, the year in which the delinquent taxes were paid in certain counties. These data have been summarized in Table XXV for three Kansas counties. The three counties studied represent different sections of the state and different levels of delinquency. They were Dickinson county, in central Kansas, with a low percentage of delinquency; Bourbon

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county, in southeastern Kansas, with a somewhat higher percentage of delinquency; and Logan county, in western Kansas, with a high percentage of delinquency. The total taxes levied were used as the base for calculating all percentages in Table XXV.

TABLE XXV. PER CENT OF THE TAXES LEVIED WHICH WERE DELINQUENT EACH Year 1928-1932. PERCENT OF THE TAXES LEVIED WHICH WERE PAID AS DELINQUENT TAXES IN YEARS FOLLOWING THE YEAR LEVIED, AND PERCENTAGE OF THE TAXES LEVIED WHICH WERE Not PAID BY JANUARY 1, 1934, FOR THREE KANSAS COUNTIES. (a)

| Year levied.     | Percentage delinquent. | Percentage paid in. |       |       |       |       | Year not given(b). | Percentage not paid January 1, 1934. |
|------------------|------------------------|---------------------|-------|-------|-------|-------|--------------------|--------------------------------------|
|                  |                        | 1929.               | 1930. | 1931. | 1932. | 1933. |                    |                                      |
| DICKINSON COUNTY |                        |                     |       |       |       |       |                    |                                      |
| 1928             | 1.11%                  | .66%                | .20%  | .13%  | .12%  |       |                    |                                      |
| 1929             | 2.28                   |                     | 1.34  | .51   | .16   | .15%  | .08%               | .04%                                 |
| 1930             | 8.22                   |                     |       | 5.76  | 1.49  | .63   | .01                | .33                                  |
| 1931             | 15.26                  |                     |       |       | 9.19  | 3.73  | .01                | 2.33                                 |
| 1932             | 15.47                  |                     |       |       |       | 8.51  |                    | 6.96                                 |
| BOURBON COUNTY   |                        |                     |       |       |       |       |                    |                                      |
| 1928             | 5.28                   | 2.39                | 1.30  | .78   | .24   | .02   | .04                | .51                                  |
| 1929             | 5.90                   |                     | 1.99  | 1.54  | .75   | .24   | .19                | 1.19                                 |
| 1930             | 11.26                  |                     |       | 4.19  | 2.69  | 1.01  | .03                | 3.34                                 |
| 1931             | 17.37                  |                     |       |       | 4.83  | 3.94  | .04                | 8.56                                 |
| 1932             | 17.17                  |                     |       |       |       | 3.21  | .05                | 13.91                                |
| LOGAN COUNTY     |                        |                     |       |       |       |       |                    |                                      |
| 1928             | 29.62                  | 23.05               | 4.69  | .93   | .24   | .10   | .10                | .51                                  |
| 1929             | 27.79                  |                     | 21.65 | 2.56  | 1.04  | .88   | .02                | 1.64                                 |
| 1930             | 27.28                  |                     |       | 15.63 | 4.39  | 2.77  | .08                | 4.41                                 |
| 1931             | 35.95                  |                     |       |       | 14.51 | 4.97  | .08                | 16.39                                |
| 1932             | 46.42                  |                     |       |       |       | 9.83  | .12                | 36.47                                |

(a) One-half of the taxes levied in any year is not delinquent until June 21 of following year.

(b) Since the year of payment was not given, the tax may have been paid any time after becoming delinquent and before the data were tabulated in the spring of 1934.

Table XXV shows a wide difference in the reliability of the revenue from the general property tax in the various counties. For instance, in Dickinson county the percentage of delinquency during the years 1928 to 1929 was unusually low, and even when the percentage of delinquency rose to 15 percent in 1931 and 1932, more than one-half was paid in the following year. In Bourbon county the percentage of delinquency was not much higher than in Dickinson county, but the taxes tended to remain delinquent for a longer period. This is illustrated by the fact that while the delinquency in 1931 was 17.37 percent, only 4.83 percent was paid in 1932, 3.94 percent in 1933, 8.56 percent remaining unpaid on January 1, 1934.

In Logan county, the percentage of delinquency was exceptionally high during the years 1923 and 1929, but a relatively high proportion of the delinquent taxes were paid the year following the year the tax was levied. However, from 1930 through 1932 the percentage of delinquency rose from 27.28 to 46.42 percent and the percentage paid the year following the year the tax was levied decreased from 15.63 to 9.33 percent. With such a large percentage of the taxes levied in the years 1930 to 1932 becoming delinquent, and a large proportion remaining delinquent for more than one year, the situation soon becomes serious. Under such conditions either the services usually rendered by the taxing units must be greatly curtailed or a heavier tax burden must be placed on the nondelinquent land, which in turn is quite likely to result in still more delinquency.

**SOME FACTORS RELATED TO TAX DELINQUENCY OF FARM REAL ESTATE IN KANSAS**

Two methods have been used in studying the factors related to tax delinquency of farm real estate in Kansas.<sup>13</sup> The first was a cross tabulation study of soil type as related to tax delinquency in Bourbon county and of tax rates as related to tax delinquency in Marshall county. The second was a correlation analysis of the factors related to the percentage of delinquency in 78 Kansas counties. The data were obtained from the Civil Works Administration Project F-6 and cover the five years, 1928-1932.

Bourbon county, in southeastern Kansas, was used in the study of the relation of soil productivity to tax delinquency because a soil survey map of the county was available and because the delinquency data appeared reliable. The soil survey does not rate the various soil types according to general agricultural productivity; it was necessary to have them ranked by an agronomist.<sup>14</sup> Instead of ranking each soil type according to general agricultural productivity, each type was put in one of four groups which represented four different grades for general agricultural production. These groups were numbered in order of their agricultural productivity. Each of the 1,376 tracts of real estate which became delinquent during the five years was located on the soil-survey map by legal description and the acres of land in each of the four groups was determined by

13. Miller, L. F. Some Factors Related to Tax Delinquency of Farm Real Estate in Kansas. *Journal of Farm Economics*. Vol. XX, No. 3. August, 1938.

14. W. H. Metzger, Associate Professor in the Department of Agronomy of Kansas State College, grouped the soil types into the four major classes. His classification was as follows:

|  |  |  |
|--|--|--|
| <p><i>Group I</i></p> <p>Verdigris silt loam<br/>Verdigris silty clay loam</p>   | <p><i>Group II</i></p> <p>Summit silty clay loam<br/>Labette silt loam</p> | <p><i>Group III</i></p> <p>Parsons silt loam<br/>Newtonia silt loam<br/>Bates very fine sandy loam<br/>Bates silt loam<br/>Cherokee silt loam<br/>Osage silty clay loam<br/>Osage clay loam<br/>Labette silt loam (heavy subsoil phase)<br/>Lightening silty clay loam</p> |
| <p><i>Group IV</i></p> <p>Summit silty clay loam (shallow phase)<br/>Labette silt loam (cherty phase)<br/>Newtonia silt loam (shallow phase)</p> |  |  |

the use of a planimeter. The necessity for measuring each individual soil type was eliminated by the combination of certain types into larger groups as previously mentioned. This made the measurements more accurate than they otherwise would have been.

The percentage of the total acres in each group which became delinquent at any time during the period 1928 to 1932 and the percentage of the total acreage in each group which was delinquent for different numbers of years was calculated. The results are shown in Table XXVI.

TABLE XXVI. PERCENTAGE OF THE TOTAL ACRES IN EACH SOIL GROUP WHICH BECAME DELINQUENT DURING THE PERIOD 1928-1932 AND THE PERCENTAGE OF THE TOTAL ACRES IN EACH SOIL GROUP WHICH WAS DELINQUENT FOR DIFFERENT NUMBERS OF YEARS IN BOURBON COUNTY.

| SOIL GROUP. | Percentage of the total acres in each soil group delinquent. |         |          |          |          |          |
|-------------|--|---------|----------|----------|----------|----------|
|             | Anytime, 1928-1932.  | 1 year. | 2 years. | 3 years. | 4 years. | 5 years. |
| I.....      | 26.8   | 11.8    | 7.3      | 5.2      | 1.5      | 1.0      |
| II.....     | 32.1   | 14.5    | 9.1      | 5.4      | 2.1      | 1.0      |
| III.....    | 33.6   | 13.8    | 9.6      | 6.2      | 2.5      | 1.4      |
| IV.....     | 37.3   | 14.8    | 9.7      | 9.5      | 2.2      | 1.0      |

The results show that while 26.8 percent of the land of higher productivity was involved in delinquency, 37.3 percent of the land of lower productivity was delinquent. It is surprising to note that the percentage of acres delinquent one year in group I was less than the percentage of the acres of group IV delinquent one year, while the percentage of the acreage of group I delinquent five years was as high as the percentage of the acreage of group IV delinquent five years. This may be due to the fact that the small number of acres delinquent five years prevented the factor of soil type from exerting its full effect. It should be remembered that the only criterion used in grouping the soils on productivity was soil type. A better index of productivity might have shown a greater tendency for poor land to be delinquent, but soil type was the only standard available.

Marshall county, in northeastern Kansas, was used in the study of the relation of total tax rates to tax delinquency because it was the only county in which the total taxes levied on each delinquent property each year were available along with the total assessed value of the property. The properties were divided on the basis of the number of years they were delinquent, and further divided on the basis of the calendar years in which they were delinquent. It was necessary to divide the properties on the basis of the calendar year in which they were delinquent and use a simple average of the total tax rate for the different years to avoid the effect of the general downward trend in tax rates during the period studied. The total

tax rate on the nondelinquent farm real estate was calculated by subtracting the total assessed value and taxes levied on delinquent properties from the total assessed value and taxes levied on all farm real estate as given by the Tax Commission's report. The average total tax rate in mills for the years 1928 to 1932 on nondelinquent land, delinquent land, and land delinquent for different number of years, in Marshall county! follows:

| <i>Delinquency status</i> | <i>5-year simple average of tax rates</i> |
|---------------------------|---|
| All nondelinquent .....   | 13.72                                     |
| All delinquent .....      | 14.41                                     |
| Delinquent 1 year.....    | 14.15                                     |
| Delinquent 2 years.....   | 14.18                                     |
| Delinquent 3 years.....   | 14.25                                     |
| Delinquent 4 years.....   | 14.91                                     |
| Delinquent 5 years.....   | 15.11                                     |

These figures show that for the five years studied the tax rate on delinquent land averaged seven-tenths of a mill higher than on the nondelinquent land. The figures also show that the tax rate is higher on properties delinquent four or five years, and that there is not much difference in the tax rate on properties delinquent less than four years.

In the second part of the study the relationship of certain factors to the percentage of delinquency for counties as a whole, using 78 counties, was studied.<sup>15</sup> The results showed an inverse relationship between 1936 census land values and the percent of taxes levied in 1932 which became delinquent. ( $r = -.33$ .) This result supports the general belief that there is a tendency for a larger percentage of the taxes levied to become delinquent in the counties of lower land value. When an index of yields calculated with the state average yields as the base and covering the years 1911 to 1932 was substituted for land value the inverse relationship with the percentage of taxes levied which became delinquent was somewhat higher. ( $r = -.42$ .) The fact that the substitution resulted in a higher correlation coefficient suggests that certain factors, such as speculation, which affect land values, are not associated with ability to pay taxes.

15. Only 78 of the 105 counties in Kansas were used, because the data were either incomplete or questionable in the other 27 counties. These 78 counties were distributed fairly well over Kansas, except that a somewhat smaller proportion was in western Kansas, where the delinquency was highest. This fact may have resulted in slightly lower correlation coefficients than otherwise would have been obtained. The data used represented only one year. Scatter diagrams indicated that there would be no significant advantage in using an average of data for several years because of the close correlation between the data on land value, tax rates, and delinquency for some particular year with similar data for other years. Coefficients of gross correlations between each pair of variables and the multiple coefficients of correlation for each group of factors used in the study were as follows:

| <i>Independent variables</i>  | <i>1932 tax rates</i> | <i>Percentage of taxes levied in 1932 which became delinquent</i> |
|-------------------------------|-----------------------|---|
| 1935 census land values       | $r = -.42$            | $r = -.33$  |
| 1932 tax rates                |                       | $r = .29$   |
| Land values and tax rates     |                       | $R = .37$   |
| Index of yields               | $r = -.30$            | $r = -.42$  |
| 1932 tax rates                |                       | $r = .29$   |
| Index of yields and tax rates |                       | $R = .46$   |

Another factor which was studied in relation to delinquency was the total tax rate. There was a direct relationship between the total tax rate on farm property in 1932 and the percentage of the taxes delinquent ( $r = .29$ ), or the higher the total tax rate the higher the delinquency tends to be.

It was thought that if the effect of both land value and total tax rates were considered the relationship to the percentage of taxes which were delinquent would be high, but such was not the case. ( $r = .37$ .) This was due to the inverse relationship ( $r = -.42$ ) between land values and total tax rates. In other words, the counties with the lower land value also had the higher total tax rate; therefore, when land values were correlated with delinquency most of the effect of tax rates was considered. Since these two factors are closely related it is impossible to say to what extent each is responsible for tax delinquency, but it is logical to assume that both are important. The relationship of index of yields and 1932 total tax rates with the percentage of taxes levied which were delinquent in 1932 was somewhat higher than when land values were used ( $r = .46$ ), but the relationship was little better than when index of yields alone was used.

Income logically should be an important factor affecting the percentage of delinquency, but since adequate income data by counties were not available its effect could not be studied. Lack of data also prevented a study of delinquency as related to many other factors that should be studied, such as land use, tenure of operator, size of farm, and absentee ownership.

In conclusion, all indexes of soil productivity—soil type, land value, index of yields—indicate that it is the land of lower productivity which has the greatest chance of becoming delinquent. Higher tax rates are associated with land of lower productivity and with tax delinquency; consequently, the farmer on the less desirable land is not only less likely to have something with which to pay his taxes but he actually may have relatively heavier taxes to pay.

#### SOME CAUSES OF TAX DELINQUENCY

Delinquency arises in a number of ways. As a general statement, one may say the taxpayer fails to pay his taxes either because of carelessness, financial inability to meet the tax payment, or because of deliberate intent. Carelessness or forgetfulness accounts for some tax delinquency, although perhaps not a large amount.

Financial inability to meet the tax payment, is a common cause of delinquency. This inability may be the result of a temporary setback or it may be a chronic situation. It may be the result of extremely high taxes compared to income from the property, or it may be caused by income below the subsistence level, improvidence, or poor management on the part of the property owner.

Deliberate nonpayment of taxes may result from several motives: (a) There are a few taxpayers who, it would appear, believe that it is good business to pay their taxes late and after the penalty has been

applied. (b) There are also some who believe that by failing to pay their taxes when due, they may compromise later for a smaller sum than was due originally. (c) There are some who fail to pay taxes when due because they believe that laws setting aside penalties will be continued or that new and more liberal laws along the same line will be introduced. (d) There are many who refuse to pay taxes because the annual tax is for an amount larger than the annual income from the property in question.

The above enumeration of causes of delinquency throws some light on the reasons why property owners fail to pay taxes when due. The heavy tax load against property is an important cause of tax delinquency. This may result from large governmental expenditures, hence generally high tax rates; or it may result from a large and inequitable share of the total tax load being carried by the property in question. Usually both factors are responsible. When the tax rate is low even the overassessed properties do not suffer to any great extent. When tax rates are high, all properties feel the effect, but those that are overassessed suffer most. The delinquency which results when, due to overassessment, high tax rates, or both, causes the annual tax approaches or exceeds the annual income from the property, is the most serious form of delinquency. It is believed to be the form that usually develops into long-time delinquency or that "which exists when taxes are due for two or more years and the taxpayer is in danger of losing his property."<sup>16</sup> Weaknesses in the assessment system which result in overassessment of some properties have been discussed in previous sections of this study. Lines of remedy which probably would result in more equitable assessment, hence fewer delinquencies, also have been dealt with.

It is believed also that defects in the system of tax collection are responsible for a considerable amount of tax delinquency. The convenience of the taxpayer has not been an important consideration in formulating regulations for tax collection. Dates for paying taxes do not always correspond to the time of year when the taxpayer could pay most conveniently. The plan of easy payment widely used by private business has not been applied to tax payments in ordinary times.

These arbitrary aspects of the collection procedure are responsible for some delinquency but, paradoxical as it may be, a far larger percentage of delinquency probably should be attributed to the easy, indulgent attitude of tax collection agencies. The lack of certainty that the penalty will be applied at the time specified, the possibility of tax compromise, the hope, frequently justified, that laws will be passed deferring penalties, and the otherwise desultory attitude of tax collection agencies, are believed to have resulted in a large amount of delinquency. This applies particularly to the depression years, when collection practice has become less certain and strict, than formerly. It is believed that faulty collection practice is re-

16. Fairchild, Fred R. Report of the Committee on Tax Delinquency. Proceedings of the 25th National Conference of the National Tax Association. 804: 324-329. 1932.

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sponsible for much short-term or temporary delinquency, or that "which exists when a tax has not been paid at the end of the legal collecting period and becomes subject to a penalty."<sup>17</sup>

### EFFECTIVENESS OF THE PRESENT METHOD OF FARM REAL ESTATE TAX COLLECTION IN Kansas

Rural tax delinquency in Kansas, while not of alarming proportions, nevertheless presents a serious problem. The total delinquencies reported in any year include a large number of properties carried over from some previous year. These delinquencies of a chronic character should incite the most concern. Indications are that faulty assessment may be a contributing factor to this delinquency. In the following section, defects in the collection procedure which undoubtedly contribute to the delinquency problem are discussed. Mention of assessment and collection defects should not be interpreted to mean that they alone are responsible for tax delinquency. There are factors more fundamental embedded in the underlying tax structure which probably are directly responsible for a considerable amount of tax delinquency and are indirectly responsible for much more. A rearrangement of the entire taxing system to place it more nearly in accord with the capacity of the property to pay would be necessary in order to remove these fundamental causes. It is doubtful if all the underlying inequalities ever could be wiped out. In any event the far-flung character of the analysis required in such a study is beyond the field of this manuscript. The following section treats some of the weaknesses in collection practice. It is followed in turn by a description of some proposed remedies.

## WEAKNESSES IN THE PRESENT SYSTEM OF COLLECTION OF FARM REAL ESTATE TAXES

### SOME DISCREPANCIES BETWEEN THE STATUTES AND ACTUAL ADMINISTRATIVE PRACTICES

Widespread irregularities in the administration of a law usually indicate some fundamental weakness in the law itself. If this general assumption is true, the laws for the collection of real-estate taxes bear evidence of weakness because irregularities in their administration are commonplace. No attempt has been made to get complete data on the extent of irregularities in the administration of tax-collection laws, because to get such complete information an actual visit to each county would be necessary. The data which have been collected on this subject have been secured, for the most part, from a questionnaire filled out by county officials, mostly treasurers, in May, 1936, and from responses to a letter of inquiry on the subject addressed to county project leaders of the Civil Works Administration project on tax delinquency in the spring of 1934.

17. Fairchild, Fred R. Report of the Committee on Tax Delinquency. Proceedings of the 25th National Conference of the National Tax Association. 304: 324-329. 1932.

The angle from which the county officials, as administrators, saw the workings of collection laws was a different one from that from which the county project leaders, as ordinary citizens, viewed them, but the reports from these different sources were in general agreement.

In the first step of collection procedure variations were in evidence, as some boards of county commissioners had taken it upon themselves to extend the time for the payment of taxes, without penalty, until dates later than those provided by law. In one county the delinquent date for the first half had been moved ahead from December 20 to March 1. In another county the dates had been changed to February 20 and August 20. One board of county commissioners went to the extent of not considering the first half of the tax delinquent if it was paid on or before June 20 of the following year, the date when the last half was due.

Another irregularity in administration was that of allowing land-owners to make small monthly payments on their taxes and leave the receipts in the book until the total was paid. The practice had not been followed generally, but it had been used in some counties at times.

The system of computing penalties and interest on delinquent taxes seems to have been the most irregular of all tax-collecting procedures. In general, the penalties and interest charges were computed to the date of tax sale in September and entered on the "Record of Delinquent Tax Sales." Additional charges, especially for interest, were calculated at the time of redemption or sale at auction. In many cases county treasurers did not compute interest charges as directed by law, but instead charged only flat-rate penalties and costs, even when some charge should have been made for interest.

A large majority of county treasurers have accepted payment on any year's taxes which the owner wishes to pay, regardless of delinquency. In one county the records indicated that a few owners allowed their taxes to go unpaid for a period of three or four years and then paid the last year's taxes due. After having paid this one year's taxes the process was repeated, and back taxes disregarded.

Discrepancies between the intent of the law and administrative practices also occur in the disposition of delinquent real estate after expiration of the redemption period. Kansas laws provide three methods for disposing of this real estate: (a) The issuance of a tax deed for total charges against the land, (b) the issuance of a tax deed for a compromised figure, and (c) foreclosure proceedings and sale to the highest bidder.

The practices actually followed, as given in the replies from county officials, were as follows: Only seven counties regularly held a foreclosure sale. Eight counties reported that all the land was redeemed by the owner before the end of the redemption period. Thirty-two counties reported that any land that passed its final redemption period unredeemed was usually taken over by someone

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other than the owner for the total charges against the land. Fifty-five counties indicated that they were not using any definite plan in handling land that was not redeemed within the time allowed. "No definite plan" was defined in the questionnaire as meaning that: (a) Some of the land was taken over for the total charges against it by someone other than the owner or his agent, (b) some was compromised, and (c) some remained with the county for an indefinite number of years. In three counties it was impossible to determine the procedure followed. The fact that 55 counties do not follow any definite procedure in handling unredeemed land indicates that the practices used are haphazard, to say the least. It does not mean, however, that this unredeemed land is a serious problem in all 55 counties, for in many of these counties there were only a few unredeemed tracts.

Other information which was obtained tends to substantiate the indictment hinted at above. In connection with this same problem was the question, "What eventually happens to the unredeemed land that remains with the county?" A summary of the results follows:

| Number of Counties | Policy followed                      |
|--------------------|--------------------------------------|
| 2 .....            | Seldom remains.                      |
| 4 .....            | Eventually compromised.              |
| 11 .....           | Irregularly held a foreclosure sale. |
| 28 .....           | None remained with the county.       |
| 30 .....           | Remains with the county.             |
| 30 .....           | No answer.                           |

The 11 counties which irregularly held some type of foreclosure sale probably have a problem they take care of when it becomes serious enough to arouse the county officials to action. At least 30 counties apparently are neglecting to do anything about the land that is not redeemed, with the result that some owners, without paying taxes, are able to remain on their land after it should be transferred to someone else. In the above classification, the seven counties which regularly hold a foreclosure sale are included among those in which no unredeemed land remained with the county.

Interesting information was secured from the opinion question, "How would you prefer to see this land that remains with the county handled?" The results are given in the following summary:

| Number of Counties | Method They Would Prefer         |
|--------------------|----------------------------------|
| 2 .....            | Not determined.                  |
| 20 .....           | As carried on at present.        |
| 30 .....           | Hold a regular foreclosure sale. |
| 53 .....           | No answer.                       |

The situation in 17 of the 20 counties that stated that the method they were using was satisfactory was analyzed to determine if they were confronted with the problem of unredeemed land. This analysis showed that it was a problem in six of the counties and it was not a problem in 11 counties.

The situation in those 30 counties that were in favor of an annual foreclosure sale was analyzed on the same basis. This analysis

showed that 27 of these counties that were favoring some method of foreclosure were carrying land long enough for it to be a problem. This is indeed a strong argument for making the statutes regarding the disposal of unredeemed land more explicit and mandatory.

The answers to the question, "Approximately what is the longest period that any particular parcel of farm real estate (except some small and irregular piece) has been carried after its final redemption period?" helps to verify what already has been stated regarding the problem of unredeemed land. Those answers were interpreted, keeping in mind the recent moratorium on the time allowed for redemption.

| <i>Number of Counties.</i> | <i>Years that farm real estate has been carried by the county after the redemption period.</i> |
|----------------------------|--|
| 23 .....                   | No answer.   |
| 24 .....                   | No real estate carried.  |
| 9 .....                    | Less than 1 year.  |
| 10 .....                   | 1 year.  |
| 10 .....                   | 2 years.   |
| 6 .....                    | 3 years.   |
| 6 .....                    | 4 years.   |
| 5 .....                    | 5 years.   |
| 2 .....                    | 6 years.   |
| 1 .....                    | 8 years.   |
| 4 .....                    | 10 years.  |
| 2 .....                    | 12 years.  |
| 1 .....                    | 18 years.  |
| 2 .....                    | Many years.  |

These data, while far from exact, show that many counties have been carrying delinquent land that has passed its final redemption period entirely too long for their best interest and the interest of the prompt taxpayer.

There were several interesting individual answers obtained on this problem that will be given to show the extent of the problem in a few cases. One county treasurer stated that the land "still remains with the county in some cases 40 years." One treasurer reported that the county had been carrying some farm real estate as long as 30 years, but recently a judicial sale, foreclosing all such land, had been held. Another treasurer when asked, "What eventually happens to the land that remains with the county?" replied, "It seems to be a keepsake." One county reported that two or three owners living on their land had not paid any taxes for 10 years or more.

In those counties where an individual may purchase a tax certificate at the annual tax sale, there is no problem of unredeemed land remaining with the county unless, in the absence of private buyers, the county has been forced to bid in the delinquent land and still is holding it at the expiration of the redemption period. When an individual purchases the tax certificate he naturally will take possession of the land as soon as possible after the expiration of the redemption period.

**VULNERABLE POINTS IN THE TAX COLLECTION LAWS**

Following are additional weaknesses in the tax collection laws. Some of these weaknesses contribute to the irregularities mentioned, while others, though not responsible for variations in administration, are detrimental to tax collection.

One weakness which probably contributes to the variations mentioned is that the county treasurer is an elected official. An efficient tax collector should have office and business experience, and be in a position to base his actions on business principles without considering the effect of such action on the outcome of the next election.

Possibly a second weakness is that no flat-rate penalty is applied on the penalty date. After December 20, if the first half of the tax is not paid, interest at the rate of 10 percent is charged. If a small penalty also were added on that date it should stimulate more payments by December 20. Until 1933 Kansas laws provided for a penalty without interest. Under the existing laws the taxpayer has no incentive to pay his taxes before the penalty date other than to avoid the payment of the interest charge.

Perhaps the next point to consider is whether December 20 and June 20 are the best tax-paying dates that could be selected from the viewpoint of the farmers' income. In an attempt to secure more information concerning this problem, the last part of the questionnaire to county officials was devoted to the problem of the time of tax payments as related to time of farm income. The question was asked, "In your estimation could the period for paying taxes be better adjusted to fit the period of farm income? If so, how?" Thirteen counties failed to answer this part of the questionnaire, 34 answered "no," and 58 answered "yes." Of the 58 affirmative replies, 22 suggested the time be changed to February and August, 17 were in favor of January and July 8 stated merely that the last half should come after harvest, and 3 indicated that March and September should be the two months of payment. Other months were suggested by the other counties. These results would indicate that the time for the payment of taxes could be changed better to fit the period of farm income.

In connection with the time of paying taxes arises the question of notice to the taxpayer. At present, the practice followed in notifying taxpayers varies among the counties. Only a comparatively small number of taxpayers regularly receive personal notices of amounts of taxes due. If the tax collector is to have an equal chance with other creditors it seems reasonable to conclude that statements should be sent to each taxpayer.

As previously mentioned, there were only 12 counties in the state that sold tax certificates to individuals at the annual tax sale in September. The remaining counties bid in the delinquent land at this sale and held it until the end of the final redemption period, or until redeemed by the owner or his legal agent. At least two counties that were using the county purchase plan have within the last few

years reverted to the policy of selling tax certificates to the public in order to secure funds for operating expenses. However, during this period when the county is badly in need of funds, private investors are likely to be cautious, so that resorting to the sale of tax certificates to individuals is not likely to produce the desired revenue. One county treasurer reported that during the depression not more than 1 percent of the properties were purchased by individuals. He also stated that only those properties that would be redeemed within a short time were purchased by individuals. Such short-term delinquent properties are good investments for the county, so that the individual purchase method does not accomplish its objective.

It would be advisable for Kansas to have only one system for disposing of delinquent land. Although not a factor contributing to delinquency, the use of two methods nevertheless causes undue complication and may result in unjust treatment to some individuals, as was the case under the recent moratoria. Those taxpayers who happen to own property for which a tax certificate had been issued did not benefit from the cancellation of penalties, since the laws referred only to land "bid off in the name of the county and now held by said county."

At present tax deeds do not give an absolute and binding title unless the statutes have been followed in detail. This fact makes investors cautious, which is reflected in a poor demand for unredeemed land. Improvement in the status of tax deeds would benefit tax collection.

In 1933 the period of redemption was extended from three to four years. This is one of the longest redemption periods allowed in any state. There are two points to consider in establishing the length of the redemption period: First, the rights of the owner, and second, the rights of the taxing unit. Four years probably give an undue advantage to the property owner while the taxing unit runs into unnecessary financial difficulties.

#### **TAX MORATORIA**

In addition to extending the redemption period from three to four years, the legislative session of 1933 also introduced the practice of granting tax moratoria. The first moratorium took effect on January 8, 1933. This act provided that all penalties, costs, expenses, and interest charges against all property bid off for taxes in the name of the county and then held by the county were canceled if back taxes were paid before January 1, 1934. Interest at the rate of one-half of one percent per month was charged commencing September 1, 1933. Any land not redeemed on or before January 1, 1934, was to be subject to all penalties, expenses, costs, and interest, exactly as if the bill had never been enacted into law.

At the special legislative session in the fall of 1933 the moratorium was extended further. This act took effect November 22, 1933, and likewise canceled the penalties and expenses if the back taxes were paid before January 1, 1935. Interest at the rate of one-

half of 1 percent per month was to be charged beginning September 1, 1934. If the land was not redeemed on or before January 1, 1935, all penalties were to be again in effect.

The regular session of 1935 passed a similar act, which took effect February 25, 1935. This bill gave the owner until March 1, 1937, to redeem his land. After that date, penalties were to be restored. This act provided that no owner of delinquent land was entitled to have the penalties canceled unless all taxes and interest for the year 1934, then in default, were paid, and unless all taxes and interest accruing subsequent to 1934 and then in default were paid before paying the delinquent taxes. Before the passage of this act there was a period of almost two months, or from January 1, 1935, to February 25, 1935, during which time no moratoria were in effect. Another legislative act took care of this situation by authorizing the county treasurers to refund to the owner all penalties and costs if any properties were redeemed during this time.

The regular legislative session in 1937 passed an act similar to the one adopted in 1935. This most recent extension of the moratorium which became effective February 19, 1937, gives the owner until March 1, 1939, to redeem his real estate.

A little study of these four moratoria will convince one that there has been little incentive for the taxpayer to avoid delinquency. In fact, if it were necessary for a taxpayer to cut his expenses to avoid borrowing, an easy and comparatively cheap method was to let his taxes become delinquent. There is evidence that this practice has been followed at times. During the depression it was probably justifiable to assist those taxpayers who were in actual need of help, but it is doubtful if the taxing unit should have become a credit agency. If concessions are to be made, there should be an attempt to help only the deserving tax delinquent, and every effort should be made to maintain current collections.

In the present tax collection system of Kansas there are inter-county variations in administration; there are fundamental weaknesses in the tax-collection statutes; and there is a problem of unredeemed land accumulating in the counties. In the next section some possible remedies for these various problems are discussed.

### **LINES OF REMEDY FOR COLLECTION WEAKNESSES**

The committee on tax delinquency, in making its report to the National Tax Association in 1932, made the following significant remarks regarding collection of taxes: "In the interest of economy, justice, and a higher respect for government on the part of the citizens, as well as for the purpose of making possible the orderly conduct of government through prompt receipt of revenue, the procedure for the collection of taxes should be made as simple, regular, and undeviating as possible. It is unfair to those taxpayers who pay promptly and without coercion to be compelled to pay for the delinquency of others. It is unfair to those who are negligent to be

encouraged in their negligence or to those in adverse circumstances to be falsely reassured by lenient practice. Taxes are to most people onerous; they are frequently burdensome. They would be less dangerous and less burdensome if it were universally recognized that they were being collected at the lowest possible cost and that no one was receiving favored treatment, and if the time of collection, while reasonably adjusted to fit the income flow of the taxpayer, were nevertheless fixed and certain."<sup>18</sup>

**RECOMMENDATIONS FOR A MODEL TAX-COLLECTING PROCEDURE**

In the report mentioned above, the committee suggested a procedure for collection of taxes which it believed would "cut through the maze of tradition, historic safeguards, and legal technicalities that now confuse and delay tax collections and result in speedier and more certain tax collection." Despite the fact that the committee frankly admitted that its plan was preliminary and tentative, the procedure that was advocated has merit and originality and may serve well as the background for a discussion of lines of remedy for collection.

The model plan was designed for normal conditions, and its authors recognized that some of the provisions might be unduly severe in times of widespread economic depression. In the following account of the plan, certain points not pertinent to the present study have been omitted. Some of the major provisions of this model plan may be summarized as follows:

(a) Notices of taxes due are sent to all taxpayers as soon as possible after budgets are adopted, levies fixed and taxes calculated.

(b) The official who collects taxes in a rural county is appointed by the county manager, or other chief financial officer of the county, or by the county board of commissioners. In no case should the office be filled by popular election.

(c) Making tax payments in four quarterly installments is a plan suggested though not definitely recommended. If the amount of a taxpayer's full tax is less than ten dollars, installment payments are not permitted.

(d) For taxpayers who default in meeting any installment, a 5-percent penalty computed on the total portion of the tax then due is added. In addition to the penalty, interest on the tax at the rate of 1 percent per month, or fraction of a month, is recommended.

(e) One year to the day after the first installment payment becomes due, a list of the real estate delinquent for taxes is prepared and application is made to the court for permission to foreclose as in the case of a mortgage. Letters of notification are sent to all delinquent taxpayers announcing a foreclosure sale on a date three months after the list is prepared and 15 months after the first installment payment becomes due. The list of delinquent lands is pub-

18. Fairchild, Fred R. Report of the Committee on Tax Delinquency. Proceedings of the 25th National Conference of the National Tax Association. 304: 324-329. 1932.

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lished in a paper for three consecutive weeks prior to the date of the foreclosure sale.

(f) At the foreclosure sale no bid is to be received for an amount less than the total of all taxes, interest, penalties, and costs due. The deed which the purchaser receives is similar to that which would be chained if property were acquired at any other mortgage foreclosure sale, except that the former owner shall have six months to redeem or bring suit for error. Within 30 days after a property has been sold at the tax foreclosure sale, all those persons having equities in the property are notified. The former owner can redeem the property within the six-months period by paying the purchase price plus interest at 12 percent per annum to the time of redemption. If no bid is received equal to the minimum, title passes to the political unit which would be best suited, economically, to hold such property. When the political unit acquires property in this way it may dispose of it as any other public property or use it for its own purposes.

The plan as outlined by the committee of the National Tax Association greatly speeds up the procedure of tax collection. In the plan only 15 months elapse from the time the first installment payment becomes due until the date of the foreclosure sale. Only 21 months elapse from the time the first installment payment becomes due until the termination of the redemption period and final granting of the title. Furthermore, the plan settles the matter of title by definitely transferring it to the purchaser or to the political unit. That the provisions of this plan would involve drastic changes in present tax collection systems all will admit. While recognizing certain highly desirable provisions in this plan, one also will be obliged to admit that public opinion, long accustomed to more lenient treatment at the hands of tax officials, probably would not be willing to adopt the plan in its entirety.

### **SOME COLLECTION PRACTICES FOUND IN OTHER STATES**

Even a brief and incomplete study of the collection laws in other states indicates that the laws in Kansas might be improved by the adoption of certain practices found in these states. The basic principles of tax collection procedure are much the same throughout the nation, but there are wide variations in the details of operation. These variations in detail exist not only among the states, but also among the taxing district's within a state. No state has achieved the ideal in collection procedure; likewise, none furnishes a classical example of what should be avoided. A few characteristics of tax collection practice in the different states are given in the following paragraphs.

After the tax becomes due, it is customary to allow a period of grace before the tax becomes delinquent. In a number of states this is a 30-day period and there is little real reason for its extension beyond this length.

Approximately nine months is required for the necessary steps between the assessment date and the date the tax becomes delin-

quent.<sup>19</sup> The time allowed varies among the states from eight to 20 months, with California and Wisconsin holding closely to the nine-month period.

As was pointed out, in the model plan, when the tax becomes delinquent, both a penalty and interest are advisable. A 5-percent penalty and interest at the rate of 1 percent per month is considered appropriate. Frequently a state imposes one without the other. New Mexico probably comes the closest to the model plan, with a penalty of 4 percent and interest at 1 percent per month.

It is especially interesting to note the provisions made for paying taxes in installments. Since the beginning of the depression, the number of states providing for installments has been on the increase. During the year 1934 two states made provision for paying in installments and one state changed from semiannual to quarterly payments. Taxes now can be paid in installments in 29 states. Twenty-one states provide for two installments, one provides for three installments, and seven provide for quarterly payments. Oklahoma is one of the states that has made progress in this direction by permitting taxes to be paid in four installments.

If the taxes become delinquent and the land goes to tax sale the taxpayer is notified of the action. The model plan indicates that he should receive a personal notification as well as the general published or posted notice. Arizona approaches the model system in this respect by providing that a notice be posted at the courthouse, that it be published twice, and that a personal notice be mailed the delinquent owner.

After the tax sale the owner is given a period in which to redeem his property before a tax deed is issued. At this point in tax-collection procedure the general practice is at variance with the model plan, which advocates that the property, rather than a lien on the property, be sold at the tax sale. The wide variations in the time allowed for redemption in the various states makes this an interesting point in collection procedure. The period ranges from one to five years, the modal period being two years. During a period of general distress this period should be long enough to avoid unnecessary eviction of owners, but it would seem that five years, or even four, is longer than is necessary.

Finally comes the question of the total time allowed between the date when taxes become due and the end of the redemption period after tax sale. It is impossible to get absolute figures on this point, but roughly the time varies from two to six years. Most of the states have placed this time limit between two and one-half and four years. In normal times from two to two and one-half years should be long enough. This is approximately the time allowed in Illinois and Michigan.

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19. Jensen, Jens P. The Tax Calendar and the use of Installment Payments, Penalties and Discounts. Duke University School of Law. Law and Contemporary Problems. Vol. III, No. 3, 354-361. June, 1936.

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### RECENT LEGISLATIVE INTEREST IN TAX COLLECTION PROCEDURE IN KANSAS

During the 1931, 1933, and 1935 regular sessions of the Kansas legislature a total of 29 bills pertaining specifically to tax collection were introduced but did not become laws. A number of similar bills also were introduced in the regular legislative session of 1937. This large number of bills covering many phases of tax collection indicates that members of the legislature were seriously considering this subject.

It is not possible to state the details of these bills, but a brief consideration of their general nature is helpful in determining what remedies were considered most urgent by the legislators. The following classification gives some idea of the content of these bills. In this classification only the major provision of each bill was considered.

| <i>Nature of Bill</i>                      | <i>Number</i> |
|--|---------------|
| Collection of delinquent taxes.....        | 9             |
| Changing penalty for delinquent taxes..... | 5             |
| Payment under protest.....                 | 4             |
| Paying in installments.....                | 4             |
| Redemption of land sold for taxes.....     | 3             |
| Miscellaneous .....                        | 4             |

The large proportion of bills dealing with collection of delinquent taxes was only natural, considering the high percentage of tax delinquency during this period. These bills were concerned chiefly with ameliorating a serious problem which was confronting many taxpayers at the time. The same statement was largely true of the other bills. Many were of a temporary nature and none recommended thoroughgoing reforms which would cover the whole field of tax-collection practice.

#### SUGGESTED CHANGES FOR IMPROVING TAX COLLECTION

The present inadequate status of data on tax collection methods precludes proposal of a model tax-collecting system for Kansas. Furthermore, a plan which corrects some of the major deficiencies and at the same time deviates as little as possible from the present system is something to be desired. The study of tax collection has not progressed to the point where a plan of procedure generally agreed upon has crystallized. In this respect, study of tax collection has lagged far behind the studies that have been made in the field of assessment. It would seem advisable to go by degrees in proposing substitutes for present practices for fear that the substitutes would not improve the situation. Another fact in the present case justifies caution. The public, unquestionably, would not be behind any plan which would change drastically present tax collection procedure. This attitude is the result of at least two factors in the present situation. One is the lack of public understanding of tax collection procedure. The other is the reluctance on the part of many people to give a government agency the right to exercise ordinary good business practices in collection for fear that some of the multitudinous

safeguards that have been built up around the delinquent taxpayer may be endangered.

Facts that have been obtained in this study indicate weaknesses in present collection practices in Kansas. Other information indicates that some of the weaknesses may be corrected by remedies which in a number of cases are now being applied in other states. With this background, it appears reasonable to suggest a few changes which it is believed would improve farm real-estate tax collection in this state. It is perhaps unnecessary to add that it is not contemplated that these suggestions, if adopted, would reach the fundamental weaknesses in tax collection. Farm tax delinquency arises in part from the underlying defects in the entire tax structure. A perfect system of tax collection—granting that perfection is possible—would leave these basic maladjustments untouched. Neither do the changes suggested here attack the whole field of real-estate tax collection practice. Only certain parts of the system, concerning which there are sufficient data on procedure in this and other states to justify making suggestion, are included here. For example, specific suggestions are not made on the highly significant problem of disposing of real estate that is not redeemed within the time allowed. For the same reason, no suggestions are made on the general status of the tax deed. A more intensive study on these problems appears advisable.

#### **Administration**

Tax collection in Kansas is badly in need of central control. The variations in procedure as between counties may be attributed largely to the fact that no state agency in Kansas supervises the collection of taxes. A state agency given jurisdiction over collection could require county officials to follow statutory provisions. At present the wide discrepancies between statutory provisions and administrative procedure result partly from intentional disregard of laws and partly from an improper interpretation of laws. The supervision of tax collection throughout the state should be in the hands of the State Tax Commission. Previously, it has been suggested that greater supervision over assessment be exercised by the Tax Commission. It would be both profitable and economical if, while in the county, the Tax Commission's supervisor could likewise give some attention to the county treasurer's office. Only a limited amount of information on tax collection is now called for regularly by the State Tax Commission. No information on the subject is published in the Biennial Report of the Commission. It does not seem out of reason to suggest that the amount of tax collection data, regularly gathered and published by the Commission, should be commensurate with that now collected and published on the subject of assessment.

The county treasurer should be an appointive official with unlimited tenure. His position is not in any sense policy-determining but is, instead, primarily clerical in nature. He should receive his appointment from the county commissioners on the basis of character, training in bookkeeping and accounting, and office experience.

Before his appointment becomes final, the State Tax Commission should pass on his qualifications for the position. It would be incongruous to recommend an appointive county assessor and an elective county treasurer.

#### **Uniformity in Statutes Dealing With Tax Sales**

No small part of the popular misunderstanding concerning tax collection arises because of the two plans now provided by statute for tax sales by counties. One plan authorizes the counties to sell tax certificates to private bidders before the expiration of the redemption period. The other plan provides for sale to private buyers at the expiration of the redemption period. One or the other of the statutory plans should be repealed in the interest of greater uniformity in tax collection procedure. Since 93 of the 105 counties follow the practice of having the county bid in all land at the tax sale, it would appear advisable to make this practice mandatory upon all counties.

#### **Tax Notices**

As a matter of good business practice, tax bills should be sent to every taxpayer at the time that the first installment of the tax becomes due. At present there is no uniformity among the counties or even within counties relative to sending notices to taxpayers. Systematic notification through the use of the tax bill helps in placing the government agency on an equal footing with private creditors.

#### **Quarterly Installment Payments**

Tax collection agencies should make every effort to make payment of taxes as easy and as convenient as possible for the taxpayer. It is believed that installments of real-estate taxes in quarterly payments would be more convenient for the average taxpayer than the present semiannual payments. The quarterly installments also might benefit the treasury by insuring a steadier flow of income throughout the year. Quarterly installments also would tend to correct the situation—which some feel now exists—where the time of tax payment fails to correspond with period of farm income. In order not to disarrange the present practice more than is absolutely necessary, it is suggested that the tax-due dates be November 1, February 1, May 1, and August 1, and the penalty dates December 20, March 20, June 20, and September 20. Adoption of the quarterly payment plan would necessitate moving the date of tax sale forward from the first Tuesday in September to the first Tuesday in November or December. To avoid unnecessary additional clerical duties, a provision might be inserted to the effect that if an individual taxpayer's total taxes for the year were small—for example, less than ten dollars—the total would become due when the first quarterly installment becomes due on November 1.

### **Penalties, Interest, and Discounts**

Kansas laws now provide for interest on delinquent taxes at the rate of 10 percent per annum. It is believed advisable to continue this interest rate and to add to this a 5-percent penalty whenever a taxpayer becomes delinquent on an installment. The penalty is suggested because it tends to encourage prompt payments. Kansas laws now provide for 2-percent discount on the second half of the tax if it is paid on or before December 20. It is debatable if this discount device serves a useful purpose in tax collection. The advantage, if any, of the discount plan under a system of semiannual payments probably would be less, at least from the treasury viewpoint, under a system of quarterly payments.

### **Redemption Period**

Kansas has a longer redemption period than most states. Before 1933 the redemption period was three years. It is now four years. The one year extension was prompted by the depression. Now that conditions are more nearly normal, at least a three-year, and preferably a two-year, redemption period should be adopted.

### **Disposal of Unredeemed Land**

Due to the fact that the present tax laws in Kansas fail to make it mandatory that the counties proceed by a definite method in disposing of unredeemed land, this phase of administration has been marked by laxity and long delays. The facts available at present do not justify recommendations for a detailed plan for disposal of this land; however, they do indicate that one definite method should be adopted and adhered to strictly.

### **Costs Involved in Suggested Changes**

The only additional costs which would result from carrying out the above-mentioned changes would be slightly higher expenditures by the State Tax Commission and possibly a small increase in the costs to the counties of collection resulting from quarterly installments and notices sent to all taxpayers. The addition to the Tax Commission budget which was suggested under the part dealing with assessment should finance most of the additional work that would be required of the Commission. No information is available on the additional expense of the duties required of the counties, but it is believed that it would be small.

## SUMMARY

Literature on the assessment of farm real estate is extensive, while information on the collection of farm real-estate taxes is meager. This statement holds true for Kansas as well as for the United States as a whole. In Kansas the most comprehensive research that has been conducted on assessment covered the period from 1913 to 1922. The present examination of assessment roughly covers the period since the termination of the earlier work. A statewide investigation of rural tax delinquency was conducted in 1934, but insofar as is known the present inquiry into other phases of the collection problem is the first of its kind in Kansas.

In this study two methods of measuring adequacy in the administration of the general property tax were applied. One was a test of the equality in assessment among different farming areas, among individual properties, and among low- and high-value properties. The other was an analysis of the amount and character of tax delinquency. An attempt was made to correlate defects thus revealed with specific shortcomings in assessment and collection practice. Following this, suggestions were made for correcting certain administrative weaknesses.

In Kansas within the period 1923 to 1930 there was a fairly constant relationship between assessed and sale values. For the three years following, 1931 to 1933, inclusive, a pronounced increase in the percentage of assessed to sale value occurred. The ranges for the two periods were 67.1 to 70.3 percent and 87.8 to 94.0 percent, respectively. During the latter period both land values and assessed valuation declined abruptly, but the decrease in land values was greater. Unquestionably, the period from 1931 to 1933 was one in which the property tax was under severe strain. However, it is improbable that a study of other years would reveal anything contrary to the general conclusions presented here.

Wide variations in the ratios of assessed to sale values between different farming areas of the state existed for all of the years studied. In one farming area properties were assessed on the average at 50.3 percent of sale value while, at the other extreme, properties in another area were assessed at 81.2 percent of sale value. For the three years 1931 to 1933, 2,935 individual transfers were studied and the percentage of assessed to sale value was calculated for each. The range in ratios of assessed to sale values of these parcels was from 13 to 856 percent. Properties within the lowest price range of 0 to \$1,499 were found to be assessed at 166.2 percent, while those valued at more than \$15,000 were assessed at 65.9 percent of sale price.

The most significant and fundamental factor affecting the assessment ratio of a property was its value per acre. Number of acres per tract was a minor factor affecting the assessment ratio. In determining values, assessors apparently do not make fine distinctions

between the grades of land. The more valuable properties are underassessed primarily because of high value per acre and not because of large area. Similarly, the less valuable properties are overassessed because of low value per acre and not because of small area.

The principal weaknesses in the State Tax Commission lie in its lack of financial support to do supervisory and investigational work and in the frequent changes in personnel. The chief weakness in the office of the county assessor is that in most of the counties in the state the county clerk, an elective official already charged with a multitude of duties, becomes ex-officio county assessor and is assigned a task that, should require the full time of a man scientifically trained in property appraisement and taxation. Furthermore, in the case of rural assessments the county assessor deals with elective assistants over whose work he has only small supervisory powers. The township assessor's chief weakness lies in the fact that he is usually an untrained elective officer called upon to work only a short time in each year, without the benefit of adequate supervision or of assessment aids.

A model assessment system in Kansas would call for greater use of the existing powers and duties of the State Tax Commission. The work of the Commission could be improved by longer tenure of office, the employment of persons competent to supervise local assessment, and the establishment of a research department. Assessment could be improved by making the county rather than the township the assessment unit, with a full-time county assessor, appointed by the county commissioners, in charge. With this change the office of township assessor could be abolished. The cost of increased state supervision and the county unit system probably would be slightly larger than the cost of the present system.

Data on farm real-estate tax delinquency in Kansas were obtained as a result of Federal Civil Works Administration Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency." In 1928, 6.5 percent of the total taxes levied on farm property became delinquent, while in 1932, 21.7 percent of the total taxes levied became delinquent.

More detailed information on the character of delinquency was obtained for 31 Kansas counties, well distributed over the state. Properties were classified on the basis of those delinquent for one year and those delinquent for two years or more. Long-term delinquencies amounted to 57.6 percent of the total properties delinquent. At some time during the five-year period 1928 to 1932, 42.9 percent of the area studied was delinquent; and 66 percent of the properties delinquent in 1932 had been delinquent in some one of the previous four years. The average period of delinquency was 2.1 years.

A study of some of the factors related to tax delinquency of farm real estate in Kansas showed that all indexes of soil productivity—soil type, land value, index of yields—indicate that it is the land of lower productivity which has the greatest chance of becoming de-

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linquent. Higher tax rates are associated with land of loner productivity and with tax delinquency. Consequently, the farmer on the less desirable land is not only less likely to have something with which to pay his taxes but he actually may have relatively higher taxes to pay.

In the collection of real-estate taxes in Kansas there are wide discrepancies between the law and the actual practices in the counties. Variations are common among the counties in the administration of statutes dealing with collection. For example, 55 counties indicated that they were not using any definite plan in handling land that was not redeemed within the time allowed, and only seven counties regularly held a foreclosure sale as prescribed by law. Some contributing weaknesses are that the county treasurer is an elective official; a flat penalty is not applied on the penalty date; and tax moratoria give the taxpayer small incentive to avoid delinquency.

While farm tax delinquency results largely from fundamental defects embedded in the underlying tax structure and therefore cannot be eliminated by improvements in collection administration, speedier and more certain tax collection should result from central control of collection by the State Tax Commission, an appointive rather than an elective county treasurer, official adoption by all counties of a uniform plan for handling property which becomes delinquent, tax notices to all taxpayers, quarterly instead of semiannual installment payments, a shorter redemption period, and strict adherence to a definite method for disposal of unredeemed land.

