

PUBLIC FINANCE PROBLEMS
IN THE
ZALESKI FOREST AND REHABILITATION PROJECT
OF THE RESETTLEMENT ADMINISTRATION

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Introduction

Purpose.- This study of the Zaleski Forest and Rehabilitation Project is made to determine what changes in local public finance will be brought about by the conversion from private to public ownership of a substantial portion of the land within a designated area. On the one hand, public ownership means some immediate reduction in the property tax base. On the other hand, savings in public expense can possibly be realized through a reduction in the road mileage, reorganization of school districts, lightening of the relief load and other expenses. On the assumption that certain lands will be purchased some definite estimates of the immediate effect on local government are made in this bulletin. But it need be added that the long time effects on public finance are not covered. These reasonably can be expected to be beneficial because under a judicious system of forest management the net amount of wealth produced in the area will be increased.

Description of the Area.- The Zaleski Forest and Rehabilitation Project of the Resettlement Administration is located in eastern Vinton County in the heart of a region in southeastern Ohio designated as largely marginal and submarginal in studies of the Ohio Agricultural Experiment Station. The area within which the Resettlement Administration is conducting its program of land purchase is designated as a "purchase area". In this section, acute economic and social problems have arisen because of continued attempts to farm poor land and the existence of a stranded population about abandoned coal mines.

The topography of the area is rough, broken, and quite hilly with only small amounts of rolling land. What little level land occurs along stream bottoms is frequently poorly-drained and unproductive. Erosion has removed much of the top soil on cleared land, forming deep gullies. Any natural fertility of cleared land is being destroyed by leaching and washing and land is being abandoned to grow up in brush.

The relief load has been heavy in this area, conditions of health and sanitation are poor, and the outlook for an improved economic position of the people is discouraging. The policy of land purchase and resettlement of residents of the area was selected as the best means of bringing about a suitable correction in land use and an improvement in the condition of the population.

Within a purchase area of 45,957 acres, the Resettlement Administration will purchase approximately 21,000 acres. The land constituting the Zaleski Forest and Rehabilitation Project will be developed as a natural forest for which purpose it is well adapted. There are about seventy-four families residing on land to be purchased. The Resettlement Administration proposes to assist many of these families to relocate where economic self-sufficiency is more certain, and to provide work for others in the development of the area.

One of the further objectives of land purchase and resettlement is the correction of certain maladjustments in local government and finance. Among these are the relatively high public costs for the support of governmental structures often too elaborate for the underlying resources. Adjustment of local government to resources by proper reorganization may result in improvement of the quality of public services and bring about economies in both local and state expenditures.

The Resettlement Administration has conducted studies of the nature of the present one in order to determine the effects of purchase and resettlement upon the need for and cost of public services in its purchase project areas and the adjustments and reorganization in local government which will take place or which will be necessary. Further investigation is made of the effects of Federal purchase and subsequent tax exemption upon tax bases and revenues of the various local units concerned, giving consideration to past tax delinquency and possible future tax worth of the land involved.

This study of the Zaleski Forest and Rehabilitation Project is of an exploratory nature, undertaken in the early stages of land acquisition and before the process of purchase had been completed or its extent definitely established. The technique is that of projecting the potential fiscal effects and local governmental readjustments on the basis of estimates of the ultimate scope of the project. Preliminary estimates are made of certain fiscal effects which would ensue if the entire acreage in the "purchase area" were acquired; the balance of the report is given to estimates of the fiscal effects of purchase of tracts within the "purchase area" which will probably be acquired.

This "purchase area" is located in the eastern part of Vinton County and includes 45,957 acres in five townships.* It comprises about 17.09 per cent of the county area, as given in Table 1.

Table 1.- The Zaleski Forest and Rehabilitation Project Area and Its Proportion of the Various Taxing Districts Affected

Taxing District	Project area*	Portion of township* and county area	Tax duplicate in area**	
			Amount	Portion of total
	Acres	Pct.	Dol.	Pct.
Brown township	13,012	56.74	371,150	58.22
Clinton township	3,058	15.62	155,940	11.87
Knox township	7,286	46.55	92,440	40.39
Madison township	9,542	52.98	123,200	47.00
Vinton township	13,059	55.07	320,500	56.65
Total area	45,957	17.09	1,063,230	11.27

* According to boundaries of the area determined by field staff of the Resettlement Administration, July 11, 1935.

** Includes real estate, public utility property, and tangible personal property. Within the proposed area there are 1542 acres of land now owned by the State of Ohio and included in the present Zaleski State Forest.

The area includes more than half of Brown, Madison, and Vinton townships, or about 57, 52, and 55 per cent respectively; less than half of Knox township, or about 46 per cent; and only a small portion of Clinton township, about 16 per cent.

Tax Duplicate

The tax duplicate, as obtained from the county auditor, consists of the value of land, buildings, public utility property, and tangible personal property. Table 2 gives the amounts in these classes for the proposed purchase area as compared to the total for the county.

The value of land and buildings forms about 48 per cent of the total tax duplicate of Vinton County, public utility property about 49.7 per cent, and tangible personal property only about 2.3 per cent. In the Zaleski area, public utility property is even more important, forming 54.6 per cent of the tax duplicate. That portion of the area in Brown township contains a large mileage of railroad, and public utility property forms 69.7 per cent of the tax duplicate. Tangible personal property in the area is relatively unimportant, forming only about one per cent of the total tax duplicate.

The proposed purchase area includes about 17 per cent of the county area, but the tax duplicate is only 11 per cent of the total for the county, indicating that some of the poorer sections of the county are included in the proposed area.

Table 2.- Tax Duplicate: The Amount by Kinds in the Area and Total for the County

Unit	Acres	Assessed Valuation, 1934			Total
		Land and buildings	Public utilities	Tangible personal property*	
		No.	Dol.	Dol.	
Vinton County	268,856	4,530,330	4,691,580	214,729	9,436,639
The area in:					
Brown township	13,010	111,550	258,290	1,310	371,150
Clinton township	3,058	34,740	120,000	1,200	155,940
Knox township	7,286	77,250	13,270	1,920	92,440
Madison township	9,542	88,850	32,700	1,650	123,200
Vinton township	13,059	159,970	156,130	4,400	320,500
Total area	45,955	472,360	580,390	10,480	1,063,230
Per cent area is of county	17.09	10.43	12.37	4.88	11.27

* Total value of tangible personal property for the township was divided between the purchase area and territory outside the purchase area on basis of value of real estate.

Tax Valuations and True Value

Ohio tax laws specify that real estate and public utility property be valued for taxation at 100 per cent of true value. As a state average, the assessed valuation of real estate is very near its market value, but a wide variation exists between various parcels. Some are as much as fifty per cent above their market value, whereas others are as much below. The assessed valuation of public utility

operative property, determined by the State Tax Commission, is probably very near or only slightly below the true value of the property. Vinton County has not had the funds to conduct comprehensive appraisals, and much of the appraising was done without viewing the property. Under such a system tax valuations of real estate could be expected to only approximate true value.

Tangible personal property is subject to classification as to value; most classes are listed at 50 to 70 per cent of the true value. Nearly all personal property of farmers is assessed at 50 per cent of true value, including farm machinery, feed, and domestic animals. An exemption of \$100 is extended on the valuation of animals; household goods and motor vehicles are completely exempted. The net result of these exemptions, together with the classification, is that a very small valuation of personal property on farms is listed for taxation even in the richer agricultural areas. In the area discussed in this study it is exceedingly small.

Tax Delinquent Real Estate

Delinquency of tax payments on real estate in Vinton County has been on the increase during the past ten years. In 1934, the total amount of accumulated delinquent taxes on real estate was more than 18 times greater than in 1924. Figures are given in Table 3.

Table 3.- Tax Delinquency in Vinton County, by Years, 1924 to 1934

Year	Accumulated Delinquency	
	Real Estate	Personal
	Dol.	Dol.
1924	4,337.82	1,028.87
1925	7,183.79	1,369.16
1926	8,173.86	1,389.89
1927	12,643.83	2,009.46
1928	21,285.81	3,672.15
1929	28,547.54	7,302.78
1930	37,432.08	11,679.08
1931	44,132.08	16,673.61
1932	56,387.43	16,673.61
1933	73,307.72	16,569.20
1934	78,902.20	16,569.20

There has been much delinquency on the personal property tax, but since it is often dropped from the reports if it is more than five years old, the yearly figure represents the amount on the books at that time, and not a true accumulated amount as in the case of real estate taxes.

Tax delinquency has increased at a greater rate in municipalities than in rural areas. As given in Table 4, the delinquent tax increased over 13 times between 1926 and 1933 while that of rural areas increased approximately $8\frac{1}{2}$ times during the same period.

The assessed value of real estate in municipalities decreased about 16 per cent between 1926 and 1933, while that of rural areas decreased about 32 per cent. The amount of delinquency in municipalities was \$.58 per thousand dollars assessed value of real estate in 1926, which increased to \$10.03 by the end of 1933. For rural areas it was \$1.47 in 1926 and increased to \$18.20 by the end of 1933. While the volume of delinquency was greater in rural areas both in 1926 and 1933, the rate of increase was greater in municipalities.

Table 4.- Real Estate Delinquency and Valuations in Municipalities and Rural Territory, Vinton County, 1926 to 1933

Year	Accumulated Delinquency		Real Estate Valuation	
	Municipalities	Rural	Municipalities	Rural
	Dol.	Dol.	Dol.	Dol.
1926	833.33	7,290.53	1,428,400	4,959,700
1927	1,144.43	11,490.40	1,290,220	4,549,250
1928	2,099.42	19,185.39	1,262,050	4,378,440
1929	2,420.09	26,127.45	1,249,490	4,355,590
1930	3,390.34	30,041.74	1,250,790	4,320,350
1931	4,503.32	39,628.66	1,304,020	3,963,360
1932	7,243.93	49,143.50	1,274,550	3,825,250
1933	11,546.06	61,761.66	1,150,800	3,393,260

Tax delinquency in the Zaleski area is proportionately greater than for the whole of Vinton County. Accumulated delinquent taxes for the county in 1934 amount to \$1.74 per hundred dollars of valuation of real estate duplicate, while those of the proposed area are \$2.08. As given in Table 5, delinquent taxes amount to about 75 cents per acre for the acreage delinquent in the proposed purchase area. In Brown township, the delinquent taxes on land within the area amount to \$1.32 per acre. One hundred and forty seven tracts of real estate in the area comprising 13,075 acres are tax delinquent, more than 28 per cent of the total acreage. The total amount of delinquency is \$9816.16 as compared with \$8467.74 levied against real estate in the purchase area on the 1933 tax duplicate for collection in 1934.

Table 5.- Real Estate Tax Delinquency in Proposed Purchase Area, 1934

Unit	Accumulated to 1934 Dol.	Land Delinquent		Total area Acres	Portion of area delinquent Pct.
		Tracts	Amount		
		No.	Acres		
Brown	2,947.47	28	2,229	13,010	17.13
Clinton	568.37	10	846	3,058	27.67
Knox	577.61	28	1,573	7,286	21.59
Madison	1,149.00	22	1,574	9,542	16.50
Vinton	4,653.21	59	6,853	13,059	52.48
Total area	9,816.16	147	13,075	45,955	28.45

Current tax levies continue to have a sizable portion uncollected. In the area about 74 per cent of the taxes levied in 1933 on real estate was collected as given in Table 6. The amount of tax levies possible in the various districts of the county are generally small, and the fact that a good portion of those are not collected works a great hardship on many districts. Many normal services usually rendered by such units of government must be curtailed or even omitted.

Table 6.- Taxes Levied in 1933 by Each Unit of Government Against Land In Proposed Purchase Area and the Portion Collected

Area	State Dol.	County Dol.	Township Dol.	Schools Dol.	Total Dol.	Per cent collected Pct.
Brown	0	620.37	345.80	1,059.72	2,007.89	78.2
Clinton	0	187.60	79.95	330.03	597.58	41.6
Knox	0	417.15	239.47	733.87	1,390.49	80.2
Madison	0	479.79	275.43	844.07	1,599.29	83.4
Vinton	0	863.83	495.90	1,519.71	2,879.44	68.6
Total area	0	2,550.74	1,436.55	4,487.40	8,474.69	74.0

Probable Extent of Land Purchases

At this point it is necessary to deviate from our discussion of the tax base in order to describe the probable extent of land purchases. It will not be possible, at present, to purchase all land within the purchase area, either because owners do not want to sell, or because they are unwilling to sell at prices which are being offered. Upon information furnished by the Project Manager of the Resettlement Administration and his assistants, each individual owner in the area was considered and two groups were listed, namely, those who would probably sell their farms, and those who would not sell. These data have been summarized and presented in Table 7. This information indicates that over two-thirds of the land in the project area in Clinton township would be purchased; a little more than half of the land in each of the Brown and Vinton township areas would be purchased; about 42 per cent of that in Madison township, and only about a fourth of the land in the Knox township area would be purchased. As an average for the whole purchase area, about 48 per cent of the land would be purchased. Many of the remaining calculations presented in this report are based on this division of land remaining unpurchased and that which probably will be purchased, as given in Table 7.

Table 7.- Probable Portion of Land to be Purchased in Zaleski Forest and Rehabilitation Project Area

Area	Probable Purchase			Remaining unpurchased*	
	Acres	Tax value	Portion of	Acres	Tax value
	No.	1934 Dol.	acres in area Pct.	No.	Dol.
Brown	6,429	55,070	51.99	5,938	56,480
Clinton	2,073	26,290	67.78	985	8,450
Knox	1,823	15,210	25.02	5,441	62,040
Madison	4,032	34,040	42.26	4,635	54,810
Vinton	6,932	87,590	53.08	6,127	72,380
Total area	21,289	218,200	47.93	23,126	254,160

* The area also includes 1542 acres of land now owned by the State of Ohio, not included in this table.

Tax Valuations of Land in the Purchase Area

The average tax value of land which will probably be purchased is \$10.25 per acre, as compared with \$10.99 for that remaining unpurchased. The average tax value of land to be purchased in Brown, Knox and Madison townships is only \$8.49, whereas that of Clinton and Vinton townships is \$12.64. The much higher tax value of land to be purchased in the latter two townships is due to the presence of large holdings of mining properties owned by non-resident companies. The tax values on these properties have not declined as rapidly or as much as their market values.

Reduction of Tax Base

Under present statutes and constitutional interpretations, by the courts, the land purchased by the Federal Government in this land conservation-development project would be automatically exempted from taxation, whereas that remaining unpurchased would continue on the tax duplicate. The latter, together with any public utility property and tangible personal property with situs in the area, would form the tax base. Public utility operative property is assessed by the State Tax Commission and taxed locally by counties, townships, municipalities, school districts, and special districts. The relatively large amount of public utility property located in the various taxing jurisdictions affected by this project prevents serious inroads upon their taxable valuations as a result of public purchase. School district reorganization plans should contemplate equitable distribution of taxable utility valuation.

Upon the purchase of 21,289 acres, the present tax base of Vinton County, which is one of the lowest of the 88 counties in the State, would be reduced but 2.36 per cent (2.31 per cent being loss of real estate and .05 per cent tangible personal property now on the land).

The tax bases of the various townships and school districts would be reduced to a greater extent than that of the county. The decrease in the tax base of the various townships ranges from two per cent in Clinton township to over 15 per cent in Vinton township. How this will affect their incomes will be discussed subsequently in this report.

About one and one-half sections of land in Brown township are in the New Plymouth school district and lie outside the area. The remaining portion of the township comprises Brown township school district. The tax base of this district would be reduced by 10.45 per cent, although the acreage which probably will be purchased is more than 28 per cent of the district total. Relatively large holdings of public utility property are included within the area.

Clinton township contains three school districts, only one of which (the Clinton township school district) would be affected by this purchase area. Its tax duplicate would be reduced by 4.34 per cent, although the acreage on the tax duplicate would be reduced more than 15 per cent. Two railroads run through the district and help to maintain the tax duplicate.

Knox township school district coincides with the township boundaries and its tax base would likewise be reduced by 6.8 per cent. The acreage to be purchased forms almost 12 per cent of the total acreage in the district, valued at lower figures than the balance of the district.

Madison township contains two school districts. That of Zaleski consists of the village by that name, and a little more than four sections of land more than half of which lies within the boundaries of the proposed purchase area. Probably only a small amount of land within this district will be purchased. The tax base would not be reduced more than .14 per cent. Public utility property forms a large part of the tax base in this district.

Table 8.- Effect of the Proposed Land Purchase on the Tax Base of the County, Townships, and School Districts Affected in Vinton County

Unit	Total tax bases		Per cent decrease
	In 1934*	After certain tracts are purchased**	
	Dol.	Dol.	Pct.
County	9,436,639	9,213,779	2.36
Townships:			
Brown	637,467	581,797	8.73
Clinton	1,313,477	1,286,407	2.06
Knox	228,879	213,289	6.81
Madison	262,115	227,525	13.20
Vinton	565,787	475,847	15.90
Total	3,007,725	2,784,865	7.41
School Districts:			
Brown township	532,752	477,082	10.45
Clinton township	623,647	596,577	4.34
Knox township	228,879	213,289	6.81
Madison township	148,872	114,442	23.12
Vinton township	565,787	475,847	15.90
Zaleski	113,243	113,083	.14
Total	2,213,180	1,990,320	10.07

* Includes real estate, public utility property, and tangible personal property.

** As given in Table 7.

The remaining portion of Madison township forms a school district and its tax base will probably be reduced by about 23 per cent. The land which will probably be purchased represents slightly more than 31 per cent of the acreage, but has a much lower tax value than that land remaining unpurchased. Very little public utility property is in this portion of the township.

Vinton township school district coincides with the township boundaries and the tax base would likewise be reduced by 15.90 per cent. More than 29 per cent of the acreage in the township will probably be purchased, but the reduction in the tax duplicate will be much less in percentage because of the large amount of public utility property in the district.

Effect on County Revenue

Whether land purchases reduce the tax base or not the course of events indicate that property taxation is of dwindling importance as a source of public revenue. During 1934 the property tax revenues of Vinton County were equal to 25.77 per cent of the total revenue income (Table 9). This was the yield from the 1933 tax rate of 5.40 mills. The 1934 levy carried the rate of 5 mills, that of 1935 (after the new rate limitation law became effective) was 3.15 mills.

The reduction in tax base would decrease the annual county revenue by \$1203.44 when the tax rate of 5.40 mills is applied to the \$222,860 tax valuation of real and tangible personal property located on the land proposed for purchase; but at 5 mills the loss is \$1114.30 and at 3.15 mills the loss is only \$702.01. And, of course, some tax delinquency could be anticipated which would make the actual loss an even smaller amount.

Table 9.- Revenue Receipts of County Government in Vinton County for 1934

Source	Amount	Proportionate distribution
	Dol.	Dol.
General property tax	49,108.97	25.77
Special assessments	0	0
Other taxes:		
Gasoline tax	49,500.00	25.98
Motor vehicle licenses	28,745.64	15.09
Cigarette dealers tax	119.68	.06
Licenses and permits	2,274.00	1.19
Fines, costs and forfeitures	33.34	.02
Fee charges for service	7,742.38	4.06
Miscellaneous	3,217.12	1.69
Gifts and donations (for relief)	49,801.44	26.14
Total	190,542.57	100.00

Effect on Township Revenue

Since property taxation does not represent the only source of income of the local governments, it is well to determine what proportion of the total revenue would be lost if and when portions of land in the purchase area are removed from the tax duplicate. The reduction in tax base will reduce the income of the various township governments in the area more in proportion than that of the county. The total revenue receipts of the townships would be decreased by only 3.97 per cent when the tax rates of the 1933 duplicate are used (Table 10).

The loss of revenue would not be the same in each of the townships. Clinton township would lose only a little more than one per cent of its total revenue receipts, whereas Vinton township would lose nearly 9 per cent. This loss of revenue would be significant in most of the townships were it not for the fact that certain roads could be abandoned and savings realized several times greater than the loss.

Table 10.- Township Revenue and Effect of the Reduction in Tax Base

Township	Total revenue 1934 Dol.	Reduction after certain tracts are purchased			
		Valuation of tracts*	Tax rate	Tax	Portion of total revenue
		Dol.	Mills	Dol.	Pct.
Brown	3,409	55,670	X 3.10	171.65	4.92
Clinton	5,020	27,070	X 2.10	56.85	1.13
Knox	2,326	15,590	X 3.10	48.33	2.08
Madison	2,840	34,590	X 3.10	107.23	3.78
Vinton	3,100	89,940	X 3.10	278.81	8.99
Total	16,695	222,860		662.87	3.97

* Including personal property on land.

The receipts from the gasoline sales tax and motor vehicle licenses form the bulk of township receipts and they are not affected by the reduction of the tax duplicate. If certain tracts are purchased, there would be no need for the townships to maintain about twenty miles of their present road system. At the present rate of expenditure, this would yield a saving of \$2235, or between three and four times the loss in revenue due to reduction of tax base. The tax rates of the 1933 duplicate which are those yielding revenue for the year 1934 are used in the above calculations. On the 1934 duplicate the township rate was 2.80 mills in all but Clinton which had a rate of 2.13 mills. On the 1935 duplicate the highest rate was 2.52 in Madison, the lowest 1.70 in Clinton, with an average of 2.24 mills. At these reduced rates of 1935 the total revenue loss would be approximately \$500. There would undoubtedly be some further savings in burial and poor relief costs in addition to the saving on roads mentioned above.

Table 11.- The Effect of the Reduction of the Tax Base on Township Governments in the Area, and Probable Reductions in Expenditures

Item	Amount	Reduction after certain
	in 1934	tracts are purchased
	Dol.	Dol.
General Revenue:		
Real estate and tangible personal property tax	5,318	662.87
Public Utilities, property tax	1,679	0
Gas tax and M. V. licenses	9,284	0
Other	414	0
Total	16,695	662.87
Expenditures:		
General government	3,811	0
Burial and relief	732	200
Cometeries	430	0
Roads	13,869	2,235
Total	18,842	2,435

Effect on School Revenue

The reduction in tax base has different effects on the various school districts affected by this purchase area. The revenue income of Brown township school district would be reduced as much as 9.50 per cent, that of Zaleski as little as .01 per cent. The average reduction in school revenue for the area would be 4.48 per cent, as indicated in Table 12. In 1933-34, the schools in these districts received \$47,283 revenue income, of which over 55 per cent was derived from state aid sources. All of the districts received direct state aid except Brown township, which, because of a large tax duplicate composed mainly of public utility property was able to levy locally sufficient funds to supply school facilities to the small number of pupils in the district (See Table 13). The other school districts received over 60 per cent of their receipts from state aid sources. Under the present state aid laws the districts would continue to receive state aid according to need.

The General Assembly in 1935 passed a bill establishing a permanent plan of school finance. The following statement covers the main provisions of this bill:

A minimum foundation program is based on a schedule of school cost of \$45.00 per pupil in average daily attendance in grades 1 to 8 inclusive, and \$67.50 per pupil in grades 9 to 12 inclusive, during a school year of 180 days. The following method is proposed to finance the schools on this minimum basis: First, the State will contribute from the public school fund \$30.60 per pupil in grades 1 to 8, and \$45.00 per pupil in grades 9 to 12 per year in all districts in the State. Next, the local school district must make a minimum levy for current school expenses equal to 45 per cent of the millage available within the 10 mill limitation, after meeting debt service levies within the 10 mill limit (and a

maximum of .6 mills for police and fireman's retirement funds; - this applies to municipalities.) This current school levy will usually approximate 3 mills in rural districts. Also the local district must contribute any other revenues which may be available for school purposes. In the event that the above sources do not provide revenues sufficient to meet the requirements of the minimum foundation program, the State will provide additional money from the public school fund to bring it up to the minimum amount. If the above conditions have been met, and there remains any school district with insufficient funds for the operation of its schools, then additional aid in excess of the minimum program and amounting to whatever sum the particular conditions may require may be granted by the director of education from the State Public School Fund. State aid may be withheld from school districts if they do not abide by the requirements of the law, conform to certain standards as to teacher salaries, and adopt any reorganization plans approved by the county school district and state director of education. This part of the law becomes operative January 1, 1936.

This centralization of school finance, together with the ten mill tax limitation, lessens the significance of loss of school district tax base through public purchase. Adjustments in school districts can be easily made and state aid revenues will be guaranteed. The State will be carrying a large portion of the financial burden and therefore will have an active control over administration and some influence over reorganization and consolidation.

Table 12.- School Revenue and Effect of the Reduction in Tax Base

School Districts	Total revenue income 1933-34 Dol.	Reduction in tax receipts after certain tracts are purchased			
		Valuation of tracts*	Tax	Tax	Portion of total revenue Pct.
			rate Mills	Dol.	
Brown township	4,567.54	55,670	X 9.50	528.87	9.50
Clinton township	5,095.93	27,070	X 9.50	257.17	5.05
Knox township	6,152.96	15,590	X 9.50	148.11	2.41
Madison township	5,103.04	34,430	X 9.50	327.09	6.41
Vinton township	16,091.52	89,940	X 9.50	854.43	5.31
Zaleski	10,272.38	160	X 9.50	1.52	0.01
Total	47,283.37	222,860		2,117.19	4.48

* Including personal property on land.

The data in Table 12 illustrate the loss of revenue under conditions as they existed in 1934 when the total loss of revenue would be \$2117.19 or 4.48 per cent of the total revenue for school purposes. Under the reduced levies of the 1935 duplicate and with an average tax rate of 7.01 mills the loss in revenue would be \$1562.48 or 3.30 per cent of the total revenue available in the 1933-34 school year. These calculations are on the assumption that 100 per cent of the taxes would be collected which is improbable even in periods of relative prosperity.

School Facilities

Brown township schools consist of three one-room schools, one of which is within the proposed purchase area, and the other two located on the north and west borders respectively. If and when certain tracts are purchased, no change would be made in the number of pupils at the Juniper and Magee schools. The Hope school may lose one pupil if the families on land to be purchased are moved out of the district. These few families may be resettled nearby and thus make little or no change in the attendance at these schools. Any high school pupils in this district would go to the Zaleski high school, about one mile southwest of the township. No high school pupils live on the land to be purchased.

The Clinton township district has three one-room schools none of which are in the proposed purchase area. High school pupils from this district go either to Dundas or Hamden high schools. The proposed purchase of land in this township would cause a loss of possibly four pupils in the Tarr Farm school, unless the family were rehabilitated on land nearby. No other change would result.

Knox township school district has four one-room schools, two of which are located within the proposed area. Bunker Hill school may lose four pupils if families living on land to be purchased move out of the district. The other school in the district, Van Bibber, will not be affected by the present proposed land purchase, because little or no land will be purchased near this school under the present plans. High school pupils from this district go to Zaleski. There would be two high school pupils to be moved from land being purchased. Gum Tree school would probably not be affected.

Table 13. School Enrollment and Probable Changes When Certain Tracts are Purchased

Schools		Teachers	Enrollment 1934-1935	Probable enrollment if certain tracts are purchased
		No.	No.	No.
Brown:	Hope	1	15	14
	Juniper	1	33	33
	Magee	1	17	17
Clinton:	Tarr Farm	1	20	16
	Haburn	1	28	28
Knox:	Bunker Hill	1	27	23
	Gum Tree	1	25	25
	Van Bibber	1	15	15
Madison:	Brewer	1	29	28
	Prattsville	1	23	23
	Wood	1	18	13
	Zaleski	6	140	131
Vinton:	Axtell	1	34	12
	Cottrill	1	27	27
	Eakin	1	16	16-26
	Oreton	1	25	0-30
	Radcliff	3	92	92-99
	Vinton	5	120	89-120

Madison township schools consist of three one-room schools, two of which lie within the area. The Brewer school may lose one pupil and the Wood school about five pupils. The Prattsville school lies outside the area and would probable not be affected.

The Zaleski school district consists of the village of that name and about four sections of land. There is a six-room school located in the village. Half of the building is devoted to high school and half to grade work. The total enrollment in 1934-1935 was 140 pupils of which 51 were in the high school (grades 9 to 12 inclusive). This school has been accomodating most of the high school pupils from Brown, Knox and Madison townships. If all people living on land which is to be purchased were to move out of this district, the school enrollment would be decreased by nine pupils, but such is not likely to happen. Some may be rehabilitated in this district and the enrollment of Zaloski school may increase by a few pupils. The school could absorb this increase in enrollment without additional expense. The high school work and facilities are somewhat below standard, but under the new state aid system these conditions can be remedied.

Vinton township schools consist of five one-room schools and a three-room school all offering grades one to six, and a five-room school offering grades from seven to twelve. All but two of the schools are within the purchase area or near its border. However, two of the schools within or near the area will not be affected. The Axtell school would lose 22 pupils if all families are removed from land purchased in this area; Oreton school would have no pupils and Vinton school would lose 31 pupils. However, all of these families will not be moved from the area. Most of them are now receiving relief. They have been coal miners and the mines do not appear to be worth operating. They are not farmers and must depend upon some type of supervised work for an income. It is anticipated that many of these families will undoubtedly be left where they reside or moved from poor locations to better, more accessible locations, leasing or renting the dwellings from the Federal government and depending on work in the forest development area for subsistence. Under these circumstances, the enrollment of the various schools would remain about the same. The Oreton, Radcliff, and Eakin schools may have an increase of a few pupils, whereas Axtell may decrease in number.

After certain tracts of land are purchased, some families moved to other places and some left to reside on government land, only minor changes would be effected in the enrollment of pupils in the various schools. There may be no need for any change in the schools, although the present system may be improved by consolidation resulting in better school facilities and conservation of funds.

Net Effect on Taxing Districts

The purchase of land in the Zaleski Forest Project area would represent a total loss of revenue of \$3983.50 when calculated on the basis of the 1933 tax rates and duplicate which yielded the revenues used during 1934, if no allowance is made for delinquent taxes. But as indicated by the data in Table 14 a substantial difference has resulted due to the new tax rate limitation law which has reduced the loss to \$2763.70 or to only \$328.70 more than the savings of \$2435 in township road and relief costs. Further savings may be made by consolidation of some schools and also in transportation costs of pupils, but no definite figures are assigned to these items.

Table 14.- Summary of Effects of the Reduction of Tax Base on Various Taxing Units Affected by the Zaleski Purchase Area

Taxing units	Savings to be expected	Decrease in revenue when computed on the -			
		1933		1935	
		Dol.	Pct.*	Dol.	Pct.*
County	0	1203.44	0.63	702.01	0.37
Townships	2435.00	662.87	3.97	499.21	2.99
School districts	**	2117.19	4.48	1562.48	3.30
Total	2435.00	3983.50	1.57	2763.70	1.09

* Of total revenue income in 1934.

** Further savings may be made by consolidation of some schools, and in transportation cost of pupils.

Under the present school law, any decrease in revenue would be compensated by state school funds up to the minimum standard, or even above the standard if necessary.

Upon the purchase of land by the Resettlement Administration, \$6,172.64 of outstanding delinquent taxes will be paid in to the local governments. The county will receive about \$2,274.90, the school districts \$2,814.79 and \$1,082.92 would go to the townships.

Table 15.- Delinquent Taxes on Land Being Purchased and Distribution Among Local Governments, Vinton County

Township	Accumulated delinquent taxes	Distribution when collected		
		County	School	Township
		Dol.	Dol.	Dol.
Brown	543.44	277.16	173.90	92.38
Madison	1,029.45	514.72	329.43	185.30
Knox	84.42	28.70	39.68	16.04
Vinton	4,044.92	1,294.38	2,022.46	728.08
Clinton	470.41	159.94	249.32	61.15
Total	6,172.64	2,274.90	2,814.79	1,082.92

Effect on Road Finance

At present, the state system has only about 22.5 miles of road under its supervision in this proposed area. Repair and maintenance costs are not met out of county funds and therefore would not be affected by any reduction in the tax base. They are through routes and will undoubtedly be maintained.

About 18 miles of road in the area are included in the county system. These roads will undoubtedly be maintained after certain tracts are purchased. Most of them are market routes, and most of the families on the land not to be purchased live along these roads. The county funds for roads are derived from gasoline sales tax and motor vehicle license revenues, and would not be affected by the reduction in the tax base, although they would be affected by the number of motor vehicles registered in the county.

Table 16.- Road Finance in Area and How It Is Affected by the Reduction of Tax Base

Item	Miles of roads Mi.	Total in area 1934		Reduction in revenue after certain tracts are purchased Dol.
		Amount	Per Mile	
		Dol.	Dol.	
State roads	22.5	*	*	*
County roads:	18			
Rets.: M. V. licenses		2,826	157	0
Gasoline tax		4,950	275	0
Total		7,776	432	0
Township roads:	48**			
Rets.: M. V. licenses		246	5	0
Gasoline tax		4,038	84	0
R. E. tax		428	9	187
P. U. tax		652	13	0
Total		5,364	111	187

* State roads are maintained independently of tax resources in the area and are not affected by any reduction of tax base.

** Includes only miles of township roads open for traffic; others are abandoned but are often carried on the records as township roads.

The township system of roads includes about 48 miles of roads in the Zaleski area that are being used. County records claim a much larger mileage, but many of the roads have been abandoned and are now impassable. The township roads are supported mainly from gasoline sales tax and motor vehicle licenses, but a uniform tax was levied for their support. The revenue lost as a result of the purchase of certain tracts would amount to about \$187, or 3.5 per cent of the township funds spent for roads in that area in 1934, and 1.6 per cent of the township road funds in the five townships affected. Upon completion of proposed purchase in the area and resettlement of some of the people elsewhere, about 20 miles of township roads could be left as fire trails in the proposed forest, since there would be no need for them for ordinary travel. This would yield a saving of \$2235.

Only about 13 per cent of the 21,289 acres which will probably be purchased has families living on it other than squatters. Thus a very large portion of the land has been abandoned or never used for agricultural purposes. Many of the township roads have already grown up in brush and become impassable.

Bonded Debt

Bonded debt is of minor importance in this area. The county government has outstanding about \$34,000 of bonds for relief purposes, but they are retired from funds collected as excise taxes on public utilities and not from general tax revenue. The decrease in taxable real estate, therefore, will not affect the payment of these bonds.

Vinton school district is the only one having bonds outstanding. It has \$8700 of bonds unredeemed. Its tax base will be reduced 15.55 per cent by purchase, but it will still have about \$477,800 of tax duplicate, which appears sufficient for these bonds. However, this township has a large school enrollment. The tax base per pupil enrolled would be \$1426 as compared to an average tax base of \$3140 per pupil in the county as a whole. It has been impossible to secure sufficient tax revenue to maintain adequate schools, hence any reduction in tax base would be significant. With the recently-adopted system of State Aid for Schools, however, the district would be able to meet its bonds. No township in the area has bonded debt outstanding.

Poor Relief

The township trustees and county commissioners administered relief to the extent of their ability and funds in years past, but in recent years local funds have been inadequate to finance the growing relief load. At present, 75 families in the area, or almost 33 per cent of the total, are receiving relief, with perhaps many more on the margin requiring relief or rehabilitation. Of those now on relief, a third are land owners.

Many people in years past have migrated to this county to work in the coal mines. The best and most accessible coal deposits have been worked. Those remaining are either small, more difficult to mine, or of a grade inferior to the large coal deposits in other portions of the State. Accordingly, these people have become stranded with little or no work and no place to go.

Most of the people now on relief could be self-supporting if work were provided, but it is probable that at least four families on the land to be purchased will always need some sort of relief.

The number on relief in the proposed area by townships is given in Table 15, together with the number residing on land to be purchased. Data for the families on land to be purchased are further analyzed in Table 17.

Table 17.- Families on Relief in Proposed Purchase Area, and On Land to be Purchased, July 1935

Area	Total area			Land to be purchased		
	On relief	Other	Total	On relief	Other	Total
	No.	No.	No.	No.	No.	No.
Brown	4	31	35	2	6	8
Clinton	0	6	6	2	1	3
Knox	17	35	52	2	5	7
Madison	12	35	47	5	6	11
Vinton	42	46	88	19	26	45
Total	75	153	228	30	44	74

Possibilities of County and Township Reorganization

The influence and effects of the Zaleski Forest and Rehabilitation Project of the Resettlement Administration have been analyzed in the foregoing report. In addition, the Federal Forest Service has purchased some land, and proposes to make further purchases over more than a third of western Vinton County. With Vinton County's present low tax duplicate (the lowest in the State), such extensive purchases might seriously impair county revenues. A logical remedy in such a case would ultimately be consolidation with some other county. Jackson County, which borders on the south, may find itself in similar circumstances upon completion of Federal Forest Service purchases within its territory. The two counties might ultimately consolidate, but such action would require a special act of the General Assembly and approval by a majority of those voting in the two counties at a general election.

In some townships where much of the land is being purchased, resulting in a sizable decrease in tax base, it would perhaps be desirable for townships to be consolidated. With respect to the Zaleski project area, it would seem reasonable that the remaining portions of Brown township be consolidated with Swan; that the remaining portions of Madison and Knox join together; and that the remaining portion of Vinton township join with Wilkesville township. The county commissioners could effect these changes when it is made to appear necessary or expedient upon presentation of a petition for that purpose signed by a majority of the householders residing within the townships affected.

However, the system of distributing an equal share of gasoline funds to each township, regardless of size does not appear to facilitate local approval of consideration since such shares usually constitute the principal source of revenue. If the law under which gasoline tax funds are distributed were amended so that those funds now accruing to the townships would remain with the county commissioners to be expended on secondary roads, the main obstacle to consolidation of townships would be removed. This amendment to the law would not be a drastic change since, at the present time, the expenditure of these funds by the township trustees is subject to the approval and direction of the county surveyor. Many other townships at present turn these funds over to the county officers for expenditure in their respective territories.

Summary

The purchase area of the Zaleski Forest and Rehabilitation Project being conducted by the Resettlement Administration comprises 45,957 acres located in five townships in the eastern part of Vinton County, Ohio. This area makes up slightly more than 17 per cent of the area of the county, but represents only 11 per cent of the county tax duplicate. Fifty per cent of the total tax duplicate within the area is composed of public utility property, real estate and tangible personal property making up the balance, with 48 and 2 per cent respectively.

Tax delinquency has increased approximately eighteen fold during the past ten years in Vinton County; in rural areas at a slower rate than in municipalities. Twenty-eight per cent of the acreage in the purchase area is delinquent, and accumulated delinquent taxes average seventy-five cents per acre.

Less than one-half the land in the purchase area will be acquired. The probable purchase of land, as estimated, will total 21,289 acres and will result in a total reduction of tax base of \$222,860 at the valuations entered on the 1933 tax duplicate. This would have represented a total loss of revenue of \$3983.50 in

1934 making no allowance for tax delinquency. But the new state tax rate limitation law has materially changed the picture; for applying the 1935 tax rates to the above valuation of \$222,860 would yield only \$2763.70 which would be the approximate total loss of revenue in 1936 if the total land proposed for purchase were removed from the tax base. Of this loss \$702.01 would be county revenue, \$499.21 township revenue and \$1562.48 school district revenue.

As an offset to this loss in revenue are certain savings in public expenditure. No savings in general expense of the county government would appear to be immediate. State and county road costs would be unaffected by the land purchases. County relief expenses might be reduced but as calculated this item is probably adequately covered in the adjustments made in township expenses.

Savings in township expenditures would be substantial, amounting to \$2435. Probably twenty miles of township roads could be eliminated as a source of expense to the townships although these would be utilized as forest trails maintained by the administering agency. Township relief expenditures would be reduced through rehabilitation and resettlement.

No significant reductions in school costs or changes in attendance patterns are inherent in the purchase and resettlement program, although some offsetting savings might be realized in further school consolidation. Under the present State school law any decrease in property tax revenues would be replaced by state aid funds up to the minimum standard, or beyond if necessary. Excepting Brown township schools which were financed largely by public utility property taxes, the school districts in the area derived more than sixty per cent of their receipts in 1933-34 from state aid. In view of the present system of school finance the program of land purchase will place no additional burden on the local districts.

The existence of relatively large public utility valuations in the area serves to ease the effect of purchase upon the tax bases of various units. The only county bonded debt outstanding (relief issues) is serviced from a share of state public utility excise tax receipts, hence debt service will not be impaired by purchase. No township bonded debt is outstanding and the bonded debt of Vinton school district will have adequate tax base behind it and leeway for tax rates in view of state school aid receipts. Approximately \$6,172.64 in delinquent taxes outstanding against land being purchased will be recovered and participated in by the various units. These funds, some of which were virtually uncollectible, will serve as a cushion for the units during the period of readjustment.

Under the present system of distributing revenues from the gasoline tax and motor vehicle licenses, the township in which land is purchased will be in a relatively better financial position, since the same amount of revenue will be derived from these sources while fewer miles of road will exist to be maintained. It should be noted that such equal distribution of funds to townships may act as a serious obstacle to township consolidation by action of local voters, regardless of the reduction in area or in volume of expenditure after completion of the purchase project.

Although the prospective reduction in county tax revenues due to public purchase is small, and although the county will continue to receive substantial amounts in gasoline and motor vehicle license revenues, economies in operating costs appear to be desirable but hard to attain under the existing laws covering county organization. A constitutional amendment has been passed to provide for alternate forms of county government, but supporting legislation has not been passed. Such legislation is desirable and even necessary in order to permit local

government in rural counties to adopt a pattern of organization suited to their needs and resources. Vinton County exemplifies this condition which already exists but which may be particularly emphasized when attention is focused by a program of land purchase.

In this particular project the effect of the land purchase on local public finance appears to be small and nearly offset by immediate savings in local public expense.