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# A Comparison of The Personal Property Tax Burden of Five Separate Groups of Business In Norton County

Hobart E. Rader

*Fort Hays Kansas State College*

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A COMPARISON OF THE PERSONAL PROPERTY TAX BURDEN  
OF FIVE SEPARATE GROUPS OF BUSINESS  
IN NORTON COUNTY

being

A THESIS presented to the Graduate Faculty of the  
Fort Hays Kansas State College in partial  
fulfillment of the requirements  
for the Degree of Master  
of Science

by

Hobart E. Rader, B. S.

Fort Hays Kansas State College

Date

July 24, 1940

Approved by:

E. R. McCartney  
Major Professor

H. W. Albertson  
Chairman Graduate Council

Fort Hays Kansas State College  
1940

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INTRODUCTION

The subject of this thesis, "A Comparison of the Personal Property tax burden of Five Separate Groups of Business in Norton County", was selected after much consideration and investigation. The purpose of the investigation is to find to what extent the personal property tax burden is borne by business and what group bears the heaviest burden.

The first four chapters of this thesis cover material and data considered essential in discussing the problem of personal property tax burden of business in the state as it might be expected to affect Norton county. These chapters lay the background concerning the wealth of the several counties selected, the general trends in taxation in the state, and the data covering the general business of the five selected groups of business.

Five principal groups of business have been selected as the basis of this thesis because of the completeness of the obtainable information. Seventy counties picked at random beginning at the north edge of Kansas and omitting every other tier of counties were selected as being a cross section of the entire business activity in the State. Certain other counties were included representing vital trade centers having larger cities and unusual importance in business. Adjoining counties were included in several instances because a large portion of the city's population lived in the neighboring county or counties.

These seventy counties represented two-thirds of the total

counties of the state. The population of these counties represented 55.4 per cent of the total population in the state. The sales in the seventy counties were equal to 81.31 per cent of the total sales for the entire state. The five groups of business operated 73.0 per cent of the stores in the state. The percentages indicates a cross section of the business activity in the selected counties during the year 1935.

There is a particular need to clarify for the reader's benefit a brief explanation of the five principal groups discussed as to their principal commodities handled.

The food stores include eleven classifications shown in detail in the following list: candy and confectionery stores, dairy products stores (including milk dealers), egg and poultry dealers, delicatessen stores, fruit stores and vegetable markets, grocery stores (without meats), combination stores (groceries and meats), meat markets, fish markets--seafood, bakeries and caterers and other food stores.

Automotive group (except filling stations) includes motor-vehicle dealers, used-car dealers, automobile accessories, tire and battery stores, repair garages, and other automotive retailers, including those selling airplanes and parts, boats and trailers.

Filling stations are retailers primarily of gasoline and oil for the operation of motor vehicles. While gasoline and oil constitute their principal commodities, they may sell also such related commodities as tires, batteries and automotive accessories, and may operate lunch counters and tourist camps. Tourist camps whose principal revenue is derived from room rentals and . . . or the sale of meals, whether or not they sell gasoline and oil incidentally, are included in the figures under service establishments in TABLE III, page 80.

Lumber-building-hardware group contains six classifications described in detail in the itemized list following: lumber and building-material dealers, hardware stores, hardware and farm implement dealers, heating and plumbing equipment dealers, paint-glass-wallpaper stores, and electrical supply stores.

The drug stores include those with and without fountain as well as leased drug departments in other stores, and direct-mail retailers of drug items.

The analysis of the tax problem as related to business has been based mainly on tangible personal property. The data for Norton county was collected on the assessed valuation of store inventories and did not include store fixtures or assessments against cash and book accounts of their customers. The reason for collecting the data on this basis is that in a majority of cases the fixtures and store building did not belong to the owners of the business. Assessments and tax paid on cash and book accounts were omitted from the data due to the wide variation of business policies in extending credit and the cash basis of other store proprietors. This reduced all stores to the same level for the purpose of arriving at a more accurate analysis of each group.

Statistics on intangible or personal property do not show accurately the correct value of this type of property. It is practically impossible to assess all of the intangible property because the assessed person does not list with the assessor all of his property. Therefore, much of the intangible property escapes being assessed. Due to this fact the data on intangible personal property have purposefully not been used in this discussion.

Some attention has been given to other forms of taxes levied on business in the discussion throughout the thesis which have a direct bearing on business. The income tax, individual and corporation, is considered because it is used by the state and federal governments. It is a tax that is difficult to shift to the ultimate consumer and generally has to be borne by the payer. The sales tax has not been considered because the law demands the burden be borne by the consumer and not by the proprietors of business. However, sales tax has an indirect affect on business in that the total sales tax collected would be an increase to a considerable extent to sales for the merchant if the sales tax did not exist. At the present the rate of sales tax is two per cent of the gross sale paid by the customer, but the merchant remits to the sales tax division each month two per cent of his total sales. Deductions are permitted on goods all ready taxed by the state. Food stores and drug stores are affected more than any other groups unless the "Dime" store is considered because many of their sales are under the amount which requires the collection of sales tax.

The accuracy of the figures cannot be seriously questioned concerning the business data, since all figures were obtained from the Census of Business Tables compiled for the United States Department of Commerce under the direction of William L. Austin. The data on tax levies, valuations, revenues and expenditures were collected from the reports of the Kansas State Board of Agriculture, Kansas Chamber of Commerce, Kansas State Tax Commission, Kansas Budget Directors reports and the United States Census Bureau.

Additional information was secured from reliable sources of each group of business organizations. This information in many in-



stances is the findings of national surveys conducted by National Associations of each group. The results of these facts cannot be questioned to any extent because the surveys are national in scope and the volume of business includes all business of each kind ranging from the smallest to the largest business.

The data applying to Norton county in particular was secured from the records of the county Clerk and Treasurer for the year 1935.

The reader's attention is directed to the data collected on assessed valuations of the several counties cited in this thesis. It is to be understood that the accuracy of the assessments and total value in dollars is to be accepted as correct. However, not all counties throughout the state are assessed on the same basis per dollar value, nor all property evaluated correctly. It is a known fact that several counties hold conferences and the county clerks agree to definite assessment values as a guide for the deputy assessors of each particular county. If there exists too great a variation in the assessments, the State Tax Commission usually orders either a re-assessment or adds too or deducts from the assessors figures all ready obtained to correct the situation. Knowing these facts, it is assumed the statistical data obtained from various sources relative to taxes to be correct in so far as it is possible to be accurate.

Norton county had .63 per cent of the total stores in the state and did .53 per cent of the total business. The population of Norton county represented .59 per cent of the total state population. The five groups selected in the county did 65.73 per cent of the total business in the county. The five groups of business did .35 per cent of the total business in the state.

TABLE I list the seventy counties selected at random with the population of each including the total population.

TABLE I

SEVENTY COUNTIES IN KANSAS  
(with population for 1935)

Name of County	Population	Name of County	Population
Allen	20,340	Logan	4,326
Atchison	23,180	Lyon	27,707
Barber	8,994	Marshall	22,317
Bourbon	21,955	McPherson	26,135
Barton	20,316	Meade	6,054
Brown	20,266	Miami	19,917
Butler	31,090	Montgomery	51,389
Chase	6,339	Morton	3,274
Chautauqua	10,272	Nemaha	17,701
Cherokee	31,382	Norton	11,235
Cheyenne	7,206	Ottawa	10,069
Clark	4,837	Pawnee	9,200
Cloud	17,747	Phillips	12,016
Coffey	14,126	Pratt	12,613
Crawford	49,010	Rawlins	7,679
Decatur	8,567	Reno	54,814
Dickinson	25,319	Republic	15,091
Doniphan	15,450	Rice	15,348
Douglas	25,699	Riley	20,205
Ellis	16,042	Russell	11,712
Finney	11,308	Saline	28,542
Ford	18,967	Sedgwick	128,142
Franklin	21,622	Seward	7,212
Geary	12,246	Shawnee	87,969
Gove	5,960	Smith	12,646
Greenwood	17,788	Stafford	10,411
Harper	12,608	Stevens	4,502
Harvey	21,745	Sumner	26,296
Jefferson	14,031	Trego	6,734
Jewell	14,070	Wabaunsee	10,030
Johnson	20,466	Wallace	2,745
Kearny	2,973	Washington	17,045
Kingman	11,961	Wilson	19,394
Kiowa	6,032	Wyandotte	144,131
Labette	31,839	Total . . . . .	1,022,234
Lincoln	9,004		

Source: Thirtieth Biennial Report of the State Board of Agriculture--Kansas. Vol. XXXV, 1935-1936.

CHAPTER I

A STUDY OF BUSINESS ACTIVITIES in the COUNTIES  
by INDIVIDUAL TYPES of BUSINESS STORES

The discussion in this chapter will be on the business activity in the seventy counties selected as being representative of business conditions for the entire state of Kansas. It will be noticed in the tables shown that certain figures were omitted because of so few stores in the county and any data given was included in the total for the state. The seventy counties represent two-thirds of the total counties in the state. The five types of business selected will be discussed individually. The data used as a basis for this discussion is found in TABLE II on the following page. Some attention is made relative to index numbers of food prices for the state of Kansas which covers a period of eight years. Index numbers of food prices reflect the general condition of business.

FOOD STORES

The food stores in the seventy counties represented 83.2 per cent of the total stores in the state selling food commodities. There were 6,311 food stores in the state and 5,251 food stores were operating in the counties selected. Food stores represented 26.09 per cent of the total stores in all five groups in the seventy counties. The least number of food stores operating in a county was six and found to be in Morton county in the southwest corner of the state. This county

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was in the dust-bowl and was almost depopulated except for a few small towns. Wyandotte county had the most food stores of any county in the state and had sales amounting to \$9,154,000. However, Sedgwick county had the largest sales of all stores amounting to \$10,705,000. Kearny county had the least sales of any county, which amounted to only \$109,000. Kearny county happens to be one of those unfornate ones having only a few small towns and situated close to Garden City in Finney county. It should be remembered that food stores in Wyandotte county are handicapped by being situated next to Kansas City, Missouri. The two cities are practically one city and many of the Kansas shoppers trade across the state line in Missouri. The food stores in Sedgwick county are not handicapped by the same circumstances existing in Wyandotte county. Perhaps the sales in food stores in Wyandotte county would be somewhat near the same figure as those in Sedgwick county under the same circumstances and conditions. The sales of food stores in the seventy counties amounted to \$88,246,000 or 83.84 per cent for the entire state. The sales of the food stores in the five groups represented 24.2 per cent of the total sales for all groups. Attention is drawn to the fact that the counties in the eastern two-thirds of the state had the most stores and sales per county.

AUTOMOTIVE STORES

Automotive stores numbered 2,950 for the state, but there were only 2,412 stores in the seventy counties. This represented 81.7 per cent of the total stores in the state. These stores in the seventy counties did \$71,186,000 or 84.07 per cent of the total business in the state. Their sales represented 19.52 per cent of the total sales in

TABLE II

## CENSUS of BUSINESS RETAIL DISTRICTS

STATE of KANSAS for 1935

NUMBER OF STORES and SALES, by KINDS  
for seventy COUNTIES and all places of more  
(Sales are expressed in thousands)

COUNTIES and CITIES	Total		Food Stores		Automotive Group	
	Stores	Sales	Stores	Sales	Stores	Sales
<u>STATE TOTAL</u>	27,433	\$448,261	6,311	\$105,240	2,950	\$84,672
Allen County	358	4,472	82	1,026	39	980
Iola	196	3,225	46	709	21	758
Humbolt	55	512	12	121	9	84
Remainder of County	107	535	24	196	9	138
Remainder of County	27	157	7	110	3	102
Ford County	334	6,852	82	1,516	39	1,354
Dodge City	219	5,750	53	1,243	28	1,073
Remainder of County	115	1,102	29	273	11	281
Franklin County	303	5,322	64	1,202	36	912
Ottawa	171	3,957	44	978	20	722
Remainder of County	132	1,365	20	224	16	190
Geary County	176	2,897	43	822	23	481
Junction City	155	2,801	38	787	21	X
Remainder of County	21	96	5	35	2	X
Gove County	91	865	19	174	14	130
Greenwood County	244	3,846	42	930	27	860
Eureka	79	1,916	11	451	8	608
Remainder of County	165	1,930	31	479	19	252
Harper County	223	3,502	37	754	28	704
Anthony	65	2,021	11	455	9	568
Remainder of County	158	1,481	26	299	19	136
Harvey County	306	6,628	58	1,544	36	1,351
Newton	166	4,466	39	1,205	17	672
Remainder of County	140	2,162	19	399	19	679
Jefferson County	205	1,818	45	587	25	169
Jewell County	164	2,007	34	559	20	321

TABLE II (continued)

COUNTIES and CITIES	Total		Food Stores		Automotive Group	
	Stores	Sales	Stores	Sales	Stores	Sales
Johnson County	437	\$4,850	89	\$1,222	34	\$587
Olathe	90	1,697	19	436	7	317
Remainder of County	347	3,153	70	786	27	270
Kearny County	45	546	9	109	6	66
Kingman County	183	3,088	30	580	19	615
Kingman	74	1,938	13	370	6	527
Remainder of County	109	1,150	17	210	13	88
Kiowa County	93	1,328	12	265	12	175
Russell County	202	2,905	39	573	21	419
Saline County	486	11,184	100	2,081	49	2,620
Salina	384	10,489	80	1,906	43	2,611
Remainder of County	102	695	20	175	6	9
Sedgwick County	2,146	52,792	525	10,705	182	10,685
Wichita	1,813	49,646	459	10,063	148	10,117
Remainder of County	333	3,328	66	642	34	568
Seward County	123	3,015	18	613	16	661
Liberal	111	2,941	16	X	15	661
Remainder of County	12	74	2	X	1	---
Shawnee County	1,280	27,761	349	7,460	110	4,561
Topeka	1,053	26,366	295	6,875	88	4,517
Remainder of County	227	1,395	54	585	22	44
Smith County	166	1,980	26	551	29	430
Stafford County	129	2,610	20	512	20	640
Stevens County	55	817	8	118	7	255

TABLE II (continued)

COUNTIES and CITIES	Total		Food Stores		Automotive Group	
	Stores	Sales	Stores	Sales	Stores	Sales
Summer County	422	\$6,132	87	\$1,383	47	\$1,238
Wellington	111	2,628	29	614	11	674
Remainder of County	311	3,504	58	769	36	564
Trego County	84	1,165	17	310	12	172
Wabaunsee County	148	1,368	22	200	17	198
Wallace County	38	506	9	125	4	82
Washington County	260	2,667	47	531	31	306
Wilson County	242	2,846	48	936	26	423
Fredonia	77	1,111	9	321	10	181
Neodesha	67	1,140	18	437	10	221
Remainder of County	98	595	21	178	6	21
Wyandotte County	2,122	29,331	860	9,154	125	5,369
Kansas City Kansas	1,706	27,782	614	8,541	106	5,219
Remainder of County	416	1,549	246	613	19	150
Total (Seventy Counties)	20,120	\$364,522	5,251	\$88,246	2,412	\$71,186

Source: United States Department of Commerce, Vol. III, 1935; pages 134, 135.

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was in the dust-bowl and was almost depopulated except for a few small towns. Wyandotte county had the most food stores of any county in the state and had sales amounting to \$9,154,000. However, Sedgwick county had the largest sales of all stores amounting to \$10,705,000. Kearny county had the least sales of any county, which amounted to only \$109,000. Kearny county happens to be one of those unfortunate ones having only a few small towns and situated close to Garden City in Finney county. It should be remembered that food stores in Wyandotte county are handicapped by being situated next to Kansas City, Missouri. The two cities are practically one city and many of the Kansas shoppers trade across the state line in Missouri. The food stores in Sedgwick county are not handicapped by the same circumstances existing in Wyandotte county. Perhaps the sales in food stores in Wyandotte county would be somewhat near the same figure as those in Sedgwick county under the same circumstances and conditions. The sales of food stores in the seventy counties amounted to \$88,246,000 or 83.84 per cent for the entire state. The sales of the food stores in the five groups represented 24.2 per cent of the total sales for all groups. Attention is drawn to the fact that the counties in the eastern two-thirds of the state had the most stores and sales per county.

#### AUTOMOTIVE STORES

Automotive stores numbered 2,950 for the state, but there were only 2,412 stores in the seventy counties. This represented 81.7 per cent of the total stores in the state. These stores in the seventy counties did \$71,186,000 or 84.07 per cent of the total business in the state. Their sales represented 19.52 per cent of the total sales in



the five groups of business. The stores in this group represented 11.9 per cent of the total number of stores in the five groups. The smallest number of automotive stores was in Wallace county which was four and had sales of \$82,000. The largest number of automotive stores existed in Sedgwick county, numbered 182 stores and had sales of \$10,685,000. Sedgwick county had the largest sales of any county in the state. The county having the smallest volume of business was found to be Kearny county. Kearny county is located just west of Finney county in the western third of the state. The total sales for the state in the automotive stores amounted to \$84,674,000.

#### FILLING STATIONS

Filling stations in the state numbered 4,960 and the seventy counties had 3,967 of these stores. This represented 79.97 per cent of the total stores for the entire state. The total sales for the state amounted to \$40,526,000 while the sales in the seventy counties amounted to \$32,783,000 or 80.89 per cent of the total sales. The total sales for the filling station group represented 19.71 per cent of the total sales for all five groups. The number of filling stations represented 19.52 per cent of all stores in the five groups. Statistics show that Morton, Wallace and Stevens county had eight filling stations each. Morton county had the least sales of the three counties which amounted to \$39,000. The county having the largest number of stores was Sedgwick county with 357 stores and had sales amounting to \$3,725,000.

#### LUMBER-BUILDING-HARDWARE

Wallace county had the least number of lumber-building-hard-

ware stores which numbered only four and had the smallest sales. The sales for this group in wallace county amounted to \$69,000. Sedgwick county had 94 stores and sales amounted to \$2,510,000. Wichita is the county seat and is rapidly growing--especially in building of homes and furnishing material to oil companies. The stores of this type numbered 1,808 or 74.25 per cent of the total stores for the state. The total number of stores in the state amounted to 2,435. The total sales for the state amounted to \$46,744,000 of which sales in the seventy counties selected amounted to \$37,252,000 or 79.69 per cent. The stores in this group represented 8.98 per cent of the total stores of the five groups and their sales amounted to 10.21 per cent of the total sales in the five groups.

#### DRUG STORES

In discussing the drug stores for the seventy counties and the state, we find figures for certain counties omitted due to the fact that only one or two stores operated in the county. The Bureau of Census in compiling its data indicated such counties with an X which indicated the figure had been added in the total for the state. The total number of drug stores in the state numbered 1,109 of which 882 operated in the seventy counties. This represented 79.5 per cent of the drug stores in the state in the selected counties. The drug stores in the counties selected was equal to 4.34 per cent of all stores operating in the five groups. The total sales for drug stores amounting to \$20,508,000 for the state; while the sales in the seventy counties totaled \$17,053,000 or 83.15 per cent of the sales for the entire state. This represented 4.67 per cent of the total sales for all

five groups in the selected counties. Wallace county had only one drug store and the sales were not indicated in the source. Sedgwick county had 94 stores and had sales amounting to \$2,462,000.

#### INDEX NUMBERS OF FOOD PRICES

The purpose of including a discussion of index numbers of food prices in this chapter is to indicate the upward trend in prices since the decline beginning in January 1930 for the year 1935. The general condition of business is reflected in price indices. The year 1930 has been used as a base in TABLE III and IV. TABLE III gives the food prices indices for a period of eight years and these figures have been arranged in a graph to facilitate a comparison in TABLE IV.

The fore part of 1930 shows food prices above the yearly average, but beginning with July of 1930 index numbers dropped below 100 and kept dropping continuously until the last of December of 1933. Beginning with January 1934 price index numbers steadily increased until the first of October 1936. From October for the remaining three months of 1936 prices dropped about one point for the period. The figures given for the nine months of 1937 show that the prices of food had regained to the level of 1930.

The index price yearly average of 1931 was 15.1 points below the average of 1930. The average of index prices in 1932 was 10 points below that of 1931 and the 1933 prices 11.7 points below 1931. In 1934 index prices had reached a level of 83.4 or 10.2 points above the yearly average of 1933. The yearly average of food index prices in 1935 was 94.0 or 6 points below the base year of 1930. The 1935 prices had recovered 10.6 points over the previous year of 1934. Index prices

TABLE III

## INDEX NUMBERS OF RETAIL FOOD PRICES IN KANSAS

(1930=100)

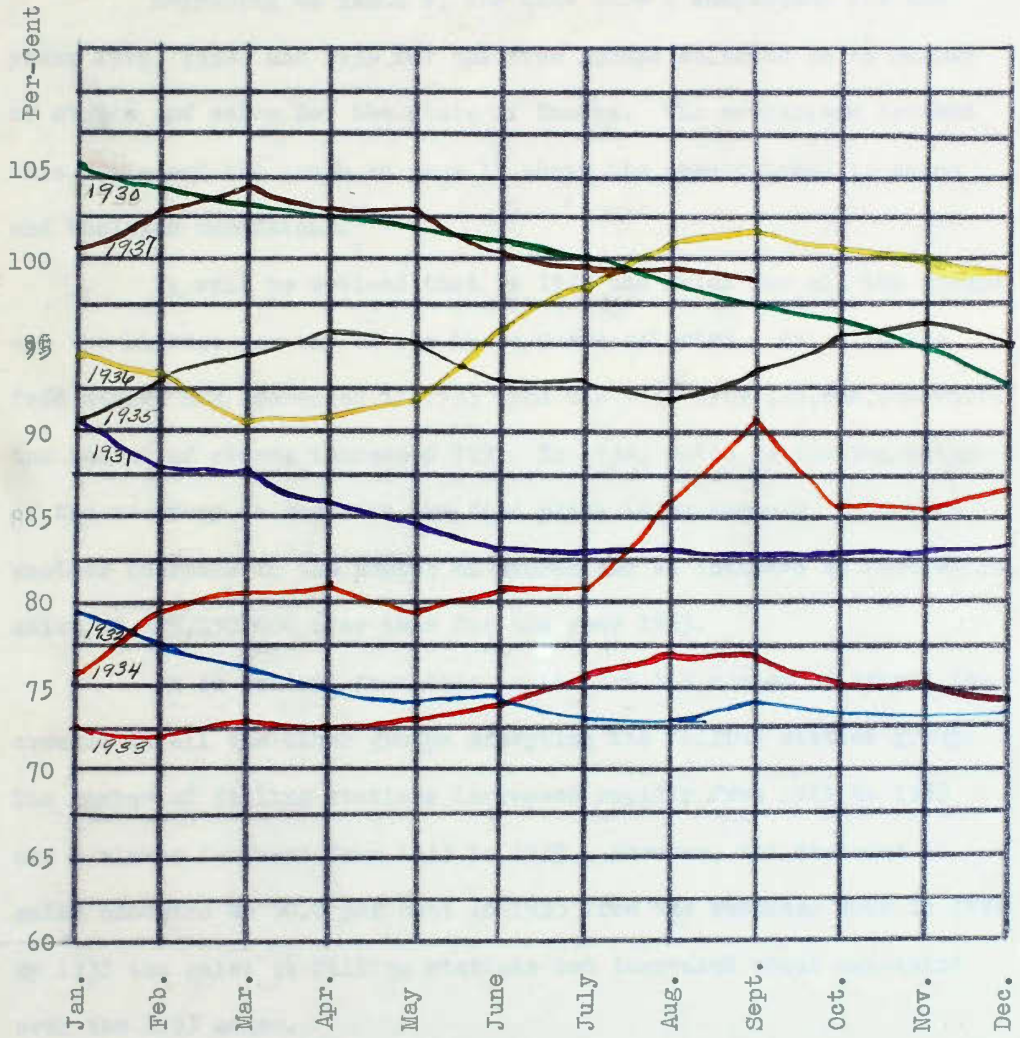
	1930	1931	1932	1933	1934	1935	1936	1937
Jan.	105.1	90.5	79.0	72.2	76.1	990.1	94.4	101.2
Feb.	104.3	87.8	77.1	69.9	79.5	93.1	93.3	102.8
Mar.	103.9	87.3	76.0	70.1	80.3	94.2	90.3	104.2
Apr.	102.4	86.3	75.3	70.0	83.1	96.1	90.8	103.2
May	102.2	84.5	74.6	70.2	79.6	95.4	91.8	103.2
June	101.2	84.0	74.0	71.8	80.5	93.4	96.9	100.1
July	99.9	83.6	73.8	75.5	82.6	93.2	98.6	99.6
Aug.	98.1	83.6	73.7	76.8	85.6	91.5	101.1	99.7
Sept.	97.4	83.2	74.6	77.1	90.4	94.6	102.5	98.6
Oct.	97.0	83.1	74.1	75.4	87.8	95.2	100.7	- -
Nov.	95.5	82.5	73.7	75.5	87.2	96.7	100.6	- -
Dec.	92.9	82.7	73.0	73.6	87.7	95.0	99.6	- -
Yearly Avg.	100.0	84.9	74.9	73.2	83.4	94.0	96.7	- -

Source: Commission of Labor and Industry, 1937. (Kansas Year Book).

TABLE IV

INDEX NUMBERS OF RETAIL FOOD PRICES IN KANSAS

(1930 = 100)



Source: Commission of Labor and Industry, 1937 (Kansas Year Book)  
Key to Graph:

- 1930 Green
- 1931 Violet
- 1932 Blue
- 1933 Red
- 1934 Orange
- 1935 Black
- 1936 Yellow
- 1937 Brown

of 1936 increased 2.7 points over the yearly average of 1935 and the tendency for the first nine months of 1937 indicates a gain over that of 1936.

Referring to TABLE V, the data show a comparison for the years 1929, 1933, and 1935 for the five groups selected as to number of stores and sales for the state of Kansas. The comparison between this table and the graph on page 18 shows the upward trend in sales and business conditions.

It will be noticed that in 1929 the sales for all the groups are the highest for any of the three years selected. Sales in the food stores had decreased in 1933 from the year 1929 \$48,806,000 while the number of stores increased 929. In 1934, which is the beginning of the recovery as shown in the food price index numbers, indicates another increase in the number of stores and an increase in food store sales of \$25,150,000 over that for the year 1933.

It is evident from this table that the number of stores decreased in all the other groups excepting the filling station group. The number of filling stations increased rapidly from 1929 to 1933 and a slower increase from 1933 to 1935. However, the decrease in sales amounted to 70.0 per cent in 1933 from the business done in 1929. By 1935 the sales in filling stations had increased about one-third over the 1933 sales.

Sales in the automotive stores decreased 29.0 per cent in 1933 from the sales in 1929 and the 1935 sales increased 87.0 per cent over the sales of 1933. **Drug** sales fell off over 40.0 per cent in 1933 from the sales in 1929 and had an increase of one-fifth in sales for

TABLE V

## UNITED STATES SUMMARY

## CENSUS of BUSINESS RETAIL DISTRIBUTION

STATE of KANSAS<sup>1</sup>  
(sales are expressed in thousands)

Year	Total		Food Stores		Automotive Group	
	Stores	Sales	Stores	Sales	Stores	Sales
1929	25,605	\$744,586	4,896	\$128,996	3,468	\$155,611
1933	26,779	329,179	5,825	80,190	3,373	45,615
1935	27,433	448,261	6,311	105,340	2,950	84,672

Source: United States Department of Commerce.

## 1. Number of stores and sales, by kinds of business for all places of more than

stores were found in three broad groups—Food, Automotive, and Miscellaneous. The greatest volume of sales was shown by the automotive, including building-materials and drug stores. The highest average sales per store existed in the filling stations with the largest sale per store was in the automotive stores. Counties with the largest sales were by districts in which the sales were all other than in or villages in the county. Cherokee, Sedgewick and Wyandotte counties had the largest number of stores and the most sales in the state. Cherokee, Sedgewick and Wyandotte counties had the smallest number of stores and the least volume of sales in the state. Sedgewick county ranked first in the top 10 counties in stores and sales while Wyandotte ranked second. The highest average sales per store and sales were in the state.

1935 from the sales of 1933. The lumber-building-hardware sales decreased \$73,563,000 by 1933 from the total sales of 1929 and increased their sales in 1935 over the sales of 1933 by 50.0 per cent.

SUMMARY

A summary of stores and sales in the selected counties and the state is as follows: There were 20,120 stores in the seventy counties as compared to 27,433 stores for the entire state. The stores selected in the counties represented 73.34 per cent of all the stores in the state. The total volume of business for the state amounted to \$448,261,000 of which the sales of the seventy counties amounted to \$364,522,000 or 81.3 per cent of the total sales for the state. The percentages for each group in respect to sales and number of stores run about the same with slight variation. The greatest numbers of stores were found in these three groups--food, automotive and filling stations. The greatest volume of sales per store were found to exist in the automotive, lumber-building-hardware and drug stores. The smallest average sale per store existed in the filling stations while the largest sale per store was in the automotive stores. Counties having large cities seem to dominate in stores and sales over all other cities or villages in the county. Shawnee, Sedgwick and Wyandotte counties had the largest number of stores and the most sales in the state. Kearny, Wallace and Stevens counties had the smallest number of stores and the least volume of sales in the state. Sedgwick county ranked at the top in respect to stores and sales while Wallace county ranked at the bottom in respect to stores and sales in the state.



The index price of food commodities over a period of years shows a direct bearing on the retail sales of other groups as well as in the food store group itself. The volume of sales had a direct affect on the number of stores operating in all groups except in the filling station group and the food store group. These two groups are classified as a necessity and a need. Commodities of the filling station are a need, but periods of prosperity or depression do not seem to materially affect the sales to any great extent because of the unwillingness of people to deprive themselves of the use of motor transportation.

SALES POLICIES

The portion of the sample deals with the sales policies of each group most commonly adopted by the participants. The types of open account sales, installment sales, and sales for return of C.O.D. emphasize the sales policies of interest in this discussion. The data given in the United States for 1929 includes the retail distribution states as its component parts. The figures are representative for the State of Idaho. The total retail sales for the United States amounted to \$1,811,000,000 of which open account sales were \$7,000,000, installment sales \$1,000,000, and cash and C.O.D. sales amounted to \$82,371,200,000. Open account sales equalled 2.7 per cent of the total sales, installment sales 10.7 per

1. United States, Department of Commerce, Bureau of the Census, Vol. 1 1927-28, page 242.

## CHAPTER II

### A STUDY of SALES, PERSONNEL, PAY-ROLL, and EXPENSES

#### in the STATE of KANSAS

This discussion is devoted to an analysis of the stores, sales, personnel, pay-roll, and expenses by kinds of business for the year 1935. These items in each group have a direct bearing and influence on the ability to pay the tax burden. Some space is devoted to a discussion on sales policy in each group; since the tax burden may be materially altered in some particular group. The data used is found in TABLE VI, page 24. Each group is discussed separately and concluded at the close of the chapter by a summary for the entire state.

#### SALES POLICIES

This portion of the chapter deals with the sales policies of each group most commonly adopted by the proprietors. The topics of open-account sales, installment sales, and sales for either cash or C.O.D. constitute the main points of interest in this discussion.

The data given is for the United States but includes the entire forty-eight states as its component parts.<sup>1</sup> The figures are representative for the state of Kansas. The total retail sales for the United States amounted to \$33,011,406,000 of which open-account sales were \$7,041,292,000, installment sales \$3,598,954,000, and cash and C.O.D. sales amounted to \$22,371,160,000. Open-account sales equaled 21.3 per cent of the total sales, installment sales were 10.9 per

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1. United States, Department of Commerce. Bureau of the Census, Vol. 1 1937-38, page 242.

cent of the total sales, and cash and C.O.D. sales amounted to 67.8 per cent of the total sales. The open-account sales increased 1.0 per cent over sales of 1935 in 1937 and increased 0.2 per cent in the first half of 1938 over 1937. Installment sales increased 0.6 per cent over 1935 in 1937. In 1938 for the first half-year installment sales decreased 0.8 per cent from that of 1937. Cash and C.O.D. sales decreased in 1938, 2.1 per cent from that of 1935 and increased for the first half-year in 1938; 0.6 per cent over that of the preceding year.

In the food stores cash and C.O.D. sales amounted to 78.9 per cent of the total sales in the group. No installment credit was extended to purchasers. Open-account sales were equal to 21.1 per cent of the total sales.

Installment sales represented 46.0 per cent of the total sales while cash and C.O.D. sales amounted to 38.9 per cent of the sales in the automotive stores. Open-account sales amounted to only 15.1 per cent of the total sales in this group.

Filling stations had cash and C.O.D. sales amounting to 77.8 per cent of the total sales. Installment credit sales equaled only 0.4 per cent while open-account sales amounted to 21.8 per cent of the total sales in the group.

Open-account sales in the lumber-building-hardware stores accounted for 51.3 per cent of the sales. Installment credit sales represented 5.7 per cent of the total sales, Cash and C.O.D. sales amounted to 43.0 per cent of all sales in the group.

Cash and C.O.D. sales in the drug group represented 92.1 per cent of the total sales. Open-account sales amounted to 7.8 per cent of the sales while installment credits equalled only 0.1 per cent of the sales for the group.

It is evident from the data shown that installment sales in the drug, lumber-building-hardware and food stores are relatively few. However, installment credit is a big factor in the automotive and filling station stores. Food and drug stores sell for nearly cash--especially in the drug stores while food stores do about one-fifth of their business on open-account basis. Filling stations do about 75.0 per cent of their business on a cash basis. This is readily accounted for by the type of customers and the nature of merchandise handled. The open-account sales in lumber and building material stores is due to the nature of the merchandise handled and payments made after completion of the contractors contract.

#### FOOD STORES

Food stores represented 34.9 per cent of the total sales in the five groups. Grocery stores operated over two-thirds of the stores in the food stores group and did 90.8 per cent of the business. Sales amounted to \$105,240,000 or 35.3 per cent of the total sales in the five groups. There were 6,346 or 37.2 per cent active proprietors and firm members in this group as compared to the five groups. Food stores employed 9,764 persons or 33.7 per cent of the five groups and paid in salaries 27.7 per cent of the total salaries in the five groups. The pay-roll for food stores amounted to \$6,666,000; full-time employees receiving \$6,122,000 or 91.0 per cent of all pay-rolls in the group.

TABLE VI

STATE of KANSAS

STORES, SALES, PERSONNEL, PAY-ROLL and

by DETAILED KINDS of BUSINESS for

Kind of Business	Number of Stores	Sales  (add 000)	Active proprietors and firm Members	Emp. (full time part Avg. ys
STATE TOTAL	27,433	\$448,261	26,399	5
<u>Food Stores</u>	<u>6,311</u>	<u>105,240</u>	<u>6,346</u>	
Candy and confectionery stores	360	1,952	379	
Dairy products stores & milk Dlrs.	226	1,554	252	
Egg and poultry dealers	104	1,092	114	
Delicatessen stores	4	89	4	
Fruit stores and vegetable markets	307	1,200	316	
Grocery stores (without meats)	1,262	16,854	1,223	
Combination stores (groceries & meat)	3,545	78,578	3,548	
Meat markets	199	2,472	212	
Fish markets--Seafood	8	72	8	
Bakeries and caterers	166	680	159	
Other food stores	853	17,341	904	
<u>Automotive Group</u>	<u>2,950</u>	<u>84,672</u>	<u>3,145</u>	
Motor--Vehicle dealers (new)	806	69,970	865	
Used-car dealers	78	843	93	
Accessories, tire and battery dealers	377	6,677	317	
Garages	1,680	7,140	1,861	
Other Automative	9	42	9	
<u>Filling Stations</u>	<u>4,960</u>	<u>40,526</u>	<u>4,451</u>	
<u>Lumber-Building-Hardware Group</u>	<u>2,435</u>	<u>46,744</u>	<u>2,031</u>	
Lumber & Building Material dealers	895	20,719	376	
Hardware stores	651	7,955	732	
Hdwe. & farm implement dealers	617	15,344	652	
Heating & plumbing Equip. dealers	123	1,001	129	
Paint, Glass, Wall-paper stores	122	1,562	114	
Electrical supply stores	27	163	28	
<u>Drug Stores</u>	<u>1,109</u>	<u>20,508</u>	<u>1,065</u>	
Drug stores with fountain	898	17,960	847	
Drug stores without fountain	211	2,548	218	
Total for the five groups . . . . .	18,065	\$297,690	17,038	2

Source: United States Department of Commerce, page 27.

1. Includes no compensation for proprietors and firm members of unincorporate

Grocery stores with meat shops dominated in respect to number of employees and pay-roll. Food stores had operating expenses amounting to \$13,722,000 or 29.0 per cent of the total expenses for the total expenses for the five groups, but did a business of equaled to 35.3 per cent of all sales in the five groups. Operating expenses represented 13.0 per cent of the sales. The same percentages held true when applied to grocery stores handling meats.

AUTOMOTIVE STORES AND FILLING STATIONS

The automotive group operated 2,950 stores or 16.3 per cent of all stores for the five groups. Sales amounted to \$84,672,000 or 28.4 per cent of the total sales for the five groups. Motor car dealers, new cars, did 83.8 per cent of the business for the group. Sales for this group represented 19.0 per cent of the sales for the entire state. The active proprietors and firm members in this group numbered 3,145 or 18.4 per cent of the proprietors for the five groups. 59.0 per cent of the proprietors operated garages. This group employed 7,446 persons or 25.7 per cent of the employees in the five groups and met a pay-roll amounting to \$7,446,000; full-time employees receiving 97.3 per cent of the total pay-roll in the group. Motor car dealers handling new cars employed 74.3 per cent of the employees in the group and paid 75.0 per cent of the pay-roll in the group. The operating expenses in this group amounted to \$13,848,000 or 16.4 per cent of the total sales and the salaries amounted to about 50.0 per cent of the total operating expenses.

Filling stations numbered 4,960 and were operated by 4,451 proprietors. Sales for this group amounted to \$40,526,000 or 13.6

per cent for all five groups. This group employed 4,744 persons and paid a pay-roll amounting to \$3,632,000 or 15.0 per cent of the total salary in the five groups. Full-time employees received 90.8 per cent of the pay-roll who represented only 16.4 per cent of all persons employed in the five groups. Total operating expenses for this group amounted to \$7,026,000 or 17.5 per cent of the total sales in the five groups. Salaries and wages represented about 50.0 per cent of the total operating expenses.

#### LUMBER-BUILDING-HARDWARE

In the lumber-building-hardware group were 2,435 stores which did \$46,744,000 of business. This group had 2,031 active proprietors and firm members; representing 11.9 per cent for the five groups. Five-sixth of the stores were listed as lumber yards, hardwares with implements and were managed by four-fifths of the proprietors. They did 93.4 per cent of the business in the particular group. Comparing the sales with the other five groups, this group did 15.7 per cent of the total sales. The employees in this group numbered 4,194 or 14.0 per cent of all persons employed in the five groups. This number of employees received a pay-roll amounting to \$4,202,000 or 17.5 per cent of the total pay-roll for the five groups. Full-time employees received 91.2 per cent of the pay-roll. The pay-roll for lumber yards represented about 50.0 per cent of the group pay-roll. Operating expenses in the lumber-building-hardware group represented about 17.6 per cent of the total expenses for the five groups. The operating expenses amounted to 17.3 per cent of the total sales in the group. The pay-roll was equal to 49.7 per cent of the total operating

expenses. Lumber yards and hardwares had about 85.0 per cent of the operating expenses and the percentages for salaries remained near 50.0 per cent of the expenses.

#### DRUG STORES

Drug stores operating numbered 1,109 or 6.1 per cent of all stores in the five groups. Proprietors listed only 1,065 or 6.2 per cent for the five groups. Drug sales amounted to \$20,508,000 or 6.8 per cent of all sales with the other four groups. Drug stores with fountain service dominated over drug stores without fountain service in volume of sales and number of proprietors. Ninety per cent of the drug stores operating were giving fountain service. Drug stores employees received \$2,071,000 or 8.6 per cent of the pay-roll for the five groups. Drug stores with fountain service had 90.0 per cent of the business in the group and paid about the same percentage in salaries in the group. The operating expenses amounted to 9.2 per cent of the total expenses in the five groups. Expenses amounted to about 21.8 per cent of the total drug sales. Salaries equaled 50.0 per cent of the total expenses in the drug group.

#### SUMMARY

The total number of stores in Kansas was 27,433 for the year 1935 and the sales amounted to \$448,261,000 for the corresponding year. The active proprietors and firm members in Kansas were 26,399 who employed, full-time and part-time employees, 52,634. The pay-roll amounted to \$39,863,000 or 46.0 per cent of the total operating expenses. Operating expenses amounted to \$83,199,000. A comparison has been made using the data as found on TABLE II, page 79 in the appendix which is



a summary of the five groups for the United States with the summary of the five groups as recorded for Kansas in TABLE VI, page 24 in this chapter. The comparison has been worked out on a percentage basis. It is evident from the data that the percentages in the drug and automotive groups in Kansas were about the same as that for the United States. Filling stations and the lumber-building-hardware groups were slightly higher in percentages for the state of Kansas than for the United States. Food stores were about one-third to one-fourth less in Kansas than for the United States.

These variations in percentages may be attributed to several causes. Many of the filling stations deal in farm sales in the line of oils and greases which would increase the percentages in the particular items over that for the United States. The percentages in the food stores are lower because Kansas being an agricultural state would decrease for each item obtained from the farm. This affects the number of stores, sales, proprietors and employees, pay-rolls and operating expenses in direct proportion.

Another comparison made was to determine what per cent the operating expenses were to the volume of sales in each group for the state of Kansas and the United States. The percentages are listed on the next page in TABLE VII. There was little variation between that of the United States and Kansas. The most pronounced difference was in the food stores and lumber-building-hardware groups.

The proprietors of business organizations in Kansas were found to be operating their business at a lower per cent of cost in comparison to the total sales than the average was for the United

TABLE VII

COMPARISON in PERCENTAGES  
of  
STORES, SALES, PERSONNEL, PAY-ROLL and EXPENSES  
by  
DETAILED KINDS of BUSINESS for THE STATE of KANSAS  
with THE UNITED STATES

TYPES OF BUSINESS	KANSAS	UNITED STATES
<b>Food Stores:</b>		
Stores	34.9	51.07
Sales	35.3	46.3
Proprietors	37.2	54.3
Employees	33.7	42.1
Pay-roll	27.7	29.3
Operating Expenses	29.0	42.3
% of operating Exp. to Sales	13.0	16.59
<b>Automotive Stores:</b>		
Stores	16.3	16.3
Sales	28.4	25.5
Proprietors	18.4	12.7
Employees	25.7	21.3
Pay-roll	31.0	26.6
Operating Expenses	29.9	25.05
% of operating Exp. to sales	16.4	17.8
<b>Filling Stations:</b>		
Stores	27.45	19.7
Sales	13.6	10.9
Proprietors	26.3	20.17
Employees	16.4	16.5
Pay-roll	15.0	22.0
Operating Expenses	14.01	10.9
% of operating Exp. to sales	17.5	18.1
<b>Lumber-building-Hardware Stores:</b>		
Stores	14.25	7.34
Sales	15.9	10.3
Proprietors	11.9	7.31
Employees	15.5	10.9
Pay-roll	17.5	13.4
Operating Expenses	17.6	12.9
% of operating Exp. to sales	17.3	22.6
<b>Drug Stores:</b>		
Stores	6.1	5.59
Sales	6.8	6.8
Proprietors	6.2	5.42
Employees	8.6	9.2
Pay-roll	8.8	8.7
Operating Expenses	9.4	8.85
% of operating Exp. to sales	21.8	23.6

States. These figures in percentages of the various items covered in TABLE VII tends to show Kansas typical in regard to business conditions as to sales, turn-over, number of stores, personnel, operating expenses, and pay-roll.

The tax burden in Kansas can be shown by applying the cost of local and state governments. Kansas with 1.45 per cent of the total population of the United States, has 5.7 per cent of the total number of units of government. Only four states, Illinois, New York, Missouri, and Minnesota, have a larger number of units. Under the 10,715 tax-paying units of government which represent the taxing unit for every 100 inhabitants. The average for the nation is 10 units to every 100 inhabitants. The unincorporated cities, townships and incorporated cities and towns make up 10,431 of the 10,715 units of government.

Some statistics will be given to the effect of state and county debt together with the local debt in order to get a comparison and show the trend of the tax burden. The qualifications is given in a study of wealth in order to show the ability to bear and pay the tax burden.

In 1933, the estimated net tax-exempt debt of \$116,414,000 existed in Kansas. This amounted to a per capita debt equal to \$41.73. The state indebtedness of \$18,000,000 in various bond issues and the state highway bonds of \$3,500,000 represented 15.5 per cent of the total debt. These figures indicate a tendency for the major portion of all debts to be created by local taxing units of government.

1. Kansas State Tax Commission report (Kansas Year Book), page 111.  
2. 1933, p. 115.

## CHAPTER III

## TRENDS in the TAX BURDEN in KANSAS

The tax burden in Kansas can be shown by studying the cost of local and state governments. Kansas with 1.46 per cent of the total population of the United States, has 5.7 per cent of the total number of units of government.<sup>1</sup> Only four states, Illinois, New York, Missouri, and Minnesota, have a larger number of units. Kansas has 10,273 tax-spending units of government which represents one taxing unit for every 183 inhabitants. The average for the nation is one unit to each 700 inhabitants.<sup>2</sup> The school districts, townships and incorporated cities and towns make up 10,251 of the 10,273 units of government.

Some attention will be given to the federal debt and state debt together with the local debts in order to get a comparison and show the trend of the tax burden. Due consideration is given to a study of wealth in order to show the ability to bear and pay the tax burden.

In 1937, the estimated net tax-supported debt of \$116,425,000 existed in Kansas. This amounted to a per capita debt equal to \$61.73. The state indebtedness of \$18,250,000 in soldiers' bonus bonds and the state highway bonds of \$3,240,850 represented 18.0 per cent of the total debts. These figures indicates a tendency for the major portion of all debts to be created by local tax-spending units of govern-

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1. Kansas State Tax Commissioners report (Kansas Year Book), page 115.  
2. Ibid., p. 115.

ment. Dun and Bradstreet has compiled figures for the Municipal Service Department of their organization which show an overall debt burden for Kansas Governments of only 4.73 per cent of the state's total resources available for payment.<sup>3</sup> The direct debt load of the state government of Kansas amounted to 0.87 per cent of the aggregate debt paying capacity. Seven component factors considered in their relative importance form the indices of economic resources for Kansas.<sup>4</sup> They are as follows:

Per cent of population making federal income tax returns (1936) . . . . .	2.17
Per cent of population making federal income tax returns over \$5,000 (1935) . . . . .	0.155
Retail sales per capita (1935) . . . . .	\$237.00
Gasoline consumption per capita (1936) Gals. . . . .	238.8
Motor Vehicle registration per 1000 population (1936)	306
Estimated taxable property valuation per capita (1936)	\$1,392.00
Savings deposits per capita (1936) . . . . .	42.00

It is evident from the data just shown that it is the common practice for the local units of government to exceed the revenues realized in their expenditures. The deficit has been taken care of by either issuing warrants or bonds. The issuing of bonds or warrants under these circumstances increases the tax burden to the amount of the interest charge of the floated issues. Lester Luther in his article on this subject states.<sup>5</sup>

"There are, of course, three things which may be done which will accomplish this result; referring to bonds and warrants. The permissive rate of levy could be raised, the valuation of property could be increased, or the expenses of the taxing body may be decreased . . . by raising the assessed valuation which is now assessed at 40 to 85 per cent on real property and about 50 per cent on personal property to more nearly their actual value."

3. Kansas. Chamber of Commerce. Kansas Year Book, p. 115.

4. Ibid., page 115.

5. Luther, Lester, "Emergency Levies, Warrants and Bonds". Kansas Government Journal, Vol. XXIV (Jan. 1938), p. 48-50.

If Luther's policy on valuation were adopted, much of the indebtedness in the past could have been kept at a minimum. Since the debt has been created then it is readily seen why our taxes are as high as they are at the present time.

TABLE VIII

COMPARATIVE ANALYSIS of DEBTS  
for  
FEDERAL, STATE and LOCAL

Year	Federal	State	Local	Total	Fed.	State	Local	Per Capita
	(add 000 to figures)							
1912	\$1,028,564	\$ 345,942	\$ 3,475,954	\$ 4,850,460	21%	7%	72%	\$ 50.
1922	22,155,886	935,544	7,754,196	30,845,626	72	3	25	283.
1932	21,834,565	2,360,958	15,215,881	29,411,404	55	6	38	314.
1937	34,948,822	2,529,701	12,071,010	49,549,533	70	5	25	383.

Source: Kansas Government Journal, Oct. 1939, page 7.

A study of TABLE VIII will show the trend of indebtedness for the past twenty-five years. The federal debt in 1912 represented 21.0 per cent of the total debts of all units of government; the state 7.0 per cent; the local 72.0 per cent. The per capita debt for the United States equaled \$50.00 for the year 1912. Twenty-five years later, the federal debt represented 70.0 per cent; the state 5.0 per cent; the local 25.0 per cent. The per capita debt had increased during this period from \$50.00 to \$383.00; an increase of 766.0 per cent per capita.

The increase in the federal debt equaled \$33,920,258,000 during this twenty-five year period. This increase is the result of the

demands on the federal government by its citizens and local units of government. The states' debt increased from \$345,942,000 to \$2,529,-701,000 in this same period. Local units of government increased their debts during this period from \$3,475,954,000 to \$12,071,010,000. The greatest increase in debts came between the period of 1922 and 1932. The federal debt was increased during the Hoover Administration and began a rapid increase with the Roosevelt Administration in 1932. The Roosevelt Administration was forced to make large expenditures to meet the demands of the public for some kind of federal aid. The expenditures was much more than the revenue and the difference was made up by issuing bonds. The states and local governments followed more or less the same practices in order to benefit by the federal aid. Thus the state and local debts increased but not to such a large sum.

In connection with this discussion of debts the following table indicates the trend for the past thirty-nine years.

TABLE IX

## FEDERAL DEBT

## TOTAL and PER CAPITA DEBT

Year	Total debt (add 000,000)	Per Capita Debt	Interest on Debt	Per Capita Interest
1900	\$ 1,264	\$ 16.56		
1904	1,137	13.83		
1912	1,194	12.48	\$ 22,616,300	\$ .24
1922	22,965	208.97	991,000,759	9.02
1929	16,932	139.38	678,330,400	5.58
1934	27,054	213.75	756,617,127	5.98
1935	38,701	225.71	820,926,353	6.42
1936	33,779	263.01	749,896,802	5.83
1939	40,440	308.29	940,539,763	7.17

Source: U. S. Treasury Reports for the Current years: World Almanac 1940, pages 136 and 614.

TABLE IX, shows the burden of debts upon the taxpayers in respect to both bonds and the cost of creating bonded debts in the manner of interest. The rapid increase in the cost of interest per capita in the thirty-seven year period amounted to \$6.93. This table substantiates the statement made about the Roosevelt Administration on the previous page. Bonds are debts of the particular unit of government issuing them, it is certain that the holders will expect payment when they become due whether or not they will receive payment is another question. The burden will have to be borne through income tax on individuals and business to a great extent together with a tax on property. The excise tax on commodities will be shifted to the ultimate consumer rather than on the business proprietor. The interest charge represents no trifling item and increases the debt burden per capita. It is readily seen that a large share of the debt burden is in the form of interest and tends to retard the retirement of the principal equal to the amount of the interest due. The interest charge is nearly one-fortieth of the total debt for the year 1939 for the United States.

TABLE X is inserted to show a partial source of federal government income for the year 1935. The indirect taxes of the federal government for 1935 netted the government \$493,599,869 exclusive of liquor and tobacco taxes as shown in table X. It is certain that the consumer will have to bear a large portion of the manufacturers' excise and miscellaneous indirect taxes. Bond, capital stock, produce sales, playing cards stamps will be shifted to the consumer. The federal government collected \$24,040,000 in internal revenue taxes from the state of Kansas in 1935. Over one-eight of this amount was in the



TABLE X

## INDIRECT TAXES of THE NATIONAL GOVERNMENT for 1935

(Not including liquor and tobacco taxes)<sup>1</sup>

Manufacturers' excise tax:		
Lubricating oils	\$ 27,800,248	
Brewers' malt, Etc.	1,426,858	
Matches	6,000,101	
Gasoline	161,532,292	
Electric energy	32,577,256	
Tires	26,637,796	
Cosmetics	12,643,517	
Fur	2,675,731	
Jewelry	2,101,122	
Trucks	6,158,070	
Other automobiles	38,003,335	
Automobile Accessories	6,455,853	
Radios	3,624,904	
Refrigerators	6,663,677	
Sporting goods	4,512,078	
Firearms (shells and Cartridges)	2,143,007	
Pistols, revolvers	60,237	
Cameras, lenses	343,592	
Chewing gum	623,863	\$341,892,545
Miscellaneous Indirect taxes:		
Telephones	\$19,741,434	
Oil transportation (pipe lines)	9,479,721	
Safe-deposit boxes	2,317,619	
Checks	25,645,138	
Admissions (Theaters etc.)	15,379,397	
Club dues	5,784,494	
Processed butter	14,450	
Oleomargarine	2,048,976	
Narcotics	580,613	
Processed oils (coconut etc.)	24,547,091	
Processed petroleum (crude)	1,759,789	
National Firearms Act	8,015	
Others	1,359,209	108,575,951
Documentary and stamp taxes:		
Bonds	\$17,934,776	
Capital stock	15,747,362	
Produce sales (future delivery)	3,950,544	
Playing cards	4,351,299	
Silver-bullion sales or transfers	1,149,390	43,133,373
Total indirect taxes . . . . .		\$493,599,869

Source: "Why Taxes? What They Buy for Us", page 55.

1. Chicago Daily News Almanac, 1936, p. 314.

form of income tax on individuals and corporations. The miscellaneous taxes amounted to \$1,284,000 and the tax collected from the agricultural adjustment amounted to \$14,349,000. Manufactures' excise taxes amounted to \$2,800,000 for the year 1935. All of these taxes excepting the income tax could be shifted to the ultimate consumer. If they were shifted the tax burden per capita would amount to \$10.96 in the state.

A comparison of wealth has been made in TABLE XI as of the United States and the state of Kansas. All figures were not available and some have been omitted. The purpose of this table is to show the capacity to bear the tax burden.

TABLE XI

TOTAL AND PER CAPITA WEALTH

for the

UNITED STATES AND KANSAS

Year	United States		Kansas	
	Total Wealth (add 000,000)	Per Capita	Total Wealth (add 000,000)	Per Capita
1900	\$ 85,517	\$1,165.00	\$	\$
1904	107,104	1,318.00		
1912	186,299			2,632.00
1922	320,804		6,264	3,493.00
1929	347,068	2,856.00	5,720	3,054.00
1934	276,556	2,184.00	3,926	2,100.00
1935	279,390	2,191.00	3,947	2,102.00
1936	294,481	2,293.00	4,097	2,174.00

Source: United States Bureau of the Census. World Almanac, 1940, p. 604; Estimates by the National Industrial Conference Board; World Almanac for 1940, p. 134.

The total wealth for the United States and Kansas represents a large amount of non-taxable wealth such as churches, colleges, and similar public property. It is estimated that over sixty million dol-

lars of wealth is non-taxable property in the state of Kansas. An analysis of the per capita wealth is somewhat equal in Kansas as compared to that for the United States. The per capita debt of the National government of \$225.71 for the year 1935 is supported by a per capita wealth of \$2,191.00 for the corresponding year. The per capita debt of the state of Kansas of \$63.09 for the year was supported by a per capita wealth of \$2,102.00. The per capita debt for the state of Kansas was 28.39 per cent of the per capita debt for the federal government.

A trend of the taxing problem for a period of ten years beginning with 1928 extending to 1938 is given in TABLE XII on the following page. The data has been compiled on a basis of averages for cities of the first and second class. Information based on averages for the third class cities were not given in such form as to be reliable and has been omitted. However, the data shown will be sufficient to give an accurate cross section of the true tax situation for the cities in Kansas.

The average per capita assessed valuation for the first class cities in 1929 was \$1,169.00 and had decreased to \$850.00 in 1938. In the second class cities for the same period, the assessed valuation decreased from \$927.00 to \$723.00. The most radical decrease occurred between the years of 1932 and 1933. This is probably due to the fact that the assessed valuation was carried over from the year 1928 to the year 1933. It is interesting to note the tax rate for the same class cities for the same period. The tax rate in the first class cities in 1929 was 15 mills and had decreased only 1.8 mills by the year 1938.

TABLE XII

## TABLE OF ANALYSIS

FIRST AND SECOND CLASS CITIES  
For a 10 year period

	1938	1937	1936
Avg. Per capita assessed valuation all First Class Cities	\$ 850	\$ 865	\$ 861
Avg. Per capita assessed valuation all Second Class Cities	723	726	710
Avg. City tax rate (Mills on \$) First Class Cities	13.20	14.74	14.10
Avg. City tax rate (Mills on \$) Second Class Cities	12.96	14.53	13.73
Avg. % of City rate for General Fund First Class Cities	14%	16%	14%
Avg. % of City rate for General Fund Second Class Cities	15%	15%	14%
Avg. % of City rate for Bonds and Interest First Class Cities	35%	32%	36%
Avg. % of City Rate for Bonds and Interest Second Class Cities	50%	46%	47%
Avg. School rate in City (Mills on \$) First Class Cities	17.57	18.35	17.29
Avg. School rate in City (Mills on \$) Second Class Cities	16.77	16.43	17.67
Avg. Total Tax rate (Mills on \$) First Class Cities	40.99	42.37	40.38
Avg. Total Tax rate (Mills on \$) Second Class Cities	39.41	40.89	40.41
Avg. per capita Bonded debt (Special Assess.) First Class Cities	\$7.99	\$ 7.51	\$ 8.77
Avg. per capita Bonded debt (Spec. Assess.) Second Class Cities	\$6.88	\$ 9.51	\$10.44
Avg. per capita Bonded debt (total) First Class Cities	\$50.85	\$54.11	\$57.14
Avg. per capita Bonded debt (total) Second Class Cities	\$47.01	\$50.51	\$53.27
Bonded debt (Spec. Assess.) Assess. Val. First Class Cities	.9%	.9%	1.0%
Bonded debt (Spec. Assess.) Assess. Val. Second Class Cities	1.0%	1.3%	1.5%
Bonded debt (total) % Assessed Valuation First Class Cities	5.9%	6.2%	6.6%
Bonded debt (total) % Assessed Valuation Second Class Cities	6.5%	6.0%	7.4%
Avg. per capita assessed Valuation for the State of Kansas*	\$1,549	\$1,516	\$1,471

Source: Kansas Government Journal 1938, pages 24 and 25.

\*Includes both tangible and intangible property in the state.

Note: The assessed valuation figures used in this Table of Analysis for the  
Information for third class cities not available.

In the second class cities the tax rate decreased from 16.32 mills to 12.96 mills for the corresponding period. There was relatively little change in the tax rate for the first class cities for the ten year; while the third class cities benefitted by a decrease of 3.36 mills for the same period.

The average per cent of city rate for the general fund for first class cities was reduced only 2.0 per cent for the ten year period; but reached a high of 19.0 per cent, an increase of 3.0 per cent over the base year of 1929. Second class cities' general fund city rate was increased 1.0 per cent over the same period. The average per cent of city rate for bonds and interest in the first class cities increased from 30.0 per cent to 33.0 per cent in the ten year period; while in the second class cities the increase was from 45.0 per cent in 1929 to 50.0 per cent in 1938. The second class cities' average per cent of rate for bonds and interest was 50.0 per cent higher than that for the first class cities. The high for both class cities occurred in the year 1933, which was the year the state legislature enacted the cash basis law and became effective the same year.

The total tax rate for the first class cities ranged from 40.38 mills to a high of 42.37 ; the low being 36.80 mills in the year 1932. The second class cities for the same period ranged from 43.11 mills in 1929 to 39.41 mills in 1938; the low being 36.71 mills in the year 1932. This represented a decrease of 3.71 mills. The second class cities were more successful in reducing the total tax rate than were the first class cities.

The first class cities average per capita bonded debt (total

were gradually reduced from \$78.48 to \$50.85. The second class cities reduced their average per capita bonded debt for the corresponding period from a high of \$90.01 to \$47.01. This represented a decrease of nearly 50.0 per cent for the second class cities and a decrease of over one-third for the first class cities. Comparing the first and second class cities in respect to this average bonded debt, the per capita debt is about \$12.00 higher for the second class cities than for the first class cities for the year 1929. In 1938, the second class cities per capita bonded debt was \$3.84 lower than the first class cities per capita bonded debt. The average per capita assessed valuation for the state of Kansas for 1929 was \$2,058.00 and had decreased to \$1,549.00 in 1938. This represents a reduction of about 25.0 per cent in a ten year period.

The tax burden on business has varied greatly over the period of ten years dating from 1928 to 1937. TABLE XIII has been made for the purpose of showing the amount of internal revenue tax collected in Kansas during this period by the federal government. The federal income tax on corporations in 1928 was \$14,622,000 as compared to the income tax assessed against individuals of \$4,064,000. The income taxes collected by the federal government for 1928 amounted to \$18,686,000. This represented 96.78 per cent of the internal revenue tax collected in Kansas for the year; the balance of the tax was in the form of excises on commodities and taxes on estates. There was a relatively small decrease each year until the year of 1932. The individual income tax decreased about \$500,000 each year until the year 1931 in which the decrease amounted to \$756,000. The total internal revenue

TABLE XIII

## INTERNAL REVENUE TAX COLLECTIONS IN KANSAS

(In thousands of dollars, add 00)

	1937	1936	1935	1934	1933
Income Taxes (Total) . . . . .	\$8,122	\$6,134	\$3,816	\$3,014	\$4,297
Corporation	4,689	3,717	2,071	1,640	2,898
Individual	3,434	2,416	1,745	1,374	1,399
Excess Profits Tax (a)	123	82	37	30	- - -
Unjust Enrichment Tax (b)	33	- - -	- - -	- - -	- - -
Capital Stock Tax (c)	986	758	758	717	- - -
Dividends Tax (d)	- - -	3	5	107	- - -
Estate Tax	946	559	462	434	90
Gift Tax	70	152	45	1	1
Liquor Taxes	179	221	144	134	6
Tobacco Manufactures Taxes	1	1	1	2	4
Oleomargarine Taxes	110	104	101	65	60
Narcotic Taxes	7	8	7	7	7
Stamp Taxes	121	116	107	82	58
Manufactures' Excise Taxes (Total)	4,240	2,317	2,800	4,703	3,329
Lubricating Oils	121	121	117	108	17
Gasoline	3,782	1,887	2,384	4,239	2,898
Electrical Energy	331	302	289	321	321
All Others	8	8	9	36	94
Crude Petroleum Taxes (e)	44	56	82	- - -	- - -
Coconut, Etc., Oils Processed (f)	- - -	1-	1-	- - -	- - -
Admission Taxes (g)	61	59	45	43	59
National Firearms Act Taxes	1-	- - -	- - -	- - -	- - -
Payroll Taxes Total . . . . .	1,794	- - -	- - -	- - -	- - -
Railroads (h)	3	- - -	- - -	- - -	- - -
Social Security	1,791	- - -	- - -	- - -	- - -

tax collection decreased from \$19,307,000 in 1928 to \$13,691,000 in 1931.

The internal revenue collections decreased 52.15 per cent from the year 1931 to 1932. Revenues amounted to \$7,141,000 in 1932 as compared to \$13,691,000 in 1931. The income tax decrease was equal to 51.47 per cent for the corresponding years. The income tax on corporations for 1932 was \$5,342,000 compared to \$10,945,000 in 1931. Income tax on individuals' income decreased \$872,000 in 1931 from the year 1932. Beginning with 1933, internal revenue collections increased rapidly for the next two years. Income taxes decreased 33.3 per cent for 1933 but the total internal revenue tax collected amounted to \$9,048,000. The increase resulted from a very large excise tax placed on manufacturers and miscellaneous sources.

In 1934 income taxes on corporations and individual reached their lowest figure for the ten year period of 1928 to 1937. Excess profits tax was levied in 1934 by the federal government and amounted to \$272,000 for the next four years. A capital stock tax was levied the same year and netted the government \$3,219,000 for the following four years. The total internal revenue collections amounted to \$23,108,000 for the year 1934 and \$24,040,000 in 1935. However, the government realized a revenue on the Agricultural Adjustment in 1934 of \$12,250,000 and \$14,349,000 in 1935. A large share of this revenue was from wheat, hogs and sugar-cane or sugar-beets. Beginning with the year 1935, income taxes on corporations and individuals gradually increased steadily.

In 1936 the collections of internal revenue decreased 49.87



per cent from the revenue realized in 1935. This decrease was due to the reduction in the agricultural adjustments and miscellaneous taxes. The increase in income taxes on corporations and individuals and the excess profits tax nearly doubled in 1936 over 1935. In 1937 the internal revenue collections increased about 50.0 per cent over that of 1936. No revenue was realized on the agricultural adjustment in 1937.

TABLE XIV has been compiled to show the trend in taxing the different classes of assessable property in Kansas for the past seven years dating from 1932 to 1938 inclusive. The property in Kansas has been assessed under the following classifications: farm lands and improvements, platted tracts outside cities and improvements, unplatted tracts in cities and improvements, city lots and improvements, tangible personal property, intangible personal property and public service corporations (municipal and corporation), public service corporations (tangible), and mineral reserve. The classification of mineral reserve was not began until the year of 1938.

It is the common practice in assessing the different classes of property to keep the percentages relatively the same or nearly the same regardless of the total assessed valuation in the state. Each year has been considered by it self on the basis of 100.0 per cent. Farm lands and improvements have been burdened with 43.61 to 41.42 per cent of the total assessed valuation irrespective of the decrease or increase in assessment. Grouping city lots and improvements together with the platted and unplatted tracts and improvements inside and outside cities over the past seven years have been burdened

TABLE IV

## EQUALIZED ASSESSMENT OF ALL PE

	Fiscal Years 1932-1938			
	1938	1937	1936	1935
Farm Lands	\$1,031,354,686	\$1,039,501,855	\$1,040,044,117	\$1,040,821,117
Improvements	126,618,466	132,385,571	131,898,943	131,617,438
Total	<u>1,157,973,152</u>	<u>1,171,887,426</u>	<u>1,171,942,960</u>	<u>1,172,438,555</u>
Per Cent	41.42	42.38	43.23	43.23
Platted Tracts outside				
Cities	8,552,261	8,331,723	8,265,898	8,231,723
Improvements	16,649,816	15,692,511	14,816,591	14,470,816
Total	<u>25,202,077</u>	<u>24,024,234</u>	<u>23,082,489</u>	<u>22,702,539</u>
Per Cent	.90	.87	.85	.85
Unplatted Tracts in Cities	4,856,881	5,150,390	5,185,811	5,251,811
Improvements	14,367,129	14,299,445	14,301,751	14,617,129
Total	<u>19,224,010</u>	<u>19,449,835</u>	<u>19,487,562</u>	<u>19,868,940</u>
Per Cent	.69	.70	.72	.72
City lots	158,509,761	165,616,028	165,767,386	165,560,028
Improvements	360,659,348	357,122,414	352,738,594	351,531,348
Total	<u>519,169,019</u>	<u>522,738,442</u>	<u>518,505,980</u>	<u>517,091,376</u>
Per Cent	18.57	18.91	19.13	19.13
Tangible person Property	427,813,874	389,540,587	355,888,488	341,507,816
Per Cent	15.30	14.09	13.13	13.13
Intangible Personal Property	180,086,612	176,689,851	162,420,815	155,908,612
Public Service Corporations (M. & C.)*	10,612,614	10,689,880	8,690,706	7,702,614
Total	<u>190,699,226</u>	<u>187,379,731</u>	<u>171,111,521</u>	<u>163,611,226</u>
Per Cent	6.82	6.77	6.21	6.21
Public Service Corporations (Tangible)	451,250,143	449,848,547	450,957,546	476,091,547
Per Cent	16.14	16.28	16.63	16.63
Mineral Reserve	4,523,957			
Per Cent	.16			
Total for State	\$2,795,855,548	\$2,764,868,802	\$2,710,976,546	\$2,713,321,117
Total Per Cent	100.00	100.00	100.00	100.00

Source: Kansas Government Journal, Jan. 1939; pages 23 and 24.

\* Municipal and Corporation Public Utilities.

with 20.16 per cent in 1938 to a high of 20.80 per cent in 1932 of the total assessed valuation of the property in Kansas. In 1932 the tangible personal property was assessed at 11.31 per cent of the total assessment valuation for the state. By 1938 this property was assessed at 15.30 per cent of the total assessable wealth of the state. Each year an increase in the assessment occurred excepting for the year 1933. This increase was equal to a sum of \$55,959,921.00 over the year 1932 for the year 1938. There was little change in the percentages on public service corporation (Municipal and Corporation) assessment; but the public service corporation tangible property decreased 2.6 per cent from the high in 1933 of 18.74 to a low of 16.14 per cent in 1938. In 1938 the state assessed mineral reserve which represented .16 per cent of the total assessment for the year.

#### SUMMARY

A summary of the trends in the tax burden in Kansas show the tendency to place a large share of the burden on real estate regardless of the productiveness of the property. The reduction of the average per capita assessed valuation does not indicate that the tax rate will be reduced accordingly. The inability to assess all tangible and intangible personal property as exists at the present time increases the tax burden on real property (real estate). Kansas lacks a uniform basis of attaining the true value of property for assessment purposes.

The tax burden on business is increased by the amount of the total internal revenue collected in Kansas which can not be shifted to the ultimate consumer. The burden of income taxes on individuals and corporations are borne by business whether they be federal or state

income taxes. It should be noted that a large amount of the income taxes paid by business comes not only from corporations but from individuals who are engaged in business enterprises. It is no doubt true to some extent that income taxes paid by business can be shifted to the ultimate consumer through accounting procedures and price fixing.

The greatest burden on business is not exacted by the state government, but by the local governments including the city, school, township and any other taxing units. Kansas has too many taxing units which makes an over burden on the taxpayer because of unnecessary duplications and cost of administrating the unit of government. The state government has been reducing the bonded indebtedness while the local governments as a whole have had a tendency to increase their indebtedness.

## CHAPTER IV

### A STUDY of TAXABLE WEALTH in the COUNTIES

A detailed statistical table of the valuation of property in the counties appears in TABLE XVI on page 50. In this table, the classification of assessments are grouped in four divisions, namely: Aggregate value of all land taxable, aggregate value of all city lots taxable, valuation of personal and intangible property, and valuation of public service corporations. However, in TABLE XV, a fifth division on money and credits is given for the readers benefit. TABLE XVI contains the data for only 1932, 1934, and 1936. TABLE XV will be used for analyzing the taxable wealth in the state. Frequent references will be made to the data of some particular county.

The purpose of this study is to show the distribution of the wealth by counties and to indicate what section of the state has the greatest share of the wealth. Also to show that a wide variation in the area of the counties in the eastern part of the state as compared to the western part of the state. The predominates of larger cities in the eastern counties and the concentration of large public service corporations in the eastern part of Kansas.

TABLE XV is compiled in order to give a comparison over a ten year period showing the valuations and the taxes levied on the various classes of property. The assessment of farm lands and improvements for the ten year period was about 41.42 per cent in 1938 to 46.6 per cent in 1927 of the total assessed valuation. The tax levied against farm

## COMPARATIVE TABLE

## VALUATIONS AND TAXES ON VARIOUS CLASSES

## IN KANSAS FOR THE PAST 10 YEARS

Year	Population	Per Cent of Pop. In U.S.	Farm Lands and Improvements		City Lots and Improvements	
			Valuation	Tax	Valuations	Tax
1938	1,805,454	- -	\$1,157,943,152	\$	\$538,393,119	\$
1937	1,823,454	1.46	1,171,887,426		542,188,277	
1936	1,840,749	1.44	1,172,239,815	20,672,750	537,474,989	23,4
1935	1,845,194	1.50	1,172,118,719	20,177,230	535,842,236	24,0
1934	1,836,966	1.53	1,172,692,144	19,565,833	537,328,888	24,4
1933	1,836,449	1.53	1,195,607,904	19,192,770	547,797,536	24,9
1932	1,813,385	1.53	1,434,530,655	21,694,264	655,582,407	27,6
1931	1,880,999	1.53	1,641,809,760	27,679,198	719,020,235	31,5
1930	1,879,946	1.53	1,644,255,698	29,274,887	712,772,947	31,9
1929	1,835,000	1.52	1,716,295,390	31,099,921	695,510,451	32,3
1928	1,835,000	1.52	1,715,602,532	30,949,415	686,301,585	31,1
1927	1,835,000	1.52	1,712,336,214	31,391,228	650,520,589	29,9

Line one continued

Year	Moneys and Credits		Public Service Corps.		Total for Y
	Valuations	Tax	Valuation	Tax	Valuation
1938	\$190,699,226	\$	\$451,250,153	\$	\$2,795,855,548
1937	187,379,731		449,848,547		2,764,868,802
1936	171,618,460	858,385	450,957,885	10,423,221	2,714,234,221
1935	164,818,724	824,099	476,189,500	10,767,001	2,715,007,267
1934	159,973,154	799,882	498,467,892	11,036,066	2,720,091,456
1933	163,287,131	816,455	513,992,824	10,998,739	2,740,593,088
1932	207,165,468	1,035,720	592,444,227	11,693,967	3,290,898,733
1931	221,437,336	1,107,282	614,006,632	13,349,237	3,664,360,341
1930	*	*	591,112,784	13,368,138	3,683,390,510
1929	151,691,086	777,610	585,274,801	13,630,333	3,816,825,048
1928	148,633,886	743,554	557,565,091	12,769,495	3,734,750,862
1927	153,534,332	767,826	541,384,260	12,567,698	3,676,513,770

Source: State Tax Commissioners Reports as used in the Kansas Year Book 1938,

\*Money and Credits Law repealed in 1930; re-enacted in 1931.

lands and improvements represented about one-third of the total tax levied for the respective years. In 1927 the amount of tax per capita was equal to \$49.93 and the amount of tax per \$1000.00 of assessed wealth was \$24.97. During the next four years the total valuation in each classification of property remained about the same with little variation. However, the total tax levied for the entire state increased as well as the per capita tax and the assessed wealth per capita. The tax levied on farm lands and improvements decreased slightly during this period. Beginning with the year 1931, valuations on all classes of property decreased greatly with the exception of moneys and credits, which increased nearly 50.0 per cent for the particular year. In 1932 valuations again decreased on all classes of property. It will be noted that the total valuation did not decrease to any appreciable extent until 1932. Another decrease in valuation on all classes of property occurred in 1933 and remained about on this level for the next four years. The tax levied on moneys and credits decreased \$216,275.00 in 1933. No great change occurred in the valuation during the next following four years on moneys and credits.

The valuation on all classes of property decreased about 24.0 per cent during the twelve year period from 1927 to 1938. The decrease was equal to \$880,658,242.00 for the period being reduced from a total assessed valuation in 1927 of \$3,676,513,790 to \$2,795,855,548.00 in 1938. The tax levied during this period decreased 28.7 per cent from a total levy in 1927 of \$91,749,338.00 to a total levy in 1936 of \$65,472,308.

The tax levied on city lots and improvements in 1927 was

\$29,977,223.00 or about 30.6 per cent of the total tax levied. By 1936 the tax levied on such property equaled about 26.0 per cent of the total tax levied on all classes of property. During this period the valuation of city lots and improvements decreased from \$650,520,589.00 in 1927 to \$538,393,119.00 in 1938. This represented a decrease of about \$112,127,-470,00 which shows that the valuation was reduced comparatively little in comparison to other real property for the twelve year period. The valuation of city lots and improvements and other property assessed against its inhabitants is about one-third of the total assessment value for the state of Kansas each respective year.

These figures indicates that the depression took its greatest toll on farm lands and improvements during the period from 1931 to date. Comparing the rapid decrease in the value of farm lands and improvements has reflected to some extent the rapid and great decrease in tangible personal property. During this period the population decreased from 1.52 per cent to 1.46 per cent of the total population ~~for the United~~ States. The population of cities in Kansas averaged from 55.0 per cent in 1932 to 58.5 per cent in 1938. This indicates a shifting of the people from the farm to the cities and reflects its affects in a large decrease in the tangible personal property valuation. Another cause apparent for this decrease is the smaller number of farms and the abandoning of farm buildings and improvements in the transition to mechanized farming. The shifting from horse farming methods to mechanized farming has contributed to a decrease in the value of farm buildings and lands and especially is it noticeable in tangible personal property on the farms.

The revenue from tangible personal property and moneys and



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credits have not been a major source of income. The assessment valuation on tangible personal property has decreased about \$167,000,000 in twelve years. The tax levied on such property decreased from \$16,274,943 to \$9,393,972 for the corresponding period. The revenue from moneys and credits excepting for the years 1931 and 1932 has been of little significances as a source of income for taxing units.

The assessed valuation of public service corporation in 1927 was \$541,384,260 and decreased in value by 1938 to \$451,250,143. However, the assessed valuation steadily increased until 1931 at which time the assessed valuation amounted to \$614,006,632. The valuation decreased in value from the year 1931 to the year of 1938. The tax levied on public service corporations amounted to \$12,567,698 in 1927 and increased to \$13,630,333 in 1930. The year 1931 marked the beginning of the decrease in the tax levied and continued on through 1938. The tax levied on public service corporations in 1927 amounted to 13.63 per cent of the total tax levied for the year. In 1936 the tax levied on public service corporations amounted to 15.8 per cent of the total tax levied for the year.

Counties having the largest cities located within their boundaries had the greatest amount of property valuation which also included public service corporations. The five counties having the highest assessed valuation in the state listed in order from the highest down were Sedgwick, Shawnee, Wyandotte, Reno and Butler counties. The five counties having the lowest assessed valuation in the state for 1935, the same year, ranged in order from the lowest up were Morton, Wallace, Kearny, Logan and Cheyenne Counties. The counties ranking at the top

in assessed valuation of public service corporations were as follows:

Sedgwick, Wyandotte, Shawnee, Butler, Labette, Montgomery and Republic.

All of these counties had public service corporations owned by stockholders excepting Wyandotte county which has a municipal public service corporation owned by the city. The assessed valuation of these corporations amounted to over \$10,000,000. The counties having public service corporations valued under one one million dollars were Cheyenne, Morton and Rawlins.

Sedgwick, Shawnee, Reno, Wyandotte, McPherson, Butler, Salina and Sumner counties had assessed valuation of personal and intangible property over \$10,000,000. These counties lead the state in assessed valuation for this classification of property. The following counties ranked under one-million dollars in assessed valuation of personal and intangible property: Wallace, Morton, Kearny and Logan.

The counties ranking highest in the aggregate value of all city lots taxable are as follows: Sedgwick, Wyandotte, Shawnee, Reno, and Montgomery. The assessed valuation of these counties amounted to over \$15,000,000. Counties ranking less than one-million dollars in assessed valuation of city lots taxable are Wallace, Gove, Kearny, Chase, Trego, Rawlins, Kowa, Meade, Stevens, Morton, Logan, Clark, Cheyenne and Decatur.

The assessed valuation of all land taxable was found to be the highest in the middle half of the state. Saline county was used as the middle way mark. The quarter extending from Saline county east was assessed higher in valuation than the quarter extending west of Saline county. An exception to the case was found to exist in Ford

county which is in the irrigation district.

Norton county ranked fifty-fourth in the seventy counties selected in the total assessed valuation of all property. The assessed valuation of Norton County amounted to .49 per cent of the total valuation of all property in the state. The assessed valuation of public service corporations in Norton county for 1936 amounted to .49 per cent of the total valuation of this class of property in the state. Norton county had an assessed valuation of personal and intangible property amounting to \$2,394,866 or .5 per cent of the total for the state. The assessed valuation of city lots taxable in Norton county equaled .27 per cent of the city lots assessed value in the state.

SUMMARY

In the summarization of the taxable wealth in the counties several facts seem to be definite. Farm lands and improvements have had to bear about 43.0 to 48.0 per cent of the total assessed valuation of all property in the state. The counties located in the central part of the state had the most valuation of any other counties in the state. This region is rich in agricultural resources and accounts for such high valuation.

The tax levied on city lots and improvements amounted to more than the tax levied on farm lands and improvements over the ten year period. The assessed valuation of city lots and improvements as compared to farm lands and improvements ranged from 30.0 to 47.0 per cent in valuation.

The revenue from moneys and credits has been a minor source of income due to the inability of obtaining true valuation of all moneys and credits and the failure of the assessed to report his money and credits to the assessor. Tangible personal property is another class of property similar to moneys and credits in that much of it is not listed with the assessor. Much of the tangible personal property escapes assessment and is greatly undervalued when assessed.

Public service corporations pay from one-sixth to one-seventh of the total tax levied in the state. There seems to be an apparent trend to assess public service corporations about one-sixth of the total valuation of the entire state. A majority of the large public service corporations exists in the eastern half of the state.

Counties having high assessment valuation are located in the eastern half of the state and the counties having the lowest assessed valuation exists in the western part of the state. It is often that these counties lay next to the Colorado line. These counties of low valuation usually were counties not having public service corporations of any importance.

## CHAPTER V

### A STUDY of INVENTORY TAXES and SALES in NORTON COUNTY

Chapter I and II were devoted to a discussion of business activities in the seventy counties and sales, personnel, pay-roll and expenses for the entire state of the five business groups. Chapters III and IV discussed the trends in the tax burden and the taxable wealth in the selected counties. This chapter attempts to indicate some relation between inventories of each group of business and the tax paid by each particular group in Norton County.

The purpose of the data used in this chapter show the per cent of tax paid based on sales as well as the inventories. The facts as indicated in the discussion were obtained from the records of the Norton county Clerk and Treasurer for the year 1935. Some clarifying is necessary to avoid inaccuracies in the interpretation of the data used in the following paragraphs.

Norton county is being used as an example of the seventy counties which is representative of the selected counties in respect to assessments, levies and tax collected on merchants personal property. The assessments and tax collected on moneys and credits were purposely omitted because of the variation in the policies of each merchant on extending credit to customers. Also, the assessments and tax collected against furniture and fixtures of each store were omitted because of the

wide variation in the evaluating of this personal property and because some merchants had leased the building with furniture and fixture included.

Chain stores in the different groups were included as well as privately owned stores operating or leased through corporations and their sub-division supply stores selling at retail. The Ayres Auto Supply store is an example of the latter group, which maintains a supply store from which wholesale and retail sales are made to customers. In nearly all chain stores, moneys and credits were about \$300.00, which is used to operate on and the cash from sales is remitted each day by the manager. Therefore, the basis of this discussion has been on the same level by reducing it to include only stocks of merchandise for each of the five groups of business.

TABLE XVII has been constructed to show the necessary data in a condensed form.

TABLE XVII

## ASSESSED VALUATION of STOCK INVENTORIES

in NORTON COUNTY				
Kinds of Business	No. of Stores	Assessed	Tax	Sales
		Inventory Valuation	Paid	(add 000)
Food stores	30	\$32,735.00	\$1,366.81	\$515
Automotive stores	17	32,745.00	1,531.82	289
Filling Stations	30	10,425.00	452.88	339
Lumber-Building- Hardware Stores	25	71,118.00	2,693.09	335
Drug Stores	7	22,150.00	984.04	97
Total . . . . .	109	\$169,173.00	\$7,028.64	\$1,575

1. Sarvis, C. V., Norton County Clerk's Records for the year 1935.
2. Bowers, Edith, Norton County Treasurer' Records for the year 1935.

The total assessed valuation of stock inventories for the five groups in Norton county amounted to \$169,173.00 on which a tangible personal property tax was paid amounting to \$7,028.64. This represented a levy for the county of \$41.69 per one-thousand dollars of assessed valuation. During the same period, sales amounted to \$1,575,000.00 for these five groups. The per cent of tax against inventories amounted to .4462 per cent of the sales and the stock inventories represented 10.74 per cent of the sales. TABLE XIV in chapter IV shows that tangible personal property for the entire state amounted to \$341,507,829.00 or 12.58 per cent of all assessed property. There is not available information showing what portion of this tangible personal property represents merchants' stock of goods. However, the total personal property tax paid in Norton county for the year was \$26,455.77--the amount paid on merchandise inventories is not known and was not available. Norton county had 174 stores operating and doing a business amounting to \$2,396,000 in the year 1935. Eighty of these stores were located in the city of Norton which is a second class city.

#### FOOD STORES

The food stores of Norton county were assessed \$32,735.00 on their stock of merchandise. This represented 19.35 per cent of the total assessed inventory for all five groups and paid a tax of \$1,366.61 which was equal to 19.44 per cent of the tax paid by these groups. The food stores sales amounted to \$515,000.00 or 32.7 per cent of the total business done by the five groups. The tangible personal property tax on inventories amounted to .2654 per cent of the

total sales of the food stores. The food stores in Norton county did .5835 per cent of the total business of all food stores in the state. The average city levy for Norton county amounted to 15.652 mills and the total tax rate for all purposes amounted to an average of 43.782 mills. Comparing the food stores of Norton county with those of the state on a percentage basis it was found that 27.52 per cent of the stores in the five groups were food stores as compared to 34.9 per cent for the state. Food store sales in the state amounted to 35.3 per cent of the total sales of the five groups while the sales in Norton county amounted to 32.7 per cent of the total sales of the five groups of business. There were thirty food stores in the county, seventeen of them were located in cities surrounding Norton (city). The National Cash Register Company has compiled data relative to turn-over in merchandise per year in retail stores.

The stock turn-over for grocery stores without meats should be 10 times per year; grocery stores with meat shops in connection should have a stock turn-over of 14 times per year.<sup>3</sup>

By dividing the assessed value of merchandise inventory into the total sales for the food stores the turn-over was found to be 15.75 times per year. This figured on an average for the county shows Norton county food stores to be representative of the general run of food stores. The thirteen stores in Norton (city) did \$365,000 while the stores outside of Norton (city) did \$150,000. The computing of the turn-over in inventory is not accurate, but gives a general trend of business conditions in the county.

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3. National Cash Register Co., "Better Retailing". Jan. 10, 1928.  
page 39.



AUTOMOTIVE STORES

The automotive stores numbering seventeen were assessed on inventories of \$32,745.00 on which a tax of \$1,531.82 was levied. The assessed inventory amounted to 19.41 per cent of the total assessed inventories for the five groups of business. The tax paid amounted to 21.79 per cent of the total tax paid by all groups in the county. Sales for this year amounted to \$289,000.00 or 18.34 per cent of the total sales for the five groups in Norton county. The per cent of tax paid on inventories to sales represented .53 per cent. By process of comparing Norton county with the state in respect to stores and sales; it was found that the number of stores in the automotive group in Norton county represented 15.6 per cent of the total stores in the five groups. The corresponding percentage for the state in regard to automotive stores was 16.3 per cent of the total stores in the five groups. The National Automobile Dealers Association in making a survey of the automotive stores found that the taxes other than income which has reference to inventories, amounted to .15 per cent of the expenses on stores doing a business with a profit ranging up to 2.99 per cent on the investment. The total number of stores in this survey represented 67.3 per cent of the stores surveyed. Automotive stores operating with a profit of 3.0 per cent and up paid taxes amounting to 21 per cent of the sales. Automotive stores of this group surveyed represented 15.7 per cent of the total stores surveyed. The tax per new unit sold amounted to \$3.27 per car and the tax per new unit sold of the stores in the 67.3 per cent group of stores paid \$2.72 per car.<sup>4</sup> Seventeen

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4. Benson, A. N. General Manager. National Automobile Dealers Association. Detroit, 1936. page 15.

per cent of the automotive stores operated at a loss and paid inventory taxes amounting to .17 per cent of the total expenses or \$3.59 per new unit sold.

#### FILLING STATIONS

The filling stations represented 27.52 per cent of the total number of stores in the five groups. The filling stations inventories were assessed at a value of \$10,425.00 or 6.22 per cent of the total inventories of all stores in the group and paid a tangible personal tax of \$452.88 or 6.45 per cent of the total personal property tax of the five groups of business in Norton county. The sales of the filling stations amounted to \$339,000.00 or 21.52 per cent of the total sales of the five groups in the county. The per cent of tangible personal property tax represented .1332 per cent of the total sales for all filling stations in Norton county. In comparing the sales and stores of filling stations in Norton county with the state, the percentages in respect to stores were 27.52 and 27.45 per cent respectively. The sales in Norton county in comparison to the sales for the entire state in percentages were 21.5 and 13.6 per cent respectively. Norton county had thirty filling stations with twelve of them located in Norton (city). These twelve stations did \$179,000.00 worth of business in 1935. The remaining eighteen stations were located in cities in the county and had sales amounting to \$160,000.00. The average sale per filling station in the county amounted to \$11,330.00 while the average sale per station in the state amounted to \$8,263.93. The average sale per filling station in the United States amounted to \$9,436.12 for the year.

## LUMBER-BUILDING-HARDWARE STORES

In the building-lumber-hardware stores representing 22.93 per cent of the total stores in the five groups, the assessed valuation on merchandise inventories amounted to \$71,118.00 or 42.03 per cent of the total inventories for the five groups. The tangible personal property tax amounted to \$2,693.00 or 38.31 per cent of the total tangible tax collected. The per cent of tangible personal property tax collected represented .8039 per cent of the sales for the year. The total sales in this group amounted to \$335,000.00 in the county or 21.27 per cent of the total sales of all groups. In comparing the sales and stores of this group in Norton county with the state, the percentages in respect to stores were 22.93 and 14.25 per cent respectively. The sales in the county in comparison to the sales in this group for the entire state in percentages were 21.27 and 15.9 per cent respectively.

Norton county had twenty-five stores in the lumber-building-hardware group. Ten of these stores were in Norton (city) and had sales amounting to \$193,000.00 or an average sale per store of \$19,330.00. The remaining fifteen stores were located in the other cities of the county and had sales amounting to \$142,000 or an average sale per store of \$9,466.67. The average sale for the state was \$25,473.19 as compared to the average sale in the county of \$13,400.00.

Mr. C. M. Arnold, manager for the Price and Johntz Lumber Co., which operates the Hardman Lumber Company in North-central Kansas makes the following state in his letter of March 8th, 1940.

"A county having 15,000 population probably would support six or seven lumber yards very nicely. A lum-

ber yard should turn its stock about twice a year or in other words its annual sales should be about twice its inventory".

#### DRUG STORES

The drug store group had seven stores in the county which represented 6.42 per cent of the total stores in the county. Three of these stores were located in Norton (city) which had sales amounting to \$71,000; while the remaining four stores were located in the cities in the county. These four stores had sales amounting to \$26,000.00. The average sale per store in the county was \$13,857.14 as compared to the average sale per store in the state of \$21,812.51. The average sale per store in the city of Norton was \$23,700.00 as compared to the average sale per store for the remainder of the county was \$6,500.00. The sales of this group for the county amounted to \$97,000.00 or 6.45 per cent of the total sales for all five groups in the county. The assessed valuation of inventory stock amounted to \$22,150.00 or 13.0 per cent of the total inventories for the five groups. The tax paid on these inventories was \$984.04 or 14.0 per cent of the tax paid on the total inventories of the five groups in the county. The per cent of tangible personal property tax paid to sales amounted to 1.014 per cent. The drug stores in Norton county did .57 per cent of the total drug business in the state. Comparing the number of stores and sales of Norton county with the state, it was found that the stores in percentage to the state were 6.43 and 6.1 per cent respectively. The sales in the county in comparison to the sales in this group for the state in percentages were 6.45 and 6.8 per cent respectively.

## SUMMARY

A summary of the information found in this chapter relative to the assessed valuation and the taxes paid for the year 1935 discloses some facts worthy of consideration. However, business conditions will affect some types of business more than others and the nature of the merchandise handled alter the inventories carried relative to volume and price per unit. Filling stations inventories are relative small due to the nature of the goods and the facilities for handling large quantities of goods at any one time. The turn-over in stock inventories vary considerably and the unit price varies a great deal.

It was found that the number of stores of the five groups arranged in order from the highest to the lowest are as follows: food stores 30, filling stations 30, lumber-building-hardware stores 25, automotive stores 17, and drug stores 7. Arranging the stores in order of assessed valuation of inventories the order was found to be lumber-building-hardware stores \$71,118.00, food stores \$32,735.00, automotive stores \$32,745.00, drug stores \$22,150.00 and filling stations \$10,425.00.

The tax paid on assessed inventories of these stores fall in the following order: lumber-building-hardware stores \$2,693.09, automotive stores \$1,531.82, food stores \$1,366.81, drug stores \$984.04 and filling stations \$452.88. The order of the store groups in volume of sales fall in this order: food stores \$515,000.00, filling stations \$339,000.00, lumber-building-hardware stores \$335,000.00, automotive stores \$289,000.00 and drug stores \$97,000.00. However, in computing the tax burden on each group by the number of stores in the county on

the average basis per store the order is as follows: drug stores \$140.57, lumber-building-hardware stores \$107.72, automotive stores \$90.11, food stores \$45.56 and filling stations \$15.09.

The tax burden based on the total taxes paid on a percentage basis for each group was found to be in the following order: lumber-building-hardware stores 38.31 per cent, automotive stores 21.79 per cent, food stores 19.44 per cent, drug stores 14.0 per cent and filling stations 6.46 per cent. The percentages of each group as compared to the total assessed inventory valuation are in the same order as the tax burden based on the total taxes paid by the five groups.

## CHAPTER VI

## SUMMARY and CONCLUSION

The findings of this investigation involved a study of the trends and practices in taxation and an analysis of business in several of its aspects. The general economic conditions of business were considered as important as well as local situations which directly affect each business group to some extent. Some of the common conceptions relative to the general property tax as being a heavy burden on business has been based on erroneous conclusions as shown in the findings of this problem.

Careful consideration has been given in regard to the basic soundness of the findings in order to have a certain degree of accuracy. The conclusions have been made by method of comparison of each business group and in every instance, where possible, the comparison has been made in relation to the state of Kansas and the United States. These comparisons have been made on a basis of percentages based on the five groups of business. The figures of each group were reduced to a percentage basis to facilitate comparison. Tables have been made showing these percentages and other data used in making the conclusions.

The data show in some instances some wide variations existing either in the county, state or nation. These differences are accounted for by additional explanations and information.

The attempt to discover whether Norton county is representative in regard to business in each of the five groups of business, TABLE XVIII was made on a percentage basis. The items covering the number of stores and sales were obtainable in Norton county as well as for the state and the United States. The other items for Norton county were not available but the percentages are given for the state and the United States to show the degree of closeness existing between the two. Since this problem deals primarily with Norton county the comparison will be made to the state of Kansas excepting instances of great differences.

In Norton county the number of food stores represented 27.52 per cent, for the state 34.9 per cent and for the United States 51.07 per cent of the total stores in the five business groups. This indicates that Norton county had a great many less food stores than the United States on a percentage basis, but only had 7.4 per cent fewer stores than the percentage shows for the state. However, when considering the sales of these stores, Norton county did 32.7 per cent of the total business in the five groups as compared to the state 35.3 per cent and the United States 46.3 per cent. It is evident that the food stores had a greater volume of business in proportion to the per cent of stores operating than the same class of stores had in either the state or United States. Norton county compares favorably with the state in respect to per cent of sales. The per cent of operating expenses to sales was 13.0 for the state and 16.59 per cent for the United States. This represents a lower cost of doing business in the state than for the United States. These percentages were not avail-



TABLE XVIII

## COMPARISON of FIVE GROUPS of BUSINESS

in

NORTON COUNTY, KANSAS and THE UNITED STATES  
(by percentages)

	Norton County	Kansas	United States
<b>Food Stores:</b>			
Stores	27.52	34.9	51.07
Sales	32.7	35.3	46.3
Proprietors		37.2	54.3
Employees		33.7	42.1
Pay-roll		27.7	29.3
Operating Expenses		29.0	42.3
% of operating Exp. to sales		13.0	16.59
<b>Automotive Stores:</b>			
Stores	15.6	16.3	16.3
Sales	18.35	28.4	25.5
Proprietors		18.4	12.7
Employees		25.7	21.6
Pay-roll		31.0	26.6
Operating Expenses		29.9	25.05
% of operating Exp. to sales		16.4	17.8
<b>Filling Stations:</b>			
Stores	27.52	27.45	19.7
Sales	21.5	13.6	10.9
Proprietors		26.3	20.17
Employees		16.4	16.5
Pay-roll		15.0	22.0
Operating Expenses		14.01	10.9
% of operating Exp. to sales		17.5	18.1
<b>Lumber-Building-Hardware Stores:</b>			
Stores	22.93	14.25	7.34
Sales	21.0	15.9	10.3
Proprietors		11.9	7.31
Employees		15.5	10.9
Pay-roll		17.5	13.4
Operating Expenses		17.6	12.9
% of operating Exp. to sales		17.3	22.6
<b>Drug Stores:</b>			
Stores	6.45	6.1	5.59
Sales	6.43	6.1	6.8
Proprietors		6.2	5.42
Employees		8.6	9.2
Pay-roll		8.8	8.7
Operating Expenses		9.4	8.85
% of operating Exp. to sales		21.8	23.6

able for Norton county. This difference in cost of operating food stores may be the result of lower wages being paid in Kansas, lower rents and cost of advertising or smaller stocks of merchandise carried on shelves.

In considering the automotive stores in Norton county, it was found that the per cent of stores in the group compared to the total stores for the five groups was 15.6 per cent, for the state 16.3 per cent and for the United States 16.3 per cent. It is definite that the automotive stores in Norton county are representative of the stores in the state and the United States from these percentages. However, the sales of the automotive stores in Norton county represented 18.35 per cent, for the state 28.4 per cent and for the United States 25.5 per cent. This difference existing between the state and Norton county may be attributed to local conditions which were lack of moisture, low agricultural product prices and continued period of drought dating from 1932. The operating expenses of this group compared on a percentage basis were 16.4 per cent for the state and 17.8 per cent for the United States. The increase in sales in the state account for the decrease in the per cent of operating expenses to sales. However, the operating expenses in the state were 29.9 per cent as compared to the operating expenses for the United States of 25.05 per cent. The sales in the county were 10.05 per cent lower than the sales in the state but only 7.85 per cent lower than the sales for the United States.

Filling stations in Kansas rated much higher in per cent than for the United States. Norton county ranked higher than the state did in respect to number of stores and sales. The number of filling stations in Norton county in per cent were 27.52, for the state

27.45 per cent and for the United States 19.7 per cent. Norton county compared about equal with the state in per cent of filling stations, but ranked higher than the per cent of stores in the United States by 7.8 per cent. This may be attributed to the fact that Norton county as well as Kansas is an agricultura country. Filling stations are numerous and competition keen. Many sales are made of greases and oils for agricultural uses from the filling station. The sales in per cent for the filling stations in Norton county were 21.5 per cent, the state 13.6 and the United States 10.9 per cent. The sales in Norton county were 7.9 per cent higher than for the state and 10.6 per cent higher than the sales for the United States. The higher per cent of sales in Norton county may be attributed to the agricultural sales, the greater distants to travel increases the amount of sales per car. The lack of amusements in the smaller towns in the county force people to go farther than their home town and thus increase consumption of filling stations commodities. The per cent of operating expenses to sales for the state were 17.5 per cent and for the United States 18.1 per cent. Kansas ranked lower in this item than the United States. This might be attributed to larger sales, fewer employees, lower pay-roll and larger number of proprietors.

The number of stores in the lumber-building-hardware stores represented 22.93 per cent for Norton county, 14.25 per cent for the state and 7.34 per cent for the United States. Norton county had 50.0 per cent more stores in this group than this group had for the state. This is accounted for by the fact that there are seven lumber yards in the county. The Foster Lumber Company has a yard at Norton which

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serves as a distribution point for less than car-load lots of building material. It is also one of the "Show Places" of the company since Mr. George Tubbs lives in Norton and is one of the officials and large stockholders of the company. This accounts for the large increase of sales in the county as compared to the state and the United States. The sales for Norton county were 21.0 per cent, for the state 15.9 per cent and for the United States 10.3 per cent. The per cent of operating expenses to sales for the state were 17.3 per cent and 22.6 per cent for the United States. The lower per cent of operating cost per sales may be attributed to the 50.0 per cent increase of sales in the county over the sales in the state and the United States.

The number of stores in the drug group in Norton county were 6.43 per cent, for the state 6.1 per cent and for the United States 5.59 per cent. The percentages run about the same for the county, state and the United States in respect to stores. The same percentages hold true but with little variation in regard to sales in the county, state and the United States. However, the state percentage for operating expenses in relation to sales was 1.8 per cent lower than it was for the United States. It is evident that local conditions did not reflect it self so much in the sales or number of stores in the county. It was apparent from the data given that people look after their health and seem to patronize the drug stores regardless of economic conditions.

The data in TABLE XVIII has indicated to what extent the five groups of business in Norton county compare with the identical groups in the state and the United States. The next few paragraphs discuss the relative personal property tax burden borne by each group

of business. The percentages shown have been calculated for the five groups of business in Norton county. TABLE XIX has been used as a basis for this discussion. Some interesting facts are presented which would ordinarily escape casual notice. Especially is this true when comparing the personal property tax burden based on sales. These facts are not apparent in looking over the county clerks' and treasurers' records.

TABLE XIX  
ASSESSSED VALUATION of STOCK INVENTORIES  
of  
FIVE GROUPS of BUSINESS in NORTON COUNTY  
(with percentages)

Groups of Business	No. of Stores	Assessed <sup>1</sup> Inventory Valuation	Per Cent of Ass'ed. Val.	Tax <sup>2</sup> Paid	Per cent of Total taxes paid in the Tax of Five groups	Per cent of Tax of Sales
Food Stores	30	\$32,735	19.35	\$1,366.81	19.44	.2654
Auto. Stores	17	32,745	19.41	1,531.82	21.79	.53
Filling Stations	30	10,425	6.22	452.88	6.46	.1333
Lum.-Bldg.-Hdwe. Stores	25	71,118	42.03	2,693.09	38.31	.8039
Drug Stores	7	22,150	13.0	984.04	14.0	1.0144

- Soure: 1. Sarvis, C. V., Norton County Clerks' records for the year 1935.  
2. Bowers, Edith, Norton County Treasurers' records for the year 1935.

The food stores in Norton county were assessed \$32,735 and paid a tax burden of \$1,366.81. The assessed valuation of the food stores was 19.35 per cent of the five groups of business which compar-

ventory of this group amounted to \$71,118 and paid a tax of \$2,693.09. The per cent of assessed valuation of the five groups amounted to 42.03 per cent and the per cent of the total tax paid equaled 38.31 per cent. The lumber-building-hardware group ranked first in assessed valuation and the amount of tax paid.

The drug store group ranked fifth in the number of stores and fourth in the assessed valuation of merchandise inventory in the county. The tax burden in per cent of taxes paid to sales amounted to 1.0144 per cent which placed this group first in the five groups. The assessed valuation of inventory amounted to \$22,150 and the amount of taxes paid was \$984.04. The per cent of the assessed valuation was 13.0 per cent and the per cent of taxes paid was 14.0 per cent. Drug sales amounted to \$97,000 or fifth in total sales of the five groups in the county.

#### CONCLUSIONS

Evidence has been presented on the problem of the personal property tax burden on business. The facts found in the summary of this chapter are sufficient to assume that the five business groups in Norton county are representative of like groups of business in the state. The percentages for stores and sales as shown in TABLE XVIII are additional data to substantiate this assumption.

The evidence presented show that the personal property tax burden on business inventory may not be too high to warrant the usual complaint. The business man does not take into consideration the amount of taxes paid should be spread over the volume of sales as well as confining the tax to the basic inventory at the time of assessment.

The real tax burden on business comes not in the general property tax or the personal property tax, but lies in the special assessments and the licenses and fees. Many of the taxes paid by the business man are taxes which can be passed on to the consumer. Many business men pay internal excise taxes to sell certain commodities such as narcotics, butter substitutes and tobacco. Stores selling commodities, either taxed by local or state authorities and sometimes by both, pay not taxes but licenses and fees. Some of these commodities sold under such licenses and fees are beer, butter substitutes, lard substitutes, cigarettes and tobaccos. Some cities issue permits to do business within the city.

The business man has been confused in the terminology of the word tax and has included licenses and fees as taxes. It is apparent and important that some distinction should be made by the business man to avoid the common conception of the term. There has been sufficient evidence to warrant the contention that the personal property tax burden on business is not too great at the present time nor has it been in the past.

TABLE I  
TYPES OF TAXES

Type of tax	Government by which it is used	Beneficiary or which it is levied
Income tax (Individual and Corporate)	National government and many state governments	Ability to pay and benefits received
Inheritance Taxes	National government and state governments	Ability to pay and benefits received
Gift Taxes	National government and state governments	Ability to pay and benefits received
Taxes on Manufactured Products	Largely by the National government, somewhat by state governments	Based mainly on ease of collection
Taxes on retail sales	State governments	Based almost entirely on convenience and ease of collection
Taxes on real and personal property	Local governments	Based upon the value of property and benefits received and upon the local and state needs
Excise taxes	State and National governments	Benefits received
Liquor and Tobacco Taxes	State and National governments	Ease of collection
Import Duties	National governments	Ease of collection and protection of home industries
Franchise Payments	Local governments	Benefits received
Severance Taxes	State governments	Benefits received

Source: Krug, Edward A. "Why Taxers? What They Pay for Us". 1939, page 22.



TABLE I  
TYPES of TAXES

Type of tax	Government by Which it is used	Principle on which it is based
Income tax (individual and Corporation)	National government and many state governments	Ability to pay ( and slightly on benefits received)
Inheritance Taxes	National government and state governments	Ability to pay and benefits received
Gift Taxes	National government and state governments	Ability to pay and benefits received
Taxes on Manufactured Products	Largely by the National government. somewhat by state governments	Based mainly on ease of collection
Taxes on retail sales	State governments	Based almost entirely on convenience and certainty of collection
Taxes on real and personal property	Local governments	Based today on benefits received (formerly on benefits received and ability to pay) and age of tax
Gasoline taxes	State and National governments	Benefits received
Liquor and Tobacco Taxes	State and National Governments	Ease of collection
Import Duties	National governments	Ease of collection and protection of home industries
Franchise Payments	Local governments	Benefits received
Severance Taxes	State governments	Benefits received

Source: Krug, Edward A. "Why Taxes? What They Buy for Us". 1939, page 22.

TABLE II

## UNITED STATES SUMMARY

## STORES, SALES, PERSONNEL, PAY-ROLL

## by DETAILED KINDS of BUSINESS

Kind of Business	Number of Stores	Sales  (add 000)	Active Proprietors and firm Members
Total for United States	1,653,961	\$33,161,276	1,511,734
<u>Food Stores</u>	552,010	8,362,425	489,966
Candy and confectionery stores	55,197	314,467	53,973
Dairy products stores & milk Dlrs.	16,380	576,351	13,684
Egg and poultry dealers	5,747	52,404	5,799
Delicatessen stores	6,554	88,708	6,452
Fruit stores and vegetable markets	32,632	215,965	33,246
Grocery stores (without meats)	188,738	2,202,607	170,415
Combination stores (groceries & meat)	166,233	4,149,813	148,321
Meat markets	32,555	565,640	31,978
Fish markets--Seafood	6,919	46,811	7,170
Bakeries and caterers	14,150	99,908	12,335
Other food stores	6,905	49,751	6,593
<u>Automotive Group</u>	116,702	4,606,650	113,220
Motor-vehicle dealers (new)	30,294	3,725,438	25,484
Used-car dealers	4,751	122,204	4,735
Accessories, tire and battery dealers	14,343	373,910	10,384
Garages	66,243	370,064	71,626
Other automotive	1,071	15,034	991
<u>Filling Stations</u>	197,568	1,967,714	179,870
<u>Lumber-Building-Hardware Group</u>	73,186	1,864,275	60,157
Lumber & Building Material dealers	21,149	866,865	10,819
Hardware stores	26,996	467,217	26,472
Hardware & Farm Implement dealers	9,637	291,762	9,821
Heating & Plumbing Equipment dealers	5,025	89,477	4,315
Paint, Glass, Wall-paper stores	8,910	127,049	7,423
Electrical supply stores	1,469	21,905	1,397
<u>Drug Stores</u>	56,697	1,232,593	48,363
Drug stores with fountain	38,731	950,328	32,199
Drug stores without fountain	17,966	282,265	16,164
Total for the five groups . . . . .	996,163	\$18,033,657	891,576

Source: United States Department of Commerce, page 11.

1. Includes no compensation for proprietors and firm members of unincorporated

TABLE III

SUMMARY for STATE of KANSAS

STORES, SALES, PERSONNEL, PAY-ROLL

RETAIL, WHOLESALE, SERVICE, CONSTRUCTION  
for 1935

Retail Distribution Kinds of Business	Number of Stores	Sales (add 000)	Active Proprietors and Firm Members
Retail Distribution	27,433	\$448,261	26,399
Wholesale Distribution	4,621	398,387	2,076
Service Establishments	9,290	19,784	9,665
Construction Industry	110	4,028	- - -
Construction outside of Kansas (Kans. Firms)	18	639 <sup>1</sup>	- - -
1. Building	\$191,000		
Highways and heavy	368,000		
Special Trade			
Contractors	80,000		
Manufacturing Establishments	1,508	468,690	- - -
Manufacturing cost	\$354,656,754		
Added value by Mfg.	114,133,536		

Source: United State Census of Business 1935

1. Includes no compensation for proprietors and firm members of unincorporated

**TABLE IV**  
FISCAL FACTS of INTEREST

	1938	1937	1936	1935
Total Assessed Valuation State of Kansas	\$2,795,855,548	\$2,764,868,802	\$2,710,976,546	\$2,713,300,000
Total Population State of Kansas	1,805,454	1,823,679	1,840,749	1,850,000
Total Assessed Valuation of Cities	\$933,964,845	\$936,169,284	\$903,743,721	\$888,000,000
Total population of Cities	1,056,631	1,055,279	1,048,301	1,050,000
Per Cent State's Population in Cities	58.5%	57.8%	56.9%	
*Total City Bonded Debt Special Assessment	\$7,115,762	\$8,061,149	\$10,014,981	\$11,000,000
*Grand Total Bonded Debt of Cities	**\$51,631,864	\$54,533,346	\$56,681,619	\$55,000,000
*Total City Emergency Warrants	\$194,280	\$121,487	\$86,659	
*Total City School Bonded Indebtedness Reported	\$27,140,534	\$25,910,741	\$25,237,430	\$23,000,000
*Total City School Emer- gency Warrants	\$17,444	\$24,736	\$15,455	
*Total County Bonded Debt	\$25,337,204	\$25,689,066	\$26,003,225	\$25,000,000
*Total County Emergency Warrants	\$295,117	\$226,214	\$211,240	\$200,000

Source: Kansas Government Journal. Jan. 1939

\* Information as of Oct. 1.

\*\* Does not include revenue bonds in the amount of \$4,185,000.

TABLE V

STATE of KANSAS

STATE and LOCAL TAXES LEVIED on GEN

for 10 FISCAL YEARS  
(in thousands of dollars, add

	1936	1935	1934	1933	1932
State (a)					
General	\$3,419	\$3,808	\$3,456	\$4,980	\$4,200
Special (b)	1,854	1,887	1,943	1,983	2,000
Total . . . . .	5,273	5,695	5,399	6,963	6,200
Local (c)					
County	18,617	17,901	17,453	16,150	15,700
City	10,884	11,028	11,246	11,556	12,100
Township	3,154	3,114	2,657	2,634	3,800
School	24,415	23,775	24,162	22,358	28,100
Drainage and Cemetery	316	321	334	251	200
Total . . . . .	57,386	56,139	55,852	52,949	60,200
Total of all Taxes (c)	62,659	61,834	61,251	59,912	66,400
Per Capita Levies					
State	2.86	3.09	2.94	3.79	3.00
Local	31.18	30.41	30.40	28.83	33.00
Total . . . . .	34.04	33.50	33.34	32.62	36.00

Source: Research Department Legislative Council; as used in the Kansas Year

(a) State taxes are those computed on equalized assessments, a slightly dif  
taxes are computed.

(b) To amortize soldiers' bonus bonds.

(c) Does not include special and improvement levies or dog taxes.

TABLE VI

RECEIPTS of KANSAS STATE GOVERNMENT

for 10 FISCAL YEARS (a)  
(in thousands of dollars, and)

	1936	1935	1934	1933	1932
<b>General Revenue:</b>					
General Property Taxes	\$3,662	\$4,525	\$3,865	\$4,640	\$5,000
Insurance Com. Fees	931	829	762	823	900
Bank Com. Exam. Fees	62	58	61	61	60
Interest on Deposits	98	158	158	180	200
Inheritance Tax	436	259	344	297	400
Car & Express Co. Operative and Excise Tax	120	123	134	178	200
Corporation Taxes	305	302	315	324	300
Cigarette Tax	640	536	385	304	400
Income taxes	1,582	1,230	618	- -	-
Others	472	248	583	584	200
Total . . . . .	8,269	8,267	7,225	7,390	8,000
<b>Special Funds:</b>					
Boards and Commissions	2,481	1,980	1,773	1,560	2,000
Educational Institutions	1,943	1,617	1,396	1,573	1,900
Charitable Institutions	299	322	262	243	200
Penal Institutions	349	303	255	299	400
Patriotic Institutions	8	8	6	3	0
Total . . . . .	5,079	4,230	3,693	3,678	4,600
<b>Highway Funds:</b>					
Motor Vehicle License Tax	3,507	3,227	3,156	2,991	5,200
Motor Fuel tax (b)	8,748	8,334	7,994	7,322	8,000
Benefit District (c)	11	109	- - -	140	500
Motor Carrier Fees	854	621	439	173	0
Federal Funds	7,403	9,141	8,327	4,589	4,500
State & County Road Funds	- - -	8	- - -	- - -	0
Others	82	193	189	87	100
Total . . . . .	20,603	21,633	20,104	15,302	18,600
Grand Total 1 . . . . .	33,951	34,130	31,022	26,370	31,400

Source: Research Department Kansas Legislative Council; as used in the Kansas

(a) Includes transfers.

(b) Rate increased from 2¢ to 3¢ per gallon, April 1, 1929.

(c) Sale of anticipation warrants for local benefit district projects ordered

TABLE VII

EXPENDITURES of THE KANSAS STATE GOVERNMENT

for 10 FISCAL YEARS  
(in thousands of dollars, added)

	1936	1935	1934	1933	1932
Departments, Boards and Coms.					
General Revenue	\$2,232	\$2,059	\$1,866	\$2,372	\$2,059
Special Funds	2,068	1,743	1,496	1,380	1,743
Total . . . . .	4,299	3,802	3,362	3,752	3,802
Educational Institutions under Board of Regents					
General Revenue	2,744	2,632	2,747	2,696	3,411
Special funds	1,917	1,479	1,215	1,571	1,743
Total . . . . .	4,660	4,111	3,963	4,267	5,200
Educational Institutions under Board of Administration					
General Revenue	276	374	238	266	311
Special Funds	113	39	38	334	61
Total . . . . .	389	413	276	300	372
Charitable Institutions					
General Revenue	1,360	1,395	1,316	1,128	1,411
Special Funds	384	348	235	358	348
Total . . . . .	1,744	1,743	1,551	1,486	1,800
Penal Institutions					
General Revenue	999	1,014	818	925	1,014
Special Funds	385	277	388	323	411
Total . . . . .	1,383	1,291	1,206	1,248	1,425
Patriotic Institutions					
General Revenue	166	177	177	216	216
Special Funds	8	8	5	3	8
Total . . . . .	174	186	182	219	224
Highway Commission					
General Revenue	--	--	--	3	--
Special Funds	20,226	18,358	18,639	16,357	18,800
Total . . . . .	20,226	18,358	18,639	16,361	18,800
Grand Total, General Revenue	7,775	7,651	7,162	7,607	8,600
Grand Total, Special Funds	25,100	22,253	22,017	20,025	23,300
Grand Total of all Funds	\$32,875	\$29,904	\$29,178	\$27,632	\$31,900

Source: State Budget Director's and Auditors reports, 1927-28 to 1937-38; and  
 Figures include transfers from one fund or department to another.  
 \* Includes \$838,851.43 gas tax refunded to counties.  
 \*\* Includes \$1,780,473.50 gas tax refunded to counties.

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