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Farm taxation and county government in Tennessee

A. C. Seymour

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To the Graduate Council:

I am submitting herewith a thesis written by A. C. Seymour entitled "Farm taxation and county government in Tennessee." I have examined the final electronic copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Extension.

C. E. Allred, Major Professor

We have read this thesis and recommend its acceptance:

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Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

UNIVERSITY OF TENNESSEE

33

Upon the request of the Committee on Graduate Study
the under-signed have examined the thesis entitled

FARM TAXATION AND COUNTY GOVERNMENT IN TENNESSEE.

presented by AJA CLEE SEYMOUR

candidate for the degree of Master of SCIENCE IN AGRICULTURE

_____, and hereby certify that it is
worthy of acceptance.

B. E. Albrecht

B. P. White

Examiners.

FARM TAXATION AND COUNTY GOVERNMENT IN
TENNESSEE.

A THESIS.

Submitted to the Graduate Committee
of the

University of Tennessee

in

Partial Fulfillment of the Requirements

for the degree of

Master of Science in Agriculture.

AJA CLEE SEYMOUR

May 1930

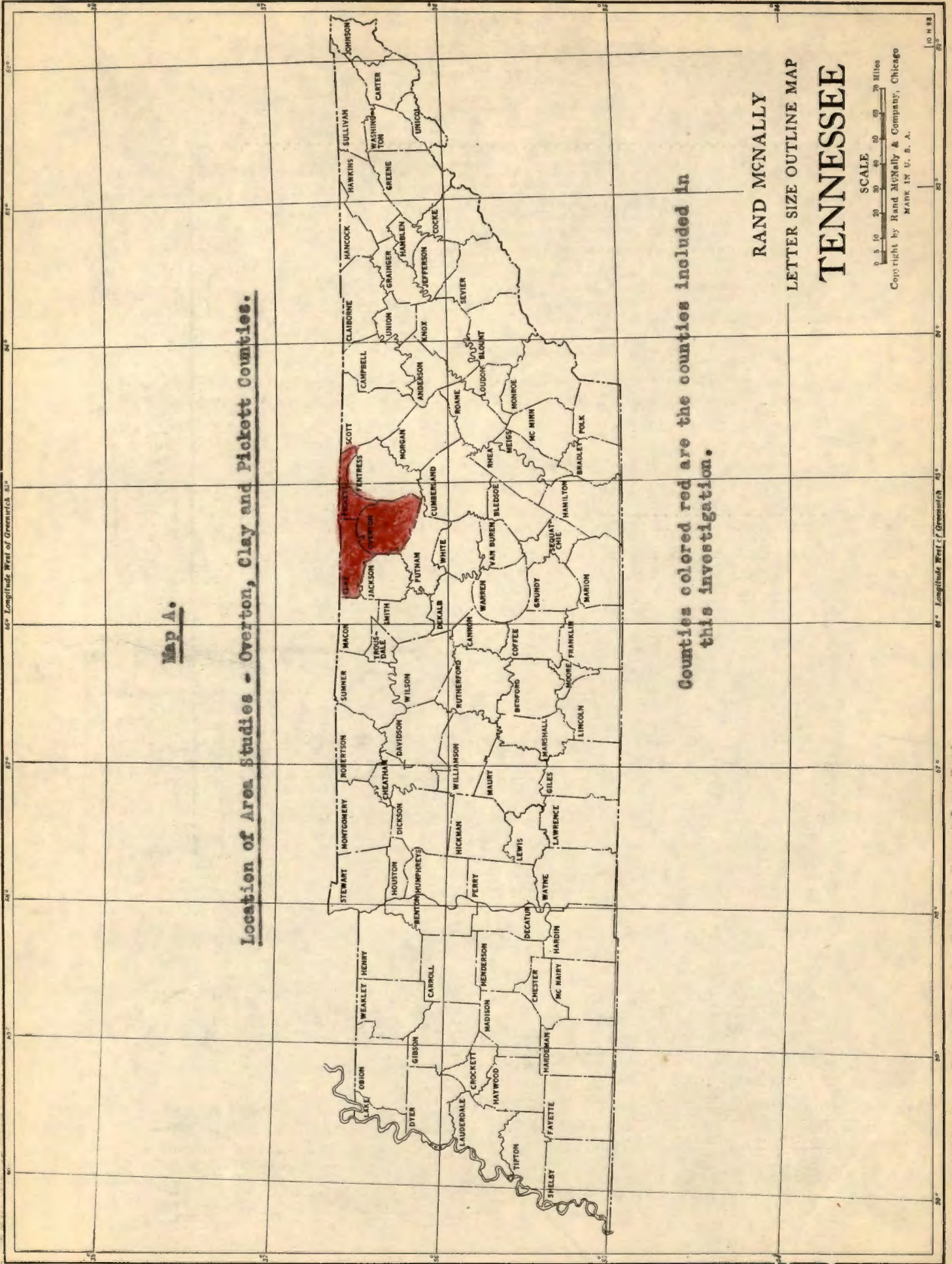
PREFACE.

Description of area. The counties given special attention in this study are Overton, Clay, and Pickett. They are located in the north-eastern part of Middle Tennessee, mostly on the Highland Rim, but partly on the Cumberland Plateau and in the Central Basin. The topography is mostly rather rough and rugged. The area is almost wholly agricultural. A little coal mining is done in Overton County. Attempts have been made to develop the oil industry in Clay and Overton Counties, with varying degrees of success; however at the present little is being done in this line. The timber industry contributes a large share of the incomes of the people in each of these counties. The largest town in the area is Livingston with 1510 people - according to the 1930 census.

This section presents many pressing problems in farm taxation and county government. These problems are representative of those found in a great many of the other rural counties of the state; and this is largely a rural agricultural state. For instance, seventy-five per cent of the people of the state were classified as rural in 1920. This area was therefore taken to be representative of a large section of the state in regard to farm taxation and county government problems.

Reason for the study. Farm taxation and county government problems are among the most pressing issues of the day. The rapidly increasing cost of county government brings up the question of the cause of the increase, as well as the more important one of how the cost may be reduced, or a better quality and quantity service secured for the same money.

Taking 1914 as 100, taxes on farm lands for the United States as a whole have increased to 258 in 1927. During this same period the general



price level increased only from 100 to 150. The question of finding new sources for taxation presents a topic well worth study and consideration; also, the more equal distribution of taxation among the various groups of people provides a topic that yields fruitful results of investigation.

An effort has been made to find weaknesses that may exist in the efficiency of county administration, including the levying and collection of taxes, and to recommend changes that would result in increased efficiency.

Plan of work. A project on Farm Taxation and County Government is being conducted by the Department of Agricultural Economics as an Experiment Station project. Investigation has been in progress since 1927. The writer has taken the data accumulated prior to July 1, 1929, and the additional data secured during the present fiscal year, and used them as a basis of this report.

This report is divided into two parts: Part I, Farm Taxation; Part II, County Government. A total of twenty-four chapters has been outlined, nine for Part I and fifteen for Part II. The chapters outlined are as follows:

Farm Taxation and County Government.

PART I. FARM TAXATION.

1. History of the General Property Tax in Tennessee as Affecting County Taxation.
2. Assessment and Equalization of Farm Real Estate Valuations in Tennessee Counties.
3. County Assessment and Equalization of Personal Property.
4. County Tax Rates on General Property.
5. The State Tax Rate on General Property, as Affecting Counties.
6. The Collection of General Property Taxes.
7. The Incidence of the General Property Tax.
8. Other Taxes Paid by Tennessee Farmers.
9. Other Sources of Revenue for Farmers' Local Governmental Units.

PART II. COUNTY GOVERNMENT

1. History of the Origin and Development of Counties in England and America.
2. The Nature and Functions of a County.
3. The County Court System.
4. County Expenditures and Their Control.
5. County Indebtedness.

(continued)

6. Administration of Justice and Maintenance of Peace.
7. Other County Officials.
8. The County Highway System.
9. County Welfare Work.
10. The County Educational System.
11. County Properties.
12. Electing, and Bonding County Officials.
13. State Aid for Counties.
14. Consolidation of Counties.
15. Reorganization and Improvement of County Government.

For lack of time all of the chapters outlined have not been completed.

This report, containing 490 pages, includes only the first two chapters of Part I and the first six chapters of Part II. Considerable data have already been collected, and much of it interpreted and written up, on the remaining chapters.

This project will be continued during the coming fiscal year.

Method of study. The materials were obtained by collecting data from a large number of different sources. Interviews with the county officials and well informed citizens of each county provided a great amount of information that could not have been obtained otherwise. Three field trips were made to Overton, Clay and Pickett Counties, and supplementary trips to Knox, Grainger, Union, Hamilton, and Meigs Counties. Income data from a farm management survey have been used; the state laws analyzed; and conditions in other states studied for comparative purposes.

These data have been supplemented with information secured from the various state departmental reports; and from many of the important books and articles written on these subjects.

Acknowledgements. Grateful acknowledgements are due Professor C. E. Allred, Head of the Department of Agricultural Economics, for his wise counsel and helpful suggestions in outlining and conducting the field trips, as well as in tabulating and interpreting the data.

Messrs. P. B. Boyer and S. W. Atkins, Assistant Agricultural Economists,

have rendered a great deal of valuable assistance in collecting the data and in working it up into final form.

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Miss Mildred Gallaher, office assistant, has rendered efficient service in making tabulations, maps, charts, and in typing the thesis. The writer also takes this means of thanking all of the county officials, farmers, state officials, and others for their cooperation in giving information without which this report could not have been prepared.

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PART I.

FARM TAXATION IN TENNESSEE: WITH DETAILED DATA ON OVERTON, CLAY AND PICKETT COUNTIES.

Introduction to Part I.

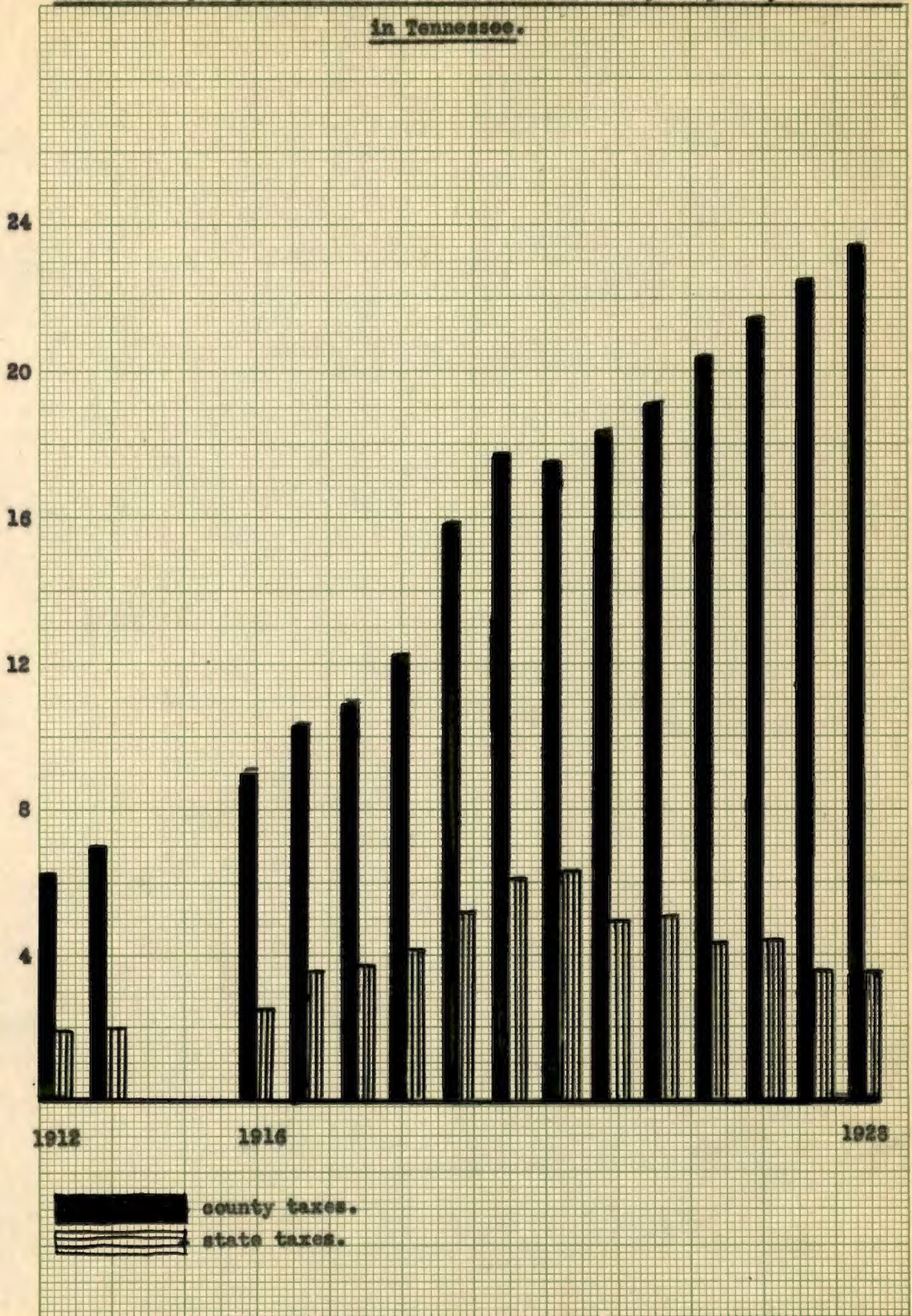
In recent years there has been throughout the state, and in fact the nation, a great deal of public interest in the subject of taxation. Special studies of the agricultural aspect of the tax burden have been made in a number of the other states by agricultural experiment stations and farmers' organizations. In Tennessee, although the reforms of Governor Peay's administration were based on the assumption that Tennessee farmers were bearing an undue share of the state tax burden, no systematic presentation of the facts of the case has heretofore been made available in print.

To date both discussion and reform efforts in Tennessee have been concerned mainly with state taxes. There is no occasion to deny the importance of state expenditures, but in view of the fact that general property taxes levied for county purposes alone increased from \$6,198,183 in 1912 to \$23,431,160 in 1928 (see Table 1) it is evident that the farmers' major tax burden is nearer home. Chart 1 presents further evidence of this. As is shown there the general property taxes levied for county purposes have exceeded those for state purposes increasingly since 1912. Farmers by no means pay all of the general property taxes but, as will be shown later, these are almost the only direct taxes paid by farmers. Nor are farmers the only ones that might well take an interest in local governmental costs. Chart 2 shows that until 1924 general property taxes levied for county purposes alone ex-

Chart 1.

General Property Taxes Levied for State and County Purposes, 1912-1928.

in Tennessee.



1912

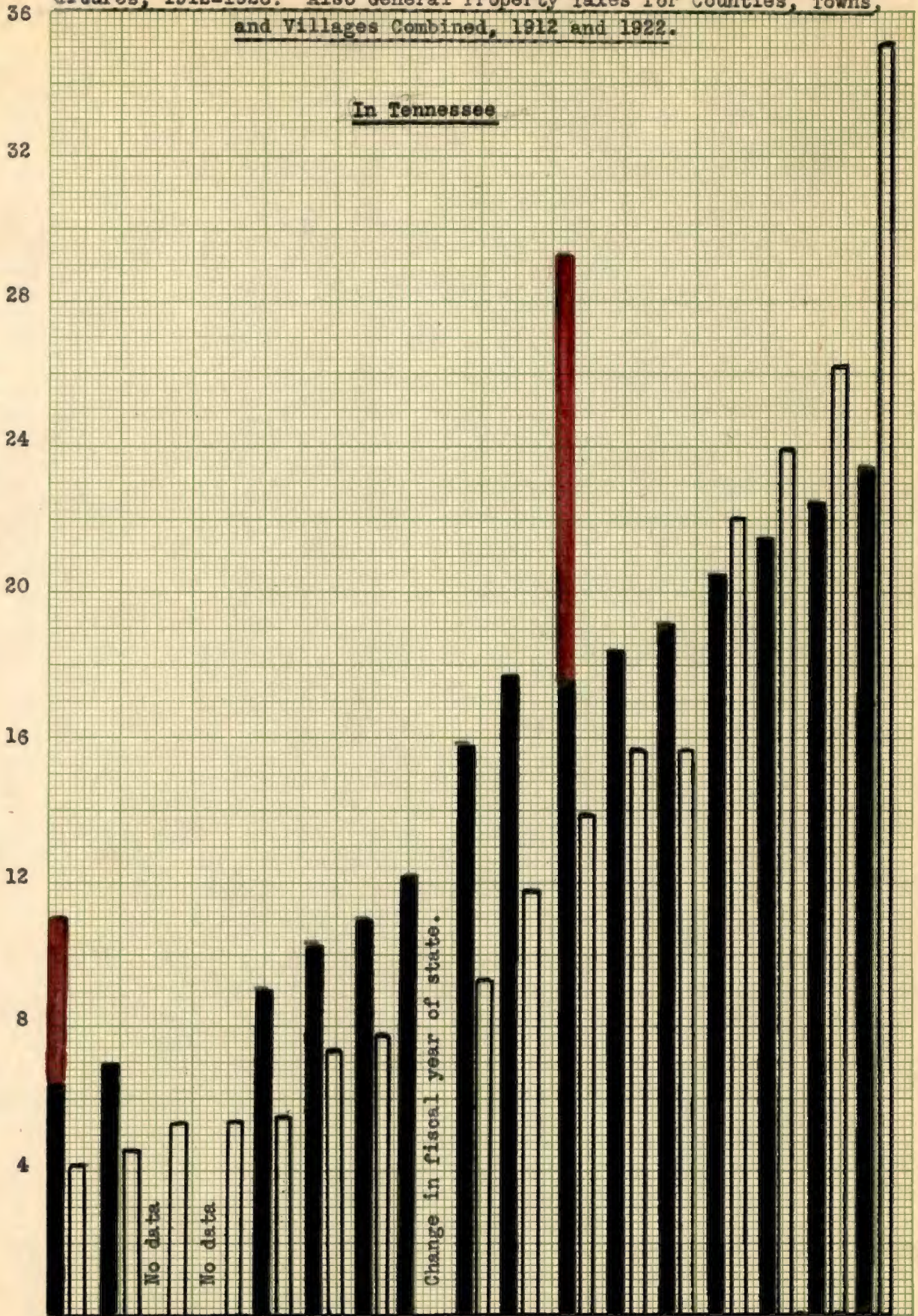
1916

1928

 county taxes.
 state taxes.

Chart 2.

General Property Taxes for County Purposes Compared with Total State Expenditures, 1912-1928: Also General Property Taxes for Counties, Towns, and Villages Combined, 1912 and 1922.



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City and village
 County
 State

ceeded total state expenditures. Such levies for towns and villages are available, during the period concerned, only for 1912 and 1922 but it seems probable that county, town and village general property levies combined would exceed total state expenditures as recently as 1928. A large part of state expenditures since 1924 has been in the nature of outlays for paving highways and building new bridges and school houses. Such activities can scarcely continue indefinitely at their recent rate. In view of the further fact that large sums of the state highway and educational funds are spent under the immediate supervision of county officials, it would seem that the expenditures of his own local government are sure to remain of considerable economic importance to farmers.

Table 1.

Comparison of General Property Tax Levies for County, State and Town and Village Purposes, 1870-1928, and Total State Expenditures, 1912-1928.

Year	Tennessee General Property Tax Levies			Total State (c) Expenditures.
	County	State	Town and village	
	(A)	(B)	(C)	(D)
1870	\$1,302,836 ^a	\$1,056,261 ^a	\$1,022,482 ^a	\$ -----
1912	6,198,183 ^a	1,841,038 ^b	4,787,354 ^a	4,128,362
1913	6,888,484 ^a	1,890,010 ^b	-----	4,550,634
1914	-----	-----	-----	5,249,580
1915	-----	-----	-----	5,289,938
1916	9,029,375	2,390,259	-----	5,455,721
1917	10,246,329	3,484,528	-----	7,362,116
1918	10,932,972	3,633,475	-----	7,728,124
1919	12,188,603	4,071,150	-----	*
1920	15,816,542	5,130,957	-----	9,215,987
1921	17,642,678	6,045,510	-----	11,701,779
1922	17,504,716	6,230,981	11,786,000 ^a	13,939,762
1923	18,379,296	4,810,119	-----	15,653,039
1924	19,139,573	4,934,705	-----	15,616,757
1925	20,460,657	4,231,908	-----	22,058,934
1926	21,480,493	4,310,894	-----	23,969,819
1927	22,446,990	3,433,893	-----	26,185,582
1928	23,431,160	3,490,506	-----	35,126,451

a. Data from census reports on taxation.

b. Computed from Report of the Comptroller of the State Treasury.

c. White, C. P., The finances of Tennessee, Table VI, p. 16.

* Omitted because of change in fiscal year.

Other statistics from reports of the Department of Finance and Taxation.

The cost of governmental services includes fees as well as taxes. These are discussed in the part on county government along with the officials to whom, and the services for which, the various particular fees are paid.

When governmental services and costs were almost negligible in quantity it may have been safe for farmer-taxpayers to permit the machinery of public organization to creak along with little attention. But, if the greatly expanded public services of today are to be conducted successfully by democratic procedures it seems that citizens will inevitably find it necessary to take a better informed interest in local governmental affairs. The primary purpose of this part of the study is to provide Tennessee farmers with information essential to a practical understanding of the way in which their taxes are fixed, collected and spent. Where the present system seems out of adjustment with the economic and social developments in present day farm ^{life} in Tennessee an attempt has been made to show how certain changes will be helpful.

Each county has some special problems of its own. Funds and time available for the work were not sufficient to permit intensive study of all counties. In making the necessary selection of an area for special study it seemed desirable to profit by comparison with pertinent facts found in other studies. Consequently, Overton County, for which a farm management survey has been published and in which a social organization survey has been made, was chosen; and for reasons that will be apparent from the chapter on county reorganization, field work was also done in Clay and Pickett Counties. Used in connection with the findings of these intensive field studies, the statistics published on Tennessee counties in the census and in various state reports take on new significance. This gives the study implications for all counties of the state.

Perhaps an even more important reason for such a procedure is to be found in the fact that particular "problems" of county government change somewhat

from time to time. If the various divisions of the work serve as illustrations that enable local citizens to size up new problems as they arise it will serve a very useful purpose.

Social research workers in the state educational system are rendering more service to the citizenry when they hew to the line of scientific endeavor, and make clear the probable consequences of the various plans of action among which the populace may choose, than they are when they turn advocates of some particular policy. As Professor House of the University of Virginia has stated:

"Eventually, it develops that in order to know what should be done in a community and how the desires of its citizens can be realized, it is necessary to make studies in order to discover what can be done, and what the effect of various alternative policies might be, should they be put into effect.----- Deciding what we ought to do is, in the last analysis, a matter of discovering what we really want in view of the probable consequences of our actions." (1)

Persons interested in their own particular counties will find in the following pages general suggestions for improving many phases of county government.

As will be apparent there are some parts of this study not yet completed. In this progress report an attempt is made to summarize the results to date, and to outline in rather specific detail the further work needed before completion of the project.

(1) House, F. N., Fert Lewis: a community in transition, p. 6.

Chapter I.

History of the General Property Tax in Tennessee as Affecting County Taxation.

To understand much of the present we must look at the past. While the history of some details of taxation have little meaning apart from the present day workings and problems of the particular official or provision to which they relate, there are certain changes that have more general significance. Taxation is scarcely "a thing of beauty and joy forever" in popular esteem. The results of past efforts to make taxes more adequate and at the same time less painful are embodied in changes in and additions to the provisions of earlier state constitutions. The same is true of changes in laws passed by successive general assemblies. Figures or statistics of tax matters may be made to indicate something of the practical results of these changes.

Constitutional Provisions.

It is important to note that counties and other units of local government can levy taxes and issue negotiable bonds in Tennessee only by authorization of the state legislature. The State Constitution of 1834 as well as that of 1870 contained the following provision regarding the levy of taxes:

The general assembly shall have power to authorize the several counties and incorporated towns in this state, to impose taxes for county and corporation purposes respectively, in such manner as shall be prescribed by law; and all property shall be taxed according to its value, upon the principles established in regard to state taxation. (1)

In conformity with the closing phrases of the paragraph just quoted the levy for the general county fund may not exceed that for state purposes.

1. Constitution of the State of Tennessee, 1870, Art. 11, sec. 29 and notation in Shannon's Code regarding the constitution of 1834.

By the constitution of 1870 county officials were forbidden to extend the credit of their taxing district to "any person, company, association or corporation, except upon an election to be first held by the qualified voters of such county, city or town, and the assent of three-fourths of the votes cast at said election." (1) By adjudication it has been made clear that such popular consent must be in addition to rather than in place of legislative authorization. (2) The constitution of 1796 contains no statement regarding the delegation of taxing power to the various civil divisions of the state. (3)

Equality in taxation has been insisted upon throughout the constitutional history of the state. In 1796 the physical extent of property was considered an adequate guide to equality.

All lands liable to taxation in this state, shall be taxed equal and uniform, in such a manner that no one hundred acres shall be taxed higher than another, except town lots, which shall not be taxed higher than two hundred acres of land each; no free man shall be taxed higher than one hundred acres, and no slave higher than two hundred acres, on each poll. (4)

Later this system of equalization based entirely on the physical extent of property seems to have lost public favor for in the constitution of 1834 the legislature was empowered to set forth the procedure by which equal and uniform values were to be ascertained. The amount of poll tax was also left as a matter for legislative action. Privileges, bank stock and "other property" are new sources of revenue mentioned. Slaves were no longer polls but property. The specific phraseology seems worthy of attention:

All lands liable to taxation, --- town lots, bank stocks, slaves between the ages of twelve and fifty years, and such

-
2. 10 Pickle 49-53; 111 U. S. Rept., 400 (an earlier case)
 3. Shannon's Code of Tennessee.
 4. Constitution of the State of Tennessee, 1796, Art. 1, sec.

26 (Shannon)

1. See footnote on preceding page. (1)

other property as the legislature may from time to time deem expedient, shall be taxable. All property shall be taxed according to its value, that value to be ascertained in such manner as the legislature shall direct, so that the same shall be equal and uniform throughout the state. No one species of property from which a tax may be collected, shall be taxed higher than any other species of property of equal value. But the legislature shall have power to tax merchants, pedlars (peddlers), and privileges, in such manner as they may, from time to time, direct. A tax on white polls shall be laid, in such manner and of such an amount as may be prescribed by law. (5)

The constitution makers of 1870 extended the general tax to all property except such as came under certain exemption provisions. Ad valorem taxation of merchants was confirmed and an attempt was made to provide for the taxation of income from United States government bonds. (6) They also considered it worthwhile to set a maximum limit to poll taxes.

All property real, personal or mixed shall be taxed, but the legislature may except such as may be held by the state, by counties, cities or towns, and used exclusively for public or corporation purposes, and such as may be held and used for purposes purely religious, charitable, scientific, literary or educational, and shall except one thousand dollars' worth of personal property in the hands of each taxpayer, and the direct product of the soil in the hands of the producer, and his immediate vendee. No one species of property from which a tax may be collected, shall be taxed higher than any other species of property of the same value, but the legislature shall have power to tax merchants, peddlers and privileges, in such manner as they may from time to time direct. The portion of a merchant's capital used in the purchase of merchandise sold by him to nonresidents and sent beyond the state, shall not be taxed at a rate higher than the ad valorem tax on property. The legislature shall have power to levy a tax upon incomes derived from stocks and bonds that are not taxed ad valorem. All male citizens of this state over the age of twenty-

5. Constitution of the State of Tennessee, 1834, Art. 2, sec. 28. Article IV, sec. 1, of this same constitution read as follows: "All freemen of color shall be exempt ----- from paying a free poll tax."

6. The State Supreme Court has recently held that this did not represent an attempt to circumvent the national constitution but rather provided for special classification of taxable bonds for purposes of taxation. See citations in Trotter, J. O., Jr., "The Tennessee income tax law of 1929", Tennessee Law Review, Feb. 1930, Vol. 8, No. 2. Public Acts, 1907, ch. 602, sec. 8, class 5, provides that the receipt of income from government bonds should be taxed. Between 1870 and 1889 rates of taxation on such income were established from time to time.

one year, except such persons as may be exempted by law on account of age or other infirmity shall be liable to a poll tax of not less than fifty cents nor more than one dollar per annum. Nor shall any county or corporation levy a poll tax exceeding the amount levied by the state. (7)

Both the first and the present state constitutions contain an exemption clause favoring manufactures.

No article manufactured of the product of this state, shall be taxed otherwise than to pay inspection fees. (8)

Within these provisions of the constitution of 1870 the present system of taxation, both state and local, exists. For practical purposes they may be summarized in relation to local taxation as follows: Counties and municipalities may levy taxes only by authorization from the state legislature, general or special, (9) except that they may not be forbidden to collect poll tax equal to that levied by the state, which amounts to from fifty cents to one dollar. Neither the state nor localities may tax articles manufactured of the produce of the state. The legislature may permit counties to tax privileges, merchants' capital, and incomes derived from bonds not taxed ad valorem.

Legislative and Administrative Changes.

No detailed study of tax legislation in Tennessee has been made. Doubtless the statement that "A discussion of the minute changes of the (tax) system in the various acts of the Legislature would be uninteresting to the casual reader-----" (9) is correct when such discussion amounts to little more than an enumeration of particular changes. There are, however, a number of studies which show that moral history as recorded in civil law is both a

7. Constitution of the State of Tennessee, 1870, Art. 11, sec. 28.

8. Constitution of the State of Tennessee, 1870, Art. 11, sec. 30; of 1796, Art. 1, sec. 27.

9. Brannen, C. O., Taxation in Tennessee, p. 23.

fruitful and interesting field, in the hands of competent students. (10) In connection with certain officials and their activities, some of the changes since 1870 have been summarized. Significant continuation of the work should be concerned primarily with the background of problems and issues upon which changes were made and with the administration of the various laws. One result that it seems might be expected from such a study is a demonstration that there is some truth in the rather extravagant statement by a high state official to the effect that "Tax systems are ten per cent legislation and ninety per cent administration." (11)

Present mention should be made of certain changes in the exercise of the legislative control, over county tax levies, provided for in the constitution. County general property levies in excess of the state rate are known as "special" taxes and may be made only by legislative permission. Such authorization was formerly given only for specific types of purposes, but in 1925 the state legislature for all practical purposes gave up its powers in this respect by granting county courts the right to make levies for "other special purposes".

The significant portion of the enactment reads as follows:

The several county courts of this state are hereby authorized and empowered to levy an annual county tax on every \$100 of taxable property, not exceeding 25 cents upon the \$100 worth of property, and exclusive of the tax for public roads and pikes and schools and interest on county debts and other special purposes,--- (12)

It may be readily shown that this represents the final fruit of developments spread over several years. Authorization of special educational

10. Certain studies of E. Durkheim and the "Durkheim" school of sociologists; see esp. Durkheim, E., "La famille conjugale", *Revue Philosophique*. Vol. XCI, pp. 1-14.

11. Letter from Hon. C. M. McCabe, Commissioner of Finance and Taxation, to Philips B. Boyer, dated December 30, 1929.

12. Shannon's Code Supplement of 1926, section 711.

levies by counties seems to have been granted first in 1873. (13) Special taxation for new roads was authorized in 1891 (14) and general road taxes and turnpike taxes were permitted in 1901 (15). The provision for road bonds in 1913 also represented an extension of county taxing powers. (16)

In connection with statistics of taxation from 1919, and earlier, to date another item of Tennessee tax legislation history must be borne in mind. The so-called "Roberts Law" (17) which was enacted in that year set up a statistical service, under supervision of the State Board of Equalization, by means of which assessed valuations were greatly increased. Some idea of the extent of the disturbances brought about by the activities carried out during the year 1919 may be gathered from the percentage of increase in assessed valuations in 1920 as compared with the previous year. The total assessed valuation of the state increased 166.6%. Among the counties, Greene was first with an increase of 479.7%, Overton ranked forty-first with an increase of 202.7%, Pickett came seventy-eighth with 139.9%, Clay seventy-ninth with 138.6%, and Cumberland County was last with an increase of only 70.8%.

Statistical Record.

Annual figures of the total county general property tax levies may be had regularly only since 1916. In Table 2 these levies are presented for county and state purposes in Overton, Clay and Pickett Counties individually,

13. Public Acts, 1873, ch. 25, secs. 39, 40.

14. Public Acts, 1891, ch. 1, sec. 38.

15. Public Acts, 1901, ch. 136, sec. 12; and (turnpikes) Public Acts, 1901, ch. 135, sec. 1.

16. Public Acts, 1913, ch. 135, sec. 1.

17. Senate Bill No. 77, 1919.

Table 2.

Total County and State General Property Taxes Collected Throughout
Tennessee and in Overton, Clay and Pickett Counties
Respectively, 1916-1928

Year	Tennessee		Overton County	
	County Taxes	State Taxes	County Taxes	State Taxes
1916	\$9,029,375	\$2,390,259	\$23,215	\$4,924
1917	10,246,329	3,484,528	22,596	7,081
1918	10,932,972	3,633,475	22,442	7,481
1919	12,188,603	4,071,150	24,307	8,356
1920	15,816,542	5,130,957	31,272	11,957
1921	17,642,678	6,045,510	45,166	15,652
1922	17,504,716	6,230,981	52,815	15,458
1923	18,379,296	4,810,119	64,978	11,467
1924	19,139,573	4,934,705	100,308	11,145
1925	20,460,657	4,231,908	101,012	9,183
1926	21,480,493	4,310,894	96,002	9,231
1927	22,446,990	3,433,893	88,984	7,119
1928	23,431,160	3,490,506	73,642	7,014

Table 2 (continued)

Year	Clay County		Pickett County	
	County Taxes	State Taxes	County Taxes	State Taxes
1916	\$15,740	\$5,247	\$6,408	\$1,794
1917	17,690	7,691	8,602	2,575
1918	26,932	8,161	9,416	2,819
1919	30,749	9,141	9,247	2,992
1920	33,316	10,312	8,481	3,393
1921	39,826	12,501	11,652	4,161
1922	39,154	12,756	12,968	4,533
1923	42,555	8,928	19,638	3,729
1924	42,602	9,129	18,123	3,800
1925	40,718	7,271	15,895	3,104
1926	45,076	7,270	20,878	3,107
1927	44,905	5,613	20,278	2,101
1928	44,215	5,527	22,289	2,185

and also for the entire state. In the introduction attention was called to the increase in levies for county purposes from nine million dollars in 1916 to more than twenty-three million in 1928. Similar increases are to be noted in all three of the counties to which this study gives special attention. Table 2 A summarizes these increases and shows the percentage of increase in 1928 over 1916.

Table 2 A.

Increases in County Taxes 1916 - 1928.

State or Counties	County General Property Taxes		Per cent Increase
	1916	1928	
Tennessee:	\$9,029,375	\$23,431,160	169.5%
Overton:	23,213	73,642	217.2
Clay :	15,740	44,215	180.9
Pickett:	6,408	22,239	247.8

The relation between the amount of county and state taxes is of interest. Table 3, which is based on the figures in the table just discussed, shows the amount of county levies for each dollar of state general property tax. Throughout the period 1916 to 1928 local taxes were higher than state taxes but there are noticeable differences in the relative excess from county to county. Thus in 1916 Clay County farmers paid \$3.00 in county taxes for every dollar that they paid to the state but Overton County farmers paid \$4.71 to the county for each dollar they paid the state. From 1922 to 1928 local taxes formed a relatively larger item in the total of general property taxes paid by Overton farmers than it did in Clay, and Pickett Counties. It was also in excess of the state average.

Equitable assessment of property is of unquestionable importance to the individual taxpayer. Popular discussion of taxation seems at times, though, to stress the question of assessment to the exclusion of such important matters as rates of levy. Table 3 is one of many possible demonstrations that

assessment is only one of the items which enters into the determination of the amount of taxes which each taxpayer must bear. Overton County farmers pay more local taxes in proportion to their state taxes because Overton County tax rates are higher. This of course should be obvious, but it seems that farmers, as well as others, sometimes forget the important part that the tax rate per hundred plays in determining their tax burden and place most of the blame on the assessment alone.

Table 3.

Amount of County Taxes per Dollar of State Taxes on General Property, Throughout Tennessee and in Overton, Clay and Pickett Counties Respectively, 1916-1928.

Year :	Tennessee :	Overton :	Clay :	Pickett :
1916 :	\$ 3.78 :	\$4.71 :	\$3.00 :	\$3.57 :
1917 :	2.94 :	3.20 :	2.30 :	3.34 :
1918 :	3.01 :	3.00 :	3.30 :	3.34 :
1919 :	2.99 :	2.91 :	3.36 :	3.09 :
1920 :	3.08 :	2.61 :	3.23 :	2.50 :
1921 :	2.92 :	2.88 :	3.18 :	2.80 :
1922 :	2.81 :	3.42 :	3.07 :	2.86 :
1923 :	3.82 :	5.67 :	4.77 :	5.27 :
1924 :	3.88 :	9.00 :	4.67 :	4.77 :
1925 :	4.83 :	11.00 :	5.60 :	1.96 :
1926 :	4.98 :	10.40 :	6.20 :	6.72 :
1927 :	6.54 :	12.50 :	8.00 :	9.65 :
1928 :	6.71 :	10.50 :	8.00 :	10.20 :

Based on data in Table 2.

The most extensive series of data available, which has any very direct relation to the history of the general property tax, is the average per acre valuation of property assessed as acreage. These figures are reported in Table 4 from 1868-1929 and are shown graphically in Chart 3. The marked increase in 1920 is due to the work of the State Equalization Board under the "Roberts Law". Just why the per acre average for Clay and Pickett should drop so unusually in 1885 and 1886 respectively is at present unknown. Surprisingly enough Clay County had a per acre valuation above the state from

1916 to 1919. The same was true in 1887. During these years Clay County property was assessed at more nearly its selling value than most of the state. Two considerations follow from such a situation: First, taxpayers in Clay were then paying more than their share of general property taxes for state purposes. Second, a given amount of taxes could be raised for local purposes at a lower rate per \$100 than would otherwise have been required. Perhaps the most significant thing shown by the chart is that until the state interfered Overton County average per acre valuations were consistently lower than those for Pickett County. Apparently local customs in this respect are again coming to prevail. However, between 1920 and 1924 Overton County's total assessed valuation decreased somewhat less than that of the entire state: 21.8% and 22.5% respectively. During this same time Pickett County valuations decreased only 2.6%.

The reports of the Department of Finance and Taxation supply separate figures for acreage, town lot, personalty and public utility valuations. It is possible to piece such information together, by use of the reports of the Comptroller of the State Treasury, from 1916 to date. As is indicated in Chart 4 and Table 5, the relative importance varies considerably in different parts of the state, and to a slighter extent from time to time. In a later chapter, devoted to the incidence of the general property tax, more detailed attention is given to the history of this subject.

Chart 3.

Average per Acre Valuation of Property Assessed as Acreage, 1868-1929.

in the State of Tennessee, and in Overton, Clay, and Pickett Counties.

Dollars
per Acre.

32

28

24

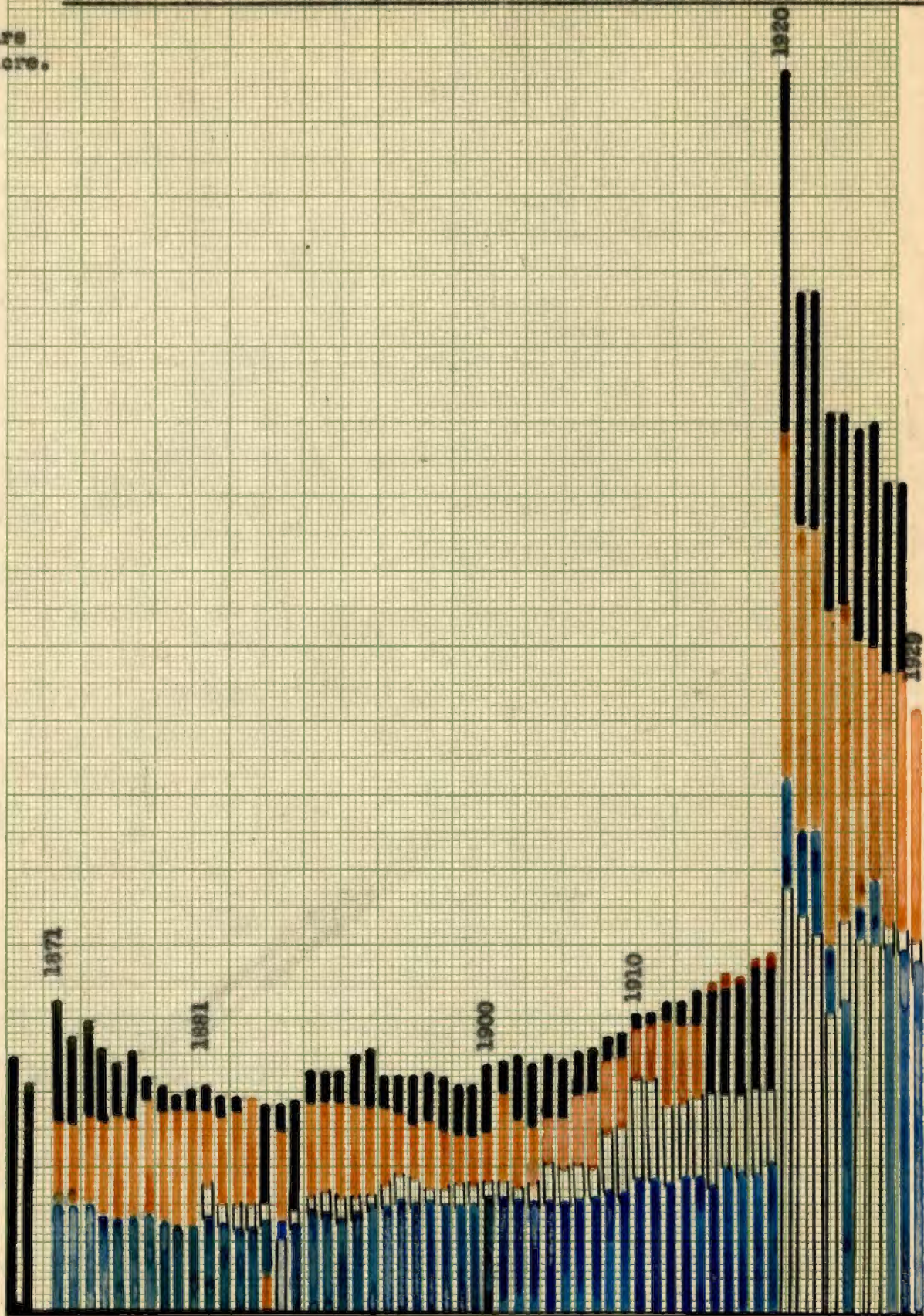
20

16

12

8

4



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State
 Clay
 Pickett
 Overton

Based on Table 4. Each item starts from base line. Each color indicates the amount by which the value in the unit represented thereby exceeds that of the one immediately lower in average value.

Table 4.

Average Valuation per Acre of Acreage Assessments, State of Tennessee,
and Overton, Clay, and Pickett Counties Respectively
1868-1929.

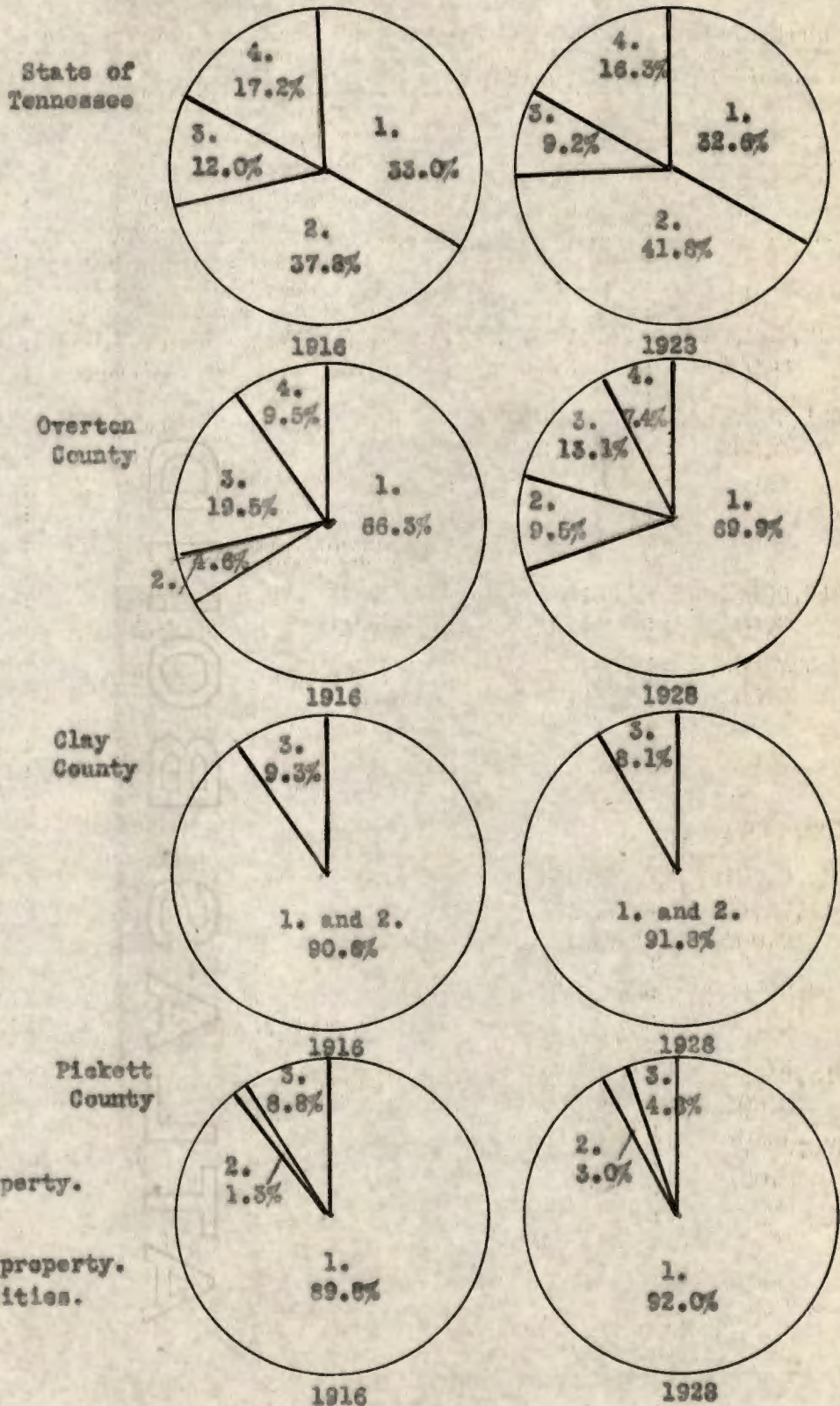
Year	Tennessee	Overton	Clay	Pickett	Year	Tennessee	Overton	Clay	Pickett
1868	\$6.88	\$---	\$---	\$---	1899	\$6.17	\$2.98	\$4.79	\$3.51
1869	6.17	---	---	---	1900	6.61	3.16	4.97	3.51
1870	---	---	---	---	1901	6.73	3.18	5.97	3.54
1871	8.39	2.99	5.13	---	1902	6.84	3.14	5.20	3.42
1872	7.43	3.02	5.11	---	1903	6.75	3.14	5.03	3.58
1873	7.88	3.05	5.29	---	1904	6.95	3.19	5.32	4.02
1874	7.09	2.73	5.27	---	1905	6.88	3.36	5.33	3.86
1875	6.74	2.57	5.32	---	1906	7.02	3.35	5.93	4.14
1876	6.98	2.61	5.32	---	1907	7.10	3.35	5.99	4.01
1877	6.29	2.61	5.74	---	1908	7.44	3.63	6.90	4.88
1878	6.05	2.53	5.52	---	1909	7.47	3.60	6.85	4.94
1879	5.83	2.40	5.56	---	1910	8.02	3.65	7.75	6.30
1880	6.00	2.37	5.51	---	1911	8.04	3.67	7.83	6.30
1881	6.09	2.63	5.54	3.43	1912	8.39	3.52	7.89	5.55
1882	5.82	2.45	5.34	2.97	1913	8.40	3.63	7.79	5.64
1883	5.80	2.32	5.43	2.97	1914	8.64	3.70	7.79	4.82
1884	5.79	2.34	5.80	2.97	1915	8.70	3.56	8.95	4.92
1885	5.60	2.53	1.04	3.00	1916	8.74	4.04	9.23	4.89
1886	5.61	2.49	4.94	2.05	1917	8.94	3.91	9.12	4.91
1887	5.61	2.46	5.71	2.80	1918	9.31	3.90	9.60	5.09
1888	6.46	2.85	5.67	3.19	1919	9.31	4.08	9.66	5.05
1889	6.45	2.76	5.71	3.30	1920	33.34	14.44	23.73	11.55
1890	6.54	2.68	5.68	3.15	1921	27.45	13.00	21.24	10.72
1891	6.89	2.82	5.61	3.13	1922	27.45	13.12	21.14	10.19
1892	7.04	2.98	5.53	3.20	1923	24.23	9.87	18.90	8.07
1893	6.39	3.08	5.53	3.50	1924	24.23	8.45	19.06	10.52
1894	6.39	3.11	5.41	3.70	1925	23.85	10.95	18.15	10.10
1895	6.42	3.04	5.10	3.61	1926	23.90	11.69	18.00	10.02
1896	6.45	3.03	5.18	3.39	1927	22.35	10.13	17.33	10.46
1897	6.34	3.00	4.88	3.39	1928	22.58	9.91	17.31	10.31
1898	6.18	2.87	4.78	3.45	1929	not complete	9.55	16.30	9.99

* Pickett County not organized until 1881.

Data from Reports of the Comptroller of the State Treasury and special data supplied by Comptroller Edgar J. Graham.

Chart 4.

Percentage of Total Assessed Valuation Represented by Various Types of Property in Tennessee and in Overton, Clay and Pickett Counties, 1916 and 1928.



- 1. Acreage property.
- 2. Town lots
- 3. Personalty property.
- 4. Public utilities.

Table 5.

Percentage of the General Property Assessed Valuation Represented by Various Types of Property, 1928 & 1916, in Tennessee and Overton, Clay, and Pickett Counties.

Year:	Acreage	Town lots	Personalty	Public Utilities	Total
<u>Tennessee</u>					
1916:	\$225,359,255	\$258,207,355	\$82,066,334	\$117,297,742	\$682,931,286
%:	33.0	37.8	12.0	17.2	100.0
1928:	569,798,875	729,893,212	160,972,222	284,588,856	1,745,253,165
%:	32.6	41.8	9.2	16.3	100.0
<u>Overton County</u>					
1916:	932,710	64,880	274,990	134,266	1,406,846
%:	66.3	4.6	19.5	9.5	100.0
1928:	2,449,660	334,430	460,245	262,428	3,506,763
%:	69.9	9.5	13.1	7.4	100.0
<u>Clay County</u>					
1916:	1,359,079	Included with acreage	138,917	1,085	1,499,831
%:	90.6	-	9.3	0.07	100.0
1928:	2,337,381	"	224,683	1,350	2,763,414
%:	91.8	-	8.1	0.05	100.0
<u>Pickett County</u>					
1916:	460,485	6,575	45,010	570	512,640
%:	89.8	1.3	8.8	0.11	100.0
1928:	1,006,475	33,150	52,600	1,350	1,092,575
%:	92.0	3.0	4.8	0.12	100.0

Chapter II.

Assessment and Equalization of Farm Real Estate Valuations in Tennessee.

Tax collectors were the popular villains of the drama of public finance in Bible times, but Tennessee farm owners are more concerned about the official activities of their county assessor than of their county trustee. Historically this apparent change in popular sentiment is easily explained. Not only did the tax collector in Palestine at the time of Jesus represent an alien authority but until the time of the Roman Emperor Augustus, "These rapacious tax-gatherers or publicani paid a fixed sum to the public authorities and squeezed as large an amount as possible from the taxpayers of the provinces." (1) Memory of the abuses of such a system were bound to outlive the practices which gave rise to them. Since, in Tennessee, the same county and state rates per \$100 valuation apply to all property owners in any given county, it is the valuation fixed by the assessor, and rarely reduced by the equalizers, that determines whether one farmer shall pay more or less taxes than another. In the course of two thousand years the name of the official whose decisions have most direct bearing on the amount of taxes the individual must pay has changed but popular interest continues to have the same central objective.

An understanding of the present machinery of assessment and equalization and a knowledge of how it works are necessary preliminaries to any effort toward improvement. The following outline has guided the writing of this chapter although it is not followed slavishly:

1. General organization of the present system of assessing farm property.
 - A. Governmental unit represented by the assessor in his official capacity.

(1) Shirras, G. F., The Science of Public Finance, p. 209.

- B. Manner in which assessors are chosen.
 - C. Term of office of assessor.
 - D. Official contacts of the assessor with other county officials.
 - E. Conditions under which the work of valuating property must be performed.
 - F. Compensation and other attractions of the office.
 - G. Qualifications of assessors.
 - H. Duties, powers and liabilities of assessors.
 - I. Duties and liabilities of property owners.
2. Steps and procedures in the actual work of assessing real estate.
- A. Keeping track of the ownership of parcels of land.
 - B. Locating every parcel of land subject to taxation.
 - C. Determining the area of each of these tracts.
 - D. Fixing proportional values on real estate:
 - 1. Land alone:
 - a. Recording the things influencing its value.
 - b. Finding the relative significance of these factors.
 - c. Land sales.
 - 2. "Improvements" (buildings, etc.):
 - a. Cost of construction.
 - b. Cost of replacement.
 - c. Depreciation.
3. Correcting errors in the work of the assessor and his assistants.
- A. Local and state machinery of equalization.
 - B. How the property owner may secure a hearing.

**General Organization of the Present System of Assessing (2)
Farm Property.**

After repeated changes in legislative sentiment the county assessor system has replaced the civil district system, perhaps permanently, in this state. In Table 6 the alternations between these two bases of organization are summarized from 1873 to date.

Table 6.

Legislative History of the Organization of Local Assessment, 1873-1930.

Year	Governmental unit represented by the assessor as an official.	By whom elected or appointed.	Term of office.	Number of assessors per unit.
1873	Civil district	County court	----	1
1875	County	County court	4 yrs.	1
1877	Civil district	-----	----	1
1887	County	Voters	4 yrs.	1
1895	Civil district	Voters	4 yrs.	1
1907	County	Voters	4 yrs.	1

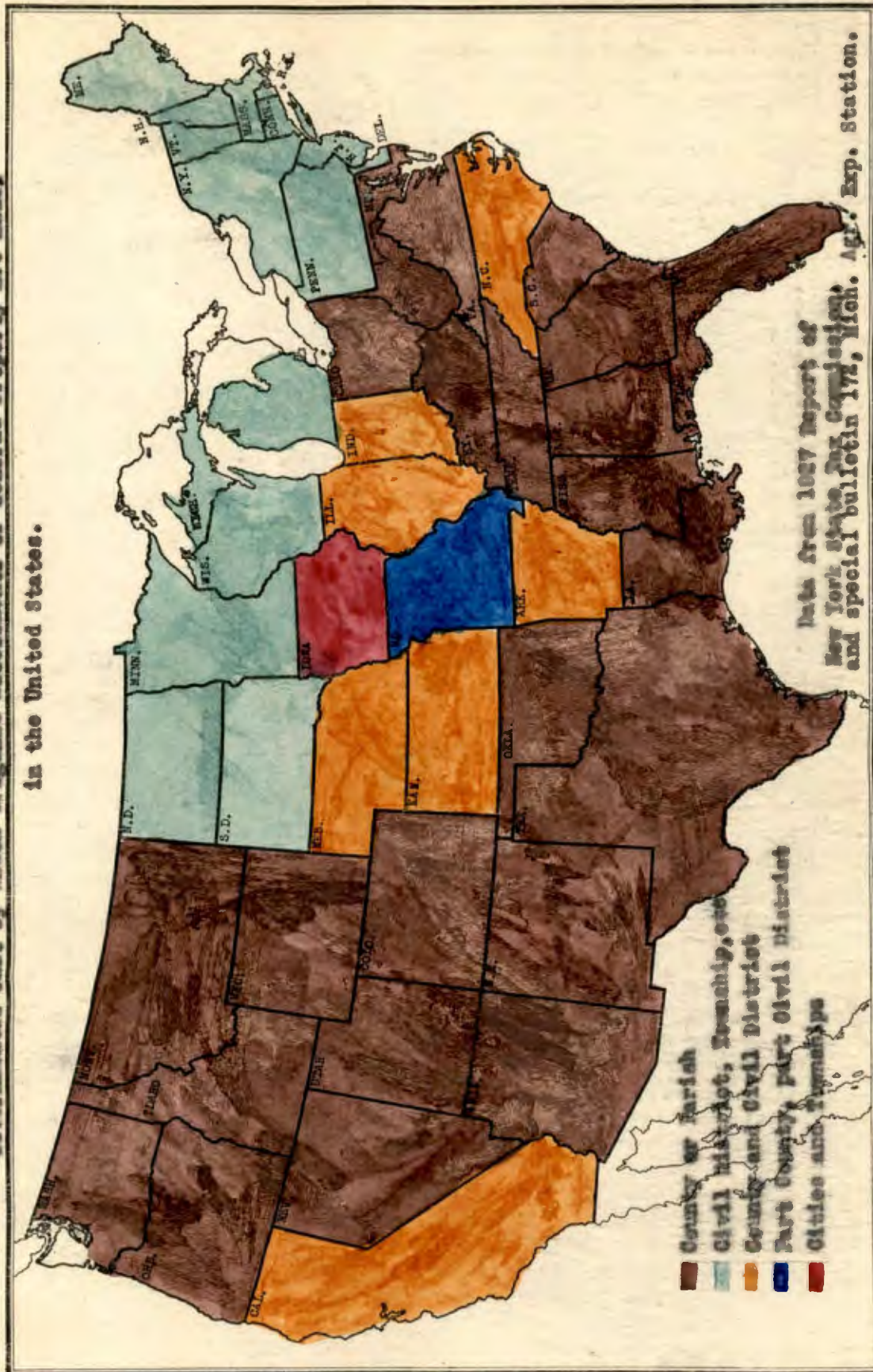
Based on: Brannen, C. O., Taxation in Tennessee, pp. 24 - 36, with correction based on Shannon's Code, 1896, Sec. 767. A more complete tabulation might well be worked up from the Public Acts.

Significantly enough, although the longest period without such change previous to 1907 was twelve years (1895-1907), there has been no change in the twenty-three years which have since passed. As is shown in Map 1 (3) twenty-three other states had assessment organized on a county rather than a civil district basis in 1927. In addition seven or eight states, depending upon the exact nature of the situation in Missouri, had a combined county and

2. Except where otherwise indicated analysis of legal provisions in this section of the chapter is based on consultation of one or more of the following sources: Shannon's Code, 1917, Sections 771, 779-789a6; Shannon's Code, 1896, Sec. 771; Public Acts, 1907, Ch. 602, Sec. 33; Public Acts, 1921, Ch. 113, Sec. 4, Sec. 12; First biennial report of the State Tax Commissioner of the State of Tennessee, 1921-1922, pp. 196-209.

3. Maps 1 - 5, and 11 are based on a comparison of two independent tabulations and a consultation of official sources where differences were found. Official sources for some states were not at hand. Hence, in the case of Missouri it was impossible to check the exact nature of the organization of local assessment.

Map 1.
Governmental Unit by Which Original Assessments of General Property are Made,
in the United States.



Data from 1927 Report of
New York State Tax Commission
and special bulletin 172, Mich. Agr. Exp. Station.

civil district system. All of the fifteen or sixteen states in which the civil district (town, township, hundred) organization of assessment prevailed at that time, except Delaware, are north of Mason and Dixon's Line.

Apparently the chief merit of the county assessor type of organization is that it does away with the "ring around the rosie" attempt to secure a level of assessment in each civil district lower than that in the rest of the county. This common and futile abuse of the township (civil district) system seems to have been the occasion for the development of a dual or county and township system in Indiana and possibly in other states. Some inequalities between valuations in various civil districts of Tennessee counties may arise because of the employment of deputies to the assessor but it is a much simpler matter to dispose of an unfair or inefficient deputy than of an elected district assessor unless the latter is elected for a very short time. It is entirely possible that deputies could be made unnecessary in many of the rural counties by proper systematization of the work. As is shown in Table 7, city assessors handle a much larger volume of work per official, as measured by the number of parcels of real estate, than is found in Overton, Clay or Pickett Counties individually.

Table 7.

Number of Parcels of Real Estate Valued per Assessor.

	No. of parcels	No. of assessors	Ave. no. of parcels per assessor.	Range in no. of parcels per assessor.
Buffalo, N.Y. ^a	105,000	14	7,500	700-9000
New York City ^b	-	-	-	-
Manhattan	-	-	5,881	-
Bronx	-	-	5,496	5496 (ave.) to
Brooklyn	-	-	9,271	9271 (ave.)
Queens	-	-	7,451	-
Richmond	-	-	5,671	-
Overton	3,518	2-4	-	879 (ave.) to 1759 (ave.) One assessor cared for 3000 parcels.
Clay	1,845	1	1,845	-
Pickett	not secured	not secured	not secured	not secured
Total Overton, Clay, Pickett	incomplete	incomplete	incomplete	incomplete

a. National Tax Association Addresses and Proceedings, 13th, 1920, pp. 391-392.

b. Purdy, L. The assessment of real estate, p. 7.

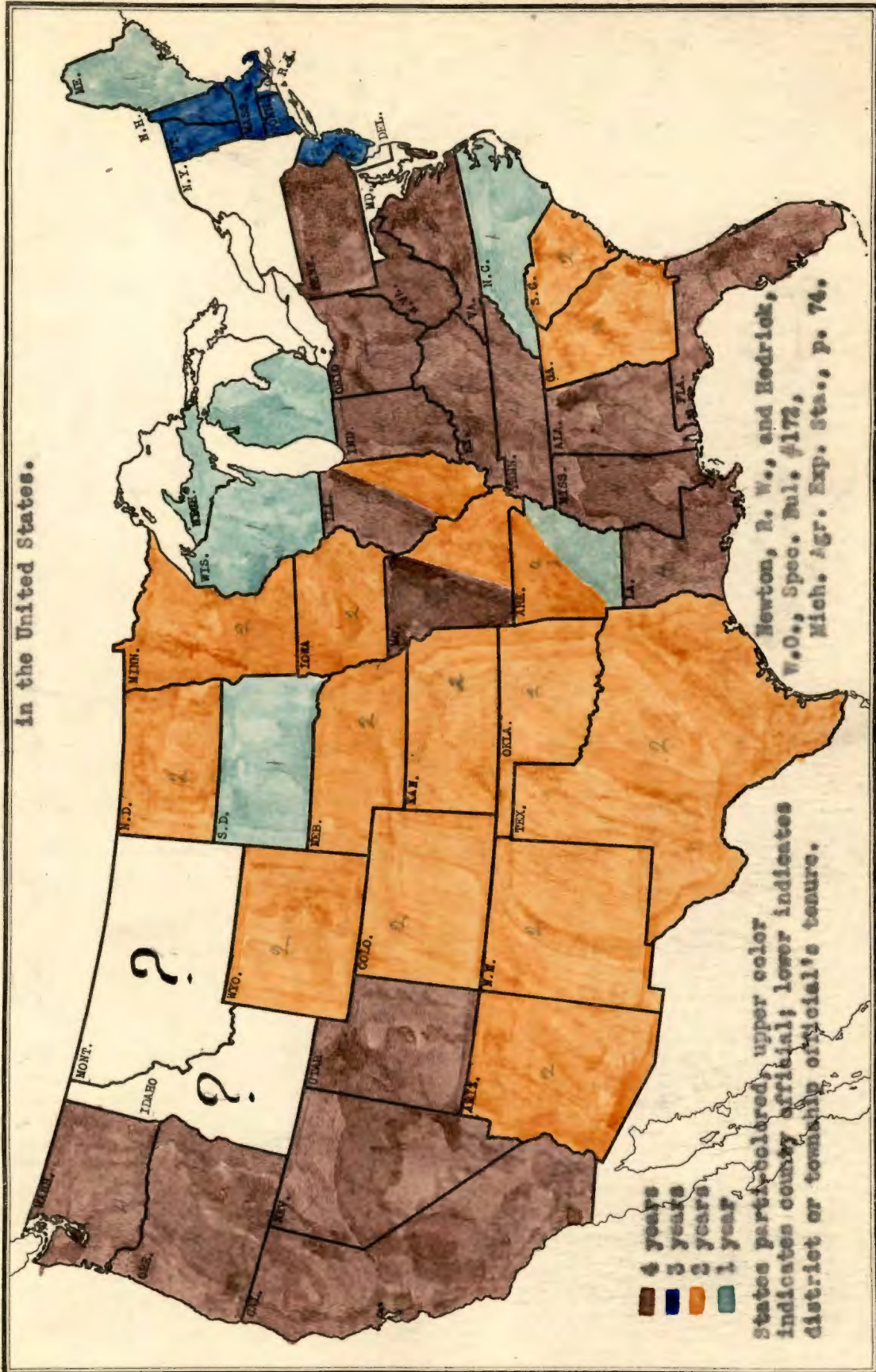
In 1873 and 1875 assessors were appointed by the county court but the laws of 1887, 1895 and 1907 provided for popular election (Table 6). Throughout the nation popular election is the usual method of choosing county and district assessors. Only six states make any pretense of appointing these officials, and only in Arkansas, Delaware, North Carolina and South Carolina did appointment amount to much more than pretense in 1927. Most assessors in Connecticut are elected and in Kansas the township trustee, an elective officer must be appointed. (4) The Kansas law, however, includes the power of removal for cause. (5) Further attention might well be given to the reasons for changing from an appointive to an elective basis in Tennessee. To the extent that the method of selection influences efficiency and faithfulness in performance of duties it has practical importance.

Length of service probably is more immediately related to efficiency than method of selection. Referring again to Table 6, it seems that over a long period a four year term has prevailed in Tennessee. Only in parts of Delaware and of Rhode Island is there provision for a longer term of office than this. States with one, two, three, and four year terms may be noted from Map 2. In Arkansas, Illinois and Missouri the statutory term of office of district assessors is only half of that of county assessors. In actual practice assessors are at times reelected, but reelection is not by any means universal. Mr. Overstreet of Clay stated that he was the first assessor in that county every to be renominated and he failed to be reelected. The present assessor of Overton County is seemingly a respected citizen and may serve a second term, but as is shown in Table 8, only one of his two immediate predecessors was reelected. In an interview Mr. Williams, the man who served two terms, in-

(4) Newton, R. W. and Hedrick, W. O., "Farm real estate assessment practices in Michigan", p. 74.

(5) Kansas, R. S., 79-1411, in Revised Instructions to be observed in the Assessment and Equalization of Property, Kansas, (1928) p. 82.

Map 2.
Term of Office of Local Assessors,
in the United States.



licated that political pressure on the assessor was great and recommended as a remedy that the County Court, the County Board of Equalization, or the State Commissioner of Finance and Taxation should appoint that official. Assessor Overstreet of Clay complained that Mr. Monroe complicated his work when electioneering for the trusteeship of Clay County by telling the voters that the assessed value on their property was too high. The trustee has nothing to do with the assessment of property but regardless of the truth of this complaint it is certain that the work of an assessor may easily be made quite difficult by the actions of other officials. Of course a much more extended survey of this question must be made before quantitative conclusions can be drawn, but it is clear that the assessor has a difficult office in which to give satisfaction. In conclusion it may be said that the four-year term of office permits a fairer test of an assessor's abilities than a shorter term and, if popular sentiment shifts from its concern over "feeding at the public trough" to an interest in efficient assessment, improvement should be possible in spite of the elective system.

Table 8.

Assessors Elected in Overton County, 1916 to 1930.

<u>Election year.</u>	<u>Name of assessor.</u>	<u>Term for this assessor.</u>
1916	J. T. Williams	1
1920	J. T. Williams	2
1924	Sid Verble	1
1928	Milliard Carr	1

Ability to secure election is not the only qualification required by law of a county assessor in this state at present. A bond of \$10,000, with sureties acceptable to the county judge and payable to the state, must be filed with the clerk of the county court before the assessor may undertake his official duties. As is shown in the chapters on county government the same persons at times act as sureties on so many bonds that it is questionable whether they are really adequate. Officials often sign each others bonds.

Besides, there is sometimes considerable hesitancy about collecting on bonds to which local citizens are sureties and because of this some counties have lost money. Commercial bonding companies would be much more effective sureties for both the county and the state. But, to return to the subject, before executing this bond the judge of the county court is expected to read it to the assessor and his bondsmen and to direct their attention to the duties of the office and to the penalties to which the assessor is liable. Oath of office must also be taken before the judge and filed with the clerk of the county court. This oath is as follows:

I _____ Assessor (or Deputy Assessor) of property and polls of the county of (Overton), State of Tennessee, do solemnly swear (or affirm) that I will report privileges; that I will assess all property, real and personal and mixed, at its actual cash value, and all polls of said county of (Overton) to the best of my knowledge and ability, without fear, favor, or affection; that I will administer the oath or affirmation required by law, or have the same administered, to all persons listing property; that I will diligently inquire, so that no person shall be passed over or shall fail to have an opportunity to give a list of his taxable property and furnish taxpayers schedules as required by law; that I will truly report all persons who shall fail or refuse to list their taxable property or who have to my knowledge given in a false or fraudulent list; and that I will faithfully, impartially, and honestly discharge my duties as Assessor according to law to the best of my knowledge and ability; and that I will administer the oath in person to all property owners as the law requires, when practicable; and that I will not assess or list any person with property or polls solely by substitution or copy from former assessment, so help me God.

Assessor

Sworn to and subscribed before me this _____ day of _____

Judge or Chairman of County Court.

(6)

In case an assessor refuses to abide by these provisions of the law it is the duty of the county judge to report that fact to the Attorney-General for that district. The county court clerk has a similar duty if the bond and oath are not properly filed with him. The office is then to be declared vacant and the county court is empowered to appoint an assessor, to serve until January first following the next regular August election.

As a safeguard against the death of an assessor during his term of office the county court has a right to appoint a successor "who shall hold office until the first of January following the next regular August election". The victor in this regular August election finishes out the remainder of the unexpired term. If such a situation should arise between the January and April meetings of the court the county judge appoints.

After having satisfied the above requirements the assessor may proceed about his duties. The actual work of his office brings him into contact with other county officials as well as with property owners. The variety of contacts he may have with county officials in the "line of duty" are listed below:

The assessor has official contacts:

1. With the judge of county court when:

- a. Executing bond.
- b. Taking oath of office.
- c. Taking oath to assessment roll.
- d. Reporting list of persons holding property in trust who refuse to list same for purposes of taxation.

2. With the county court clerk when:

- a. Filing bond.
- b. Filing oath.
- c. Securing district assessment books supplied by the county court.
- d. Securing supplies of the individual and corporate tax schedules formerly distributed by the Comptroller of the State Treasurer but now prepared and distributed under supervision of the State Department of Finance and Taxation.

e. Application of property owner, who claims he has suffered loss of permanent improvements to the extent of \$200 or more, is transmitted by the clerk.

f. Returning district books with columns property totaled after the assessment is completed.

g. Filing statements made by persons examined under oath.

3. With the attorney-general when:

a. Reporting list of taxpayers who fail or refuse to take oath or affirmation to their schedules, and also

b. Taxpayers failing or refusing to file tax schedules.

4. With the trustee when certifying the facts regarding errors in transcription.

5. With the county board of equalization when meeting with them in an advisory capacity throughout their sessions.

6. With the state board of equalization when reporting each and every change made by the county board of equalization together with his recommendations regarding them.

Some of these contacts are supposedly of an ordinary routine nature and only at times is there occasion for such others as certification of facts regarding errors in the copying of the tax books and reporting persons who refuse to list property held in trust. Such local supervision of the assessor as is involved in these contacts is divided between the judge and clerk of the county court and the attorney-general. The fact that application for reassessment of property on which permanent improvements of \$200 value or over has been destroyed is to be made to the clerk of the county court would seem to indicate that the lawmakers of the state have not presumed that the county assessor should keep an office. Moreover it is only between January and April that they have considered the possibility of vacancy of the office through death, or refusal or failure to qualify, a matter of sufficient concern that the county judge should have the power to immediately appoint an assessor.

There are of course general provisions regarding the frequency of assessment, the nature of the valuation to be fixed on property, and the time

limits within which the work must be performed. While personal property must be assessed every year real estate is assessed in Tennessee only every other year. Throughout the United States annual assessment of real estate is most common. Twenty-six states require this frequency. Seven other states require the same frequency as Tennessee. Instances of real estate assessment every three, four, five and six years are to be found, as is indicated on Map 3. In Maine and in parts of Connecticut a valuation on real estate may be permitted to stand without reconsideration as long as ten years. In forty-two states, including Tennessee, assessed valuations are supposed to be 100% of the cash, true, or sales value. (Map 4) The standards in other states are as follows: Iowa, 25%; Minnesota (7), 33 1/3%; Washington and Arkansas, 50%; Alabama, 60%; and North Dakota, 75%.

Starting in 1921 real estate assessments in Tennessee have been made in the odd numbered years. From 1896 to 1920, this work was performed in the even numbered years, but because deflation of land values and the increased assessments under the "Roberts law" occurred in the same year a re-assessment was ordered in 1921. Variations in the date of ownership for assessment purposes are indicated in Table 9. Field work is to be finished by April twentieth if the time limit for the filing of tax schedules with the assessor may be relied upon as an adequate indication.

Table 9.

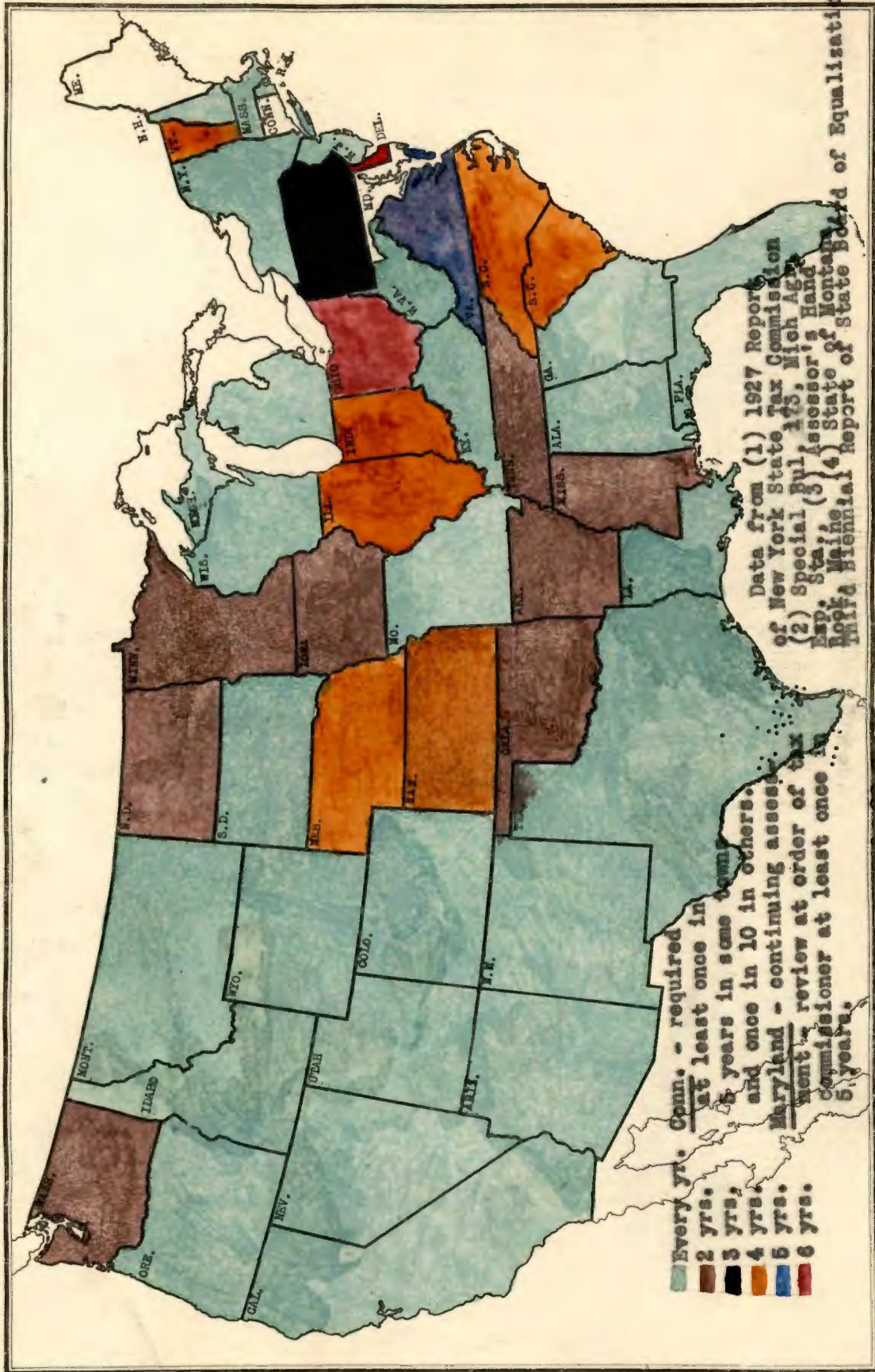
Date of Ownership for Assessment Purposes as Fixed by Statute.

<u>Year of Public Act</u>	<u>Date of Assessment.</u>
1873	January 10th
1875	April 1st
1881	January 10th

Source: Brannen, C. O., Taxation in Tennessee, pp. 28 - 30.

7. Class III property under the classified system of Minnesota includes: "rural lands, described in the law as unplotted real property; livestock; tools, implements and machinery; the goods and machinery of merchants and manufacturers, and certain other specified items of personal property", p. 131 in the 1928 Report of the Minnesota Tax Commission.

Map 3.
Frequency of Real Estate Assessments in the United States



Since the district assessment books must be turned over to the county court clerk by the first Monday in June the assessor must do his field work and total the acreage, the town lot, and the various valuation columns in these books between January 10th and the first Monday in June.

The time of the year during which the assessor must perform his duties has been a matter of concern to some observers of the work of assessment in rural parts. Roads are in poor shape and there are other travel discomforts common between the middle of January and the early part of June. Mr. J. B. Dale, who has been in touch with Overton County tax affairs as a deputy trustee for many years, believes that it would be wise to change the dates for assessing work to summer time. Former Assessor Overstreet of Clay County claimed that he tried to visit all farms but found it impossible because of poor road conditions. He thought the Kentucky system of assessing property on the basis of ownership on September first an excellent example of how this might be remedied. J. T. Williams, who was Overton County assessor from 1916 to 1924, when interviewed suggested that the date be changed from January tenth to July first of the year preceding. If this were done he stated that the assessor would be able to do all the work himself, do it right, and get his books ready on time. He thought that in summertime the assessor could see twice as many farmers per day as under present arrangements and weather conditions would be less likely to discourage field work on his part. Mr. Williams considered that the opportunity to note crop conditions in summer would be an additional advantage. To the extent that the crops indicate relative value of land this is true; but it should perhaps be emphasized that crops are not to be assessed for purposes of taxation.

The compensation of an office may have much to do with the type of candidate it attracts. In counties with a population of less than 60,000 the general statutory provision is that the county court shall fix the salary of the assessor

either at the January or April terms of the county court preceding the election at which the County Assessor is to be elected; and when so fixed, the same shall not be changed during the four years for which the assessor is to be elected, to be paid out of the county treasure; but in no case shall the compensation exceed for the Assessor and his deputies twenty-five cents for each person assessed with real and personal estate (the personal exceeding \$1,000) and poll, twenty-five cents for each person assessed with personal estate only (exceeding \$1,000 in value) and poll, fifteen cents for each persons assessed with real estate only, and fifteen cents for each additional assessment of separate realty, twenty-five cents for each person assessed with real estate and poll, fifteen cents for each person assessed with personal estate only (exceeding \$1,000 in value), twenty cents for each person assessed with real and personal estate only (exceeding \$1,000 in value), and five cents for each person legally listed for a poll only. (8)

In Table 10 an attempt is made to summarize this general scale for determining the maximum amount a county may pay its assessor.

Table 10.

Scale for Determining the Maximum Compensation of Assessors in Counties with a Population of Less than 60,000,
Public Acts, 1907, ch. 602, sec. 9, pt. 5

Maximum compensation per unit	Basis of unit	Items entering into compensation units		
		Real estate	Personal over \$1000	Poll
25¢	Per person assessed with	X	X	X
25¢	Per person assessed with	none	X	X
15¢	Per person assessed with	X	none	none
15¢	Each additional separate assessment of	X	none	none
25¢	Per person assessed with	X	none	X
15¢	Per person assessed with	none	X	none
20¢	Per person assessed with	X	X	none
5¢	Per person assessed with	none	none	X

The maximum compensation for the various combination of assessments to the same person in no instance exceeds twenty-five cents. Since there are frequent instances of one man owning several tracts of land it would seem safe to assume that this scale of payment could never equal an allowance of twenty-five cents for each parcel of realty assessed. As has been indicated

in Table 7 there are about 1,845 parcels of land assessed in Clay County and about 3,518 in Overton County. Hence, under the general statutory provisions, the compensation allowed for assessment purposes in these counties could not exceed \$461 in Clay and \$879 in Overton. This would seem to be very small pay for such important work but from 1911 to 1915 and from 1917 to 1919 compensation of the Overton County assessor was limited by Private Act to \$600 per year. The earlier regulatory Private Act was repealed without condition but in 1919 it was specified that the assessor should draw \$760 annually, payable in two six months parts. Since this time in both Overton and Clay Counties the salary of the assessor has been raised above the amount allowed by the general statute. Thus in 1921 it was raised from \$750 to \$1,500 in Overton and to \$1800 per year in 1925. In 1921 the salary for this office in Clay County was fixed at \$750 per year to be paid in April, July and October. On a fee basis the Pickett County assessor is said to average \$400 per year.

The adequacy of the amount of money allowed for the work of county assessor may be judged from two very different angles. First, is it sufficient to justify a competent person giving the necessary time and effort to the work? Second, does the performance of duties actually rendered by the officials entitle them to the amount now paid? Assessors themselves have made some comments on the first of these questions. A former Clay County assessor was of the opinion that \$750 was sufficient for the amount of work done "but not enough for the cussings he (the assessor) gets". On the other hand a former Overton County assessor claimed that after he paid his expenses he had nothing left. This man received \$1,800 a year and had no legitimate expenses of office beyond travel costs and the pay of three deputies at \$50 apiece. Travel expenses were probably small as it is not likely that farmers would charge him for staying overnight. Some farmers have indicated that they would be afraid to charge an assessor for such accommodations. Since the

present assessor, Milliard Carr, employed only one deputy his first year in office it would seem that this earlier official was employing more assistance than he needed. It may also be noted that the Clay County assessor who was satisfied with his compensation employed an assistant during the first two years of his term of office to show him the roads in the eastern part of the county and to supply "general information". The Overton County assessor could have employed twelve deputies at \$50 apiece, one for each district, to do all the work of assessing and would then have had \$1200 left. The office is sufficiently attractive that four men ran for it the last time it was open in Overton County. Some county officials are of the opinion, also, that the work actually done by some county assessors does not merit the amount of payment allowed. In Clay County the claim was made that a certain assessor did not work more than three weeks per year for his \$750. It was pointed out that this amounts to more than \$1,000 a month. These questions will be treated more thoroughly at the close of the chapter than at this point.

Qualifications of assessors. Only two specific qualifications for the office of assessor are set forth in the present statutes. First, he must be elected. Second, he must not be a member of the county court. Most property owners would doubtless agree with Judge Webb of Clay County that the assessor should be a good judge of real estate, a good judge of people, and deaf to the statements of interested parties. Judge Webb also held that requirements for deputy assessors should be strict, and that both assessors and deputies should be land owners. A special committee of the National Tax Association which studied methods of selecting assessors recommend that regardless of the method of selection they be required to qualify by a civil service examination. The most important parts of the report of this committee are given below:

The first plan considered provides that each county shall constitute an assessment district; that all assessors shall be appointed by the tax commission or some other body having similar powers and functions; that they shall be selected from a civil service list for an indefinite term and be removable only for cause; that they shall devote all their time to the duties of their office. This plan further provides that the appointing body shall have power, and it is made its duty, to determine the county in which each appointee shall serve, without regard to his place of residence, and to change any assessor from one county to another whenever in its judgment the change will increase his efficiency, improve the service or be for the public good. It is provided in this plan that whenever for any cause an assessor is unable without assistance to assess all of the property in his county he shall have power in accordance with certain carefully defined regulations and within certain definite limitations, to appoint a sufficient number of deputies and assistants to insure a full listing and accurate valuing of all property in the county. All appointments made by the assessor under this plan are to be selected from a civil service list. The appointees are removable by him at will and neither the assessor nor any of his deputies or assistants are to take any active part in party politics.

The second plan considered is exactly like the first except that in this plan the assessor must be a resident of the county, if there is anyone in the county who has passed the necessary civil service examination who will accept the position. In case there is no eligible citizen in the county who will accept the position it is made the duty of the appointing body to select some qualified non-resident of the county to fill the position. In this plan a resident appointee cannot be changed to any other county.

The third plan, like the two we have already outlined, makes the county the unit of government for assessment purposes, but unlike the other two the assessor, instead of being appointed, is elected by popular vote for a term of at least four years and is removable from office only for cause and in the same manner that other county officers are removed. This plan provides that no one shall be eligible to hold the office of assessor who has not passed a satisfactory civil service examination to determine his fitness for the place and received a certificate from the examining board showing that he is qualified to hold the position. This plan, of course, restricts the popular choice to persons holding certificates. In case of failure by the people to elect, it is made the duty of the county board, or other boards having similar powers, to select some eligible citizen of the state to fill the position. In this plan as in plans 1 and 2, it is provided that the assessor shall devote all his time to the work of his office and when he is unable without assistance to properly assess all property in the county he may, under certain regulations and restrictions, appoint a sufficient number of deputies and assistants to insure a complete and accurate assessment. Such appointees in all cases to be selected from a civil service list and to be removable by the assessor at will.

In each plan presented the assessor's compensation should of course be sufficiently large to make the position an attractive one and to insure the service of fully competent men.

The civil service examination required should include the fundamentals of an education such as spelling, writing and arithmetic but should not be too exacting along scholastic lines. The fact should be fully recognized by examining boards that the qualities most needed by an assessor are inherent rather than acquired. The examination should therefore be devised to fit the job and should proceed very largely along practical lines. It should, of course, be searching enough to determine with a fair degree of accuracy the candidate's capacity to find out the value of property and to correctly and legibly record his conclusions in an assessment book; but it should go further than this and should be far reaching enough, if possible, to determine his honesty, moral courage, tactfulness, alertness, and, more than all else, whether he is fairly equipped with good common sense. To do all this in a satisfactory manner it will be necessary not only to subject the candidate to a personal examination, but to go behind the man himself and make inquiries into his habits and his history. (9)

A summary of the field notes relating to various assessors and deputies reveals some shortcomings as well as some merits of men who secure the office under present provisions. Numbers are used in place of names of the assessors studied. Certain items of formal information are presented in Table 11 to indicate a possible line of further effort.

Table 11.

Formal Information Concerning Certain Assessors and Deputy Assessors in Overton, Clay, and Pickett Counties.

Assessor	1	2	3	4	5	6
Age (in years)	45	40	n.d.	30	43	35
Born in county	n.d.	n.d.	n.d.	yes	n.d.	no
Years of residence in county	n.d.	n.d.	n.d.	30	15	10
Extent of education	n.d.	n.d.	n.d.	9th gr.	n.d.	8th. gr.
Present occupation	farmer	n.d.	n.d.	farmer	barber	merchant & farmer
Former occupations	-	-	-	teacher	farmer(?)	teacher

n.d. - no data.

Assessor Number One: This man, a farmer about 45 years of age, employed only one deputy during his first year as assessor and assessed about 3,000 tracts of land himself. He stated that he had raised several assessments. For example he raised the assessment on a farm within two miles of the home of the former assessor from \$600 to \$2,000. The owner did not object but seemed to consider the increased valuation conservative. He also

9. Report of the Committee on the method of selecting assessors, National Tax Association Addresses and Proceedings, 9th, 1915, pp.197-207, pp. 203-205, quoted.

claimed that he assessed some property that had been escaping taxation. In one day \$7,000 worth of such property was placed on the books. It is just possible that some of the property he mentioned was placed on the assessment books by a city official who uses the same set of books for another purpose. The assessor was so glad to get rid of the books when the board of equalization met that he did not take time to figure out the total value of property added. It seems that he did not know of the provisions for reassessment of real estate where \$200 worth of permanent improvements are added or destroyed. He seems to be a highly respected citizen.

Assessor Number Two: A man 40 years of age or over who served one term. Seemed to rely in the main on copying the books rather than carrying out required field work. Admitted that he might make mistakes since he at times asked men along the main roads about their neighbors instead of going to farms on side roads. He made a double assessment and did not know the difference. Showed very little evidence of having done much work. Had little knowledge of the county and did not know how to assess property. Employed three or four deputies. Drank heavily himself and his deputies were frequently drunk while attempting to perform their duties. This assessor once stayed at the same house for two weeks during the time he was supposed to be assessing property.

Assessor Number Three: (Information on this man has already been used in the report.)

Assessor Number Four: A farmer about thirty years of age who served one term and, although nominated, failed of reelection. He had the equivalent of a ninth grade education and taught country school about six years. While assessor he continued to grow crops and hauled logs in summer and fall. The field worker who interviewed him was rather unfavorably impressed in some regards and stated that he had no idea of a scientific basis for assessing or for equalizing assessments such as location and productivity

of land. Apparently the assessor stated that the only way to get at the value of a farm was to wait until it sells. This same field worker noted that "When the assessor started out he did not know anything about the laws and constitutionality governing assessment." To him the fact that the assessor did not know of the change in date for paying taxes from March first to May first was indicative of a general failure to keep in touch with tax matters. It seems that this assessor entered timber rights as personal property whereas the statutes provide for their assessment as real estate. The trustee of this county, who was of opposite political faith, had the following criticisms to make concerning the assessor and his work:

A man owned eleven acres ten years ago but sold ten acres of it to a neighbor who had 90 acres. The neighbor gave in 100 acres, but the assessor continued to assess the first man at 11 acres. The man continued to pay on the eleven acres for ten years, being an old man who did not pay close attention to things. He thought that the board had raised the taxes on his one acre and house to that amount. This man claimed that a tax assessor had not seen him in fifteen years, that that consequently his assessment was simply recopied year after year.

The assessor was "raised a pet" with a silver spoon in his mouth. He gets drunk and has been tried in the Justice of Peace courts.

O. H. M _____ had a farm which was assessed at \$4,000. He sold this to P. T. B _____, and the next year this same farm was assessed to both M _____ and B _____ at \$4,000 each. The acreage listed against one of them was 120 and that against the other was 224. A man in Kentucky wrote the trustee that he was assessed with 120 acres by this assessor although he owned only 100 acres in the county. Another man had written the trustee that he was assessed with 90 acres whereas he had only 9 acres. There are probably just as many cases of understating the acreage as of overstating it.

The assessor never goes about the Equalization Board when they are in session, so they never have the advantage of his advice.

Interestingly enough a man of mature years who owned considerable property said that assessor number four did very well in his official duties.

Assessor Number Five: This man was about forty-three when elected and had lived in the county he served fifteen years. The various field workers who made inquiry concerning him learned that he was a barber at

present, but with regard to his former occupation there was a difference of opinion. One claim was that he had farmed until fifteen years before his election, another was that he had never farmed. He employed no deputy and prided himself on having rearranged the names in the district books from geographical to alphabetical sequence. He claimed that he secured the transfers on property every year from the probate book and register of deeds.

Assessor Number Six: A man about thirty-five years of age; was born in Kentucky but had lived in the county in which he held office for ten years. He had the equivalent of an eighth grade education and had taught school. His occupation during his term of office was that of merchant and farmer combined. He is said to work from twenty to forty days a year on assessing. He is paid on a fee basis and receives from two hundred to four hundred dollars a year. At times he wants to be paid before turning his books in. He employs no deputy. The field worker further stated that he is fairly intelligent, is what the people know as "will do to watch", and is not competent to pass on the assessment of property. Another note concerning this same man states that he spends from two to three months per year at the work of assessing.

Assessor Number Seven: This man, a deputy, was so drunk while working on assessment that he hardly knew what he was doing.

While these comments regarding the various assessors are in part mere opinions, and at times prejudiced opinions, they are sufficient to indicate the need of care in selecting an assessor. A score card system might well be used in connection with further field work to arrive at a quantitative understanding of the importance of various qualifications of assessors.

Duties, Powers and Liabilities of Assessors. A number of provisions in the way of prescribed methods of procedure, detailed outlines of duties and powers, general and itemized penalties have been written into the laws

of Tennessee to insure proper performance of duties by the person who chances to be elected assessor. In some states the state tax officials have power to remove local assessors who prove incompetent or unfaithful in office.

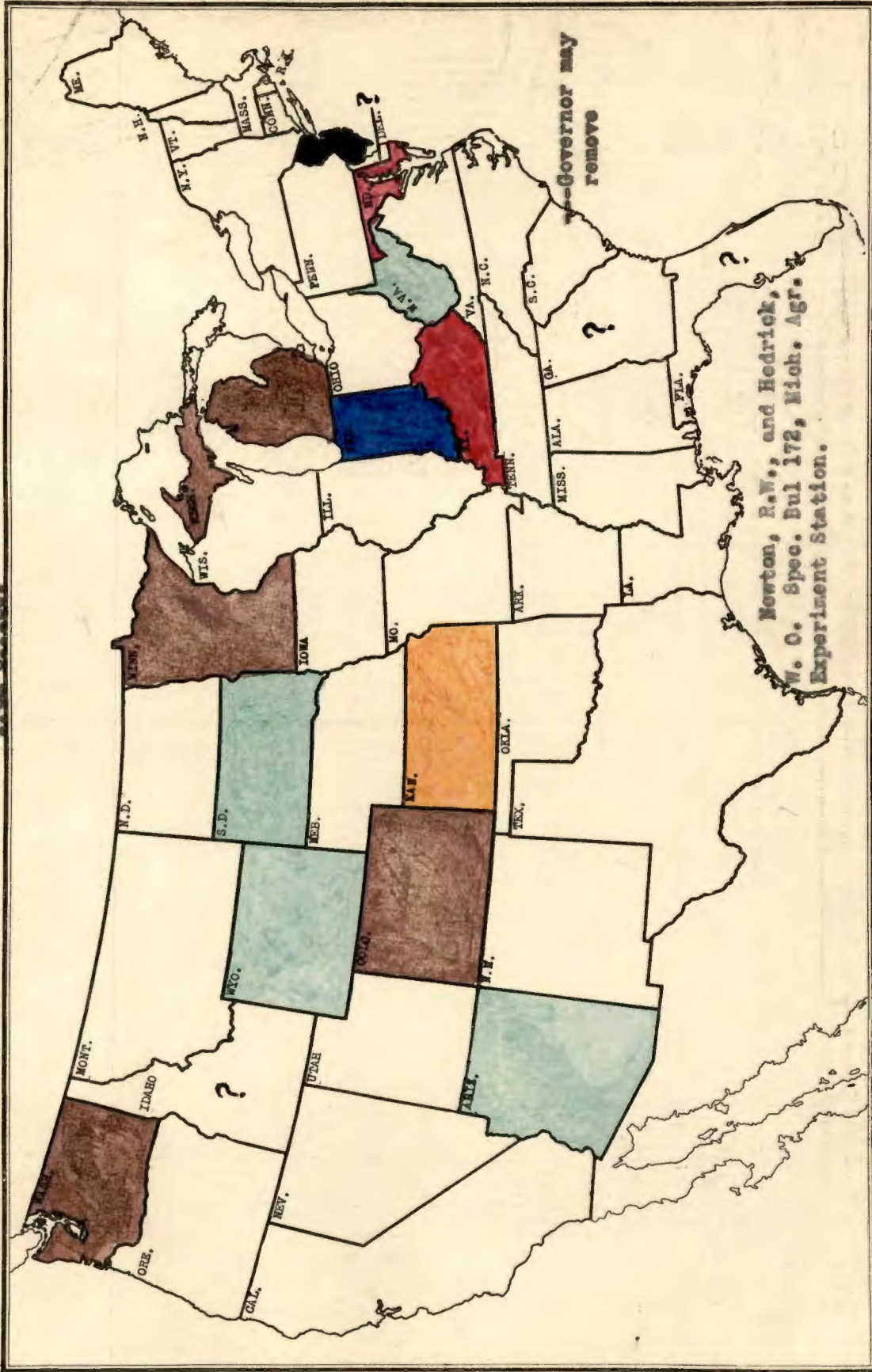
(Map 5) This power of removal is unqualified in South Carolina, Kentucky, and Maryland. In Kansas the township assessor may be removed by the state tax commission on complaint of the county assessor. In Indiana an assessor removed by the state tax commission has the right to appeal to the circuit court. In New Jersey local assessors may be removed after a hearing before the supreme court. Colorado, Michigan, Minnesota, and Washington provide for removal after a hearing before the governor. In Arizona, South Dakota, West Virginia and Wyoming power of removal hinges upon the results of a hearing in local courts. There is no provision for removal in Tennessee. A \$10,000 bond payable to the state seems to be the main general provision by way of safeguard here. This bond must be renewed each term in cases of reelection of the assessor.

Duties and powers of the assessor relating to real estate, set forth in the statutes now presumed to be in force, are as follows:

In the year in which real estate is assessed the assessor is required:

1. To assess all property.
2. To assess at full cash value.
3. To go on the premises and examine the real estate to be evaluated.
4. To see each taxpayer residing in his county, or his agent or attorney, in person and take his personal statement of all property without regard for any exemption. In the case of non-residents or of residents who "cannot be found after diligent search" the assessor shall fill out the schedule and indicate thereon that the person could not be found. Such schedules are not to be filled out, however, until he has ex-

Map 5.
Powers of State Tax Officials in the United States to Remove Local Assessors from Office.



- Not removable by state tax officials.
- Removable at motion of Tax Commissioner.
- After hearing before Governor.
- After hearing before local court.
- On complaint of County Assessor
- May appeal to circuit court after removal.
- Hearing before supreme court.

amined persons whom he has reason to believe have knowledge of the property listed.

5. To start at some other corner of a civil district (or ward) and assess the property in rotation entering it in order in the district book.

6. To add up all columns in assessment books before his books are received by the clerk of the county court.

7. Reports required of the assessor have been enumerated under the list of contacts with other officials in the line of duty.

In the year in which personal property alone is assessed the assessor is nevertheless required:

1. To ascertain and report changes in ownership:

a. In case the entire parcel is transferred as previously assessed the change of ownership is noted.

b. Where the parcel as previously assessed is subdivided the existing valuation is divided proportionately between the owners.

2. To ascertain if permanent improvements to the value of \$200 or more have been added to real estate and if so to raise the value accordingly.

3. On application of a property owner to the county court clerk stating that he has lost through fire, flood, or other casualty permanent improvements on real estate valued at \$200 or more, the assessor must reevaluate the property.

In carrying out these duties the assessor has the power to:

1. Examine any taxpayer or his representative under oath when he has reason to suspect them of concealing or withholding

property. Statements made by such persons under oath are to be reduced to writing and filed with the clerk of the county court.

2. Fix an arbitrary assessment upon any property owner who refuses or fails to file a tax schedule with him. In such cases the assessor must notify the taxpayer of his action at least five days before the county board of equalization meets.

According to the statutes the assessor is liable for the official actions of his deputies. A fine of \$5 to \$20 is set as the penalty for each and every "willful, knowing or negligent" assessment of property in the name or initials of other than the real and true owner. For each and every failure to go on the premises and inspect real estate to be assessed the assessor is made liable to a fine of from \$5.00 to \$10.00. The statutory penalty for other offenses than assessment in the wrong name or failure to inspect is a fine of from \$50.00 to \$100.00 for each and every offense. The bond of the assessor covers all penalties incurred in office as well as guarantee of faithful performance of official duties in general. While specific investigation of this question was not attempted it seems significant that no rumors of action to collect on an assessor's bond have at any time been encountered by field workers on this project. The oath of office and of the oath to the assessment is required of deputies as well as assessors. The general statutory penalty for false swearing or perjury is imprisonment in the penitentiary not less than one nor more than fifteen years (Shannon's Code, 1917, sec. 6699). The oath required when the assessment books are filed is as follows:

"I _____, Assessor of the County of (Overton), State of Tennessee, do solemnly swear (or affirm) that I have set out in the foregoing assessment list all the property, real and personal, and all the privileges and polls in said county of (Overton) as far as ascertainable to the true owners thereof, and that I have required lists to be filled and filed and sworn to by all property

owners or their agents or attorneys and reported such as have not done so to the District Attorney, and reported lists of all parties liable for polls, and that I have estimated the value of all property, real and personal or mixed, at its actual cash value as prescribed by law to the best of my knowledge and ability, without fear, favor, or affection; and that I have faithfully discharged my duties and kept my oath of office as Assessor according to law to the best of my knowledge and ability, so help me God.

Sworn to and subscribed before me this day of _____

Judge or Chairman of the
County Court

(10)

There seems to be some misunderstanding on the part of certain Overton County officials regarding the exact intention of the oath of office. One of the recent officials insisted that in it the assessor agreed not to examine the old assessment books at all. The significant phrase is "that I will not assess or list any person with property or polls solely by substitution or copy from former assessment." It is entirely possible that within the letter of this provision assessors rely excessively on the previous set of books. Regardless of the abstract right and wrong of the situation it is difficult to see how assessment results could be improved by completely ignoring the work of previous assessors. In West Virginia assessors are specifically instructed to consult the old books in connection with their work.

Be governed as far as possible by last year's land books, but correct errors which may heretofore have been made as to names of persons properly chargeable with taxes on any tract of land or town lot, as to the local description thereof, and clerical errors of every sort.

Assessors should not rely on the property owner for an accurate and complete description of his real estate, but should use the land blotters which are provided for the purpose of copying Land Books of the previous year by districts.

It is essential that Sec. 12, Chap. 29, of the Code shall be strictly complied with. This section provides that all property shall be assessed at its true and actual value, and defines such true and actual value as the price the property would sell for if voluntarily offered for sale on the first day of January. (11)

10. Public Acts, 1907, ch. 602, sec. 10.

11. West Virginia, Instructions to Assessors, edition of 1922, pp. 27, 33-34.

Official objection to the requirement that the assessor visit each piece of property was raised in 1920, and the following proposal made:

Many states in the Union have laws requiring the tax assessor to visit each civil district or ward in his county on a given date and at a given place to be published in advance of his coming. Also requiring all taxpayers of that civil district to meet the tax assessor at the time and place designated in the publication and to file their tax schedules with the tax assessor, listing all their property and swearing in solemn form to the actual value thereof. Our present assessment law required the tax assessor to visit each piece of property, which, of course, is a physical impossibility, and consequently, this provision of the law is never carried out by any tax assessor and indeed cannot be. -----

The plan was suggested to the State Board about the time the tax assessors began their work in 1920, and the Chief Tax Statistician in turn laid the suggestion before the county tax assessors, suggesting that they themselves determine the wisdom of following it in their county in event they found it was impossible to visit each piece of property as the law required. Some of the tax assessors adopted the plan and reported splendid results. One of the tax assessors of the State who followed this plan reported to the Chief Tax Statistician that practically every tax payer in the district met him at the time and place designated in the notice and gave in their property and swore to its actual cash value. They did this voluntarily upon the request of the tax assessor without being required to do so by law. The result must have been satisfactory in that county because an actual cash value assessment was reported to the State Board of Equalization and the assessment was so well equalized within the county that not a single complaint or appeal was filed with the State Board. We suggest that the Legislature give serious consideration to the passage of such a law. (12)

Lincoln may have been one of the counties in which this proposal was given a trial. Be that as it may, the following notice appeared in the Lincoln County News on April 10, 1930:

NOTICE
TO TAX PAYERS

I will be at Lincoln Monday, April 14,
a.m.
At Liberty April 14, p.m.
At Providence April 15, a.m.
At Buckeye April 15, p.m.
At Booneville April 16, a.m.
At Mulberry April 16, p.m.
At Center Point April 17, a.m.
At Howell April 17, p.m.
At Petersburg April 18.

E. F. DICKEY
Tax Assessor

A system of permitting people to come and list their own property has its own peculiar difficulties as is shown by comments of a New Mexico assessor familiar with a system somewhat similar to that suggested for Tennessee.

The laws of New Mexico do not compel the assessor to go out and assess property in person. We do not know anything about how any man's property looks. I hope that some time it will be rectified. -----

Now, down in our county the first of January we begin assessing. They send us a tax schedule from the state tax commission's office, about the size of a baby's bed cover, anywhere between that and a full-grown bed cover. It is long, about that size (indicating). There are about 130 different items to be valued, if you have that many pieces of property. We notify the people that we shall be ready to see them in our office the first day of January. A few come in the first week, a few more the second, three-quarters of them put it off until the last week and then come crowding us. ----- (13)

Incidentally Judge Webb of Clay County is quite as thoroughly impressed with the size of the tax schedule used in Tennessee as Assessor Hanna was with the one employed in New Mexico. He claims that the Tennessee schedules are so large they scare people, and that better results would be secured by the use of fewer questions on a smaller schedule.

The data presented in the remaining portions of this chapter indicate that adequate, systematic assessment chooses neither of these alternatives.

Duties and Liabilities of Property Owners. The taxpayer also has some duties and liabilities in connection with the assessment of real estate as well as other property. To list them:

The taxpayer is required:

1. To fill out his tax schedule, indicating all property owned and all held in trust, and return it to the assessor not later than the twentieth of April. Penalty for refusal a fine of from \$10 to \$50.
2. To make oath (or affirmation) to the accuracy and completeness of the listing either before the tax assessor or before a justice of

the peace. False swearing is perjury.

3. To submit under oath to examination by the assessor. Penalty for refusal to submit a fine of from \$10 to \$1,000.

Sworn statement to the list of property on the tax schedules is required of taxpayers in a total of forty-three states, is required on personal property lists in Maryland, and may be required at the option of the assessor in Delaware, New Jersey, and Wisconsin. New York is the only state in which such oaths were not required in 1927. (14)

In actual practice some of the legal provisions relating to assessment in Tennessee are not observed. Further work is necessary before any estimate of the extent of such non-observance may be made.

Steps and Procedures in the Actual Work of Assessing Real Estate.

Keeping Track of the Ownership of Land. It is important that the assessor have accurate record of the ownership of real estate. Assessor Carr stated that there was a piece of land in the fifth district of Overton County that had for years been assessed to an unknown person by the name of Raymond Swafford. Every year releases were given the trustee for the taxes due on this land and its actual owner was escaping her share of the cost of governmental services. He assessed this property to its rightful owner. In the ninth district he found many cases where land was assessed to the wrong person but did not indicate that these had as a consequence escaped taxation. There are two ways by means of which assessments to the wrong person may be corrected. The assessor may certify the error to the trustee, naming the rightful owner, or correction may be secured through the county court. Regardless of which means the person wrongfully assessed uses to secure release, an error of this

kind diverts his attention from other things and takes time that he might prefer to use for other purposes. An informant who claimed that it also involved court costs was probably mistaken.

Copying of old assessment books is said to be responsible for many errors in ownership entries on the assessment rolls. When property is sold the assessment against the former owner is continued on the books and an assessment made against the buyer also. It has been claimed that assessment entries may be recopied for ten years after the property is sold in spite of the fact that the court releases it every time. An examination of the tendency for the assessed value of farms remain the same when they are kept in the ownership of the same family indicates that this is entirely possible. (Table 12)

As is shown in Table 12, comparison of the assessed valuations on identical farms at five-year intervals from 1900 to 1915 indicate that there were 214 cases in which they remained unchanged. This was somewhat greater than the number of cases in which these farms showed changes in valuation. During the ten years 1905-1915 the assessed valuation on thirty-eight farms remained unchanged and over the fifteen year interval 1900-1915 the valuation on twelve of these farms remained unchanged.

Table 12.

Continuity of Assessed Valuation on Farms Remaining in the Ownership of the Same Person or His Immediate Descendents, Overton County.

Assessed Value	Years for which assessed valuations were compared on identical properties.						
	1900-		1905-		1910-		Total cases
	1905	1910	1915	1915	5-year interval comparisons	1905-1915	1900-1915
Same both years	25	52	137		214	58	12
Different each year	50	71	90		201	-	-

Of course an assessor may agree with the valuation placed on a piece of property even after examining a new schedule filed by the owner. Also like former Assessor Overstreet of Clay, some officials may believe that the only way to change the assessment on a piece of property is to wait until it is

sold. In which case it would be easy to understand why the assessment on so many of these farms tended to remain unchanged. At least part of this continuity of assessed valuations, however, represents just such careless and indifferent copying of the books made out by previous assessors as gives rise to double assessments of the same piece of property and to other errors.

Before he starts on his field work there are a number of simple procedures by the use of which a conscientious assessor could improve his record of the ownership of land. If he will copy the list of releases during the preceding year from the county court minute book he will be able to determine which entries in the old assessment books are probably wrong. In the probate of deeds record, which like the minutes of the county court are kept in the office of the clerk of the county court, he will be able to discover some of the changes of ownership which have occurred since the last assessment of real estate. From the register of deeds he will be able to get further information about the exact location of part of those transfers listed in the probate book. Where a man who owns several pieces of property sells a parcel this will enable him at times to decide which particular tract was involved in the transfer. Few counties would need such an elaborate system as that in the city of Knoxville, but a description of the procedure used there will probably make clearer the practical value of some of the suggested procedures.

Out of the 32,000 separately owned parcels of property in Knoxville, approximately 6,000 change ownership every year, according to John Boring, head of the city assessment bureau.

These changes, going on all thru the year, would make great confusion had the city not developed a system to meet it.

So Boring with two or three clerks makes a daily check of the real estate transfers recorded at the courthouse.

The city has a detailed description of every parcel of property. This description is put on a metal addressograph plate. On a separate plate is the name of the owner. These two plates are hooked together and filed.

If the ownership changes, the clerks discard the name plate, write the name of the new owner on another plate, and hook it again

to the description plate.

When the city wants to make out its field books for assessing, it uses a machine to which these plates are fed. The machine prints the name and description of parcels in a row down a page. The pages are bound into field books. (15)

Avoidance of improper entries contained in the old assessment books is by no means the only use to which a copy of the list of releases may be put. Perhaps most of the property releases indicate double assessment. The assessor should make certain, however, that no property escapes taxation because it is assessed to an unknown person and then released. Also the list of transfers will indicate in advance some of the persons from whom he may learn about current land values.

The schedule which each Tennessee taxpayer is required to file with the assessor contains two sets of questions relating to the ownership of real estate. The first three questions call for a detailed listing of each tract of acreage property, each mineral or timber right, and each item of subdivided property. In addition there is the following set of questions:

Have you sold any real estate at a voluntary sale within the past two years? Answer: _____ If so, give sale value, _____, terms of payment, _____, and to whom sold _____.

In the description of real estate owned the owner is required to enumerate the name of the property owners on the North, South, East and West of each of his parcels. If the assessor entered property in the district books in rotation as is seemingly required by the law these descriptions would help him check up on omitted real estate. It seems common, however, to alphabetize the district books. If schedules were numbered in the order in which taken and the number of the schedule marked appropriately on a sketch of the route followed by the assessor this check could be secured even though the alphabetic arrangement of names in district books were continued.

Real Estate Escaping Taxation: Assessment of property to an unknown person has already been shown to permit real estate to escape taxation at times. A citizen of Overton County informed one of the field workers that some land just across the road from his home in the twelfth district had not been assessed for years. In the summer of 1929 while field workers were examining the Overton County records Dave Wilson, who said he was one of the heirs of A. T. Wilson, came in to see about the taxes on his father's estate. Clerk Boswell examined the tax duplicates back to 1924 without finding any assessment against the property. In the following pages are presented the various efforts which we have made to measure the amount of taxable property escaping by these or other means. Explanations of the limitations of available statistics for purposes of such estimates are given in considerable detail and may seem to somewhat discredit any conclusions based on them. But if they serve to make clear the need for patient and sustained attention to details in the collection of assessment statistics, these explanations will have served a useful purpose quite apart from any value which would inhere in a more accurate estimate of the land area escaping taxation.

The most important series of statistics for this purpose is the number of acres of real estate assessed as acreage property. These statistics may be secured on both a county and a civil district basis from the "tax duplicates" filed in the offices of the clerks of county court throughout the state. They may also be secured on a county basis for the years 1915 to 1927 from our office files of the biennial reports of the comptroller of the state treasury. The number of acres assessed from year to year may be compared with each other to test for uniformity, or they may be compared with the estimates of the total land area of the state and of the individual counties as published by the Federal Bureau of the Census. Both of these types of comparison are illustrated in Charts 5 and 6 (see also Tables 13 and 14). For Overton and Clay the entire length of the bars represent the estimated total

Chart 5.

Number of Acres Assessed as "Acreage Property" in Overton County, 1881 - 1929, Compared with the Estimated Total Land Area.

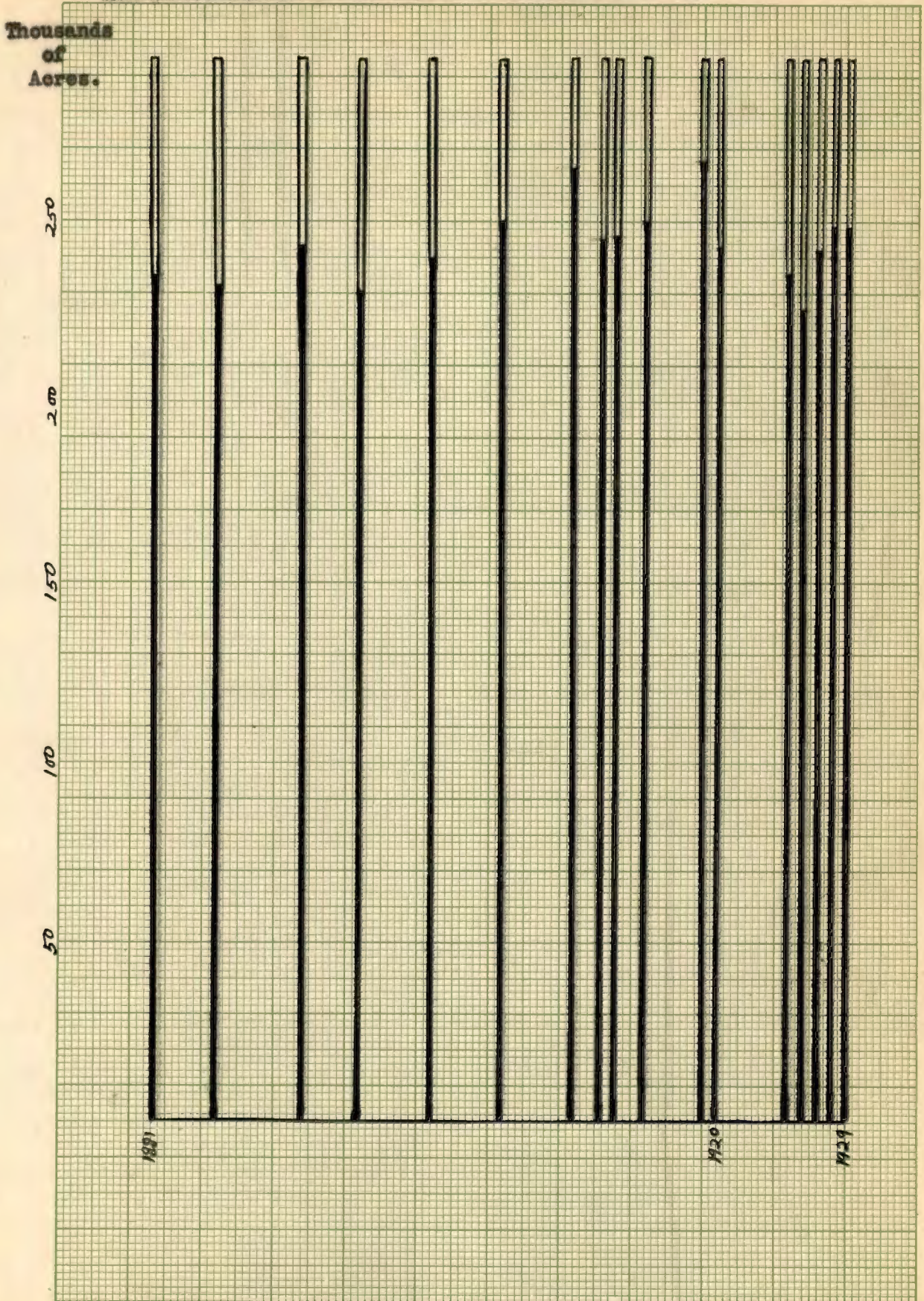
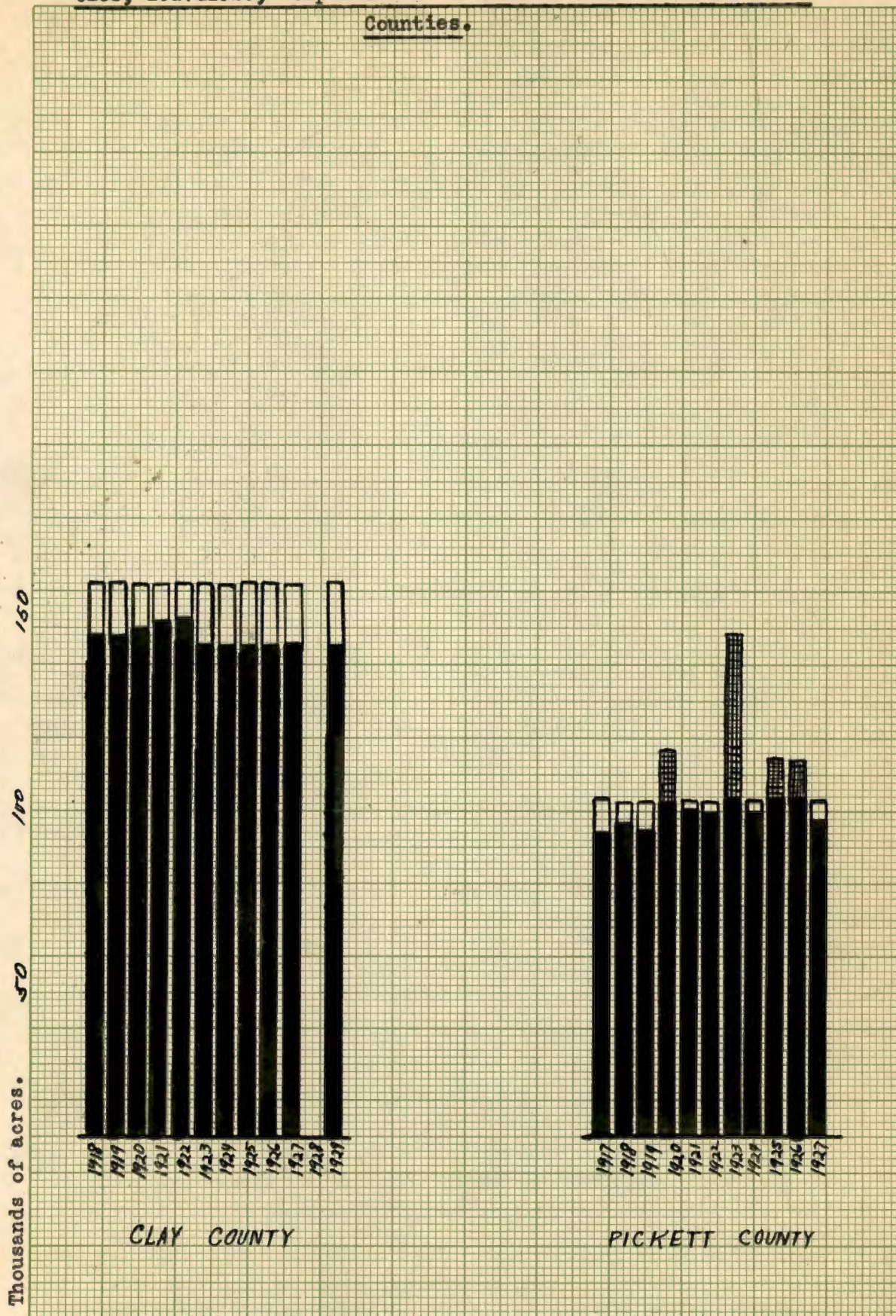


Chart 6.

Number of Acres Assessed as Acreage Property in Clay and Pickett Counties, 1917-1929, Compared with Estimated Total Areas of Those Counties.



land area of the respective counties. The shaded parts of the bars represent the acreage assessments reported and the unshaded parts represent the amount by which these acreage assessments fell short of the estimated total land area. Pickett County acreage assessments are represented in the same manner except that in 1920, 1923, 1925, and 1926 the acreage assessments reported were in excess of the total estimated land area of the county. The amount of this excess is in each instance indicated by the striped portion of the bars. The efficiency of assessment in Overton and Pickett Counties seems to vary considerably from year to year.

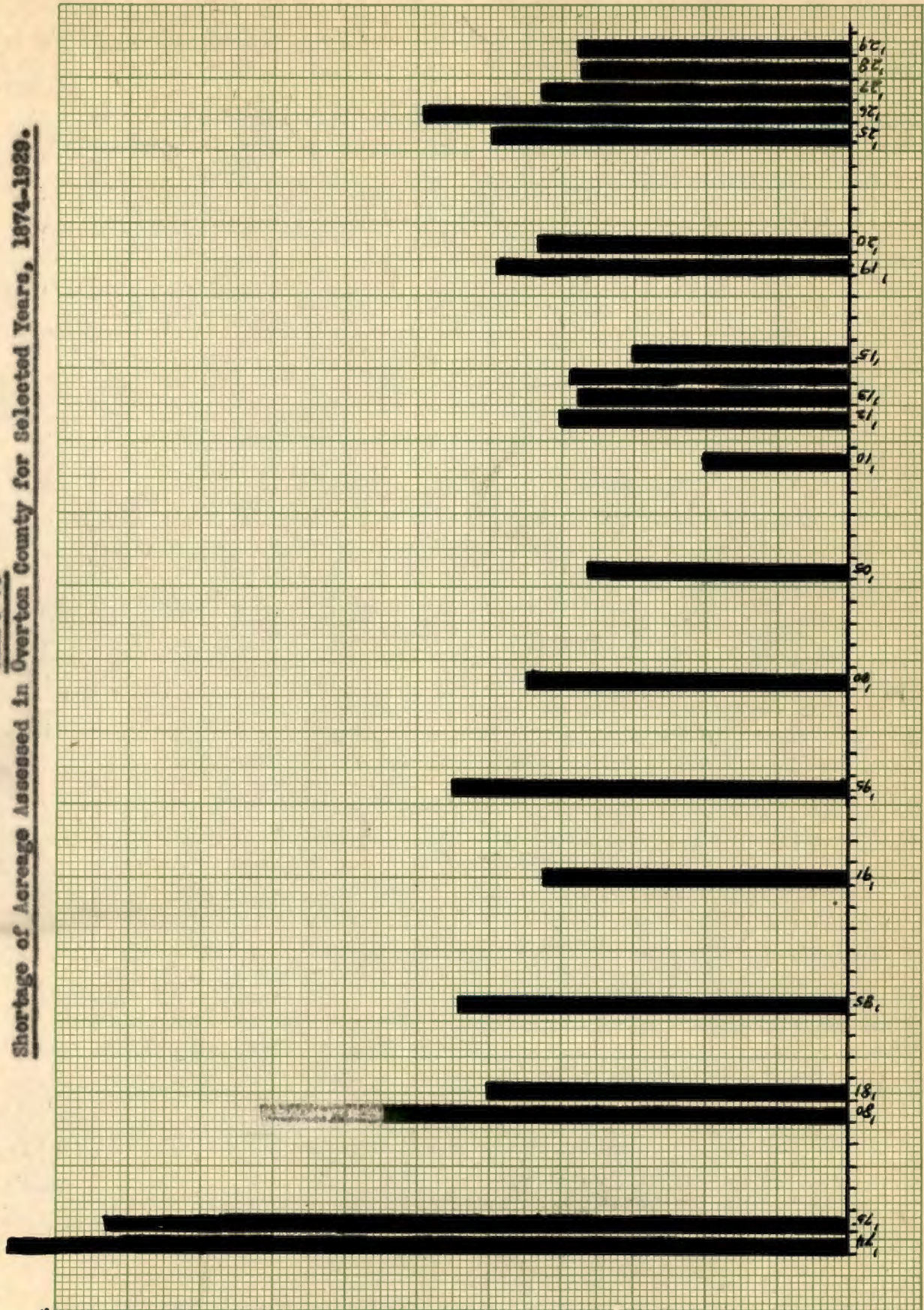
Table 13.
Total Number of Acres Assessed in Overton County,
1874-1929

Year	Total Acres	Year	Total Acres
1874	257,751*	1913	247,314
1875	275,261*	1914	246,759
1880	280,659*	1915	250,162
1881	235,012 1/6	1919	236,851
1885	231,295	1920	242,067
1891	242,903	1925	235,682
1895	230,090	1926	225,810
1900	240,600	1927	242,183
1905	249,024	1928	247,779
1910	264,806	1929	247,230
1912	245,262		

* In 1879, due to the formation of Clay County, 69,120 acres were taken from Overton and 76,800 acres were taken from Overton County in 1881 to form part of Pickett. Consequently the acres assessed in 1874 and 1875 are to be compared with a total county area of 431,560 acres in 1880 with a total county area of 362,240 acres and from 1881 to date an estimated total area of 285,440 acres.

The possibility of over-assessment will be discussed later. To emphasize the indications of an inadequate assessment the amounts by which Overton County acreage assessments fell short of the estimated area of the county (Table 15) are pictured on Chart 7. From an assessment of acreage which was in 1910 but little more than twenty thousand acres short of the total area Overton County assessment efficiency degenerated to a shortage of almost sixty thousand acres in 1926. In Table 16 the maximum and minimum acreages assessed in the various

Chart 7.
Shortage of Acreage Assessed in Overton County for Selected Years, 1874-1929.



Thousands of Acres
160
The H. Cole Co., Columbus, Ohio, No. 60 G.
80
40
20

counties of the state during the period 1922 to 1927 have been compared to their respective estimated land areas. The maximum acreage assessment reported in almost half of the counties fell short and the minimum acreage assessments in eighty counties were below the estimated county areas.

Table 14.

Total Number of Acres Assessed in Clay and Pickett Counties, 1917-1929.

Year	Acres Assessed	
	Clay	Pickett
1917	(not secured)	94,493
1918	148,844	96,168
1919	148,123	95,043
1920	150,535	117,395
1921	152,216	101,847
1922	153,128	99,777
1923	145,628	144,067
1924	"	99,298
1925	"	114,348
1926	"	115,559
1927	"	97,543
1928	"	(not secured)
1929	"	(not secured)

Table 15.

Estimated Number of Acres Escaping Taxation in the Present Area of Overton County, 1874 - 1929.

Year	Acres Not Taxed	Year	Acres Not Taxed
1874	114,929*	1913	38,126
1875	103,337*	1914	38,681
1880	64,286*	1915	35,278
1881	50,428	1919	48,588
1885	54,145	1920	43,257
1891	42,537	1925	49,758
1895	55,350	1926	59,630
1900	44,840	1927	43,257
1905	36,416	1928	37,661
1910	20,634	1929	38,210
1912	40,178		

* Adjusted to present area of county by taking 68.2% of the total shortage in 1874 and 1875, and 78.8% of the total shortage in 1880. In these estimates no allowance was made for city lots nor for tax exempt property such as that owned by the county, church property and lodge halls.

These results, of course, must be qualified. They make no allowance for

Table 16.

Relation of Maximum and Minimum Acreage Assessments in Tennessee Counties to
Estimated Total Land Areas, 1922-1927.

Minus sign (-) indicates a shortage in acreage assessed.

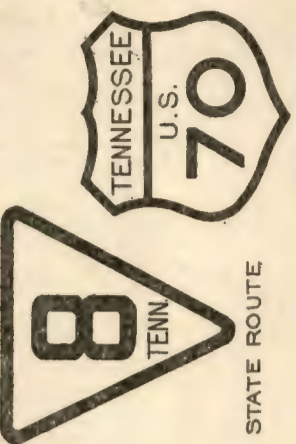
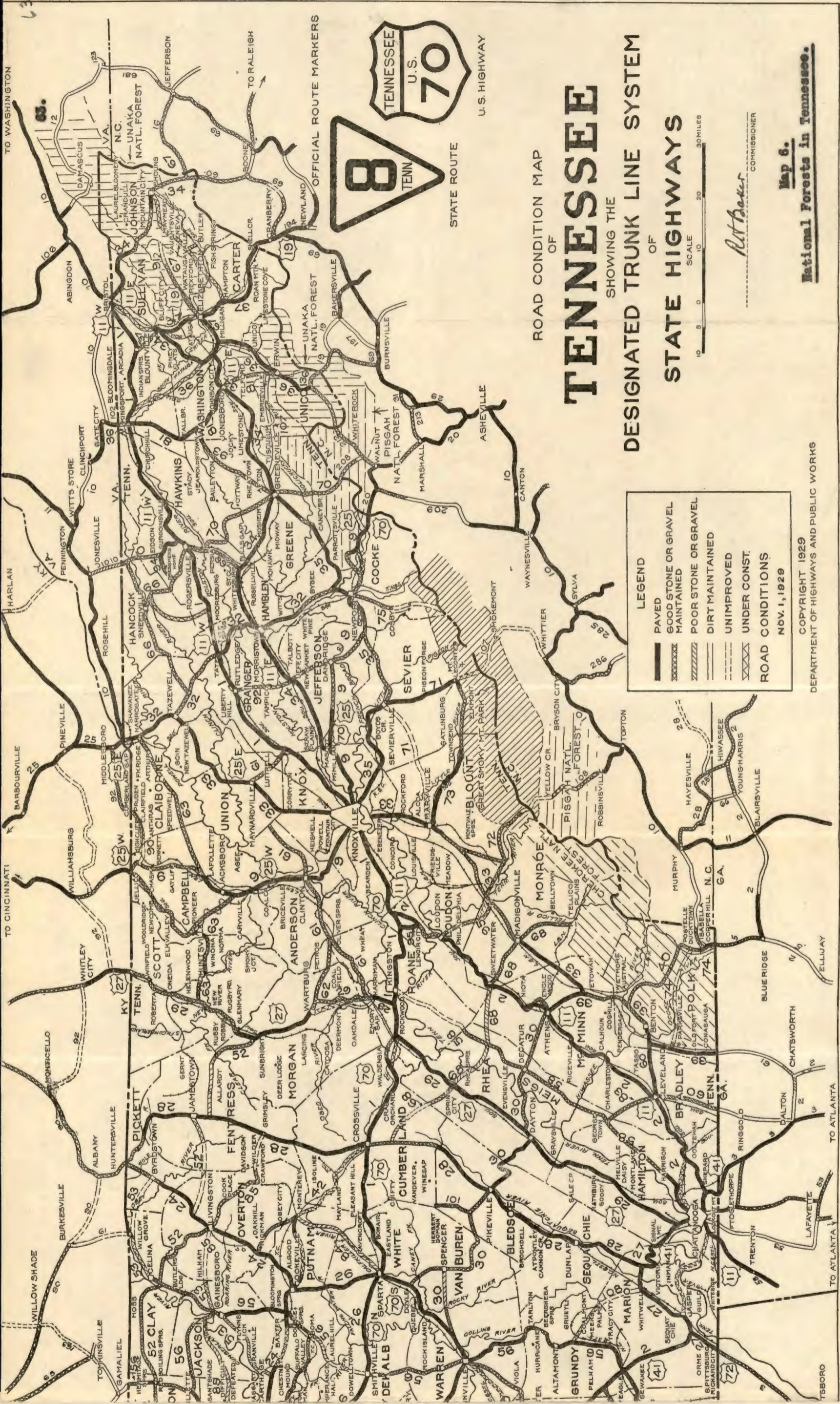
Counties:	Relation to :		Counties :	Relation to :		Counties :	Relation to	
	Estimated			Estimated			Estimated	
	Land Area		Land Area			Land Area	Max.:	Min.
	Max.:	Min.:	Max.:	Min.:		Max.:	Min.	
	(000	(000	(000	(000		(000	(000	
	omit-	omit-	omit-	omit-		omit-	omit-	
	ted)	ted)	ted)	ted)		ted)	ted)	
1. Anderson:	4	-17	33. Hamilton:	17	-5	65. Morgan:	-35	-43
2. Bedford:	-32	-40	34. Hancock:	-33	-46	66. Obion:	10	-18
3. Benton:	-29	-47	35. Hardeman:	-42	-154	67. Oberton:	-10	-59
4. Bledsoe:	24	6	36. Hardin:	-16	-47	68. Perry:	-14	-60
5. Blount:	-4	-53	37. Hawkins:	166	-23	69. Pickett:	42	-6
6. Bradley:	-25	-28	38. Haywood:	9	-2	70. Polk:	-127	-134
7. Campbell:	60	-37	39. Henderson:	-20	-42	71. Putnam:	2	-12
8. Cannon:	-5	-11	40. Henry:	-25	-35	72. Rhea:	-1	-28
9. Carroll:	-30	-42	41. Hickman:	23	4	73. Roane:	54	-21
10. Carter:	14	2	42. Houston:	12	-3	74. Robertson:	6	1
11. Cheatham:	-14	-55	43. Humphreys:	80	-123	75. Rutherford:	-6	-15
12. Chester:	-30	-34	44. Jackson:	-8	-29	76. Scott:	31	-33
13. Claiborne:	-71	-82	45. Jefferson:	-9	-11	77. Sequatchie:	33	3
14. Clay:	-10	-17	46. Johnson:	-29	-38	78. Sevier:	11	-23
15. Cocks:	-14	-22	47. Knox:	53	-18	79. Shelby:	-47	-62
16. Coffee:	3	-17	48. Lake:	15	12	80. Smith:	13	11
17. Crockett:	6	-18	49. Lauderdale:	-9	-27	81. Stewart:	101	-19
18. Cumberland:	40	-90	50. Lawrence:	70	4	82. Sullivan:	-42	-45
19. Davidson:	88	-35	51. Lewis:	15	-17	83. Sumner:	-20	-23
20. Decatur:	30	17	52. Lincoln:	-5	-25	84. Tipton:	-10	-16
21. DeKalb:	422	-11	53. Loudon:	3	-29	85. Trousdale:	5	1
22. Dickson:	-19	-42	54. McMinn:	49	-20	86. Unicoi:	-30	-42
23. Dyer:	-	-14	55. McNairy:	-26	-47	87. Union:	-25	-28
24. Fayette:	80	41	56. Macon:	11	5	88. Van Buren:	31	1
25. Fentress:	27	-1	57. Madison:	-5	-16	89. Warren:	287	-22
26. Franklin:	5	-29	58. Marion:	98	-20	90. Washington:	67	-14
27. Gibson:	-28	-38	59. Marshall:	-9	-15	91. Wayne:	54	-15
28. Giles:	-19	-24	60. Maury:	15	-8	92. Weakley:	-12	-19
29. Grainger:	-9	-24	61. Meigs:	8	-2	93. White:	33	-13
30. Greene:	-1	-45	62. Monroe:	-44	-98	94. Williamson:	-9	-25
31. Grundy:	57	20	63. Montgomery:	13	5	95. Wilson:	-30	-39
32. Hamblen:	6	-22	64. Moore:	-15	-15			

Number of counties showing a shortage in acreage assessed: 46 : 80

Based on first table, p 152, "Tennessee, Economic and Social: Part II, The Counties", by Allred, C. E., Atkins, B. W., and Hatfield, G. H.

the amount of real estate assessed as town lots nor for that which is exempt from taxation. Consequently they made the situation seem worse than it is. In Shelby, Davidson, Hamilton, and Knox Counties town lots assessments are especially important. National forest reservations in Johnson, Sullivan, Carter, Unicoi, Greene, Coker, Sevier, Blount, Monroe and Polk Counties contribute an unusual item of exempt property. Map 6 indicates that some counties are much more completely included within national forests or national parks than are others. Unicoi seems to lie entirely within the Unaka National Forest. On the other hand Coker, Monroe and Sevier Counties have extensive areas outside the forests and parks which cross their boundaries. An official map of Unicoi by civil districts recently secured from the census bureau shows that a small strip extending from the northern edge of the county along the railroad to Erwin is not included within the national forest limits. Careful examination of Table 16 will show that Polk County has the most extensive consistent shortage in acres assessed. It has also the greatest shortage except for the minimum assessment in Hardeman County. Unicoi County has a consistent but relatively small shortage. This is probably accounted for by a difference in the amount of private holdings included within the limits of the various forests. Neither town lot nor national forest and park areas are of much importance in Overton, Clay, or Pickett Counties.

There are other factors which have an influence on the acreage totals exactly opposite to that of town lots and exempt property. Attention was earlier directed to the fact that when property is sold it is often assessed for a number of years to both the former owner and the buyer. The fact that such double assessments commonly contribute to the list of releases which a trustee secures from the county court makes clear that they have been counted twice in the acreage totals. Then there is a possibility of three legal assessments against the same property: first, surface acreage; second, timber rights acreage; third, mineral rights acreage. By looking through the Overton



U.S. HIGHWAY

STATE ROUTE

ROAD CONDITION MAP OF

TENNESSEE

SHOWING THE

DESIGNATED TRUNK LINE SYSTEM OF STATE HIGHWAYS

SCALE 0 10 20 30 MILES

COMMISSIONER

Arthur Baker

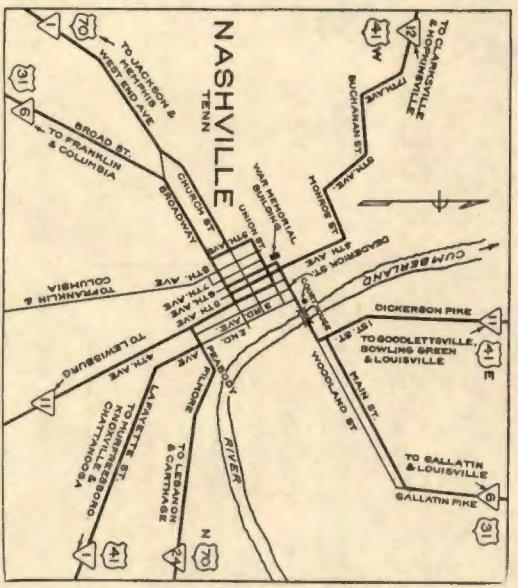
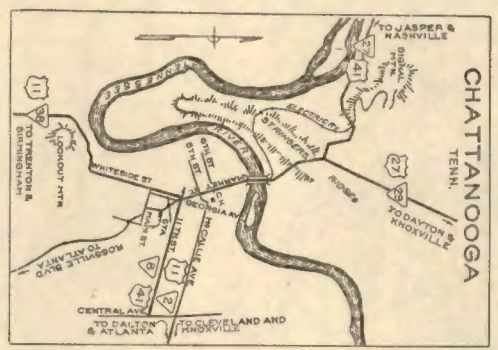
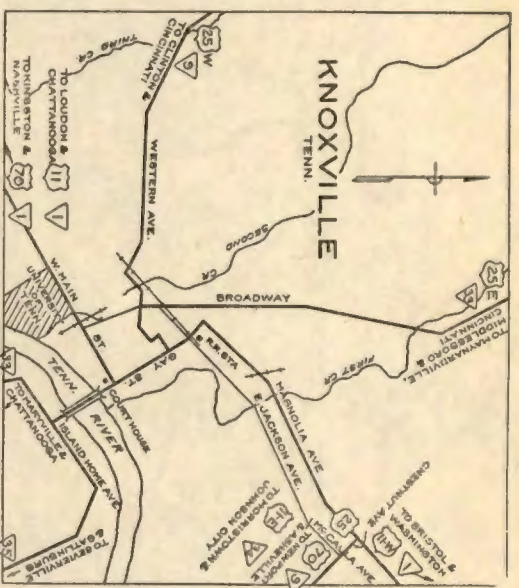
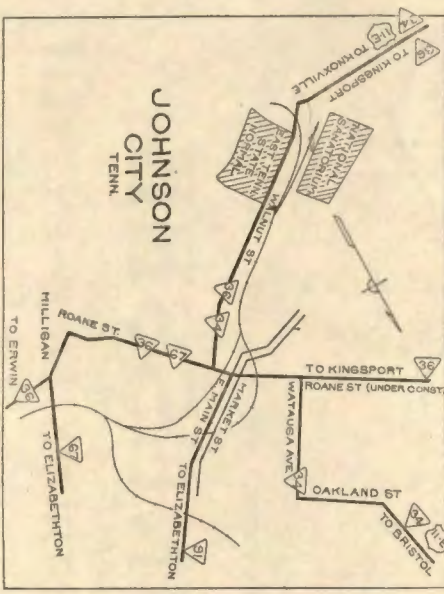
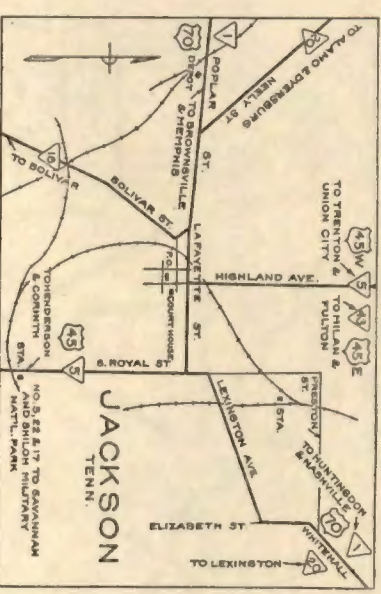
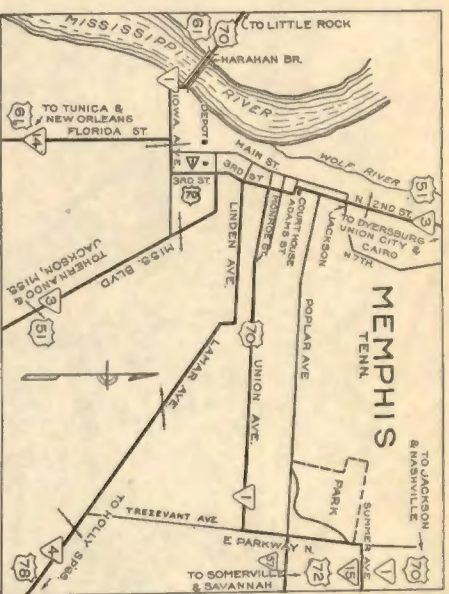
Map 6.

National Forests in Tennessee.

LEGEND	
	PAVED
	GOOD STONE OR GRAVEL MAINTAINED
	POOR STONE OR GRAVEL
	DIRT MAINTAINED
	UNIMPROVED
	UNDER CONST.
	ROAD CONDITIONS

NOV. 1, 1929

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HIGHWAY MAP

of

TENNESSEE

Showing the
**Designated Trunk Line
 System of State Highways
 and Detour Roads**

Published and distributed by the
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 NASHVILLE, TENNESSEE



1929
 R. H. BAKER, Commissioner

LOG OF DISTANCES

Miles

HIGHWAY NO. 1.	HIGHWAY NO. 6.
0 Mississippi River	0 Kentucky State Line
3 Memphis	23 Gallatin
66 Brownsville	51 Nashville
92 Jackson	71 Franklin
125 Huntingdon	96 Columbia
145 Camden	107 Mount Pleasant
152 Tennessee River	116 Summertown (Junc. No. 20)
169 Waverly	130 Lawrenceburg
198 Dickson	152 Alabama State Line
241 Nashville	HIGHWAY NO. 7.
262 Junction No. 102	0 Columbia
273 Murfreesboro	30 Palaski
291 Woodbury	50 Alabama State Line
314 McMinnville	HIGHWAY NO. 8.
322 Junction No. 30	0 Chattanooga
327 Rock Island	10 Georgia State Line
342 Sparta	HIGHWAY NO. 9.
370 Crossville	0 Kentucky State Line
397 Rockwood	29 LaFollette
410 Kingston	34 Jacksboro
428 Junction No. 2	52 Clinton
448 Knoxville	72 Knoxville
481 Rutledge	89 Junction No. 34
490 Tate	108 Dandridge
513 Rogersville	127 Newport
543 Kingsport	149 N. Carolina State Lim
558 Blountville	HIGHWAY NO. 10.
568 Bristol	0 Murfreesboro
HIGHWAY NO. 2.	26 Shelbyville
0 Murfreesboro	55 Fayetteville
32 Manchester	61 Junction No. 110
56 Monteagle	67 Alabama State Line
75 Junction No. 27	HIGHWAY NO. 11.
By Route No. 27	0 Kentucky State Line
80 Jasper	7 Junction No. 76
113 Chattanooga	23 Springfield
147 Cleveland	40 Goodlettsville
174 Athens	53 Nashville
189 Sweetwater	85 Junction No. 51
201 London	HIGHWAY NO. 12.
207 LeNoir City	0 Nashville
213 Campbell (Junc. No. 1)	23 Ashland City
HIGHWAY NO. 3.	51 Clarksville
0 Kentucky State Line	62 Kentucky State Line
6 Union City	HIGHWAY NO. 13.
16 Troy	0 Kentucky State Line
22 Ohion	13 Clarksville
45 Newbern	46 Erwin
53 Dyersburg	67 Waverly
77 Ripley	107 Junction No. 50
92 Covington	115 Linden
131 Memphis	(Detour via Hohenwald
142 Mississippi State Line	140 Waynesboro
HIGHWAY NO. 4.	166 Alabama State Line
0 Memphis	HIGHWAY NO. 14.
16 Mississippi State Line	0 Memphis
HIGHWAY NO. 5.	13 Mississippi State Line
0 Union City	HIGHWAY NO. 15.
16 Kenton	0 Junction No. 1
26 Dyer	28 Somerville
33 Trenton	41 Whiteville
44 Humboldt	53 Bolivar
50 Junction No. 43	76 Selmer
61 Jackson	89 Adamsville
80 Henderson	93 Junction No. 17
104 Selmer	98 Savannah
119 Mississippi State Line	

County 1917 district books it was possible to identify 5,330 acres of mineral rights assessments in the ninth district and there were probably some in the tenth district. In 1928 only 1,396 acres of mineral and timber rights assessments could be identified as such from the entries in the ninth and tenth district books. In the case of one large assessment of mineral rights the acreage figure had apparently been crossed out. There were other entries that seemed to lump together mineral rights and surface and mineral rights. Wherever mineral deposits and timber stands in the state have commercial importance such doubling of the acreage assessed figures in relation to land surface may be expected. Incidentally, if special columns were placed in the assessment books for mineral and timber rights assessments a much more useful set of statistics might be secured.

Then too, there may be errors in the estimates of the land area or in the acreage assessed totals of individual counties. The estimate of the total state area has been checked carefully at least three times but federal employees have not been able to discover any record of the methods and materials used in preparing the estimates of county areas now relied upon by the census. It seems that they represent the best that could be made in the first decade of the present century but are less accurate than subsequent improvement in mapping makes practicable. (16) Estimates for Tennessee counties may be accurate, but if there are any errors they may be either over- or under-estimates. So far as any particular county is concerned it is useless to venture a guess either at the degree of accuracy or at the direction of any possible error in this respect. For statistical purposes the acreage assessed figures of the entire state may be relied upon fairly well since errors in addition made by ninety-five county assessors and their various deputies are likely to compensate. If one assessor gets a total that is too large another

16. Marschner, F. J., The Need of Revision of Areal Figures of the United States by Counties, pp. 2 - 3.

will get one that is too small and most of them will be approximately accurate. If assessors were inclined to boast about the amount of land assessed there might be of course be a tendency for more of them to get totals too large than too small. Little thought seems to be given to comparing their own work with that of previous assessors, on the part of the officials with whom the field workers on this project have had contact.

Some of the variation in acreage from year to year within the term of office of any individual assessor may arise from errors in addition. A careful check was made on the acreage totals of the various civil districts in Overton for 1928 from the entries in the district books and the totals in the "duplicate". The results are presented in Table 17. The assessor's total acreage for the county as indicated by the district totals was only 99.2% of the county total in the "tax duplicate". Entries in the "tax duplicate" probably represent an adjustment of the assessor's totals to put them in line with the revisions made by the equalization board. Two doubly checked additions were made of the original items in the district books. First only items which had not been cancelled were taken. The county total thus secured was only 95.5% of that in the "tax duplicate". When all entries in the district books were added a grand total equal to 101% of that in the tax duplicate was secured. There are even more striking differences in some of the district figures. For example note the percentages in the case of the fifth district.

The eleventh district is the only one in which the additions checked with those of the assessor. No explanation of the unusual difference between the assessor's total and the "tax duplicate" total could be discovered by a special examination of the book for this district.

Table 17.

Check on Assessor's Addition of Acreage Figures in Overton County Civil District Books, 1928.

Civ- Dist.	Double Checked Additions		Asses- sor's Totals	Tax Dupli- cate	Percentage of Tax Duplicate Entry			Tax Dupli- cate
	Excl. Items Cancel- led	Incl. Items Cancel- led			Excl. Items Cancel- led	Incl. Items Cancel- led	Asses- sor's Totals	
	acres	acres	acres	acres	%	%	%	%
1.	11,179	11,872	11,331	11,387	98.2	104.3	99.5	100.0
2.	17,551	18,629	18,285	18,210	96.4	102.3	100.3	100.0
3.	26,702	28,876	28,638	27,771	96.1	104.0	103.1	100.0
4.	7,179	7,825	7,473	7,429	96.6	105.3	100.6	100.0
5.	15,487	17,509	16,840	16,852	91.9	103.9	99.9	100.0
6.	29,691	31,648	31,185	30,924	98.0	192.3	100.8	100.0
7.	15,043	15,973	15,601	15,629	96.2	102.2	99.8	100.0
8.	16,375	16,985	17,022	16,747	97.8	101.4	101.6	100.0
9.	33,923	36,525	35,200	33,416	101.5	109.3	105.3	100.0
10.	25,389	26,206	26,147	26,111	97.2	100.4	100.1	100.0
11.	29,782	29,783	29,780	34,883	85.4	85.4	85.4	100.0
12.	8,354	8,553	8,397	8,420	99.2	101.6	99.7	100.0
Total)	236,655	250,384	245,879	247,779	95.5	101.0	99.2	100.0

Because of the greater reliability of state totals it seems worthwhile to examine the 1927 data. The number of acres then assessed as "acreage property" was 25,239,759 for the state, which is 1,439,921 acres less than the total estimated land area; 28,679,680 acres. In this same year national forest lands in Tennessee netted 322,790 acres. (17) Since this is an unusual exemption item it may be considered to reduce the shortage to 1,117,131 acres. Just what relation the acreage of repeated assessments combined with mineral and timber rights assessments bears to the area of town lots and exempted property, other than national forest lands, combined, cannot be determined. In 1927 there were 422,871 town lots assessed in the state. Allowing eight lots to the acre these represented in the neighborhood of 53,000 acres. The 1929 edition of the Blue Book of Southern Progress reports a total area of about 80,000 acres for ten cities in Tennessee. Some land in cities is assessed as acreage. No data are available on the amount of

exempt property. It is entirely possible, however, that mineral and timber rights combined are more extensive.

Comparison of the numbers of acres assessed as reported from year to year has certain merits over the comparison of acreage assessments with the estimated land area. It is obvious that errors in the area estimated cannot influence such comparisons. Moreover the area of properties assessed as town lots changes but little within the period of one year. Exempted property likewise changes in amount very slowly except in the case of such unusual items as creation of national parks and forests or power projects. In dealing with state totals it may also be assumed that the amount of duplicate assessments and of mineral and timber rights assessments remains relatively constant from year to year. The same may be said of errors in addition. Hence variations of sufficient size would seem to represent differences in the completeness of assessment. In Table 18 such a comparison has been made for Tennessee from 1868 to 1927. The most unusual variations occurred in 1875 and 1876. An increase of 1,996,578 acres in the former year was followed by a decrease of 1,148,934 acres. Variations of half a million acres or more occurred in 1873, 1878 and 1880. As recently as 1925 and 1927 there have been variations of 453,842 acres and 450,700 acres respectively. Variations below 400,000 acres amount to less than one and one-half per cent of the estimated land area of the state and hence may not be significant.

In dealing with individual counties such comparisons rule out only errors in estimate of land area, and errors arising from the presence of town lots and of exempt property. Attention may nevertheless be called to the review of the number of acres spread between the maximum and minimum acreages reported as assessed in each county during the period 1922 to 1927 presented in Table 19. In Chart 8 a short summary of this table is pictured.

Table 18.

Relation of the Number of Acres of Property Assessed as "Acreage" to
Similar Figures for Previous Year in Tennessee
1868-1927.

Year	Number of Acres Assessed	Increase Over Previous Year	Year	Number of Acres Assessed	Increase Over Previous Year
1868	24,701,999	-	1898	25,723,438	-22,612
1869	24,726,976	24,977	1899	25,719,648	-3,790
1870	-	-	1900	25,510,154	-209,494
1871	24,466,920	-	1901	25,526,047	15,893
1872	24,722,468	255,548	1902	25,259,980	-266,067
1873	25,454,931	732,463	1903	25,583,611	323,631
1874	25,252,393	-202,538	1904	25,362,304	-221,307
1875	27,248,971	1,996,578	1905	25,488,011	126,707
1876	26,100,037	-1,148,934	1906	25,444,918	-43,093
1877	25,966,430	-133,607	1907	25,876,419	431,501
1878	25,406,022	-560,408	1908	25,573,047	-303,372
1879	25,485,967	79,945	1909	25,736,613	163,566
1880	24,827,326	-658,641	1910	26,167,999	431,386
1881	24,978,117	150,791	1911	25,951,745	-216,254
1882	25,199,578	221,461	1912	25,879,990	-71,755
1883	25,178,441	-21,137	1913	26,042,555	162,565
1884	25,153,519	-24,922	1914	25,933,784	-108,771
1885	25,539,237	385,718	1915	25,919,746	-14,038
1886	25,122,899	-416,338	1916	25,781,491	-138,255
1887	25,572,035	449,136	1917	25,701,482	-80,009
1888	25,599,096	27,061	1918	25,750,073	48,591
1889	25,896,962	297,866	1919	25,587,561	-162,512
1890	26,338,326	441,364	1920	25,843,570	256,009
1891	25,194,685	-143,641	1921	25,958,886	115,316
1892	25,896,445	-298,240	1922	25,762,124	-196,762
1893	25,866,186	-30,259	1923	25,870,385	108,261
1894	25,983,772	117,586	1924	25,883,831	13,448
1895	25,828,501	-155,271	1925	25,429,989	-453,842
1896	25,666,159	-162,342	1926	25,690,459	260,470
1897	25,746,050	79,891	1927	25,239,759	-450,700

A minus sign (-) indicates a decrease.

Chart 8.

Difference Between Maximum and Minimum Number of Acres of Acreage
Property Assessed, 1922-1927,
of Selected Counties.






County		
1. DeKalb		433,000 acres difference
24. Greene		44,000 acres difference
48. Lincoln		20,000 acres difference
71. Rutherford		10,000 acres difference
95. Moore		Difference less than 500 acres.

Table 19.

Differences in Thousands (000 omitted) Between the Maximum and Minimum Number of Acres Assessed as Acreage
 In Tennessee Counties During the Years 1922-1927 and Census Estimates of the Total Land Area in
 Thousands of Acres (000 omitted)

Rank	Counties	Dif. between max. and min. (000 omitted)	Census est. of area (000 omitted)	Rank	Counties	Dif. between max. and min. (000 omitted)	Census est. of area (000 omitted)	Rank	Counties	Dif. between max. and min. (000 omitted)	Census est. of area (000 omitted)
1.	DeKalb	433	199	33.	Sequatchie	30	169	65.	Haywood	11	325
2.	Warren	309	271	34.	Van Buren	30	188	66.	Carroll	10	396
3.	Humphreys	203	289	35.	Fentress	28	311	67.	Gibson	10	405
4.	Hankins	189	308	36.	Hemblen	28	101	68.	Madison	10	353
5.	Cumberland	150	418	37.	Obion	28	353	69.	Meigs	10	132
6.	Stewart	120	297	38.	Xhea	25	234	70.	Montgomery	10	330
7.	Marion	118	323	39.	Crockett	24	171	71.	Rutherford	10	393
8.	Davidson	116	327	40.	Maury	23	372	72.	Johnson	9	188
9.	Hardeman	112	446	41.	Hamilton	22	351	73.	Wilson	9	392
10.	Campbell	97	294	42.	Henderson	22	343	74.	Bedford	8	329
11.	Washington	81	208	43.	Anderson	21	219	75.	Cooke	8	273
12.	Roane	75	243	44.	Dickson	21	351	76.	Morgan	8	339
13.	Knox	71	323	45.	Jackson	21	193	77.	Clay	7	163
14.	MeMinn	69	276	46.	McNairy	21	375	78.	Polk	7	275
15.	Wayne	69	479	47.	Coffee	20	284	79.	Weakley	7	371
16.	Lawrence	66	391	48.	Lincoln	20	376	80.	Cannon	6	172
17.	Scott	64	362	49.	Hickman	19	365	81.	Macon	6	193
18.	Monroe	54	431	50.	Benton	18	292	82.	Marshall	6	242
19.	Blount	49	365	51.	Bledsoe	18	250	83.	Tipton	6	293
20.	Overton	49	285	52.	Lauderdale	18	292	84.	Giles	5	402
21.	Pickett	46	104	53.	Williamson	16	375	85.	Robertson	5	291
22.	Perry	46	312	54.	Grainger	15	196	86.	Chester	4	200
23.	White	46	232	55.	Houston	15	126	87.	Trousdale	4	68
24.	Greene	44	392	56.	Dyer	14	320	88.	Bradley	3	232
25.	Cheatham	41	201	57.	Putnam	14	269	89.	Lake	3	78
26.	Fayette	39	396	58.	Decatur	13	184	90.	Sullivan	3	279
27.	Grundy	37	240	59.	Hancock	13	146	91.	Sumner	3	367
28.	Franklin	34	368	60.	Shelb6	13	513	92.	Union	3	150
29.	Sevier	34	376	61.	Cartor	12	226	93.	Jefferson	2	200
30.	Lewis	32	183	62.	Unicoi	12	129	94.	Smith	2	189
31.	Loudon	32	140	63.	Henry	12	401	95.	Moore	-	90
32.	Hardin	31	372	64.	Claiborne	11	300				

Acres assessed reported in Reports of the Comptroller of State Treasury and conveniently compared for purposes of this table in Alfred, C.E., and Atkins, S. W., Tennessee, Economic and Social; Part II - The Counties, p. 152.

Some of the differences discovered between maximum and minimum acreage assessments during this period are so great that they arouse serious doubts. For example, in the case of both DeKalb and Warren Counties the differences are greater than the total estimated land areas of the counties. Reference to Table 16 shows that the minimum acreages in each of these counties are somewhat less than the estimates of area. Examination of the total assessed value of acreage property in each of these counties for maximum and minimum years showed only slight differences. Since average per acre values and total values of acreage assessments are reported by the comptroller of the state treasury in addition to the number of acres it was possible to make the further check presented in Table 20.

Table 20.

Check on the Maximum and Minimum Acreages Reported for DeKalb and Warren Counties, 1922-1927.

Year:	Acreage indicated by:	Total Value of Property.	Value per Acre:	Acreage Reported:	Counties
Maximum) 1926:	198,213	\$3,698,661	\$18.66	620,655	DeKalb
acreage) 1924:	257,564	3,489,990	13.55	567,565	Warren
Minimum) 1927:	188,140	3,269,867	17.38	188,157	DeKalb
acreage) 1925:	248,772	3,360,906	13.51	248,755	Warren

Data from: Comptroller's Report State of Tennessee, 1924-1926, and 1926-1928, tables 9 and 13.

Dividing the total value of acreage property by the average value per acre verified within reasonable limits the minimum acreages reported but contradicted the maximum acreages reported. Of the possible explanations for this contradiction two seem most probable. Either the maximum number of acres reported were misprints or the compilers of the reports did not accept the figures from the counties as reliable. Letters were sent to the officials of eight counties requesting the number of acres assessed each year from 1922 through 1927. A reply from Warren County to an earlier communication stated

that there were 557,565 acres assessed in 1927. DeKalb officials did not reply at first. Since the situation there seemed so extraordinary, a student from the DeKalb was called in for consultation. A further inquiry was then directed to a local citizen recommended by this student. Over a month and a half after this a reply was received from the official first addressed stating that only 190,241 acres were assessed in that county in 1926. The second letter explained the point of the inquiry and the 1926 acreage figure given in reply was written with lighter ink than the others. So it is possible that the reply is misleading. A reply from Moore County indicated a variation during the years 1922 to 1927 somewhat in excess of two thousand acres. This is a greater variation than that shown by the printed reports. No replies were received from officials in other counties. The net results are, in the first place, an indication that workers in the office of the state comptroller considered the 1924 report for Warren County grossly exaggerated, in the second place a repudiation of the maximum acreage figure printed in DeKalb, and thirdly, the placing of a question mark after figures for Moore County.

Perhaps checking the addition of acreage figures in some of the counties showing extreme variations would indicate that little or no serious effort was made to add the acreage columns correctly. Since the value and tax columns in the tax books must prove each other it seems probable that more care may be given the addition of value assessed columns than to the addition of acreages and town lots. This question deserves further attention. The following passage from the West Virginia handbook for assessors suggests that officials in that state believe some assessors could be more careful with their addition.

"It has been the practice in many counties to enter in one column the total amount of personal property which a corporation or a business man or partnership is chargeable with. This is wrong and must be discontinued. It is important that the columns provided be strictly followed. ----- Careful

compliance with these instructions is urged as on the accuracy of your work depends the reliability of the great amount of statistical work which must be done by this office. Every column on each page must be added; the totals of these columns must be correctly carried forward to the district recapitulation; and the totals of the district recapitulations must be correctly carried forward to the grand recapitulation being careful in carrying these amounts forward to get the figures in the right column. Too much stress cannot be laid on the importance of this." (18)

Statistical series of the acreage assessments in Overton, Clay, and Pickett Counties by civil districts are presented in Tables 21, 22, and 23. The number of acres assessed in the ninth civil district of Overton County showed considerable variation from year to year but not nearly as much as in the case of the eighth civil district of Pickett County (Charts 9 and 10) Because of the use of portions of Overton County to form parts of Clay County in 1879 and of Pickett in 1881 the acreage assessed figures for 1874 are not comparable with those that follow. The maximum acreage assessed in each civil district from 1881 to date is indicated by means of a double underline and the minimum by means of a single underline. Changes occasioned by the creation of the twelfth district (Table 21A) have been ignored in making these comparisons. Maximum and minimum acreages in Clay and Pickett civil districts have been indicated in the same manner.

Regardless of the significance or lack of significance of the statistical results presented it is a proven fact that some taxable property is not assessed. Owners of such property sometimes come to pay their taxes because they suppose they have been assessed. In such cases the trustee "picks up" the tax and reports it. The field worker who visited the county in the fall of 1927 reported 182 pick-ups of men who had not been assessed at all. He seemingly did not inquire how many of these involved real estate. A county official familiar with matters indicated that some property owners

18. West Virginia Instructions to Assessors, 1922, pp. 28 - 29.

Chart 9.
Number of Acres Assessed as "Acreage Property" in the 9th Civil
District of Overton County, 1875 - 1929.

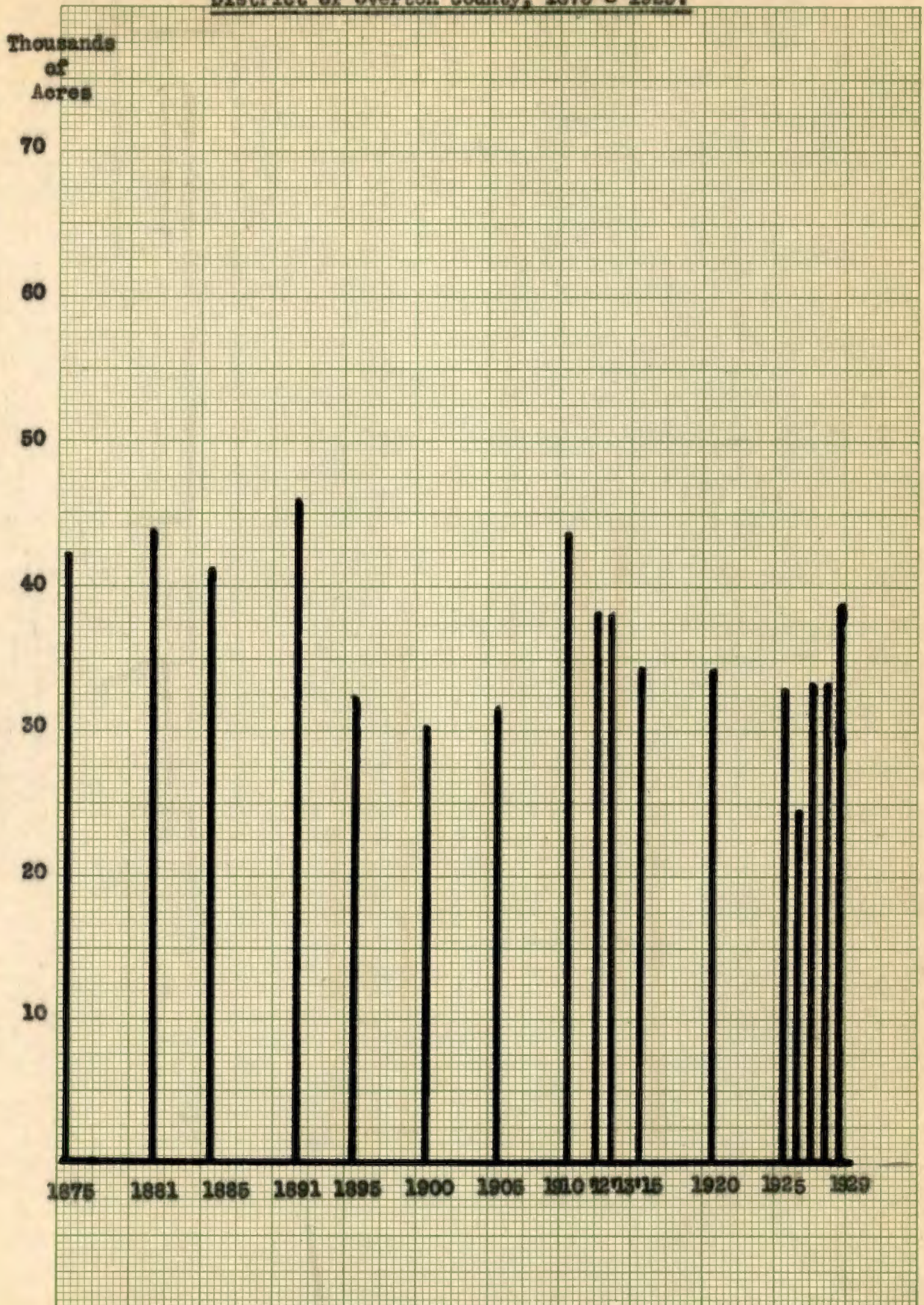


Chart 10.

Number of Acres Assessed as "Acreage Property" in the 8th Civil District
of Pickett County, 1917-1927

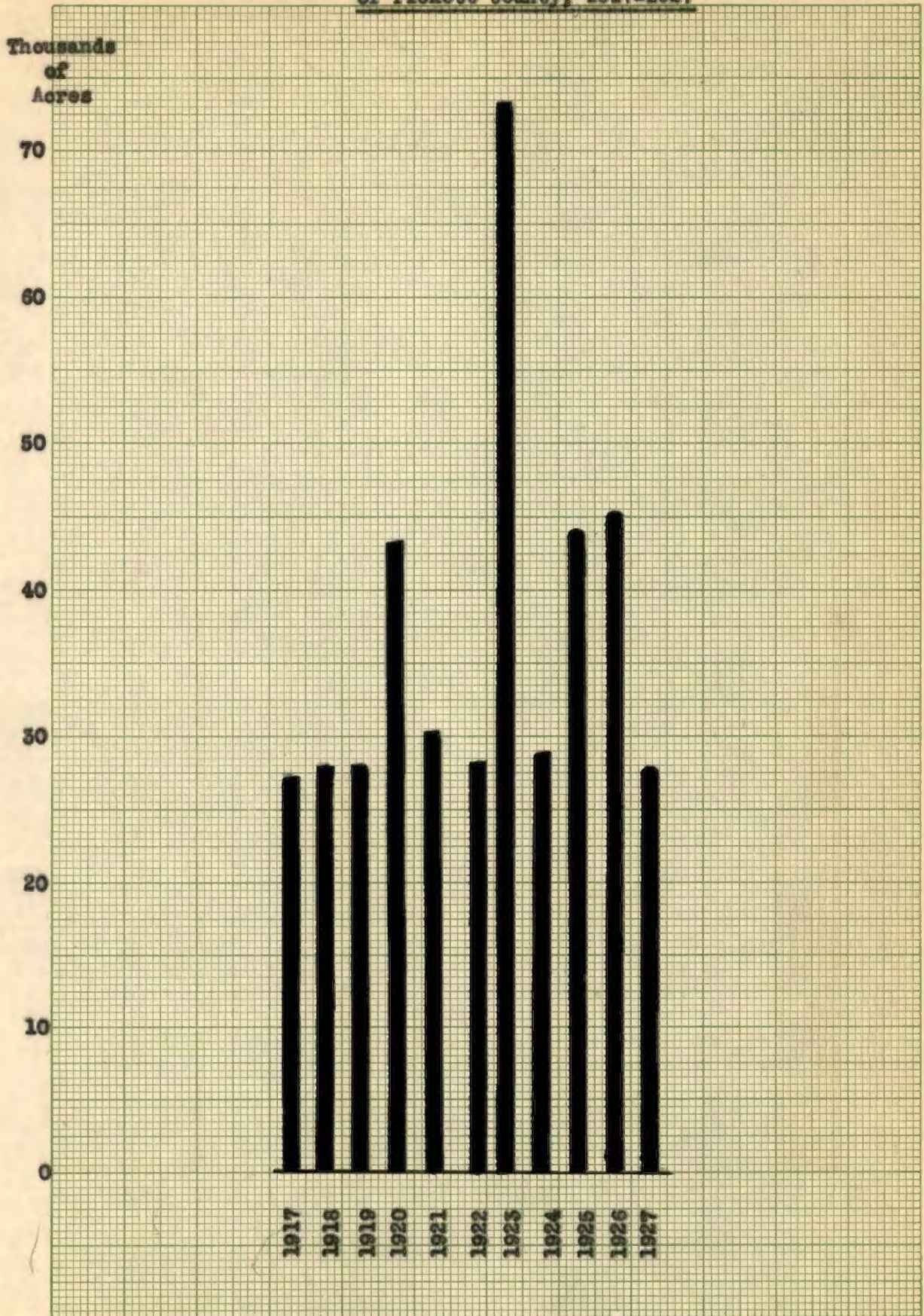


Table 21.

Number of Acres of Property Assessed as Acreage in Overton County by Civil Districts, 1875-1929.

Year	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
1875	4,754	17,941	26,714	11,811	15,018	31,465	17,905	19,499	42,209	26,185	25,544	12,553
1881	11,364	18,505	26,163	10,925	15,637	31,694	13,605	19,555	43,858	18,515	25,580	25,862 (13th)
1885	10,515	17,479	24,738	9,198	16,516	31,470	15,876	18,259	41,291	19,900	26,050	-
1891	10,614	16,904	25,863	10,472	15,684	33,492	16,489	17,124	45,976	21,317	23,966	-
1895	11,124	15,613	26,119	10,356	15,649	34,289	16,091	18,352	32,154	21,149	29,189	-
1900	11,359	16,322	27,649	10,882	16,733	34,561	16,806	18,749	30,195	22,761	30,779	-
1905	11,400	16,607	28,621	10,865	17,263	36,664	17,327	20,656	31,537	25,857	32,227	-
1910	10,827	16,650	28,672	11,048	16,000	48,724	16,060	17,288	43,528	25,212	30,790	-
1912	9,856	17,930	26,751	10,555	16,014	35,708	15,307	17,370	37,970	25,190	30,589	-
1913	10,882	17,692	28,547	7,732	15,410	31,593	16,263	17,302	37,899	24,909	31,690	7,451
1914	10,817	18,300	28,001	7,707	17,634	31,017	15,713	17,482	34,536	24,040	32,942	7,570
1915	9,805	18,036	29,014	15,005	15,859	32,395	16,006	17,198	34,471	24,534	32,002	5,857
1919	10,566	18,152	26,788	7,802	15,804	31,200	15,789	17,076	32,682	23,152	29,941	7,898
1920	10,592	17,991	27,885	7,909	16,386	31,629	15,883	17,395	34,089	23,657	30,897	7,754
1925	11,140	18,702	27,657	7,325	16,722	31,683	15,541	17,072	32,791	24,697	30,038	8,315
1926	11,402	16,375	27,327	7,307	16,681	31,529	7,790	17,026	24,595	25,385	30,229	8,364
1927	11,258	18,294	27,315	7,491	16,353	31,329	15,839	17,174	32,759	26,349	30,042	8,420
1928	11,387	18,210	27,711	7,429	16,853	30,924	15,629	16,747	33,146	26,111	34,883	8,420
1929	11,351	17,694	27,632	7,524	16,676	30,892	15,552	17,472	38,634	25,681	29,579	8,543

Table 21A.

Summary of Changes in the Third, Fourth, and Sixth Civil Districts in 1913
as a Consequence of the Creation of the Twelfth District.

District	Acreage taken	Number of parcels
3	355	8
4	5,017	56
6	1,611	19
Totals	7,483	83

Note: Two citizens helped one of the field workers make these estimates by going through the 1913 assessment book of the twelfth district and telling the previous district location of each farm.

Table 22.

Number of Acres Assessed as Acreage in Clay County by Civil Districts
1918-1929

Year	District 1	District 2	District 3	District 4
1918	35,472 acres	39,100 acres	33,870 acres	40,401 acres
1919	35,734	39,505	32,509	40,375
1920	35,553	40,452	33,281	41,239
1921	35,905	41,817	32,417	42,077
1922	34,444	41,253	34,846	42,575
1923	34,904	39,038	28,716	42,970
1924	"	"	"	"
1925	"	"	"	"
1926	"	"	"	"
1927	"	"	"	"
1928	"	"	"	"
1929	"	"	"	"

Table 23.

Number Acres Assessed as Acreage in Pickett County by Civil Dists., 1917-1927

Year	1st	2nd	3rd	4th	5th	6th	7th	8th	9th
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
1917	9,574	8,100	6,334	7,082	13,669	7,137	8,000	27,323	6,379
1918	9,352	8,290	6,730	7,552	13,554	7,335	9,149	28,047	6,159
1919	8,542	8,475	6,763	7,474	13,425	7,095	9,075	28,047	6,151
1920	8,797	8,314	6,766	7,503	13,575	7,668	9,413	43,338	6,021
1921	9,322	8,601	9,015	8,401	13,243	7,494	9,405	30,101	6,180
1922	9,017	8,688	8,085	8,481	14,008	7,453	9,456	28,376	6,213
1923	9,027	8,776	7,570	8,049	13,810	7,437	9,498	73,235	6,669
1924	9,049	8,737	7,214	8,077	13,656	7,420	9,407	28,969	6,769
1925	9,636	8,346	7,785	8,273	13,446	7,194	9,187	43,652	6,855
1926	9,837	8,352	7,356	8,293	13,287	7,194	9,226	45,209	6,805
1927	9,320	8,150	7,520	7,955	13,246	7,292	10,109	27,583	6,368

make it a practice to examine the tax duplicate before paying their taxes.

If they find that they have not been assessed they simply say nothing about it.

The illustrations given of property escaping taxation thus far have all involved entire tracts. Understatement of acreage is another avenue by which some property owners avoid part of their share of the tax burden. Both the deed and the assessed acreages were secured for fifty-six tracts of land. The results are presented in Tables 24 and 25.

Table 24.

Relation of the Number of Acres Assessed on 56 Tracts of Overton County
Real Estate to the Deed Acreage on These Same Tracts.

Classes	Number of Tracts	Acreage		Percentage Assessed Acreage is of Deed.	Shortage in Number of Acres
		Deed	Assessed		
More acres assessed than deeded	6	218	270	123.8	+ 23.8
Assessed and deed acreage identical	28	2,302	2,302	100.0	-
Fewer acres assessed than deeded	22	1,511	1,173	77.6	22.4
Totals	56	4,531	4,246	93.7	6.3

Plus (+) sign indicates surplus in acreage assessed.

Some farmers may be assessed for a larger acreage than they own. Six of these tracts were assessed at an acreage figure averaging 23.8 per cent larger than that set forth in the deed. Half of the tracts were assessed at an acreage identical with that indicated in their respective deeds. The remaining tracts were assessed as containing an acreage which averaged 22.4 per cent less than that set forth in the deeds. If the 6.3 per cent total shortage is representative of the general situation in the county a total of 17,983 acres escape through understatement of the acreage, of which 13,628 acres are farm lands.

The deeds and assessments on these properties were examined for identical years in most cases. As is indicated in Table 25, except for two deeds date unknown, these properties exchanged hands between 1925 and 1927 and more than

two-thirds of them in 1926. This removes them somewhat from the land crisis and the "Roberts law" assessment.

Table 25.

Deed Dates of Properties for Which Deed and Assessed Acreages
Were Secured.

<u>Date of Deed</u>	<u>Number of Tracts</u>
1925	7
1926	41
1927	6
Unknown	2
Total	56

Deeds commonly read "50 acres more or less", "78 acres more or less," etc., as the case may be. The stock saying of county officials in Overton and Clay is that this means "less" to the assessor and "more" to the oil man. Since "lay of the land" rather than "plane" surveying is common in these parts the phrase "more or less" is well taken but every oil man when leasing frequently run out the boundaries of the tract because they pay by the acre. This practical business way of handling the situation contains a moral for those who wish equality in taxation of land. At present if a property owner takes oath that his property is smaller than the acreage at which formerly assessed or even than the deed specifies there is little that can be done by way of ascertaining the truthfulness of his deposition.

Tax maps: a practical tool for locating all parcels of land and determining their area. One of the most practical tools with which an assessor may be supplied is a map showing the location and area of each parcel of land within the jurisdiction of his office. A survey made by a committee of the International Tax Association in 1910 indicated that tax maps were then in general use in eleven states and were used in most counties in a twelfth state. In fifteen other states maps were then being used to a limited extent. (Map 7)

A quotation from the report of this committee will make clear the nature of such maps, and some of the inexpensive means by which they may be prepared.

The tax map, which every taxing district should provide for its assessor, need not be an elaborate affair. An outline map or a sketch map will serve until a better one built upon an actual survey can be provided.

The western part of the United States and the northwest of Canada are fortunate in having the government survey as a basis for such maps. Where land has been surveyed by township, range and section, and sold by section, half and quarter section, the construction of a sketch or outline map for assessment purposes is a comparatively simple matter. In other communities, where we have not the government survey as a basis, the preparation of maps presents more difficulties. In many states, however, there are state surveys which furnish such a basis; and the United States Coast and Geodetic Survey has published many maps, which may be had at small cost, which will provide an excellent basis for such assessment maps.

In communities where no such aids as government surveys, state surveys, or government maps exist, there are frequently to be found maps on file in the recording offices, which will go far towards providing the needed basis.

Even without any of these aids the cost of a map which will show the location of the various farms and parcels need not be prohibitive. The first map need not show the boundaries or areas in detail. Each year these details may be ascertained for some portion of the area and entered upon the map until the whole map has been completed in such manner as may be necessary or desirable. (19)

The map should be divided into convenient divisions, and the parcels should be numbered consecutively within each division. Each farm or separately owned parcel should be one parcel and have a number. Thus for example we should have: Parcel 61, Division 3, (Civil District 6), (Overton County), 100 acres. (19)

19. Report of the Committee on Uniform Classification of Real Estate. International Tax Association, Addresses and Proceedings, 4th, 1910, pp. 317-318.

Maps must of course be revised regularly to show changes in property lines occasioned by real estate transfers. There are, however, distinct advantages to the use of a map. It provides the assessor with a record of the number of parcels of real estate and of the area of each of these tracts. In fact it pictures these for him and shows the relative location of each. If the map is properly kept he also has the name of the owner of each piece of property at the time of the last assessment. The real estate list on each tax schedule must check with the map descriptions or explain the nature of any change in such a manner that the assessor shall be able to locate the owner of any property sold. Another advantage is that there is less excuse for assessment against other than the rightful owner with the consequent delay or even possible loss of tax revenue. In states settled and developed under the public land surveys these advantages can be secured without the actual use of maps since land is sold by sections and quarter sections or parts thereof (20), but only by the use of maps may they be had in Tennessee.

In their report the Committee to Investigate Assessment and Taxation in Tennessee recommended that tax maps be used (21) This recommendation seems to have been ignored to date. Superintendent of Taxation Childress, in reply to a query regarding the use of tax maps throughout the state, ventured the following opinion:

We have no statistics here on this point, but I assume that, with the exception of the larger counties where city plots are in existence, that no such practice exists. (22)

More convincing than recommendations whether by specialists in the National Tax Association or by state investigators are the experiences of localities that have actually used maps. The following New Jersey incident is represen-

20. Newton, R. W. and Hedrick, W. O., "Farm Real Estate Assessment Practices in Michigan", p. 10.

21. Report of the Committee to Investigate Assessment and Taxation, State of Tennessee, 1918, p. 23.

22. Letter from A. L. Childress to F.B. Boyer, dated February 4, 1930.

tative of such experiences:

Preparation of a tax map for a township (civil district) not previously possessing one not only showed that considerable property was being assessed to people who did not own it, but also resulted in the discovery of 176 pieces of real estate, involving values aggregating \$14,067, which had previously escaped taxation. (23)

Loss of taxes vs. cost of maps: A very practical question concerns the cost of preparing tax maps. Will the cure be worse than the ailment? Supposing the number of farms in Overton County to number 2,000, local surveyors estimated the cost of making a plane survey and preparing a map at \$30,000. Scaling the properties for area they stated would involve an additional cost of \$400. The number of parcels of acreage real estate seems to be in the neighborhood of 3,000. One of the surveyors changed the previous cost estimated, in the light of this greater number of parcels, to \$40,000 for the map and \$635 for calculating the areas of parcels. Since mineral and timber rights assessments in Overton County are probably much more extensive than the area of town lots and exempted real estate combined, comparison of acreage assessments with the estimated total land area may be considered as indicating a minimum estimate of land not taxed. The average shortage thus indicated from 1912 to 1929 was 43,310 acres. At the 1929 average assessed valuation of \$9.61 per acre this would represent a total assessed valuation of \$416,209. With a tax rate of \$2.85 per \$100 valuation this would yield \$11,860 per year. Similarly the shortage of 59,630 acres in 1926 represented \$573,044 assessed value and would at the same rate have yielded \$16,350 taxes. Consequently the locally estimated cost of a tax map would have to be spread over four years or more. An estimate prepared at the office of this department would seem to indicate that a map might be prepared at a cost of \$6,000. The steps by which this estimate was settled upon are as follows:

There are 2,778 farms operated in Overton County (1925) averaging 77.9 acres each. There are 160 square rods per acre.

(1) Thus we have 77.9×160 equals 12,464 square rods per farm.

(2) Taking the square root we find that each side of the average farm, if square, would be about 112 rods. There are four sides making a total of 448 for the 4 sides of each farm.

(3) Multiplying 448 by 2,778, the number of farms gives 1,244,544 rods of line for all the farms. This is assuming that the farms are square and that they are of average size.

(4) Probably the average size would not be far off, since the larger farms would be neutralized by the many small ones in the county.

(5) But the farms are not square. We found that there were 448 square rods in the average size farm. If this farm were oblong instead of square it would require longer lines to surround it. If we assume that it is 80 rods by 156 rods this would require lines totaling 472 rods, or 24 rods more than if square. This is an increase of about 5% in length of lines due to oblong shape, if the lines are straight.

(6) But the property lines in Overton are far from straight, and this would considerably increase the length of lines to be run. If we may assume that this increase would amount to 10%, this when added to the above 5% would make a 15% increase, and 15% of 1,244,544 rods is 186,682. This amount added to 1,244,544 makes 1,431,226 rods.

(7) There are 519 town lots in the county. We do not know the area of these, but quite a number of them cover several acres. If we may average these at 1 acre each their lines would total 25,950 rods. This amount added to 1,431,226 makes a total of 1,457,176 rods of line.

(8) But only half of this number of rods would be to run, since the surveying of the line between two tracts would serve for each of them. One-half of 1,457,176 is 728,588 rods.

(9) A surveying crew would consist of four men, one to run the compass, two to carry the chain, and one to find the corners, etc. The surveyor would cost \$5.00 per day, and the other three men could be had for \$1.50 each per day, or a total of \$9.50 per day. Allowing 50¢ per day for incidentals makes a total cost for the crew of \$10.00 per day.

(10) Such a crew surveyed 1,800 acres in the 10th District and divided it into five parts in three days. If this 1,800 acres were in a square each side would be about 537 rods long. To bound the tract and run the four cross lines necessary to divide the tract

into five parts would require 8 of these lines, making a total of 4,296 rods surveyed by the crew in three days. This is about 1,400 rods per day.

(11) At this rate it would require 520 days to do the surveying along (728,588 divided by 1,400). This number of days at \$10.00 per day would cost \$5,200 for the surveying alone.

(12) To the above would have to be added the time required by the surveyor to make the district maps. No additional help for the surveyor would be required, hence his salary of \$5.00 per day would be the only expense for this, except for some small incidentals for supplies. If the surveyor could make the maps in three months of actual working time of 26 days each this would cost \$130 per month or \$390 for the three months. Allowing \$10.00 for incidentals raises it to \$400.00. This makes a total for surveying and mapping of \$5,600. Allowing \$400 additional for unforeseen expenses makes a total of \$6,000.

(13) In making these estimates it has been assumed that each property line in the county would have to be surveyed. As a matter of fact this would not be necessary as the data for many of the lines could be secured from:

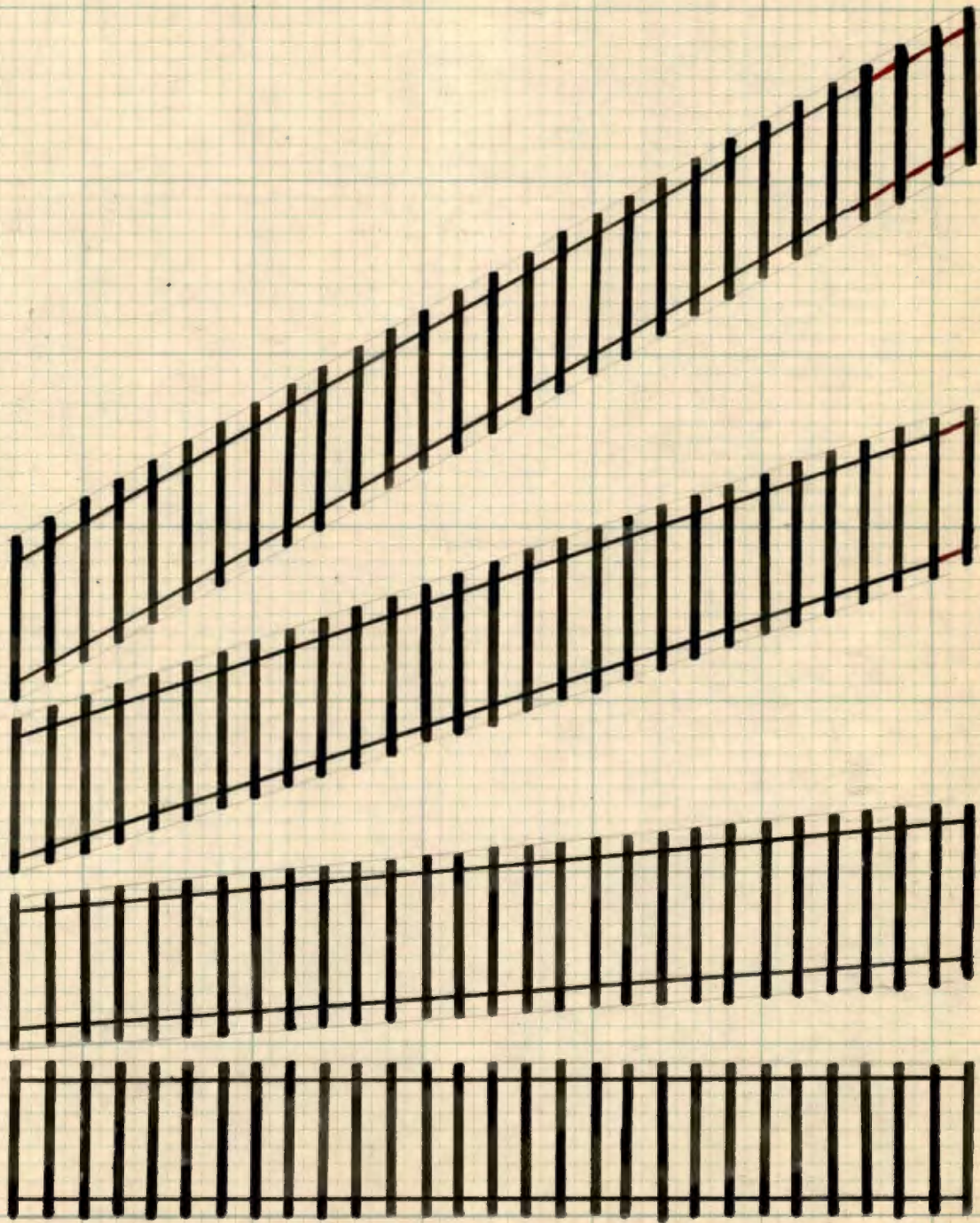
- (a) The present and past county surveyors.
- (b) The record in the office of the Register of Deeds.

(14) The losses from land not taxed runs around \$11,000 per year. The county would thus make \$5,000 on the map the first year, and thereafter would have this gain of \$11,000 per year with very little expense to keep the map up-to-date.

Relative merits of "lay of the land" and "plane" surveying for map purposes: If the survey contemplated in this estimate can be performed at the cost indicated it will be fine. Surveyors would probably object, though, that it presumes a lay of the land rather than a plane survey and that considerable difficulty would be encountered in any attempt to construct a tax map on the basis of such a survey. Map paper has for all practical purposes only two dimensions, length and breadth. Lay of the land includes in addition the third dimension of height. Chart 11 illustrates one of the difficulties involved. In mountainous country it is quite common for property holdings to run from creek bottom to the top of a mountain. Lay of the land surveying measures the length of the rail of a pickett fence fence running up the mountain side but plane surveying measures the distance between the centers of stakes or picketts set plumb with the center of the earth. Where picketts

Chart 11.

Effect of a Slope Upon a Pickett Fence in Which the Stakes Are Set Vertically
at a Constant Horizontal Interval.



Red portion of the rails indicates increase in length due to slope.
 "Lay of the land" survey measures the length of the rails but a "plane"
 survey counts the stake intervals.

are set in this fashion at a common interval the same number would be required to build a fence in a tunnel cut through a mountain as are required to build a fence over the mountain. Consequently the results of a plane survey can be mapped conveniently. But as is indicated by the red portion of the lines representing the rails in Chart 10, lay of the land measure is affected considerably by differences in slope. Individual parcels or tracts of land may readily be mapped from the results of lay of the land measure but any effort to map several pieces joining each other along the top of a mountain ridge would be a hopeless jumble of overlapping or of gaps along the lines of adjoining properties.

Farmers often object to plane surveying because they can drill more acres of grain on a hillside than such a survey credits them with owning. It is doubtful, though, whether those who object most strenuously to plane surveying would care to buy the face of a bluff as farm land acreage. It may be indicated further that the estimate of total land area of Overton is on a plane basis.

If all of the land surface of this county were assessed at its area as determined by lay of the land survey the result would be a total acreage assessed greater than the estimated area even without repetition of any property. Consequently the farmer who now pays taxes on his entire acreage as measured by the lay of the land is carrying even a larger share of the burden of governmental expense belonging to others than appears from the estimated shortage in area assessed.

After all, the fact remains that "lay of the land" surface measurement is the established or customary mode of thought in this county. Except where sudden changes in customs grow out of new habits, such as those clustering about the use of automobiles, they can be established only with much difficulty and pain. The value per acre of hill lands is already discounted in assessment practice. As has already been pointed out plane surveying would yield a smal-

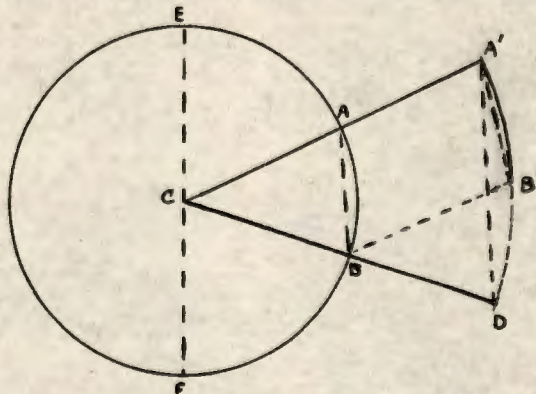
ler acreage for such land than does lay of the land measure. During a transition from one type of measurement to another it would not be surprising, were hill lands to receive the present discounts per acre valuation on a reduced number of acres. If this should happen an unjust burden would be thrown upon bottom lands. Use of contour lines might reconcile the issue between surveyors and farmers. These lines might also serve as a helpful reminder to the assessor of change from lay of land to plane measurement.

Another item of surveyor's technique might require attention if the state were to undertake to prepare tax maps for all the counties. In a recent letter from the acting director of the United States Geological Survey the following statements were made:

The tables used by the Geological Survey for computing the areas of quadrilaterals of the earth's surface are calculated for the area of the quadrilateral measured on a level plane at mean sea level. These tables are taken from the Smithsonian geographical tables. -----

The method of measuring surface areas at mean sea level is the only practical method of arriving at comparative surface areas for land surveying. (24)

The reason for this is pictured in exaggerated form in Chart 12.



The circle about C represents the earth's surface at mean sea level. A'D represents part of the top of a mythical mountain of enormous height. In representing a strip of the earth's surface from E through A'D to F on a map or globe A'D could have a map distance equal only to AB. The angle DBD' indicates the extent of the reduction made by means of the tables mentioned in the letter quoted. Doubtless this is an over-refinement of the mapper's art

24. Letter from Acting Director Julian D. Sears to Prof. G.E. Allred, Oct. 4, 1929.

for such practical purposes as tax maps.

A cheap but relatively accurate plane survey may be made by use of what is known as the stadia method.(25) No estimates of the cost of such a survey were secured but it would seem that it should fall somewhere between the estimate made by surveyors residing in Overton County and that made in the office of the department of agricultural economics.

Outline maps: As was indicated in the National Tax Association report quoted earlier there may be cheaper methods of making practical tax maps. In New York and New Jersey some use has been made of outline maps based on the federal topographical survey sheets. The basic procedures followed in both states are identical. Edward L. Heydecker who originated this scheme while assessor of Westchester County, New York, is responsible for the following description of it:

The United States Geological Survey has nearly completed a topographical survey of the State of New York. The maps of this survey are printed on sheets 16 1/2 X 20 inches, each showing a rectangular area 15 minutes of longitude by 15 minutes of latitude. These maps are drawn to a scale of one inch to the mile and show all streams, lakes, marshes and water courses, and all roads, railroads, cities, towns, and villages. These maps, in addition to showing water courses, marshes, highways and railroads, also contain contour lines, showing the elevation of the surface above sea level.

If we can eliminate the contour lines and enlarge the scale of the map to a proper size, we shall have an excellent map as a basis for a tax map. It is a simple task for a draughtsman to make from these topographical maps a tracing of the whole area of a town (civil district), showing on such tracing the highways, railroads, cities and villages, and also showing the streams, marshes, water courses, lakes and ponds. This will give us the map without the contour lines, which tend to confuse the eye and are not needed on a tax map.

It is an equally easy task to make a photographic enlargement of this tracing of a size that will give six inches to the mile, that is to say, 880 feet to one inch. On such a scale a very satisfactory tax map of a rural district can be drawn. If such a scale is found to be too small, the enlargement may be increased, until the proper scale is produced.

From this photographic enlargement on the scale of six inches to the mile the draughtsman may now make new tracings on sheets of some standard size, for example, twelve inches by eighteen inches, to cover the entire area of the town (civil district). And from these tracings, prints can be produced in any number desired.

25. Johnson, J. B., A Manual of the Theory and Practice of Topographical Surveying by Means of the Transit and Stadia, p. 54-57.

We will then have a series of sheets 12 X 18 inches, showing the entire area of the town, on the scale of six inches to the mile, or 880 feet to one inch (New Jersey uses scale of 400 feet to one inch), on which we will have located with an accuracy sufficient for our purpose, all highways, all railroads, and cities and villages, all water courses, marshes, streams, lakes and ponds. In other words, we will have a basic land map of the town, ready for the drawing in of the boundary lines of each farm, or lot, which is separately owned and separately assessed.

These topographical maps also show every building on the land and if these buildings are reproduced in the tracings, enlargements and prints, we shall have each group of farm buildings located on our basic land map.

Now suppose that each board of assessors is furnished with a sufficient number of sheets of this land map of their town. The task before them is to draw in pencil upon such map the boundary lines of each farm, or lot, as they understand such boundaries to be, and enter on each separately assessed farm, or lot, on such map, the name of the owner of the farm, or lot, and the number of acres supposed to be contained therein. This is not a difficult task, for, bear in mind, the map will show each highway with all its bends and turns, each stream with its bends and turns, each bridge across a stream, each lake or pond, or marsh, each group of farm buildings, each separate house along the highway, and each city or village in the vicinity. The only thing needed is to draw in the farm boundaries according to their best judgment.

Next let the assessors make several copies of the map as drawn by them and hang them up for public inspection in several places in their town (civil district) and invite criticism of their draughtsmanship on the boundary lines from their neighbors and the tax payers. After a sufficient interval, let the assessors appoint a time for hearing protests and corrections. Let it be announced that those who protest against the accuracy of the map and claim that the parcels owned by them are too large, as shown on the map, or are inaccurate as to shape or location, or for any other reason, will be expected to produce their deeds or surveys to assist the assessors in correcting the map. As a result of such protests, the assessors can correct their maps and again hang them up for inspection. In this way, it will not be long before they have a tax map which will be accepted as fairly accurate by the taxpayers of the town (civil district).

The next step towards accuracy in the tax map is to measure the frontage on the highway of each separately assessed farm, or lot. In the whole State of New York, outside of the cities and villages, there are 75,000 or 80,000 miles of highway. We have 933 towns (civil districts), so that each town (civil district) contains on the average 75 or 80 miles of highway.

Two men with a tape line can easily measure four miles a day, so that inside of one month the entire frontage of all the land abutting on the highways within a town (civil district), outside the villages, can be measured and entered on the map. This will leave only the interior boundary lines to be accurately determined. The cost of such frontage measurements should not exceed \$150 for each town (civil district) and in most cases would be less.

To locate accurately the interior boundary lines between the farms may require a survey, but that is by no means the only way. As the map progresses toward accuracy the interest of each land owner to have his farm, or lot, accurately plotted on the map will increase proportionately. For only by having it accurately plotted and having his neighbors' farms accurately plotted, can he be certain that both he and they are paying taxes in a fair and equitable proportion. I believe that the request by the board of assessors to each land owner to produce his deed or survey for their inspection to assist them in getting his boundaries accurately plotted on the map will be met by the prompt production of the deed or survey and by all the assistance that the owner can give the assessor. Many owners have among their title papers maps of their property which, of course, if produced for the inspection of the assessors would be a great help in an accurate plotting of farm boundaries. (25)

Simply by way of a technical detail it may be added that in making the tracing of the photographic enlargements the width of roads should be reduced somewhat.

The extent to which it is at present possible to take advantage of this mode of procedure by counties in Tennessee is indicated on Map 18. The eastern end of the state is rather completely covered by published topographical surveys. In a few small areas the surveys have been completed but the maps are not yet published: See for example Scott and Pickett Counties. Soil survey maps may be had for five western counties, for fifteen middle counties and for eight eastern counties. Where both soil and topographic maps are available the soil maps are to be preferred for at least two reasons. In the first place, while most of the topographical survey sheets published for Tennessee are to the scale of approximately one-half inch to the mile all of the soil survey maps are to the larger scale of one inch to the mile. In the second place soil maps published after the topographic sheets represent revisions of the topographical survey and are usually more accurate as a consequence.

The question of the probable cost of preparing tax maps from such outlines remains. Overton County may be continued as an example. Its area is approximately 446 square miles. If Mr. Heydecker's specifications were fol-

lowed between 100 and 120 outline sheets would probably be required to map the entire county. The map sheets used in New Jersey are larger than those suggested for New York. Consequently, in spite of the difference in scale, between 120 and 150 sheets would be sufficient even if the New Jersey specifications were followed. No cost figures are available for the preparation of the outline sheets in New York but in New Jersey the state tax officials have established arrangements by which the outline sheets are supplied at a cost of \$5.00 apiece. When they are filled in and approved there is an additional charge of \$5.00 per sheet for retracing them and providing prints. This makes a total cost of \$10.00 per sheet.(27) So this item would probably amount to from \$1,000 to \$1,500 for Overton County. It is somewhat more difficult to arrive at a fair estimate of the cost of filling in property lines. My Heydecker estimated at \$150 per township for measuring frontages along 75 or 80 miles of roadway in 1912.(28) Assuming that he was thinking of a township containing thirty-six square miles the area of Overton County is 12.4 times as great. At the same rate this would cost \$1,860. A more valid use of his cost estimates would be on the basis of road mileage. In 1927 Overton County had 583 miles of public road. This is approximately 8 times the road frontage assumed by Mr. Heydecker and yields an estimated cost of \$1,200. Neither of these estimates is satisfactory. Many parcels of land in Overton County do not front on public roads. No provision is made in either estimate for the location of corners inland from the roads nor is any provision made to cover the cost of tracing in and revising property boundaries. As they stand, however, the estimates for map sheets, filling in property lines and preparing permanent copies range from \$2,200 to \$3,360 plus incidentals.

Perhaps a more reliable estimate of the total cost of preparing a set of outline tax maps for Overton County may be arrived at through an analysis

27. Annual Report of the Board of Equalization of Taxes of New Jersey, 1914, p. 22; also letter to P.B. Boyer from Chas. E. Cook, Sec., New Jersey, State Board of Taxes and Assessment, 12/5/29.

28. Heydecker, E.L., "Tax Maps", p. 342; quoted above, p. 89.

of cost data for ten New Jersey townships. The data in Table 26 which make this possible were provided through the courtesy of Secretary Charles E. Cook of the State Board of Taxes and Assessment of New Jersey.

Table 26.
Cost of Preparing Outline Maps in New Jersey.

Taxing District		Date	Area		Cost		
County	Township		Acres	Sq. Miles	Total	Per Acre	Per Sq. Mi.
Mercer	Ewing	1914	9,800	15.0	\$ 542.98	\$0.057	\$36.20
Warren	Harmony	1916	15,104	23.6	545.40	0.036	23.11
Gloucester	East Greenwich	1917	9,024	14.1	858.49	0.095	60.89
"	Mantua	1917	10,240	16.0	447.69	0.044	27.98
Sussex	Vernon	1917	43,392	67.8	1,122.44	0.026	16.56
Burlington	Cinnaminson	1917	4,608	7.2	437.03	0.095	60.70
Gloucester	Woolwich	1917	13,120	20.5	812.17	0.062	39.62
Burlington	Delran	1917	4,224	6.6	323.92	0.077	49.08
Gloucester	Elk	1918	12,416	19.4	571.11	0.046	29.44
"	Deptford	1920	11,350	17.7	1,732.26	0.153	97.87

Note: Recent costs not available. Very few "Outline Maps" prepared during recent years; this results both from the 1918 amendment exempting townships having a population of less than 2,500, and from a preference for surveyed maps.

As may be seen the costs varied from a maximum of \$97.87 per square mile of properties mapped to a minimum of \$16.56 per square mile. Secretary Cook made the following comment concerning this variation:

The cost of preparing and filling in outline maps varies considerably throughout the state, as each district is a study in itself. There is therefore no uniformity of cost as everything depends on the extent of the development and the condition in which the basic data are to be found. (29)

It has not been practicable to check up on the "condition in which the basic data" of these various townships were found at the time tax maps were being prepared. It is possible, however, to isolate some factors which explain in part the variations in cost from township to township. Among these size of parcels to be mapped seems important.

No direct measure of the typical sizes of land holdings in these New Jersey townships is at hand. Comparison of characteristic sizes of operated farms in the counties in which they are located with the range in costs per square mile

of tax maps is made in Table 27. The most frequent size of farms in each of

Table 27.

Typical Sizes of Farms in Certain New Jersey Counties, and Overton County, Tennessee, 1925, and the Range in Cost per Square Mile of Tax Maps Prepared for Townships in the New Jersey Counties.

County	Arithmetical Average Size of Farms.	Size Class Which Includes Greatest Number of Farms.	Range in Cost per Square Mile of Tax Maps.
	acres	acres	
Sussex	131.9	100 - 174	\$16.56
Warren	100.2	100 - 174	23.11
Burlington	86.3	100 - 174	49.08 - 80.89
Mercer	82.3	50 - 99	36.20
Gloucester	52.6	20 - 49	27.98 - 97.87
Overton County, Tennessee	77.9	50 - 99	-

these counties confirms the representative character of the arithmetic acreage per farm operated. When the counties are ranked in order of this average it becomes apparent that the lowest cost per square mile of area mapped was experienced in Sussex, the county with the largest farms, and the highest cost in Gloucester, the county with the smallest farms.

There is undoubtedly much variation in the representative size of land holdings from one township to another within the same county. The addresses of tax assessors and of tax collectors in these townships were secured for 1927 (30) and a study made of their location on the map. Transportation facilities, especially when they supply direct connections with nearby cities of importance, and topographical characteristics are likely to have some influence on the average size of land holdings. Findings of this character from the map study are presented in Table 28.

Of the two townships in Burlington County the one with the lower unit area cost is more remote from the city of Camden and seems to have the more rural officials. In Gloucester County distance from Camden and cost per square mile go hand in hand except in the case of Mantua where an unusually low unit cost was experienced. In 1900 Mantua had no transportation facilities.

ties of its own. Just what the situation was when the map was prepared has not been ascertained. The townships in Sussex and Warren Counties seemingly are the most rural and have the most rugged topography. Consequently they would seem most nearly comparable to the situation in Overton County.

Table 28.

Urban Connections and Topographical Characteristics of Ten New Jersey Townships Using "Outline" Tax Maps.

County	Township	Cost of Tax Maps per Square Mile.	Address of Township Assessor & of Collector.	Map Findings Concerning the Nature of the Location of the Addresses of Township Officials.
Burlington	Cinnaminson	\$60.70	Riverton	Station on both steam and electric railroads. About 6 miles from the heart of Camden
"	Delran	49.03	Bridgeboro Riverside, R.F.D.	Inland village. Station on both steam and electric railroads. About 10 miles from the heart of Camden.
Gloucester	Deptford	97.87	Sewell, R.F.D. Almonesson	Station on both steam and electric railroads. About 13 miles from the heart of Camden. Station on electric railway about 10 miles from the heart of Camden.
"	East Greenwich	60.89	Mickleton Clarksboro	Station on steam railroad about 15 miles from the heart of Camden. Station on steam railroad about 14 miles from heart of Camden.
"	Mantua	27.98	Sewell, R.F.D. Mantua	Station on steam and electric railroads. About 13 miles from heart of Camden. Electric R.R. terminal. About 12 miles from heart of Camden

(continued)

Table 28 (continued)
 Urban Connections and Topographical Characteristics

County	Township	Cost of Tax Maps per Square Mile.	Address of Township Assessor & of Collector.	Map Findings Concerning the Nature of the Location of the Addresses of Township Officials.
Gloucester	Woolwich	\$39.62	Swedesboro	Station on steam railroad about 18 miles from heart of Camden.
"	Elk	29.44	Aura	Station on steam railroad. About 21 miles from the heart of Camden.
			Glassboro, R.F.D.	Station on steam and electric railways. About 18 miles from heart of Camden.
Mercer	Ewing	36.20	Trenton, R.F.D.	Ewingville about 4 miles from Trenton on electric railway.
Sussex	Vernon	16.56	Sussex	Station on steam railroad with no immediately important urban connections.
			Glenwood	Inland village northeast of Sussex and across the mountain.
Warren	Harmony	23.11	Phillipsburg, R.D.	Harmony apparently about 4 miles from Phillipsburg. Mountainous.

It is true, as has been indicated for convenience in Table 27, that farms average smaller in Overton County, Tennessee, than in Sussex and Warren Counties, New Jersey. But size of the area mapped also seems to have an inverse bearing on the cost of mapping. This is indicated in Table 29 by ranking the areas mapped and comparing costs per mile on that basis.

Direct inspection of the total area and cost per square mile columns of Table 29 reveals that the two largest areas mapped involved the smallest unit cost but that there is some irregularity in the distribution of the higher cost figures. The remainder of the table presents the steps in the calculation of a mathematical measure of the degree and nature of the relationship between area mapped and unit costs. This measure is spoken of as Pearsonian r . Its value in the present instance is $-.51$ with a probable error of $\pm .16$.

While this is a small coefficient and the probable error is large it seems likely that a more adequate amount of experience would confirm a significant degree of negative or inverse relation between the extent of the area mapped and the cost per square mile or per acre.

Table 29.

Relation Between Extent of the Area Mapped and the Cost of Mapping per Square Mile.

Year	-X-	-Y-	-x-	-y-	x^2	y^2	xy
1917	6.6	\$49.08	-14.2	4.94	201.64	24.4036	-70.148
1917	7.2	60.70	-13.6	18.56	184.96	274.2356	-225.216
1917	14.1	60.89	-6.7	16.75	44.89	280.5825	-112.225
1914	15.0	36.20	-5.8	-7.94	33.64	63.0436	46.052
1917	16.0	27.98	-4.8	-16.16	23.04	261.1456	77.568
1920	17.7	97.87	-3.1	53.73	9.61	2,886.9129	-166.563
1918	19.4	29.44	-1.4	-14.70	1.96	213.0900	20.580
1917	20.5	39.62	-0.3	-4.52	.09	20.4304	1.356
1916	23.6	23.11	2.8	-21.03	7.84	442.2609	-53.886
1917	67.8	16.56	47.0	-27.58	2,209.00	760.6564	-1,296.260
Total	207.9	441.46			2,716.67	5,229.7395	-1,929.296

MaX equals 20.8 MaY equals 44.14

Standard deviation of x equals the square root of 2,716.69 or 52.13

Standard deviation of y equals the square root of 5,229.7395 or 72.32

\bar{r} equals $\frac{-1,929.296}{52.13 \times 72.32}$ equals $\frac{-1,929.296}{3,770.0416}$ or $-.51$

P.E. equals $.6754 \frac{(1 - R^2)}{\text{sq. rt. } 10(10^2 - 1)}$ equals $.6754 \frac{.7399}{\text{sq. rt. } 990}$ equals $\pm .16$

\bar{r} equals $-.51 \pm .16$

Other factors such as the year in which the maps were prepared doubtless influenced the cost figures. No effort has been made to deal with these because more than half of the maps were prepared in the same year. It seems that when consideration is given to the difference of labor costs in Tennessee as compared with those in New Jersey that the total cost of preparing such a set of maps for Overton County should not exceed the rate for Vernont township

in Sussex County, New Jersey. It might even be prepared at a smaller relative cost. At the rate for Vernon township, \$16.56 per square mile, to map Overton County would cost $446 \times \$16.56$ or \$7,385.76, in round numbers \$7,400. The Harmony township, Warren County, New Jersey average cost figure yields an estimate about \$3,000 higher: $446 \times \$23.11$ equals \$10,307.06 or \$10,300.

Unless there is a gross overestimate of the land area of Overton County it would seem that the cost of such a set of tax maps could be more than recovered in two years use through the revenues from parcels previously escaping in entirety and that from untaxed portions of other real estate holdings. Special legislation would probably be necessary to permit such a scheme of financing as only twenty cents of the tax rate per \$100 valuation is for general county purposes. Such a procedure would smack of poetic justice with the villain paying the cost of his own discovery and future reformatory regulation. Probably the simpler even though more prosaic method would be for the county court to fix a special levy of one cent per \$100 assessed valuation for two years' time. On the present total assessed valuation of three and one-half million dollars this would yield \$7,000. Any remaining cost could be met either out of the general county fund or by special levy for an additional year. The general run of taxpayers would be more than repaid for such a small outlay by the satisfaction of a more equitable distribution of the tax burden. If they exercised themselves a little by way of keeping in touch with county affairs they should also be able to see to it that tax rates were later lowered as a consequence, or that the quality and quantity of county governmental services would benefit from the increased revenues.

This does not assume that "tax dodgers" would give meek surrender when discovered. Increased pressure would probably be brought upon the equalization board to reduce valuations. But to have forced such persons to act in the open would be a distinct advantage to both honest taxpayers and county officials.

To be sure question may be raised why surveyed maps are at present preferred in New Jersey (note to Table 26). In the letter accompanying this table Secretary Cook made the following explanation:

Of recent years the Board has not encouraged the preparation of outline maps. While such maps serve the purpose for sparsely populated areas, such districts are rapidly disappearing in New Jersey, and it is found that in the end surveyed maps are found to be more economical. (31)

As is indicated in Table 30 this explanation is a further confirmation of the conclusion that the cost figures for townships located in Sussex and Warren Counties, New Jersey are the most appropriate in estimating the probable cost of Overton County tax maps.

Table 30.
General and Rural Population Density of Certain New Jersey Counties
and of Overton County, Tennessee.

Counties	General Population Density (Persons per Square Mile)	Rural Population Density (Persons per Square Mile)
New Jersey:		
Mercer	707.4	141.6
Gloucester	145.3	104.5
Burlington	100.3	80.7
Warren	124.5	60.4
Sussex	47.1	31.6
Tennessee:		
Overton	39.5	39.5

The history of the New Jersey system probably explains in large part the objection to it in more rural sections of that state. In 1913 a law was passed requiring the various taxing districts in New Jersey to provide tax maps of such a character as to meet with the approval of the state board of equalization. This board had the power to require revision of existing tax maps and to prepare tax maps at local expense for any districts which failed to complete maps within five years. The outline map system was adopted for

31. Letter from Sec. Chas. E. Cook to Philips B. Boyer, dated
at Trenton, New Jersey, March 5, 1930.

rural districts to permit mapping them at a reasonable cost. In 1918 an amendment was passed exempting more rural districts from the compulsory feature of this act. Secretary Cook on request gave the following explanation of this rural opposition:

The amendment of 1918, exempting from the provisions of the Tax Map Act townships having a population of less than 2,500, was enacted to save sparsely settled districts from the expense of preparing tax maps. At the time of the enactment of the Tax Map Act there was considerable opposition to it in rural districts, presumably on the ground of expense, the opposition culminating in the passage of the exempting act. A number of exempt districts have since prepared maps, or obtained outlines from this Board.(32)

The fact that some exempted districts have found it worthwhile to prepare maps would seem to indicate that the objection of cost was more a slogan than a fact. Undoubtedly some of it was occasioned by opposition to state regulation and increased state taxes. Should any Tennessee county undertake to prepare its own tax map no question of state interference would be involved, and since the state tax rate is relatively low there should be little if any objection similar to that in New Jersey.

Other low cost maps: Certain other expedients for securing tax maps at a low cost may be noted. In Wisconsin some use has been made of "real estate blotters"(33) but Mr. Frank A. McSpadden, a Knoxville realtor, is of the opinion that no commercial maps of rural land holdings are to be had for Tennessee. Where property owners have survey plots of their holdings these may be secured and field work saved. In Ohio the tax map act provides that owners may be required to furnish plots for accurate description and in case of refusal surveys may be made by the county at the expense of the owner.(34) Similar procedure is possible under the laws of South Carolina.

32. Letter from Sec. Chas. E. Cook to Philips B. Boyer, dated at Trenton, New Jersey, 12/5/29.

33. Cowles, H. V. and Leenhouts, J. H., "How to Assess Property in Cities and Rural Towns," p. 3-4.

34. The Taxation of Property: being chapters 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 of the Ohio tax laws as published by the Tax Commission of Ohio, 1926.

It shall be the duty of the auditor to make out, from the maps and descriptions in his possession, and from such other sources of information as shall be in his power, a correct and pertinent description of each tract and lot of real property in his county. When he shall deem it necessary to obtain an accurate description of any separate tract or lot in his county, he may require the owner or occupier thereof to furnish the same with any title papers he may have in his possession, and if such owner or occupier, upon demand made for the same, shall neglect or refuse to furnish a satisfactory description of such parcel of real property to such auditor, he may employ a competent surveyor to make out a description of the boundaries and location thereof, and a statement of the quantity of land therein. To the expense of such survey he shall add the tax assessed upon such real property, and it shall be collected by the treasurer, with such tax, and, when collected, shall be paid, on demand, to the person entitled to the same. (35)

The extent to which practical use might be made of similar procedure in Tennessee would vary from county to county in proportion to the number of private surveys to which access might be secured. Then, too, some difficulty would be experienced with lay of the land surveys.

Aerial survey maps: Recently some use has been made of aerial survey maps. Concerning the relative merits of such maps the following comment was made in a recent Connecticut report:

It will be seen that the tax maps now in use in Connecticut are mainly of two types -- the aerial survey map and the engineer's block map. Each of these types of maps has its proper field. The aerial survey map made by means of photography from an airplane suits the small town and the outskirts of the larger municipality admirably. The engineer's block map is almost essential in the congested sections of the larger municipalities.

Eleven of the 38 municipalities listed above have been aeri-ally mapped. The majority of such surveys have been made within the past year. Great advance has been made in the technical details of taking aerial pictures, since Middletown, the first municipality in Connecticut to be aeri-ally surveyed was first mapped a few years ago. (36)

This same report lists the thirty-eight Connecticut municipalities which had tax maps at the time and indicates the type. In some cases the scale of the maps are given. So this report and the map specifications published by the New York and New Jersey state tax offices are valuable

35. South Carolina, Code of 1922, 441, Sec. 9 published in Mills, W. H., "The taxation system of South Carolina."

36. State of Conn., Information Relative to the Assessment and Collection of Taxes, 1927, pp. 9-10.

as technical guides. (37) An aerial tax map of San Diego County, California, was completed in 1927. (38)

For the present it seems that the outline map scheme is best for most Tennessee counties. But if the state tax department were to undertake supervision of a statewide mapping project aerial maps might be practicable. Estimates of the cost of such maps were supplied by one of the corporations engaged in such work. Unfortunately, since the New York outline map specifications were used in the request for these estimates they relate to a scale of 800 feet to the inch. A more nearly adequate scale would be 400 feet to the inch. This would not double the estimates but would increase them considerably. With this reservation the letter which follows sets forth cost information as of February, 1930:

I assume that your designation of scale as 380 feet to the inch is a typographical error and that you mean 800 feet to the inch and the estimates given below are based on that assumption.

I do not know just what interpretation to place on that part of Item II involving the showing of all property lines. You, of course, know that an aerial photographic survey cannot secure property line data unless the lines are marked on the ground by fences, streams or other features which will show on the photographs. The actual determination of property lines often involves searching court records and unless the lines that exist are marked on the ground in such a way as to show in the photographs, the operation also may involve ground surveying or inspection of a magnitude depending on the completeness of the county property records and on the amount of detail desired. We are equipped to undertake the addition of such data to the photographic survey, but there are so many uncertain elements in the operation that it is difficult to estimate the cost. For this reason and until we have more definite information from you, we can only estimate on showing such lines as are marked on the ground and will have to hold in abeyance the matter of showing other property lines until we know more of the problem.

I am also somewhat in doubt as to the contour interval you wish quoted under Item III, a proper selection, of course, depending entirely on the relief of the regions to be mapped. I have assumed, however, that on the average a contour interval of 20 feet would be suitable for the scale of 800 feet to the inch in the average Tennessee country.

37. New Jersey, Tax Map Specifications; New York, Rules and Regulations Governing the Preparation of Maps, etc.

38. The Public Dollar, Vol. III, no. 1, January 1930, p. 6-7; quoting from the October 1929 San Diego Magazine.

With these conditions in mind, we are pleased to present the following estimates based on different sized areas, it being understood that each area specified is a solid block, or, at least, is not broken up into too many small parcels.

Item I - Scale 800 feet to the inch, controlled mosaic showing all roads, streams, cleared land, cultivated land, woodland areas and all property lines that are marked on the ground in such a way as to show on the photographs.

Area 100 square miles	\$37.50	per square mile
Area 500 " "	35.00	" " "
Area 1000 " "	32.50	" " "

Item II - Same as Item I except furnishing a controlled line map without contours rather than a mosaic.

Area 100 square miles	\$75.00	per square mile
Area 500 " "	65.00	" " "
Area 1000 " "	55.00	" " "

Item III - Same as Item II except for a topographic map with 20-foot contours.

Area 1000 square miles	\$220.00	per square mile
Area 500 " "	205.00	" " "
Area 1000 " "	190.00	" " "

In considering Item III, I assume that you would want an actual contour map rather than perspective contours sketched on a mosaic, in which case each contour would have a different scale.

You have asked for estimates only, but, if you desire, you may consider these estimates as a definite proposal for work. (39)

Other types of maps which have proven useful in assessing are considered in connection with the fixing of land values.

Evaluating Farm Lands in Tennessee: The standards according to which real property is to be evaluated, and procedures set up for the guidance of assessors in arriving at such values should be kept in mind when reviewing the results achieved. In conformity with their constitutional prerogative (40) various general assemblies of Tennessee have undertaken to set forth definitions

39. Letter from C. H. Birdseye, President, Aerotographic Corporation of America, to Philips B. Boyer, dated at Washington, 2/6/30.

40. Quoted, above, p. 9 in this part of the report.

of the "value" of property. Thus, in 1871 and 1875 the legislature directed that real property should be assessed at the equivalent of 85 per cent of the sale value. This was held to represent cash value. By enactment of 1881 assessments were to be at market value less 10 per cent and in 1883 the requirement was simply "cash value". (41) The general assessment act of 1907 defines cash value to mean "the amount of money the property would sell for, if sold at fair voluntary sale." (42) This general emphasis on cash value was confirmed by the state supreme court in 1901 in the following language:

The actual cash value is the only practicable basis upon which taxes can be made equal and uniform, and this is clearly the constitutional requirement, the legislative intent, and should be the effort of the court as well as taxpayers. (43)

Although earlier efforts were made to fix a rule of thumb procedure for determining cash value the legislators in 1907 seem to have been satisfied that cash value is of necessity to be judged on the merits of the individual case. There is considerable truth in this assumption for only a relatively small proportion of the land in a county is transferred during an assessment period, under normal conditions. Even where a particular parcel has been sold since the last assessment there is occasion for the exercise of considerable discretion on the part of an assessor. To mention but one factor requiring consideration, payment for a tract of land is frequently spread over several years. Assessor number three (44) was of the opinion that in 1927 time-sales were 20 per cent higher than cash-sales and that during the World War period they were 50 per cent higher. Regardless of the accuracy of his opinion concerning the exact amount of spread between time and cash sales it is quite generally agreed that there is quite a spread. Neither New York nor Wisconsin state tax officials will use time-sales of real estate in their

41. Brannen, C. O., Taxation in Tennessee, pp. 24-25, 30.

42. Public Acts, 1907, ch. 602, sec. 4.

43. 23 Pickle, 259, 292, Carroll vs. Alsup, quoted on p. 25, First Biennial Report of the Tennessee State Board of Equalization, 1919-1920.

44. Above, pp. 26-28, 41.

efforts to ascertain the relation between assessed and sales values.

Just what is fair tax value has been found a knotty question in many states. In court decisions on the subject, emphasis so far as real estate is concerned, has varied from place to place. Among the principles set forth are the following: (45)

1. What an actual buyer pays.
2. What a hypothetical buyer would pay. (Tennessee provision)
3. Value to owner if he were to have to buy or do without it.
4. Depreciated cost of construction of improvements.
5. Cost of replacement of improvements.

From this it would seem that a more comprehensive and intelligible statement of what is to be considered cash value of Tennessee land could be made.

Standards, however, can be stressed to such an extent that they become mere bones of contention rather than guides to action. Just how is the assessor to go about using the cash value standard as a guide in his official activities? As has already been pointed out (above p. 44) he is ordered to go on the premises and examine real estate to be assessed. In the oath to his report he must swear that he has estimated the value of each piece of property in conformity with the standard (above p. 48) and that he has required every property owner to fill out a tax schedule. His oath of office forbids him to set values merely by substitution or copy from former assessment (above pp. 29, 48). A conscientious assessor may be reminded by these oaths of the specific procedures he is expected to go through. If serious effort is to be made to assess each piece of property at its cash value a visit to examine it, plus a record of the information provided for in the tax schedule would seem quite essential.

A copy of the tax schedule for 1929, a year in which real estate was

45. Rifkind, S. H., "What is fair value in taxation?", pp. 305-315.

assessed, has been placed at the back of the report.(46) Examination of this schedule shows that provision is made not only for securing the location of each parcel of acreage property and the names of adjoining owners but also for such details as the following:

Acres of cleared land.
 Acres of timber lands - character of timber.
 Acres of mineral lands - character of mineral.
 Total number of acres.
 Value of improvements.
 Interest owned - Name of joint owner and extent of interest.
 Value of buildings on lands.
 Amount of insurance on owned property.

Similarly in the case of timber and mineral rights the following types of information are provided for:

Acres timber lands - character of timber.
 Acres mineral lands - character of mineral.
 Interest owned.
 Name of owner of land.

The 1907 general assessment act does not go into detail regarding the use assessors shall make of these sections of the schedules and such detail as was contained in the act of 1895 seems to have been suggestive rather than mandatory.

Said assessors shall assess real estate in the manner following: They shall prepare a complete list of all taxable real estate in the respective district or ward, from the schedule hereinafter required, giving the name of each owner in alphabetical order, by wards and by districts, and setting out the number of acres of each tract, and showing the number of acres of cleared and of wood land in each tract, and the assessed value thereof, giving civil district; and if this cannot be done, then such mode of description shall be adopted as will identify the property and its location, by giving the lands by which the tract is bounded; (47)

46. Tennessee tax schedules have varied somewhat from time to time. Thus, in 1873 they contained synopses of the laws and exemptions, in 1877 blank books were substituted for schedules, and in 1881 schedules, without synopses of laws and exemptions, were provided for. Then too the schedules provided for in 1907 reduced the detailed enumeration of kinds of livestock as provided for in 1895, to "all livestock including dogs". Brannen, C. O., Taxation in Tennessee, pp. 30, 38. No attempt has yet been made to see what changes if any were made in the listing of real estate.

47. Public Acts, 1895, ch. 120, sec. 8; see Shannon's Tennessee Code, 1896, sec. 776.

Certainly such items should receive consideration. No specific check has yet been made on the extent to which assessors secure this information from property owners, but fieldworkers who took off personal property assessments are of the opinion that in a few if any cases is it secured. Add to this the fact that in many instances the premises are not visited by the assessor and it is not surprising that the only thorough state-wide investigation of assessment ever made in Tennessee showed a very uneven evaluation of property not only as between counties but as between civil districts within the same county and between individual properties within the same civil district. The published report of the findings of this investigation follows. It is quite a commentary on the manner in which the work of evaluating property had previously been conducted.

The State Board immediately after its organization began its work under the new law. It first compiled data in every county in the State by taking the transfers of property in each county and comparing the price for which the property sold with the assessment against the same property, and by taking the deposition of county officials, bankers, farmers, business men, lawyers and other representative citizens of each county, which resulted in the astounding revelation that some counties in Tennessee were assessed as low as 14 per cent of their value while others were assessed as high as 68 per cent. In other words, it was found that certain counties in Tennessee were paying five times as much State taxes on the same amount of property as others. It was also discovered that these same inequalities existed between the civil districts, and in many cases it was found that one civil district in a county would be assessed at 10 to 15 per cent of its value, while another district within the same county would be assessed at from 50 to 75 per cent of its value.

These glaring inequalities between the assessments of the various civil districts are partially accounted for by the fact that for years the property in Tennessee was assessed by district assessors, and when these offices were abolished, and the office of county tax assessor created, the inequalities had become interwoven with the whole fabric of the assessment, and in many cases the assessments which were originally made by the old district assessors have simply been copied by the county assessors. This is not meant as a wholesale indictment against the county tax assessors, for it was likely impossible for them to correct all of the inequalities and equalize the districts until provision was made for the revaluation of the whole property of the State, such as this Board has undertaken to make.

Transfers Compiled.

The transfers of real estate throughout the State in 1918 were

carefully compared with the assessments on the same property and subdivided into four classifications. This tabulation showed that in every county in the State property valued at \$2,000 and under was assessed highest; property valued from \$2,000 to \$10,000 was assessed lower than the first classification; property valued from \$10,000 to \$25,000 still lower; and property valued above \$25,000 was assessed still lowest.

In making this preliminary survey and tabulation of sales, the State Board hoped that it might be able to determine from the transfers of property in the various counties as compared with the assessments on the same property, at what per cent of value each county in the State was assessed, and by the application of a per cent, that it could reduce some counties and increase others until they could all be brought to the same plane, but when they undertook to consider raising counties by a per cent, they discovered that the inequalities between the civil districts within the counties and the inequalities between individuals were as glaring and gross as the inequalities between the counties.

For instance, it was found in one county that a certain civil district was assessed as low as 7 per cent of its value, and another civil district in the same county as high as 85 per cent, while the average in the county was 25 per cent. To have applied the percentage rule would have meant that to have brought this county to a 100 per cent assessment, the Board would have had to have multiplied the assessment of the entire county by four, the result of which would have been that the civil district which was assessed at 7 per cent of its value would have been raised to only 28 per cent of its value, while the civil district that was assessed at 85 per cent of its value would have been raised to 340 per cent of its value.

In another county we found that certain individuals had an assessment of 10 per cent of the value of their property, while other individuals in the same county had an assessment of 125 per cent of the value of their property, the average in the county being about 33 per cent. To have applied the percentage rule to this county would have meant that we would have had to multiply the entire assessment of the county by three, the result of which would have been that the taxpayer with a 10 per cent assessment would have been raised to 30 per cent of the value of his property, while the taxpayer with a 125 per cent assessment would have been raised to 375 per cent of the value of his property.

This condition existed not in the exceptional county, but in every county in the State of Tennessee in a more or less intensified degree. This made it impossible to correct the evils by the application of a percentage rule, and the State Board was at last driven to the necessity of going to the very foundation and revaluing each piece of property separately in the State, not only that the wealth of each county as a whole might be determined, but that the wealth of each civil district and that the wealth of each individual taxpayer might also be determined. (48)

48. First Biennial Report of the Tennessee State Board of Equalization, 1919-1920, p. 41-42; see also pp. 30-31, First Biennial Report of the State Tax Commissioner of the State of Tennessee, 1921-1922.

A sweeping generalization to the effect that there has been a rather complete return to such conditions could be quoted.(49) But since it is not based on a comprehensive investigation, and possibly is colored by advocacy of a new tax procedure, it is not quoted. Be its merits what they may, there is much inequality in present valuations.

Complaints regarding the assessment of farm lands in the three counties:

Complaints of a general character are perhaps more common than those couched in such specific terms as to permit ready verification. Whether all of them eventually prove accurate or not the types of complaints may be enumerated as questions requiring investigation. While most assessments are below the legal requirement some are above it. Of the inequalities in assessment, complained of or discovered, the following has been said:

1. Some inequalities seemingly have no special explanation.
2. Personal factors seem to explain some:
 - a. Persons who oppose expenditures favored by local politicians may have their assessment raised.
 - b. "Foreign" investors are sometimes discriminated against.
 - c. The claim has been made that in some sections of the state widows and orphans do not know how to avoid full value assessments as well as do others. We have no evidence of this in Overton County.
 - d. Property owners who improve the appearance of their places by using paint, caring for fences, and cutting weeds may be assessed higher as a consequence.
3. More extensive properties are sometimes said to be assessed at a lower rate than small properties.
4. Location is sometimes claimed to make a difference.
 - a. City property is said to be assessed lower than country property.
 - b. Bottom land said to be less adequately assessed than ridge land.

By way of illustration of underassessment the case of a farmer in Pickett County may be cited. He owned a farm in Pickett County which had been assessed at \$3,500. In 1920 the valuation on it was raised to \$9,500. This made him so mad that he sold out for \$19,000. He soon became sorry he had sold and offered \$20,000 for the farm. The new owner preferred to keep the farm. Former assessor Williams of Overton County was of the opinion that

49. Report of the Commissioner of Finance and Taxation, (Tennessee), 1929, p. 5.

as much as 75 per cent of the real estate was assessed at more than its cash value in 1927. Whether this percentage is accurate or not there are particular instances of assessment above the price at which the land actually sells. One particular instance is cited in another connection.

Two specific instances of assessments below the legal requirement but with no other distinctive features may be noted. A farm purchased by a farmer of the 10th District at \$8,000 was later assessed at \$5,000. A resident of Livingston bought two lots there at a total cost of \$1,100. The assessment on these two lots combined was only \$200.

A number of instances of unequal assessment have been reported without explanation of the manner in which they came about. S. A. D. Smith said he knew of two farms of equal acreage and equal value lying close together. One was assessed at \$600 and the other at \$1,300. In Celina two acres and a house were assessed at \$2,500 while a tract of eight acres, lying just as well and with a better house, was assessed at only \$1,800. This latter tract should have been assessed at four times the value of the former rather than at 72 per cent thereof.

A farmer of the 5th District was assessed at \$5,000 on land that he later sold for \$3,000. He protested repeatedly to the assessor and to the equalization board but they would not lower the evaluation. He offered to trade the farm plus \$1,000 "to boot" for a farm assessed at \$4,000 which belonged to a member of the equalization board but this man refused to trade. This farmer had opposed the voting of highway bonds and many men held this against him and so wished to make him pay high taxes.

Outside or "foreign" investors are sometimes assessed unfairly. In 1926 the D. H. and G. Lumber company owned 450 acres of cut-over land in Fentress County which was assessed at \$2,900. Since the tax rate was \$2.75 per \$100 assessed valuation, taxes on this tract amounted to about \$80.00 per year. The company sold this tract to a local man by the name of Norrod

for \$600 or only about one-fifth of the amount at which it was assessed. The assessed valuation was then reduced to \$1,000. Land in Fentress County in the hands of local people is said to be assessed in general at about 66 per cent of its value. Officials of this county are said to make a practice of hitting "foreign" investors. That such practices are by no means confined to Tennessee may readily be seen from the following incident reported by an Indiana state tax commissioner.

Commissioner Hough:-

" - - We increased the Kroger Grocery Company last year about \$18,000 in different cities in the state because we had information which your boards of review didn't have. ----- In one of the cities of this state they were not increased. They were decreased. They were reduced because one of the members of the board of review told me they had increased their assessment over 300 per cent because they were going to run them out of town - not because that was the valuation that ought to be there, but because they were going to run them out of town. That is what he said. They raised an assessment that had been turned in there on an average of about \$1,600 on each store to about \$18,000 on the stores that they had there, and they were set back where they ought to be. In the other places they were raised. The total raise made on the whole assessment was something like \$18,000." (50)

Any locality that is favorably situated for industrial developments may well treat outside investors in such industries with all fairness. Otherwise they may find they have driven away a goose that laid golden eggs.

Concerning high assessment of property belonging to the unfortunate and helpless the following may be noted;

It was reported to this committee that an investigation of the assessments in several counties in one of the grand divisions of the State showed that the property of estates and of widows and orphans, where the taxes were paid without question, were more highly assessed in proportion to value than any other classes of property. (51)

In Overton County it seems to be dangerous to improve the appearance of real property. Mr. Sid Bilbrey told how in the early part of the century

50. Proceedings of the 27th Annual Conference, State Board of Tax Commissioners and County Assessors of Indiana, 1927, p. 49; comments by commissioner Hough.

51. Report of the Committee to Investigate Assessment and Taxation, State of Tennessee, 1915, p. 10.

one of his neighbors cautioned him against improving his farm too much. Mr. Bilbrey had been away for some time and when he returned and settled down on a farm in the southern part of the county he started to make a home out of it. He painted the house and built fences. The neighbor claimed that the assessor would raise the valuation if any extensive improvements were made and sure enough a higher assessment was placed on the farm. A general note in the files which does not specify its source carries a similar note of complaint. As is there pointed out, a man may at rather small expense improve the appearance of his place by painting his house, building fences, setting out a few shrubs and taking such further care as to keep his fence rows clean. When this is done, though, assessments are raised considerably.

Concerning the relative assessment of large and of small properties the special committee in 1915 made the following comment:

It is the general consensus of opinion that the larger property owners throughout the State do not pay on assessments as high in proportion to real values as the owners of small farms and small homes in cities. This is not due to any wilful discrimination on the part of the assessors, but because the value of smaller properties is more easily arrived at than that of larger properties, and also from the fact that the assessor has more pressure brought to bear on him by larger property owners than by small property owners, and unconsciously is influenced thereby. (52)

The 1918 study of real estate transfers throughout the state has already been quoted to the effect that properties valued at less than \$2,000 were in every county of the state assessed highest and that there was a dropping off in the relation of assessed to sale value through each of the larger value classes. (Above, pp. 107-108.) S. A. D. Smith, a citizen of Overton County was of the opinion that this situation still held in Overton County so far as large and small farms are concerned.

This same man is of the opinion that farms are assessed higher in proportion to their value than are lots in Livingston. Another local citizen by the name of Hankins was of the same opinion and even ventured that there

was not a single piece of property in Livingston assessed at as much as one-third of its value. The claim is made by Mr. Smith that most of the assessors live in Livingston. This is a matter readily open to quantitative study. A former assessor of Clay County held that assessments on Celina property were lower than on farm property. Within that village there is considerable variation in land value. The old part of the town is low and property values in it are low.

From Pickett County comes complaint that while some farms are assessed at full value those on the river are assessed at about 50 per cent of their value. Poorer farms are said to be assessed at a higher proportion of their value than the better farms.

Ratio of assessment to sales value: Comparisons between the selling price and assessed valuations on identical parcels of real estate were undertaken to a limited extent in three Tennessee counties. To test out the findings of the statewide survey of real estate transfers made by the chief tax statistician in 1918 (above, pp. 107-108) voluntary sales data for these three counties have been grouped into value classes similar to those employed in that work. (Table 30A).

Table 30A.
Ratio of Assessment to Selling Price of Real Estate
by Value Classes.

Value classes	No. of parcels	Selling price	Assessment	Per cent assessment is of s.p.
<u>Overton County</u>				
Under \$2,000	97	\$66,875	\$41,425	61.9
\$2,000-\$10,000	13	34,060	17,400	51.1
Over \$10,000	1	14,000	3,875	27.7
Total	111	\$114,935	\$62,700	54.6
<u>Clay County</u>				
Under \$2,000	32	31,451	20,090	63.9
\$2,000-\$10,000	10	42,090	23,000	54.6
Total	42	73,541	43,090	58.6
<u>Pickett County</u>				
Under \$2,000	48	29,079	17,550	60.4
\$2,000-\$10,000	1	2,400	400	16.7
Total	49	31,479	17,950	57.0

(continued)

Table 30A- continued

Value classes	No. of parcels	Selling price	Assessment	Per cent assessment is of s.p.
Three counties combined				
Under \$2,000	177	\$127,405	\$79,065	62.0
\$2,000-\$10,000	24	78,550	40,800	51.9
Over \$10,000	1	14,000	3,875	27.7
Total	202	219,955	123,740	56.2

Only in Overton County was there among the real estate transfers taken by the field workers one amounting to more than \$10,000. As is brought out in the table the parcels which sold at higher prices tend quite consistently to be evaluated lower proportionally than those which sold for small considerations. This is true when the counties are considered individually as well as when the data of the three counties are considered as a single unit.

When these same data are classified on the basis of the physical extent of the property rather than on the basis of the value somewhat different results are secured. Such a retabulation is presented in Table 31.

Table 31.
Ratio of Assessed Value to the Selling Price of Real Estate by
the Physical Extent of Parcels Transferred

Counties and size of parcels.	No. of parcels	Selling price	Assessment	Per cent assessment is of s.p.
Overton County				
Less than 3 acres	15	\$12,544.50	\$5,650.00	45.0
3 acres to 44 acres	35	24,641.50	10,700.00	43.4
45 acres to 89 acres	33	28,084.00	15,825.00	56.3
90 acres and over	27	49,565.00	30,425.00	61.4
Acreage not given	-	-	-	-
3 acres and over	96	102,390.50	58,050.00	56.7
Total	111	114,935.00	62,700.00	54.6
Clay County				
Less than 3 acres	9	7,700.00	4,980.00	64.7
3 acres to 44 acres	8	9,615.00	7,750.00	80.6
45 acres to 89 acres	11	20,925.00	11,460.00	54.8
90 acres and over	14	35,301.00	18,900.00	53.5
Acreage not given	-	-	-	-
3 acres and over	33	65,841.00	38,110.00	57.9
Total	42	73,541.00	43,090.00	58.6

(continued)

Table 31 - continued

Counties and size of parcels.	No. of parcels	Selling price	Assessment	Per cent assessment is of s.p.
<u>Pickett County</u>				
Less than 3 acres	8	\$4,012	\$1,500	37.4
3 acres to 44 acres	24	13,590	6,600	48.6
45 acres to 89 acres	11	9,565	6,850	71.6
90 acres and over	3	1,400	1,500	107.1
Acreage not given	3	2,912	1,500	51.5
3 acres and over	38	24,555	14,950	60.9
Total	49	31,479	17,950	57.0

In Overton and Pickett Counties larger tracts of acreage property are assessed at successively higher levels of their selling price than are the smaller parcels. In Clay County smaller land holdings seem to bear a heavier tax burden in proportion to selling price than do larger holdings. This, together with the results of Table 30 would seem to indicate that poorer lands are assessed with excessively high values in Overton and Pickett Counties.

Parcels of less than three acres include town lots, a few tracts assessed as acreage but known to be situated within corporate limits, and some tracts which may lie outside of villages. No operated farms of less than three acres in extent were reported by the census in Overton, Clay and Pickett Counties for the crop year 1924. Consequently this class may be considered to represent village and city property. In Overton County 15 parcels of such property were assessed at only 45 per cent of their selling value while 96 parcels larger than three acres averaged an assessment equal to 56.7 per cent of their selling price. Similarly in Pickett County 8 parcels of less than three acres in extent were assessed at only 37.4 per cent of the selling price while 38 parcels of more than three acres each averaged an assessment equal to 60.9 per cent of the selling price. On the contrary 9 parcels of presumably village holdings ^{in Clay County} were assessed at an average of 64.7 per cent of their selling price while 33 parcels of more than three acres each averaged an assessment equal to only 57.9 per cent of their selling price. If these data are representative village properties in Overton and Pickett are escaping part of their

taxes at the expense of farm properties but in Clay County village properties are paying an excessive amount of taxes. A former Clay County assessor was of contrary opinion regarding property in Celina.

Tabulation of the Overton and Clay County data was made by civil districts (Table 32). Sales of real estate seem to have been most plentiful in the civil districts containing the respective county seats. In some of the other districts the number of transfers secured was very small. Some of the variations from district to district might be reduced were a more adequate sample secured. But the evidence seems sufficient to indicate rather wide variations in the ratio of assessment to selling price of land from one part of a county to another. This would seem to be more true of Overton than of Clay County.

Table 32.
Ratio of Assessed Value to Selling Price of Real Estate by Civil
Districts.

Civil Districts	No. of parcels	Selling price	Assessment	% assessment is of s. p.	Remarks
<u>Overton County</u>					
District #1	6	\$10,077.50	\$5,125.00	50.9	
" #2	7	6,525.00	3,350.00	51.4	
" #3	11	8,519.00	4,600.00	54.0	
" #4	3	2,950.00	675.00	22.9	Lower than 6th
" #5	7	6,000.00	4,100.00	68.3	
" #6	30	45,289.50	22,350.00	49.3	(Contains city of Livingston)
" #7	15	15,605.00	11,400.00	73.0	
" #8	3	1,600.00	1,350.00	84.4	
" #9	11	5,984.00	2,550.00	42.6	Lower than 6th
" #10	5	1,475.00	1,350.00	91.5	
" #11	6	4,660.00	2,250.00	48.3	Lower than 6th
" #12	7	6,250.00	3,600.00	57.6	
Total	111	114,935.00	62,700.00	54.6	
Livingston property	10	10,542.00	5,250.00	49.8	
Other 6th Dist. property	20	34,747.50	17,100.00	49.2	
Overton County other than 6th District	81	69,645.50	40,260.00	57.8	
<u>Clay County</u>					
District #1	4	\$ 6,380.00	4,050.00	63.5	
" #2	8	9,961.00	5,900.00	59.2	
" #3	20	36,675.00	22,440.00	61.2	Inc. Celina village
" #4	10	20,402.00	15,000.00	73.5	Inc. 1 forced sale
Unknown	1	2,300.00	1,200.00	52.2	

Livingston property seems to be assessed lower than the county in general but acreage property in the sixth district is assessed slightly lower than Livingston property. The fourth, eleventh, and ninth districts are assessed lower than the sixth district but, with the exception of the ninth district very few comparisons of assessments and selling prices were secured for these districts. The district of Clay County in which Celina is located is assessed lower than the county in general, but the second district is assessed at a still lower level.

In these comparisons no effort has been made to refine the data. The valuation placed upon each parcel for purposes of the state transfer tax has been accepted at face value. Attention was earlier directed to the fact that in cases where payment is spread over a long period of time the consideration involved is likely to be above the cash value by a wide margin. No practical rule of thumb method for ruling out this time-sale influence was hit upon. Using the probate figures of value overcomes in part the difficulty experienced with deeds which express the selling price as one dollar and other valuable considerations. In Overton County the probate value, where the deed does not indicate the full value, represents one of two alternatives. Either it is the value figure which the owner gave the clerk of the county court when filing the deed for probate or it represents the clerk's estimate of full value. Clerk Boswell indicated that he seldom had occasion to estimate the value but if he doubted the value reported to him he looked up the assessed valuation and taking it to represent sixty per cent estimated full value accordingly. He was of the opinion that most people would want to have the value figure set on their property at about what they actually considered it worth. Forced sales may very readily be ruled out and as a matter of fact they were ruled out except in the Clay County data in Table 32. Of other disturbing factors there is one which may be ruled out in part by a rule of thumb procedure.

Sales considerations on transfers between relatives are ruled out by New York and Wisconsin tax officials in their efforts to discover the relation between assessments and land values. A procedure which has been employed by statisticians in handling masses of data in which they wished to rule out possible influence of relationship is to eliminate cases the principals to which had the same surname.⁽⁵³⁾ Results of a preliminary check was made on the validity of this procedure for Overton County land transfer data, and are presented in Table 33.

Table 33.

Identity and Difference of Surnames as a Check Upon Kinship or Lack of Kinship between Principals to Real Estate Transfers.

	Number of cases.	Related	Not related	Undetermined
Same surnames	8	8	-	-
Different surnames	22	4	16	2
Totals	30	12	16	2

While only a very small number of cases were checked the results are surprisingly consistent. All eight of the cases in which the principals had the same surname represented transfers between relatives. On the other hand approximately three-fourths of the twenty-two cases in which the principals had different names represented land transfers between people who were not relatives. So it seems safe to assume that by means of this expedient some at least of the possible influence of sales between relatives may be eliminated. The summary results presented in Table 34 show that the ratio of assessment to sales value is higher in general on the twenty-six parcels transferred between persons with the same surnames than is that on the eighty-five parcels transferred between parties with different surnames. The most probable explanation of such a contrast in ratios of assessment to selling price is that sentiments of kinship reduce the amount of the con-

53. Chambers, C. R. "Relation of land income to land value", p. 53.

sideration required to induce a man to sell his property below what he would demand before selling the same property to those outside the family connection. Incidentally the ratio of assessed valuation to sales value for the five parcels sold by court action (forced sale) indicates the necessity of omitting such transfers. (Table 34) Then too, Table 54 includes report of a farm valued at \$70,000 which was bought at forced sale for \$12,000.

Table 34.

Summary of the Ratio of Assessment to Selling Price on 116 Parcels of Overton County Real Estate.

	No. of parcels	Selling price	Assessment	% assessment is of selling price
Different surnames	85	\$81,695.00	\$42,550.00	52.1
Same surnames	26	33,240.00	20,150.00	60.4
Forced sales	5	11,433.75	8,600.00	75.2
Grand total	116	\$126,368.75	\$71,300.00	56.4

In view of these results the size classifications of sales and assessment data for Overton, Clay and Pickett Counties and also the civil district classifications for Overton have been reexamined. (Tables 35 and 36) The assessment ratio by size classes for properties transferred between parties with different surnames shows the same gradations as were brought out in Table 31. Size classification where the transfers occurred between parties with identical surnames (Table 35) yield irregular results. In Overton County, for example the percentage that assessments were of the selling price on such properties is highest for the single parcel of less than three acres, 200.00 per cent and next highest for the nine parcels of from three to forty-four acres. This inverse relation between ratio of assessment and size of property, which holds for the remaining classes, is almost completely opposite to the situation where principals with different surnames were involved; the only qualification being that in the latter case parcels of from three to forty-four acres were assessed slightly lower than parcels of less than three acres in extent. It is rather difficult to see how an assessor would deliberately

Table 35.

Ratio of Assessment to the Selling Price of Real Estate by the Size of Parcels and by Identity or Difference of Surnames of Principals to Transfers.

County and size of parcels	Transfers of real estate the parties to which had				Identical surnames			
	No. of parcels.	Selling price	Assessment	% assessment is of s.p.	No. of parcels.	Selling price	Assessment	% assessment is of s.p.
Overton County								
Less than 3 acres	14	\$12,394.50	\$5,350.00	43.2	1	\$ 150.00	\$ 300.00	200.00
3 acres to 44 acres	26	16,631.50	7,150.00	40.0	9	5,810.00	3,550.00	93.2
45 to 89 acres	24	21,534.00	10,125.00	46.8	9	6,490.00	5,700.00	88.4
90 acres and over	20	28,735.00	19,825.00	69.0	7	20,830.00	10,600.00	50.9
Acreage not given	1	100.00	100.00	100.0	-	-	-	-
Total more than 3 acres	71	69,300.50	38,200.00	55.1	26	33,090.00	19,850.00	60.0
Grand total	86	81,095.00	42,550.00	52.1	26	33,240.00	20,150.00	60.6
Clay County								
Less than 3 acres	6	6,450.00	4,380.00	67.9	1	1,250.00	600.00	48.0
3 acres to 44 acres	7	9,235.00	7,400.00	80.1	1	380.00	350.00	92.1
45 to 89 acres	10	19,425.00	11,160.00	57.4	1	1,500.00	300.00	20.0
90 acres and over	11	30,011.00	16,400.00	54.6	3	5,290.00	2,500.00	51.8
Acreage not given	-	-	-	-	-	-	-	-
Total more than 3 acres	28	59,671.00	34,960.00	59.6	-	-	-	-
Grand total	36	65,121.00	39,340.00	60.4	6	6,420.00	3,750.00	44.8
Pickett County								
Less than 3 acres	7	3,400.00	1,350.00	39.7	1	612.00	150.00	24.5
3 acres to 44 acres	22	12,455.00	6,250.00	50.1	2	1,125.00	350.00	31.1
45 to 89 acres	10	9,155.00	6,450.00	70.4	1	400.00	400.00	100.0
90 acres and over	3	1,460.00	1,500.00	107.1	-	-	-	-
Acreage not given	3	2,912.00	1,500.00	51.5	-	-	-	-
Total more than 3 acres	35	23,050.00	14,200.00	61.6	3	1,525.00	750.00	49.2
Grand total	46	29,342.00	17,050.00	58.1	4	2,137.00	900.00	42.1

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assess small parcels sold between relatives differently from the manner in which he assessed other small parcels. There is in the results of this tabulation some indication that kinship sentiments figure more largely in the transfer of small properties between relatives than in the case of larger properties. Or the situation may be that large holdings constitute so important a portion of the capital of a family that its value must not be permitted to suffer in popular esteem. In the Clay and Pickett County data there were so few transfers between parties with identical surnames that no conclusions can be based on them.

The effort to rule out the influence of kinship upon assessment ratios in Overton County civil districts (Table 36) yields at least one notable result. Transfers between parties with identical surnames were responsible for the ratio of assessment in the eleventh and ninth civil districts being below those of the sixth in Table 32. The contrast between Livingston and other sixth district property is more marked, 47.8 per cent and 39.7 per cent respectively, than in the case of this earlier tabulation where the comparable percentages were 49.8 and 49.2. So it would seem that in Overton County farms in the outlying districts are possibly carrying part of the burden of taxation that rightly belongs to town property. But acreage property in the immediate vicinity of Livingston has an even lower assessment than property within the corporate limits.

Taxpayers, of course, are more concerned about the manner in which these variations in the ratio of assessed to sales values affect their individual interests. A more adequate idea of inequalities between taxpayers may be had from Table 37. In Overton County ratios of assessment to sales value seem most frequently to range between 20 and 40 per cent, although they may perhaps rise as high as 900 per cent. The most common range in Clay and Pickett Counties is 40 to 80 per cent which is somewhat higher than that in Overton. Judging by the coefficients of variability Overton County is the most

evenly assessed of the three counties so far as individual properties are concerned.

Table 36.

Ratio of Assessment to the Selling Price of Real Estate in Overton
County by Civil Districts and by Difference or Identity of Sur-
names of Principals to Transfers.

Civil Dist.	Transfers of real estate the parties to which had							
	Different surnames				Identical surnames			
	No. of par- cels:	Selling price	Assess- ment	% ass. is of s.p.	No. of par- cels:	Selling price	Assess- ment	% ass. is of s.p.
1.	6	\$10,077½	\$5,125	50.9	-	-	-	-
2.	7	6,525	3,350	51.4	-	-	-	-
3.	8	6,669	3,400	51.0	3	\$1,350	\$1,200	84.9
4.	3	2,950	675	22.9	-	-	-	-
5.	7	6,000	4,100	68.3	-	-	-	-
6.	19	20,789½	9,075	43.7	11	24,500	13,275	54.2
7.	11	12,675	8,575	67.7	4	2,930	2,825	96.4
8.	2	600	550	91.7	1	1,000	800	80.0
9.	10	4,684	2,050	43.8	1	1,300	500	38.5
10.	3	1,300	1,150	88.5	2	175	200	114.2
11.	5	4,375	2,000	45.7	1	285	250	87.7
12.	4	5,050	2,500	49.5	3	1,200	1,100	91.7
Totals	85	81,695	42,550	52.1	26	33,240	20,150	60.6
Living- ston prop:	9	10,392	4,950	47.6	1	150	300	200.0
Other 6th District:	10	10,397½	4,125	39.7	10	24,350	12,975	53.3
Rest of county	66	60,905½	33,475	55.0	15	8,740	6,785	77.6

It is to be noted that the measures of dispersion and variability have been worked up in a somewhat different manner from that followed in Tables 30 to 36. One of the field workers reported a number of parcels of land unassessed in Clay and Pickett Counties. He did not make clear, however, just by what means he was able to state certainly that they had not been assessed. It is very difficult from the descriptions of properties to make certain that a particular parcel is not on the assessment roll. While taxburdens cannot be equitably distributed so long as any taxable property is unassessed the fairness of the assessors efforts in relation to properties actually assessed is

not influenced by omitted properties. Consequently on both counts it seemed best to omit cases reported as unassessed in calculating measures of dispersion. Then too all assessment ratios representing 6 times the selling price or over have been omitted. It is possible that such wide variations

Table 37.
Frequency Distribution of the Percentage Ratios of Assessment to Voluntary Sales Value.

Class limits (Per cent)	All transfers	Principals having	
		Different surnames	Identical surnames
<u>Overton Co.</u>			
0 - 20	7	6	1
21 - 40	36	30	6
41 - 60	24	20	4
61 - 80	14	11	3
81 - 100	15	9	6
101 - 120	2	2	0
121 - 140	1	1	0
141 - 160	3	1	2
161 - 180	3	3	0
181 - 200	3	0	3
201 - 220	0	0	0
221 - 240	1	1	0
241 & over	2	1 (900%)	1 (800%)
Total	111	85	26
<u>Clay County</u>			
Not assessed (?)	3	2	1
0.1 - 40	5	4	1
41 - 80	21	19	2
81 - 120	7	5	2
121 - 160	2	2	0
161 - 200	1	1	0
201 - 240	0	0	0
241 - 280	1	1	0
281 - 320	1	1	0
320 & over	1	1 (600%)	0
Total	42	36	6
<u>Pickett County</u>			
Not assessed (?)	4	4	0
0.1 - 40	12	9	3
41 - 80	21	21	0
81 - 120	7	6	1
121 - 160	2	2	0
161 - 200	2	2	0
200 & over	1	1 (720%)	0
Total	49	45	4

Standard deviations and indices of variability of assessment ratios; excluding parcels not assessed and ratios of 600 or over:

	S. D.	I. V.
Overton County	45.0%	64.4%
Clay County	61.6	101.8
Pickett County	40.4	67.4

arise once in a while. On the other hand it was found in checking the Overton County data from the probate record with the record in the deed register that transfers of part interests had not always been noted as such by the clerk.

From a purely statistical point of view the choice of areas was not entirely fortunate. The factors making for variability are many and the samples actually secured are small. But the area is similar to that of other extensive areas of the state and the problems needing solution are more important than the question of convenience. More adequate samples may be secured by means of further field work. Then too, if it is at all practicable, the 1918 transfer and assessment data should be secured from the state archives for thorough analysis.

Further difficulties suggested in connection with the effort to compare assessed valuation and selling prices: It was frequently impossible to locate assessments for properties which had been sold. The field annotations made regarding three such cases may serve as an illustration of the difficulties involved in auditing tax records for this purpose.

1. B. L, et al to D. C., deed dated February 4, 1926, civil district 6, real estate at a consideration of \$250.00.

There was no real estate assessed to either of the above mentioned parties, in civil district six, in the 1925, 1926, or 1927 tax duplicate. Of course an assessment may have been made to one of those associated with B. L. in the former ownership of the parcel.

2. A. J. B. to Z. B., deed dated April 24, 1926, 50 acres, in civil district 3 at a consideration of \$100.00

There was no real estate assessed to either of these parties in civil district 3 in 1925, 1926, or 1927. Might it have been assessed to one of them in some other district?

3. W. F. S. to L. A. S. and others, deed dated June 6, 1926, 150 acres, in civil district 4, at a consideration of \$500.00.

Neither W. F. S. nor L. A. S. was assessed on any real estate in district 4 in 1925, 1926, or 1927.

Another type of bookkeeping difficulty seems to be involved in the case of an exchange of property. As of February 2, 1926, John R. W. and wife ex-

Table 33.
Relation of Assessed to Owners' Valuations on 64 Overton County Farms in 1926.

Rank	Acreage	Valuation		Assess. ratio- %	Taxes paid Total	Per \$100 own- ery val.	Bank Owners state- ment	Assess- ment	Valuation own- ery val.	Assess- ratio- %	Taxes paid Total	Per \$100 own- ery val.
		Asses- ment	own- ery val.									
1.	60	\$2000	\$150	7.5	\$12	\$1.20	33.	154	\$3,500	39.6	9	1.20
2.	80	2500	300	12.0	26	1.04	34.	131	4,000	40.0	48	1.03
3.	40	7500	1200	16.0	93	1.24	35.	107	2,900	41.4	30	1.41
4.	70	2250	450	20.0	15	.57	36.	70	1,200	41.7	17	1.28
5.	48	1000	200	20.0	10	1.00	37.	98	3,500	42.8	45	1.28
6.	40	1900	400	21.0	12	.63	38.	85	1,400	46.4	18	1.28
7.	477	10500	2400	22.8	260	2.67	39.	100	2,500	48.0	23	.92
8.	45	3000	700	23.3	23	.77	40.	144	5,000	50.0	65	1.30
9.	135	4500	1100	24.4	33	.73	41.	90	3,000	50.0	45	1.50
10.	50	1600	400	25.0	14	.88	42.	270	4,000	50.0	61	1.52
11.	100	6000	1500	25.0	45	.75	43.	140	4,000	50.0	65	1.62
12.	266	11000	2800	25.4	150	1.36	44.	200	10,000	50.0	196	1.96
13.	150	3850	1000	27.4	30	.82	45.	300	8,500	52.9	126	1.48
14.	55	2500	700	28.0	21	.84	46.	80	1,500	53.3	27	1.80
15.	175	6000	1750	29.2	75	1.25	47.	180	1,900	55.8	30	1.67
16.	56	2000	600	30.0	15	.75	48.	150	3,000	56.7	51	1.70
17.	115	2000	600	30.0	18	.90	49.	135	4,900	58.3	63	1.73
18.	140	9000	2400	30.0	72	.90	50.	167	8,000	62.5	100	1.25
19.	70	3000	900	30.0	27	.90	51.	209	7,500	65.3	150	2.00
20.	25	1000	300	30.0	10	1.00	52.	54	750	66.7	15	2.00
21.	90	4000	1200	30.0	48	1.20	53.	250	7,500	66.7	152	2.03
22.	65	2500	800	32.0	24	.95	54.	800	10,000	70.0	200	2.00
23.	100	2500	800	32.0	25	1.00	55.	100	2,500	72.0	54	2.16
24.	169	5000	1600	32.0	50	1.00	56.	51	400	75.0	9	2.25
25.	195	7500	2400	32.0	90	1.20	57.	47	2,100	76.2	30	1.43
26.	50	1850	600	32.2	18	.97	58.	140	1,500	80.0	36	2.40
27.	75	2750	900	32.7	29	1.05	59.	200	7,500	80.0	200	2.67
28.	55	1200	400	33.3	12	1.00	60.	115	2,500	88.0	66	3.44
29.	140	4000	1740	34.8	52	1.04	61.	200	3,685	95.0	106	2.85
30.	150	4000	1400	35.0	56	1.40	62.	1200	10,000	95.00	300	3.00
31.	75	1500	550	36.7	17	.23	63.	157	2,500	112.0	22	.80
32.	140	3500	1350	38.6	50	1.42	64.	157	2,500	112.0	-	-

Totals other than taxes 9,790 9,304 256,745 119,090 45.5

Per cent acres assessed were of acres owned 95.0%

Value totals comparable with tax totals 250,745 115,540 46.1 3841 3466.20

@ \$3.00 per \$100

changed a parcel of land located in civil district three for a parcel in district six owned by W. F. M. and wife. The property in district three sold for \$250.00 and that in district six for \$200.00, making a net decrease of \$50.00 in the value of real estate held by John R. W. in Overton County. Incidentally it meant an increase of \$200.00 in his holdings in civil district six. A comparison of the 1926 and 1927 tax duplicates indicates that John R. W.'s holdings assessed in district six had increased from 160 to 180 acres but the valuation had decreased \$50.00 - from \$1,150.00 to \$1,100.00.

If all of Mr. W's holdings had been assessed previously in district six this would mean a net decrease in his assessment of \$50.00. If part of his holdings had previously been assessed in district three it would seem to indicate a net decrease in assessment of \$250.00. For present purposes it may be assumed that all of his holdings had been assessed in district six. In this case the decrease in his assessed valuation was equal to the net decrease in the value of his real estate. Were the constitutional and statutory requirements on the assessment of property complied with this would be proper. However, since the practice in Overton County is to assess land at 60% of its selling price Mr. W's assessment should not have been decreased more than \$30.00 which would have meant a total assessment of \$1,120.00 in 1927 instead of \$1,100.

In large cities the assessment of lots as acreage property sometimes constitutes favoritism to land speculators (53 A). Two out of four Overton County parcels designated by deed as city lots were assessed as acreage. On the other hand two of three pieces of city real estate deeded as acreage were assessed as lots. Land speculation in city lots can scarcely be a serious problem in

53 A. See results of the "Pittsburgh Survey" conducted under the auspices of the Ruseel Sage Foundation. The present graded tax law of Pittsburgh represents the redefinition arrived at as a consequence of the survey agitation.

in Overton County. Even should assessments of lots as acreage prove open to abuse, though, it is permitted by law in Tennessee. (cf. Shannon's Code of Tennessee, 1917, sec. 776; also Public Acts, 1907, ch. 602, sec. 7.)

Owner's valuations and taxes paid as reported to farm management surveyors in Overton County have been compared with assessed values as a further check on the work of assessors. These data are presented in Tables 38 and 39. Assessments on 64 farms ranged from 7.5 per cent to 112.0 per cent of the owner's estimates of value. The farms have been ranked from the lowest to the highest in the ratio of assessment to estimated value. If the amount of taxes and the assessment figures secured relate to the same properties and the same years, taxes per \$100 of owner's valuations should correlate perfectly with the ratio of assessment to estimated value. There are a number of possible explanations of the actual failure to agree. First the field workers may have gotten the wrong assessment figure in some cases. Second, some farmers may have reported their personal property taxes and taxes on rented land along with the taxes on land which they themselves owned. Then too there is always the possibility of inaccurate statement of the amount of taxes paid whether intentional and deliberate or unintentional. It seems certain that inclusion of taxes other than those on the land owned is part of the story for the tax rate of the year concerned together with

the assessed values discovered yields a tax \$374.80 short of the amount reported. This a shortage equal to almost ten per cent of that amount. The Pearsonian coefficient of correlation between these two sets of ratios should be 1.00 but is actually only .69. Acreage assessed represents only 95 per cent of owner's statements to farm management surveyors.

The relation of taxes reported to owners' value estimates is presented by civil districts in Table 39. As may be seen from the itemized entries for each civil district there is considerable variation in the burdensomeness of taxes as indicated by this measure. In the summary the districts are ranked in order from smaller to higher taxes per \$100 of estimated value. These results should correlate with a ranking of the same districts from low to high assessment ratios. In Table 40 a comparison of these rankings has been made and tested.

Table 39.

Taxes Paid per \$100 of Owners' Estimated Value on 71 Overton County Farms.

Dist. no.	Owners' valuation	Taxes paid		Dist. no.	Owners' valuation	Taxes paid	
		Total	Per \$100 owners' value.			Total	Per \$100 owners' value.
#1.	\$4,500	\$33	\$.73	#5.	\$8,000	\$72	\$.90
	1,200	17	1.41		1,600	14	.87
	3,000	27	.90		2,000	15	.75
	5,000	65	1.30		2,500	25	1.00
	1,500	16	1.06		2,000	15	.75
	1,400	14	1.00		6,000	75	1.25
	4,000	48	1.20		Total 22,100	216	.98
	2,000	18	.90		#6.	\$11,000	150	1.36
3,500	35	1.00	11,100	286		2.57	
Total 26,100	273	1.04	2,500	20		.80	
#2.	\$2,500	26	1.04	3,000		51	1.70
	2,200	14	.63	3,500		152	2.02
	2,500	22	.88	3,000		41	1.36
	1,200	13	1.03	2,500		21	.84
	2,500	23	.92	10,000		196	1.96
	Total 10,900	98	.90	4,000		48	1.20
#4.	\$10,000	200	2.00	8,000		100	1.25
	1,300	30	1.66	5,000	52	1.04	
	750	15	2.00	3,500	35	1.00	
	1,700	36	2.11	4,500	20	.44	
	1,800	20	1.11	2,200	14	.63	
	7,750	97	1.25	7,500	200	2.66	
	4,000	61	1.52	7,500	90	1.20	
	Total 27,800	459	1.65	3,500	45	1.28	
				2,350	33	1.40	
				8,500	126	1.48	
			3,200	32	1.00		

(continued)

Table 39 - continued

Dist. No.	Owners' valuation	Taxes paid		Dist. No.	Owners' valuation.	Taxes paid	
		Total	Per \$100 owners' value.			Total	Per \$100 owners' value.
#6				#12...	\$600	\$12	\$2.00
(cont.)	\$3,000	\$45	\$1.50		2,000	42	2.10
	2,500	18	.72		1,400	18	1.28
	4,000	65	1.62		3,650	30	.82
	2,500	54	2.16		10,000	300	3.00
	7,500	150	2.00	Total	17,650	402	2.28
	4,000	33	.82				
Total	133,850	2,077	1.58	Districts ranked from lowest to highest amount of taxes per \$100 owner's valuation.			
#11.	\$2,500	86	3.44	#2	\$10,900	\$98	\$.90
	2,250	15	.66	5	22,100	216	.98
	4,800	83	1.73	1	26,100	273	1.04
	3,685	105	2.84	6	133,850	2,077	1.55
	2,130	22	1.01	4	27,800	459	1.65
	1,500	12	.80	11	39,130	656	1.68
	4,000	33	.83	12	17,650	402	2.28
	1,000	10	1.00	Grand			
	3,500	50	1.42	total	\$277,530	\$4,181	\$1.50
	2,750	29	1.07	71			
	2,500	23	.92	farms.			
	3,685	105	2.84				
	4,800	83	1.72				
Total	39,130	656	1.68				

Table 40.

Rank Correlation of Assessment Ratios and Taxes Paid Per \$100 Owners' Estimated Values in Seven Overton County Civil Districts.

Civil Dist.	Rank of civil district		Difference between ranks.	
	Assessment ratios	Taxes paid per \$100 estimated value	(RX-Ry)	(RX-RY) ²
	-X-	-Y-		
#4	1(22.9%)	5 (\$1.65)	-4	16
6	2(43.7%)	4 (\$1.55)	-2	4
11	3(45.7%)	6 (\$1.68)	-3	9
12	4(49.5%)	7 (\$2.28)	-3	9
1	5(50.9%)	3 (\$1.04)	2	4
2	6(51.4%)	1 (\$.90)	5	25
5	7(68.3%)	2 (\$.98)	5	25
Summation of (RX-RY) ²			92	
rho equals $1 - \frac{6 \times \text{summation of } (RX-RY)^2}{N(N^2 - 1)}$ equals $1 - \frac{6 \times 92}{7 \times (49 - 1)}$ equals $1 - \frac{552}{336}$				
rho equals - .63				

Note: Rank of districts by assessment ratios is from Table 36 - transfers between principals with different surnames. Rank by taxes paid from Table 39.

If both bodies of data were accurate and representative rank correlation

would be high and positive but in fact it is rather high and negative. This simply reemphasises the necessity of caution in interpretation of the slender statistical data at hand. It may be added that the farm management survey was not directed primarily toward problems of taxation.

It was possible to secure federal farm loan board appraisals and assessed valuations on twenty-three Overton County farms for identical years. The results from a comparison of these data are presented by civil districts in Table 41.

Table 41.

Ratio of Assessed Value to Federal Farm Loan Board Appraisals on Overton County Farms.

Civil Distr.	No. of parcels	Federal farm loan board.	Federal farm loan	Local assessment	Ratio of assessment to appraisal figures.	% loans were of appraisals.				
		Acre- age	Eval- uation	Loan	Acre- age	Eval- uation	Acre- age	Eval- uation	Ratio of assessment to appraisal figures.	% loans were of appraisals.
1.	4	431	\$11,000	\$4,400	461	\$5,800	107.0	52.7	40.0	
3.	3	494	7,500	3,300	440	5,100	89.1	68.0	44.0	
5.	2	266	9,500	3,000	227	4,600	85.3	48.4	31.6	
8.	9	1116	25,500	11,200	1036	16,400	92.8	64.3	43.9	
11.	4	445	11,000	5,200	573	5,500	128.8	50.0	47.3	
12.	1	290	2,500	1,000	225	1,300	77.5	52.0	40.0	
Total	25	3042	\$67,000	\$28,100	2962	\$38,700	97.4	57.8	41.9	

There were ten additional loans on which it was impossible to secure adequate data for purposes of comparison.

Only in the third district did assessments amount to as much as 88 per cent of appraised values. Acreage assessed amounted to only 97.4 per cent of land appraised.

These data are even more meager than the farm management survey data. But rank correlations are easily made, and such a comparison between ratios of assessment to appraised and sales values is shown in Table 42. Here again a negative relationship was found where a positive relationship was to be expected. The coefficient is insignificant from a statistical point of view. It is brought about by the civil district with the highest ratio of assessment to sales value having the lowest ratio of assessed value to appraised

and by the district with the lowest assessment in proportion to sales value having next to the highest assessment in relation to appraisal valuation.

Table 42.

Rank Correlation of Ratios of Assessment to Sales Value and to Federal Farm Loan Board Appraisals in Six Overton County Civil Districts.

Civil Dist.	Rank of civil districts by ratios of assessment to		Differences between ranks	
	Sales value -x-	Appraised value -y-	(Rx - Ry)	(Rx-Ry) ²
6.	1 (43.7)	5 (64.3)	-4	16
11.	2 (45.7)	2 (50.0)	0	0
12.	3 (49.5)	3 (52.0)	0	0
1.	4 (50.9)	4 (52.7)	0	0
3.	5 (51.0)	6 (68.0)	-1	1
5.	6 (69.3)	1 (48.4)	5	25
Summation of (Rx-Ry) ² equals				42
rho equals $1 - \frac{6 \times 42}{6 \times (36-1)}$ equals $1 - \frac{42}{35}$ or $1 - 1.20$ equals $-.20$				

Note: Sales value rankings from Table 36 - transfers between principals with different surnames. Appraised value ranks from Table 40.

The net result is an indication of the possibility that assessors are better land appraisers than are those employed to make appraisals for purposes of federal farm loans.

The sales and assessment comparisons are more extensive than either the owners' evaluations or the farm loan board appraisals. This second negative relationship, however, reemphasizes the need for further field work.

By means of a questionnaire a few additional farm sales data were secured. These are presented in Table 43. Comparison of the fourth district returns with Table 36 (above, p. 122) suggests that the three sales previously secured for that area were of property assessed unusually low. Eleventh district returns also indicate a higher level of assessment than that found by use of court house records. It has not seemed advisable to combine these data because of the differences in the manner in which they were secured.

Table 43.

Questionnaire Findings on the Ratio of Assessed Value to Selling Price.

Dist.	Acreage	Selling price	Assessed value	Ratio a.v. to s.p.	Year	Remarks
4.	2	\$250	\$150	60.0%	1927	Cut off by road. Not near
4.	138	1500	1200	80.0	1929	Had sold off timber village and could not make a profit on land. Buying in better place
Total	140	\$1750	\$1350	77.1		
11.	74	\$ 800	\$ 780	97.5	1929	
11.	75	2500	1200	48.0	'27-'28	"Had to sell."
11.	8	750	700	93.3	1929	\$130 down payment
11.	3 $\frac{1}{2}$	400	400	100.0	1928	
11.	House & lot	500	350	70.0	1927	
11.	16	2250	1200	53.3	1929	Cash
11.	130	3600	3000	83.3	1928	
Total		\$10800	\$7630	70.6		
Grand total)		\$12550	\$8980	71.6		
Acreage prop.	444	\$12,050	\$8630	71.6		
Per acre		\$ 27.14	\$19.44			

Certain miscellaneous items of hearsay evidence on the relation of assessments to actual value are presented in Table 44.

Table 44.

Hearsay Evidence on the Ratio of Assessed to True Value in Overton and Clay Counties.

Own-ers.	Dist.	Acreage		Valuation		Ratio of assess. to reported value	Remarks
		Repor- ted acres	Asses- sed acres	Repor- ted	Asses- sed		
<u>Overton</u>							
1.	-	-	-	\$75,000	\$40,000	53.3	
2.	-	-	-	7,500	200	2.7	Offered reported value.
3.	-	-	-	11,000	3,000	27.3	Cost the reported value.
4.	-	-	-	5,000	1,000	20.0	" " " "
5.	-	-	-	4,200	1,600	58.1	" " " "
Total	-	-	-	102,700	45,800	44.6	
<u>Clay</u>							
1.	-	75	180	3,600	8,000	222.2	?
2.	-	340	500	20,000	14,000	70.0	Offered
3.	2	127	127	1,500	750	50.0	Ridge land.
Total				\$25,100	\$22,750	90.6	

In Clay and Pickett Counties a comparison was made between the assessments on the property of certain wealthy men and their reputed wealth. No such comparisons were undertaken in Overton County. The results are presented

together with explanatory notes, in Table 45. The results would seem to indicate that at least some of the wealthy citizens in both counties are underassessed. This would seem to be especially true in Clay County. This coincides with the findings of the 1918 state investigation, and with the results presented in Table 30 (above, page 99).

Table 45.
Assessments of Some Wealthy Men in Clay and Pickett Counties Compared
With Their Reputed Wealth.

Own- ers	Reported wealth	Acreage		Assessed valuation			Total
		Re- por- ted	Asses- sed	Acreage property	Town lots	Personal- ty	
<u>Clay</u>		acres	acres				
3 bros.	\$109,000	-	1062	\$46,800	\$1000	\$3,265	\$51,065
4.	75,000	-	7½	7,800	-	1,696	9,496
5.	100,000	-	400	7,500	-	38,710	46,210
6.	50,000*	-	1000	22,000	-	1,545	23,545
7.	55,000*	-	1000	35,000	-	-	35,000
8.	60,000*	-	200	18,000	-	-	18,000
9.	50,000	-	½	3,500	-	500	4,000
10.	30,000	-	200	12,500	-	-	12,500
11.	(40,000* (50,000**	-	1000	17,000	-	7,850	24,850
12.	70,000* (Pd. \$12,000 at forced sale for this farm)	-	197	8,000	-	-	8,000
13.	10,000* (May have bought more land)	500	400	10,000	-	1,125	11,125
14.	10,000	120	80	6,500	-	-	6,500
Total	\$669,000						\$ 250,291
<u>Pickett</u>		acres	acres				
1.	\$12,000	3 or 4 hundred	500	\$7,300	-	-	\$7,300
2.	10,000	-	527	6,000	-	½	6,000
3.	8,000	-	100	3,600	-	-	3,600
4.	8,000	-	220	3,700	-	-	3,700
5.	12,000	-	200	5,000	-	-	5,000
6.	8,000	-	300	3,300	-	-	3,300
7.	8,000	-	225	6,750	-	-	6,750
8.	7,000	-	93	3,500	-	-	3,500
9.	20,000	-	845	7,450	-	-	7,450
Total	\$93,000						\$46,600

* Land alone. ** Total.

Average sales value per acre of land and average assessed value per acre: It is a very easy matter to secure land sales data. In the probate of deeds book the county court clerk records the name of at least one of the principals to each side of the bargain, the deed date, civil district location of the parcel, the number of acres, the nature of the deed, the selling value of the property and the amount of transfer tax paid. Including the transfer data from Overton County already used in comparison with assessed valuations a total

240 entries in the probate of deeds book were checked with the register of deeds with the results indicated in Table 46. Those for which the value entered in the probate book corresponded to the deed consideration were classed as A transfers. Those for which these items were not identical were classed as B transfers. Those for which registered deed could be ^{not} found were classed as I or indeterminate transfers.

Table 46.

Number, Acreage, and Consideration on Some A, B, and I Voluntary Real Estate Transfers in Overton County Centered on Odd Years.

Years	A transfers			B transfers			I transfers		
	No.	Acreage	Consideration	No.	Acreage	Consideration	No.	Acreage	Consideration
1927	117	6533 $\frac{1}{2}$	\$94,120	22	1336 $\frac{1}{8}$	\$17,950	5	145 $\frac{1}{2}$	\$2,007.75
1925	50	1726 $\frac{35}{65}$	30,905	2	79	330	1	42	225
1923	17	494 $\frac{1}{2}$	12,485	-	-	-	-	-	-
1921	14	2509	6,385	-	-	-	-	-	-
1919	4	143	2,247 $\frac{1}{2}$	-	-	-	-	-	-
1917	2	110	850	-	-	-	-	-	-
1915	4	99	1,290.16	-	-	-	-	-	-
1907	2	72	225	-	-	-	-	-	-
1901	1	6	100	-	-	-	-	-	-
1881	1	100	200	-	-	-	-	-	-

Table 47, which is based on the data in the immediately preceding table shows average per acre selling price of land. Average per acre assessed valuations of acreage property are included for the same years.

As is shown in Table 46, one hundred seventeen A transfers were secured for the assessment period centering on 1927 and fifty for the assessment period centering on 1925. Only seventeen and fourteen were secured for the biennial periods centering on 1923 and 1921 respectively. Some confidence may be placed in the average per acre selling prices for 1925 and 1927 but scarcely in those for other periods.

The average value of farm lands in Overton County as reported by the census of 1925 was \$17.68. This is just twenty-eight cents less than the average selling price per acre on fifty parcels of property transferred within the two year

period centered on January 10, 1925. It seems that the general effort in Overton County is to place assessments at about 60 per cent of the selling value of property although in practice they may come nearer a fifty-eight per cent average assessment. Sales data comparisons indicate that every 93.7 acres assessed represent 100 deed acres. Farm management survey data and federal farm loan appraisal data showed similar shortages in acres assessed although the exact amount of shortage indicated was somewhat smaller. Making the adjustments necessitated by these findings gives the following results for 1925 and 1927:

1925	60 per cent of average census value per acre is	\$10.61
	60 per cent of average selling value per acre is	10.74
	93.7 per cent of average assessment per acre is	10.50
1927	60 per cent of average selling price per acre is	\$ 8.64
	93.7 per cent of average assessment per acre is	9.49

Table 47.

Average per Acre Selling Price of Land and Average per Acre Assessed Valuation, Overton County.

Years	Average Selling Price per Acre			Average Assessed Value per Acre
	A	B	I	
1927	\$14.40	\$13.45	\$15.82	\$10.13
1925	17.90	4.18	5.36	11.21
1923	25.24	-	-	9.87
1921	2.54	-	-	13.00
1919	15.72	-	-	4.08
1917	7.72	-	-	3.91
1915	12.21	-	-	3.56
1907	3.13	-	-	3.35
1901	16.67	-	-	3.18
1881	2.00	-	-	2.63

The adjusted averages for 1925 are practically identical. In fact the maximum spread is only 24 cents. But for 1927 the spread is 85 cents. Apparently land values fell more between 1925 and 1927 than assessed values did. This is in conformity with the findings from a comparison of index numbers of farm land values and of assessed value of acreage property in Tennessee presented in the chapter on the incidence of taxation. Note should be taken,

though, of discrepancies between the average size of parcels sold and the average size of acreage parcels assessed. The 247,779 acres assessed in 1928 were divided among 3,518 parcels. Consequently the average size of parcels was 70.4 acres. Farms operated, as reported by the 1925 census, averaged 77.9 acres. The average acreage of parcels sold in the two years centering on 1927 was only 55.8 acres and those centering on 1925 averaged the still smaller figure of 34.5 acres. The greatest number of transfers secured were in the sixth district, and this coupled with the low average acreage suggests that the sales may reflect village influence rather than the county situation in general. If this is true the average selling prices are probably too high.

Assessed valuations on farms which have remained in the same ownership for a decade or more provide an opportunity to examine the results of present procedures in evaluating land from another angle. The assessment history of 299 farms, the ownership of which as indicated by identity of surnames, had remained in the same family, was secured at five year intervals from 1915 to 1925. It was possible to carry the assessment history on 227 of these farms back to 1910, on 125 back to 1905, and on 68 back to 1900. (Table 50) These data were secured by comparing names of owners, acreage assessed, boundary descriptions, and assessed valuations as entered in the tax duplicates. Needless to say there may have been some confusion of identity of parcels in this effort. As a matter of fact the acreage figures for 37 out of 271 parcels varied somewhat. After several attempts to locate such farms by questioning inhabitants and visiting owners this seemed a much more efficient method in spite of such possibility of error. Where variation in acreage was indicated from time to time it might be well to verify by interviewing the owners. Otherwise these data seem reliable. After such verification summaries of the value and acreage data could be reported. At present only the results of preliminary analysis are presented.

The most important conclusion bearing upon the accuracy of assessed valu-

ations may be developed from Table 48. Apparently, in a period of rising land values properties which remain in the same ownership are underassessed. This seems true in spite of the effort at thorough reevaluation made preliminary to the 1920 assessment. When land values are falling, however, assessments do not fall as rapidly on such properties as on property in general.

Table 48.

Index Numbers (1910 used as base) of Census Value of Farm Lands per Acre, of the Aggregate Assessed Valuation on Farms Remaining in the Same Ownership, and of Total Acreage Valuations in Overton County.

Year	Index numbers of Overton County land values.		
	Census	Farms remaining in the same ownership.	Total assessment on acreage property.
1900	49.6	119.1 *	84.1
1910	100.0	100.0	100.0
1920	165.9	578.0	386.2
1925	148.7	300.8	291.9

* Contradictory to the other value series. May be due to the small number of cases in 1900.

Relative changes from 1915 to 1925 were also studied by size classes. The results are indicated by comparison of the class index numbers in Table 49.

Table 49.

Index Numbers (1915 used as base year) of the 1925 Assessment on Farms Which Remained in the Same Ownership, Overton County.

Size classes in acres	Number of farms	Index of 1925 assessed valuations
1 to 44	66	328.3
45 to 73	68	278.2
80 to 120	65	283.5
125 and over	70	281.8
Total farms	269	292.71

Among these farms the sixty-six with acreages below 45 were subjected to the greatest net increases in valuation as a consequence of changes in land values and of the reevaluation carried out in 1919. Their index 328.3 is practically 45 points above that for the 65 parcels ranging from 80 to 120 acres in size.

Analysis on a civil district basis is presented in Table 50. As can readily be seen relative changes in assessed valuation have not occurred evenly from one district to another. Thus in 1905 the index numbers ranged from 70.6 in the ninth district to 140.0 in the second and in 1920 the range was from 234.5 in the fifth to 493.6 in the sixth district. Index numbers of the total assessed valuation are included for purposes of comparison with the index numbers for the farms continuing in the same ownership.

Table 50.

Index Numbers by Civil Districts (1915 used as base) of the Assessed Value on Overton County Farms Which Remained in the Ownership of the Same Family for a Decade or More.

	Number of parcels						Index numbers (1915 used as base)					
	1900	1905	1910	1915	1920	1925	1900	1905	1910	1915	1920	1925
1.	5	7	9	14	14	14	90.5	98.2	100.0	100.0	472.4	390.1
2.	8	18	34	38	38	38	177.8	140.0	105.5	100.0	389.5	303.4
3.	7	16	30	38	36	36	99.2	90.2	98.2	100.0	368.5	282.9
4.	2	6	10	16	16	16	166.3	83.6	108.8	100.0	385.1	302.3
5.	12	18	27	35	35	35	101.0	95.0	113.5	100.0	373.8	306.6
6.	9	14	35	38	38	38	130.5	76.5	99.0	100.0	493.6	376.1
7.	1	7	14	18	18	18	22.5	95.0	97.6	100.0	368.7	313.3
8.	5	10	18	19	18	18	199.6	99.0	94.7	100.0	374.8	288.8
9.	3	5	16	22	22	22	79.6	70.6	75.4	100.0	234.5	166.4
10.	9	14	20	29	28	29	92.2	97.0	102.7	100.0	329.8	267.5
11.	9	10	14	18	18	18	95.8	107.8	94.7	100.0	298.2	320.0
12.	-	-	-	17	17	17	-	-	-	100.0	383.0	268.2
Total	88	125	227	299	298	299	118.6	99.0	99.6	100.0	376.4	299.6
Overton County acreage assessment							85.4	91.0	101.5	100.0	392.0	296.3
Base shifted to 1910)	Farms remaining in family						119.1	99.4	100.0	100.4	378.0	300.8
	Overton Co. acreage assessment						84.1	89.6	100.0	98.5	388.2	291.9

Both these summary indices have been converted from 1915 as base year to base 1910. This was done to permit comparison with census farm value data as presented in Table 48. It may be noted that 1915 was chosen as the original base year for the simple reason that many farms could not be traced to an earlier date. This was the case not only because of changes in ownership but because the twelfth civil district was not created until about 1915. Once the index numbers were computed, however, change in the base year was

made by the standard procedure of dividing every index number by the index for 1910. In computing 1900, 1905 and 1910 index numbers to the base 1915 proper weights were secured by using 1915 data for the identical properties on which data were secured for these earlier years, respectively.

Changes in the index numbers on individual farms show wider ranges than those encountered between civil districts. Maximum and minimum index numbers on individual properties in the first civil district are summarized in Table 51.

Table 51.

Range in Index Numbers (1915 used as base) of the Assessed Valuation of Individual Properties Which Remained in the Ownership of the Same Family for a Decade or More.

Years	Index numbers of assessed valuation	
	Minimum	Maximum
1900	60.0	133.0
1905	92.8	100.0
1910	100.0	100.0
1915	Base year	Base year
1920	150.0	1086.9
1925	200.0	1000.0

Case study might well be made of some of the properties subjected to the greatest increase in valuation as indicated by the 1920 index numbers. Were they assessed low through oversight, through careless acceptance of the work of earlier assessors, through political connections of the owners, or for another reason?

The tendency toward continuity of assessments on individual farms previous to 1915 as shown by the data on farms which were held by the same family is summarized by civil districts in Table 52. In the first, second, third, fifth, tenth and eleventh districts continuity of assessed valuation over five year intervals from 1900 to 1915 was more frequent than change in assessed valuation.

Table 52.

Continuity of Assessed Valuation on Farms Which Remained in the Ownership of the Same Family for Five Years or More Previous to 1915, Overton County.

Civ. Dist.	Farms showing the same index as five years earlier				Farms showing a different index from five years earlier				Farms showing same index	
	1905	1910	1915	Total	1905	1910	1915	Total	1905-1915	1900-1915
1.	0	5	9	14	3	2	0	5	5	0
2.	4	7	27	38	4	11	7	22	5	2
3.	3	4	21	28	2	12	9	23	3	1
4.	0	1	3	4	2	4	7	13	1	0
5.	7	9	15	31	5	9	12	26	7	3
6.	4	5	19	28	5	9	16	30	5	1
7.	0	4	6	10	1	3	8	12	2	0
8.	1	2	11	14	4	8	7	19	1	1
9.	0	2	1	3	3	3	15	21	0	0
10.	0	9	14	23	8	4	5	17	6	0
11.	6	4	11	21	3	6	3	12	4	4
Totals:	25	52	137	214	40	71	90	201	38	12

District 12 not established until 1912.

Total Number of Farms for which data were secured:

1915	299
1910	227
1905	125
1900	88

Where did assessed valuations fall most rapidly between 1920 and 1925 and why? In 1920 assessments throughout Tennessee were influenced considerably by the "true" values established in 1919 under the supervision of the chief tax statistician. The increased valuations at this time came right on the verge of the break in land prices. Consequently assessed values of real estate have since decreased. A correlation analysis of index numbers indicative of changes in assessed valuations per acre between 1920 and 1925 as related to assessed valuations on acreage property in 1920 indicates that in general the counties with the highest average assessed value lowered their average assessed valuations most rapidly. Shelby, Davidson, and Knox Counties, all of which contain large cities, maintained their 1920 assessed land values quite well during this period. A probable explanation is that there was more of a speculative increase in land values during the World

War period in the counties with high average values. Hence in the period of deflation, except where urban influence maintained values, occasion for readjustment of assessed valuations during the interval 1920 to 1925 was greater there than in the poorer land counties, where less speculation had taken place.

Time changes influencing the sales data just reviewed have not yet been investigated. It may safely be assumed, however, that road improvement and the construction of schools within the three counties studied have influenced both the price of land and its utilization. Then too there are general changes in the use of mountainous land being forced by the increasing use of machinery in agriculture. Preparation of spot maps showing the distribution of land sales in Overton County in 1928 as compared with their distribution in 1915 is one possible procedure by which detailed analysis of these changes might be made.

General observation indicates some of the problems requiring special investigation in this manner. The north slopes are in general the most fertile but in recent years their selling price seems to be falling. Farmers in the more rugged valleys want to sell out. About the only market for their lands is to persons interested in timbering operations. It is impossible to rent the tillable portions of these farms on a business basis. There are people who will go in and live on them and pay only a small amount of rent, such as a calf or some fruit each year plus some personal service. Personal service may take the form of watching for forest fires and helping fight them, or in working part of the time for the owner of the property. On the other hand farming in the Clark Range community in Fentress County along the highway on top of the Cumberland Plateau between Crosstown and Jamestown has been developing. New land has been cleared. A couple of families moved from West Fork in Overton County to this community.

Summary of findings regarding characteristics of present assessed

values in Overton, Clay, and Pickett Counties. Along with much in the way of contradictory findings analysis of data secured in the three counties yields some consistent results. It seems quite clear that there is noticeable understatement of acreage for purposes of taxation. Varying standards of valuation are customary: Overton, 60%; Clay, 80%; (Fentress, 66%); Pickett (?). The actual values as measured by sales and assessment comparisons fall short of these standards in Overton and Clay. Inequalities in the ratio of assessment to selling price between counties, between civil districts, and between individual property owners are common. Properties of a high total value seem to be assessed lower than properties of a smaller total value. Except in Clay County, more extensive acreage holdings appear to be assessed higher than smaller holdings. Assessed valuations on properties which remain in the same ownership change more slowly than on other properties whether land values are rising or falling.

There are indications that political non-conformists, outside investors, and persons who improve the appearance of their property may suffer an unusually high assessed valuation. No effort has yet been made to investigate the influence of time sales, road construction, school changes, nor the general movement toward mechanization of agriculture on sales data. Neither have the fortunes of estates nor of property belonging to widows and orphans been studied.

As it stands the evidence is a serious indictment of the present system of fixing land values. Diagnosis of the reasons for such a situation seems an essential preliminary to any effort to prescribe procedures for improving it. Is it because of improper or inadequate statutory standards? Is it because of official incompetence or connivance? Are assessment procedures as systematic as they might be? Are there other explanatory factors?

Merits of full value assessment standard. So far as popularity of a

standard means anything Tennessee requirements are in good repute. As was shown on Map 4 (above, p. 34) forty-one other states require full or true value assessments, and according to estimates prepared by the census bureau many of these fall as far or even further short of that standard than does Tennessee (Map 9). This is scarcely to be interpreted, however, as indicating that the full value standard is at fault. It would seem safer to assume that it shows merely a similar chaotic situation in assessed values on land in other states. The findings of an extensive statistical analysis in Oregon indicate that efforts to secure full value assessments constitute one of the best means for securing equitable evaluations.

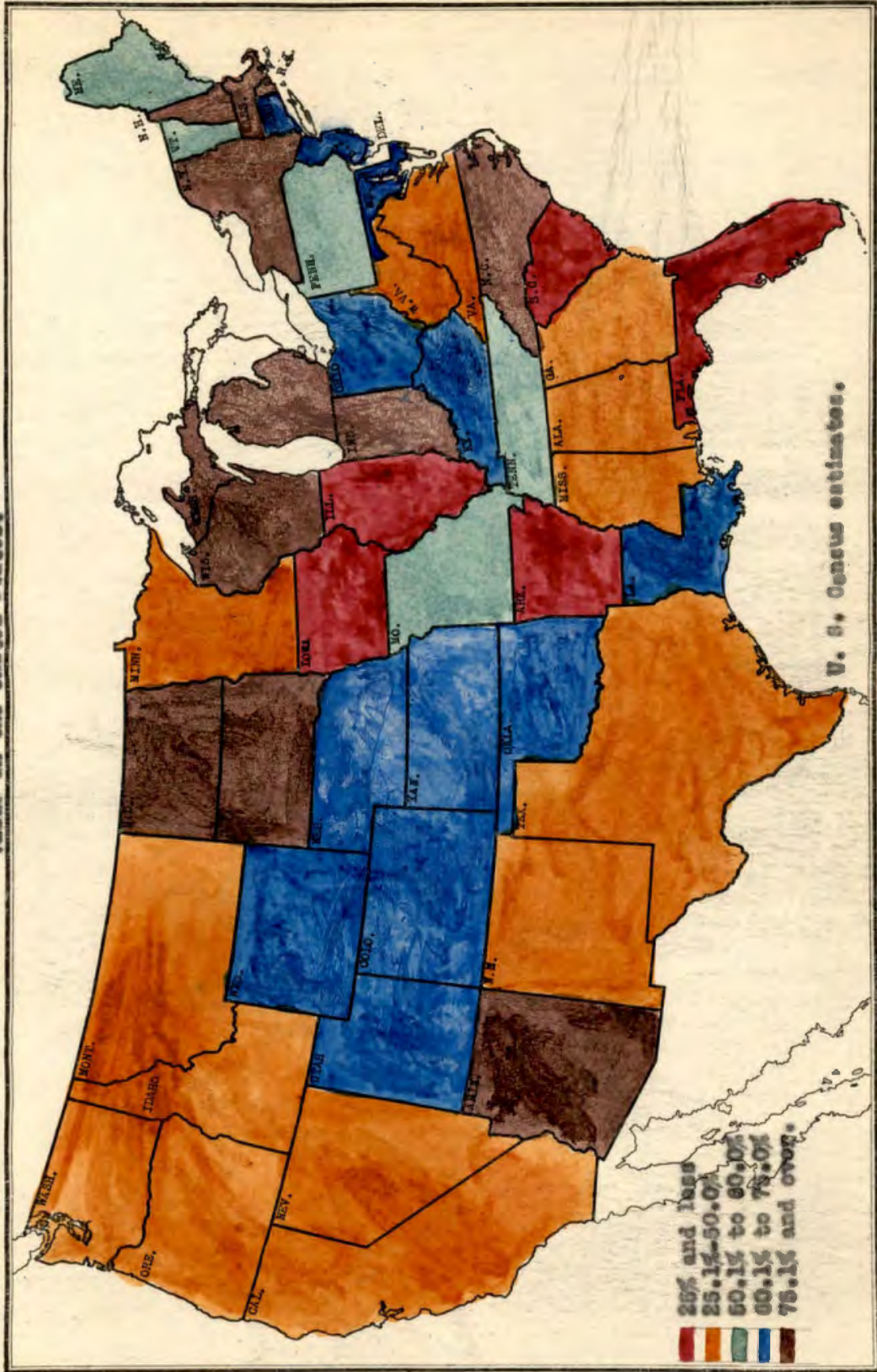
One of the principal causes of the inequalities in assessments of individual properties is, no doubt, the low ratios of assessed value to actual values generally. The above statement is made upon the basis of the existing inverse correlations between the several ratios of assessments and the coefficients of variability of the ratios of individual assessment in the thirty-six counties in the state.

The coefficients of correlation between the above mentioned variables for rural and city properties are $-.5108 \pm .083$ and $-.4278 \pm .092$ respectively. The coefficient of rural ratios is significant and the coefficient of city ratios indicates a strong tendency. The meaning of the above, stated in non-statistical terms is this: with a decrease in the general ratios of assessed values to sales values there is a strong tendency for the variability or inequalities in the assessments of the individual properties to increase. This would substantiate the implication in the law that the greatest equality in assessments is attainable if all property is assessed as nearly as possible at its full cash or actual value. Our far straying from the law in this particular, together with the increase in the tax burden, has raised the levy on the assessed value to such a point that the premium on further reduction of assessment becomes extremely high. It is a bad situation that perpetuates and intensifies itself. (54)

A number of distinct advantages are claimed for full assessed values on real estate. A smaller tax rate is required to raise any given amount of revenue from a high assessment than from a low assessment. The argument continues that a low tax rate makes the location and assessment of intangible

54. Dreesen, W. H. - "A study in the ratios of assessed values to sale values of real property in Oregon," p. 43.

Map 9.
Estimated Percentage that Assessed Value of Real Property Is of Its True Value in the United States.



personal property easier and more complete than is possible with a high tax rate (55). While sitting with the state board of equalization in Knoxville in the fall of 1922 the late Governor Peay urged further advantages for high assessments. His comments directed toward Judge Robbins of Scott County were reported as follows:

"It's much better," states the governor, "to hold up your assessments and keep down the tax rate. When you fix a \$3.90 tax rate, you are simply building a well around Scott County. No new industries will locate in your county, and at that rate you will soon run out all your railroads. I'm confident you will find thousands of acres in your county untaxed if you will make a check." (56)

A complaint made by a Tennessean before one of the meetings of the National Tax Association in 1916 sets forth another practical merit which may inhere in full value assessments.

----- This assessor gets the bulk of tangible property, but the trouble in our state is that there is so much property that is intangible which is not assessed at all. But, even when the tangible property is assessed, it is far below its actual cost value. As an example, a gentleman came from this section of the country not long ago to Nashville for the purpose of buying a piece of property. Being connected with the board of trade at that time, I went with him to see a real estate agent who offered him a piece of property that he wanted. The price was \$32,000, which seemed reasonable, and the trade was almost consummated. After leaving the visitor he went to the tax assessor's office to find out the assessed value of the property which he found to be \$16,000. The gentleman came to me and said that the real estate agent was a fake and fraud, that he was asking just double the amount that should be charged for that piece of property. ----- (57)

Professor Allred points out that a man who would go to the trouble of looking up the assessed value on a piece of property he was thinking of buying, generally might be expected to inquire regarding local assessment practices also.

55. See Chapter 3, Assessment and Equalization of Personal Property, for illustrations.

56. Clipping from the Knoxville Journal, September 22, 1927.

57. From comments by C. C. Gilbert, reported in Addresses and Proceedings of the National Tax Association, 10th, 1916, p. 111-112. In 1915 Mr. Gilbert was secretary of the Tennessee Manufacturer's Association according to the list of "organizations, officials and citizens heard from", published on p. 42 of the Report of the Committee to Investigate Assessment and Taxation, State of Tennessee, 1915.

More adequate statement of standards for fixing assessed valuations. While there probably are advantages to full value assessments a more comprehensive statement of this standard than is included in Tennessee laws is entirely possible. There are some types of property which are seldom if ever sold. This is not as common a problem in Overton, Clay, and Pickett Counties as in industrial districts, but it may be remarked that rather definite standards have been established elsewhere for dealing with such properties. For example the land may be assessed at the value of land similarly located, and improvements added at either depreciated cost or at cost of reproduction (above, p. 105). Attention may also be called to the following statement of principles or standards for evaluating property, recommended by the New York tax commission:

The following principles are recognized by the State Commission in its assessment work: Actual sales values are indicative but should be used guardedly and studied for inflation features or for discounts resulting from forced sales. It is not necessary that the assessment always be raised or lowered to meet the sale price.

Assessment of real property on the basis of income received therefrom is not well founded. A vacant lot has no income; nevertheless it has value. On such property as golf courses where the value cannot be arrived at as between a willing buyer and unwilling seller, - because there are no sales, - the land should first be assessed as farm property and then the improvements, such as the club house, greens, etc., should be assessed as improvements. Reproduction cost should be taken as contributory evidence regarding the correctness of the value finally arrived at.

Large estates must rank like any other property in the locality. If the owner maintains the property to hold his social standing, it is assessable at the cost of reproduction. If, for any reason, the estate is abandoned, as for example if he loses his money or the family breaks up, the property usually becomes obsolete. It should then be assessed as obsolete property. That is, the land would be assessed at its full value but the improvements at cost less depreciation, and such depreciations might be complete obsolescence, so that the improvements would only bear the value of wreckage material. But as long as gardens and landscape features and similar improvements on a large estate are serving the owner's pleasure he should pay taxes on its full value. (58)

A former Clay County assessor indicated that he did not make a practice of assessing on the basis of what the owner would rather pay than do without

58. Westchester County (New York) Research Bureau, "Equalization of taxes in Westchester County," pp. 26 - 27.

the property. His general practice was to fix values at 80 per cent of the selling price; but in case a man bought a farm simply to keep some undesirable person from getting it he discounted the selling price before assessing.

Training and supervision of assessors. The mere elaboration of definite principles and standards for evaluating land is inadequate. Unless assessors know of them they will not use them. So far as many elective county officials are concerned law books are of little interest, and are seldom if ever consulted. No satisfactory review of the efforts of the department of finance and taxation to supervise the work of Tennessee assessors has yet been possible. A Handbook of Instructions for County Tax Assessors of Tennessee was issued by the state tax commissioner in 1922 (59). No mention of this manual was made by any assessors or other county officials interviewed. Of course the county judge is supposed to enumerate the duties of the assessor, and the penalties to which he may become liable, before executing his official bond. Inquiry regarding the practice of the county judges in this respect should be included in further field work. The fact that at least one clerk of circuit court misconstrued the intent of the assessor's oath of office suggests the presumption that delineation of assessor's duties by the judge of the county court may be inadequate or even misleading. Insofar as uniformity in principles employed and standards striven for may be promoted by education, centralized instruction would probably be more effective than that provided by 95 county judges.

Rather ample legal provision for supervision of the work of local assessors by state tax officials may be found in laws now applicable in Tennessee. The duties and powers of the state tax commissioner are continued in the office of superintendent of taxation in the division of finance and taxation. The immediately pertinent passage in the public acts reads as follows:

That said Tax Commissioner (now Superintendent of Taxation) shall have the following power. -----

To have and exercise general supervision over the administration of the assessment and tax laws of the state; to confer with and advise county Tax Assessors, County Boards of Equalization and other county officials in

the performance of their duties in administering the assessments and tax laws of the State, to the end that all assessments of property be made relatively just and equal at the actual cash value of said property in substantial compliance with law. (60)

Conferences of and training schools for county assessors would seem to lie within the scope of such legal enablement. In the states of Indiana, Kansas, Colorado, and Arizona rather effective use has been made of annual conferences of tax assessors. In Arizona these meetings have been utilized as an opportunity to review the work of the assessors and to correct the errors of their ways. Ceremonial courtesies and training school features are combined in the conferences held in Kansas, Indiana, and Colorado. In the older states such as Tennessee where local sentiments have had time to develop ceremonial courtesies would likely prove more effective than inquisitory catechism such as has been employed in Arizona. Then too as has been pointed out by Robert Murray Haig, whatever merits are possessed by the Arizona plan may be secured by other means.

It has been suggested by some that it would be desirable to hold the annual meeting of the assessors at the time the abstracts are delivered and to use the time in examining the local assessors in the presence of their fellows upon the accuracy of their returns, after the manner of the Arizona plan. Although there are some evident advantages in that plan, its merits would be less great in a state of the size of Colorado than in Arizona. Moreover, it loses the advantage, which the Colorado plan possesses, of making the meeting a training school in method for the newly elected assessors. Most of the advantages of the Arizona plan could be secured by the Colorado commissioners by a wider use of their powers to summon before them the assessors. If the assessment law is recast so as to allow the commission a proper length of time to consider the abstracts, there is no reason why the assessor of a county where there is a dispute, together with those of surrounding counties, if their interests are involved, should not be summoned to Denver and the Arizona method used. (61)

Persons whose thinking has been moulded after the pattern of ledger balances sometimes are impatient with any attention given to sentimental factors. Therefore it seems both permissible and desirable to present some

60. Public Acts, 1921, ch. 113, sec. 2, pt. 1; see also the 1926 supplement to Shannon's Annotated Code of Tennessee, sec. 809a3(1).

61. Haig, R. M., "The Work of the Colorado Tax Commission," p. 51.

source materials picturing the part which such factors play in the actual work of supervising tax assessments. Discerning readers will find an abundance of such materials in the Indiana conference reports. Colorado incidents are employed here simply because the stormy career of the Colorado tax commission has produced some of the most striking and decisive illustrations.

Colorado is a much younger state than Tennessee. Nevertheless local sentiment there had developed sufficiently so that in 1915 it was one factor in the active opposition to the work of the state tax commission which threatened for a time to ring its deathknell.

Thus Mr. Haig reported:

----- In at least one case resentment has appeared because the commission delegated the task of studying local values to a subordinate instead of honoring the county with the presence of one of its members. ----- (62)

If equality in assessment is a by-product of genuine effort toward a full value assessment (63) evidences of loyalty of local assessors to the supervisory body have some practical significance. A very dramatic manifestation of such loyalty occurred in Colorado in 1925 and 1926. The essential features of the situation were that the governor vetoed the appropriation for the commission after the legislature adjourned. Tax assessors and county commissioners in sixty-two of the sixty-three counties in the state secured funds to tide the commission over until the legislature met again. The accounts of this situation printed in the annual tax reports present the story in sufficient detail to permit a sympathetic understanding of some of the difficulties involved in supervising the work of assessing. They are quoted, though, primarily as evidence of the practical value of state wide tax conferences in the building up of a professional morale among assessors.

When the Twenty-fifth Session of the General Assembly adjourned on April 16, 1925, the several measures designed to abolish the Tax Commission and introduced at the instance of the same small but vociferous element, which has for years made like attempts, had failed of passage. One bill to that effect had passed the House of Representatives but none of the bills had come out of the committee in the

62. Haig, R. M., *Ibid.*, p. 39.

63. See quotation from W. H. Dreesen, above, p. 141.

Senate. The distraction and uneasiness which always attacks the personnel of an office force on such occasions had scarcely passed away and the commission had just begun to settle down to the most strenuous period of its year's duties, when word came, on May 1st, that Governor Morley had vetoed that part of our appropriation designed to pay the salaries of our Secretary and our only two Investigators. This veto had almost the same effect as the passage of a bill to abolish. With only a clerk and a stenographer the three commissioners could have done little but perfunctory work, and much valuable constructive and detail work would necessarily have to be abandoned. The Secretary of the Commission, by statute, is made a necessary part of the organization and has certain duties to perform which can be done by no one else. The Investigators, or Field Deputies, as they could more properly be designated, furnish the principal personal contact which we have with sixty-three county assessors and their work.

Two courses seemed open to the Commission. One was to struggle along and accomplish what we could with our depleted force. This would have necessarily meant a big loss in revenue to the State, and every county, municipality and school district therein. Valuations for tax purposes do not find themselves and do not come out into the open voluntarily. Functioning in the crippled condition proposed would have cost the State and its subdivisions many times the negligible amount expected to be saved by the salaries lopped off. Another course was to accept or adopt one or more of the many offers which came in for temporary relief, or at least until the succeeding legislature could repair the damage attempted. Many of these, although tendered in utmost good faith, and with the purest motives, had to be rejected on account of the seeming obligations involved. Some of the plans seemed impracticable or impossible for one reason or another. One, however, was proposed which seemed to have no objections if it could be carried out. The Standing Committee of the Assessors' Association, composed of five members appointed at large, suggested that the counties, in proportion to their assessed valuations, subscribe to a fund to pay the three salaries involved for two years. Each county was to raise its quota either by appropriations by the Board of County Commissioners, or by any other means such as subscriptions from Chambers of Commerce and like bodies interested in the maintenance of the Tax Commission. The money thus raised was to be placed in some bank to be designated and checked out each month by a Trustee in payment of the salaries vetoed. This proposal was accepted and adopted by the Tax Commission with the understanding that the advances should be considered as loans to be repaid by some forthcoming legislature and that it should not be advised of the source of the subscriptions. Up to date fifty-six of the sixty-three counties have paid in whole or in part their quotas, and we are advised by the Standing Committee that they expect to make the subscription 100% perfect. The Tax Commission must accept this as a tribute to the importance of their work which is now so generally recognized by County Assessors, County Commissioners and others who are convinced of the desirability and necessity of a centralized control and supervision over taxation matters in a system such as we have in Colorado. And it respectfully urges the forthcoming legislature to give early consideration to the question of providing for the repayment of these loans or advances. (64)

In our last annual report we related the efforts that were being made by the County Assessors, the County Commissioners and others interested to preserve this Commission from the effects of the veto, by the Governor, of the salaries of our Secretary and our only Field Deputies. It will be recalled that the Standing Committee of the County Assessors' Association had proposed to raise, by voluntary subscriptions from the counties and others, a sum sufficient to pay these three salaries for the biennial term, or until such time as the Legislature should restore their salaries by confirming the appropriations made. The subscriptions were proposed to be made in proportion to each county's assessed valuation. This was done, the result has been more successful than the most optimistic hoped for. It was expected that some counties might, for one reason or another, decline or refuse to meet their quota, but up to date 62 of the 63 counties in the State have paid their assessments in full. We cannot help but see, in this all but unanimous movement, an evidence of appreciation on the part of county officials of the necessity and desirability of the work which the Tax Commission is trying to do.

A bill will be introduced in the forthcoming legislature to reimburse the counties for the moneys thus advanced, and there should be no question about favorable action thereon, as the counties ought not to be expected to pay the salaries of State employees. (65)

The Legislature, in the current year, appropriated \$7,736.00 to reimburse the 62 counties of the State which had contributed voluntarily to a fund to pay the salaries of our Secretary and two Investigators, from April, 1925, to November, 1926, and whose salaries had been vetoed by Governor Morley. This was in accordance with the recommendation made in our last annual report. It is to be hoped that funds will be available to meet this appropriation. (66)

It is not to be concluded, however, that centralized state supervision of assessment is an automatic and complete solution of the problems of fixing equitable assessed valuations. In 1925 an elected assessor presented certain items of evidence in this regard when defending the elective system as opposed to the appointive system.

Mr. Hall (Illinois); "I notice that this meeting is composed of and largely influenced by the state tax commissions. Therefore, of the gentlemen representing the state tax commissions I wish to ask this question: Coming from the personal experience of myself, one of the youngest officials in this organization, elected by the workers of our city, because the tax-dodgers were completely dodging their duty of paying taxes.

"What would you do when as I did ----- you wrote to your state tax commission, before taking your office and asked what they had to suggest that would be a benefit to the first full-time office

originated by the people of our own community through special optional legislation passed in our state in 1923. You asked the state tax commission what you could do to make that office of value to the people, and you receive this reply in substance from the president of the state tax commission, an appointive official, not an elected official, an official appointed by the governor of the state - that what we have had for the last seventy-five years is good enough for us and we have no program to suggest to you.

.....

"I was elected by the people and not by the tax-dodgers, and when I went into the City of Chicago, as I had previously been in business there for fifteen years before going into the country, I went to a friend of mine in the assessor's office of that city.

----- I entered this office for information, not through the front door but through a friend who introduced me, and one of the deputies said - the one who has charge of personal property - the way to secure the best assessment is to pluck the least feathers from the geese that do the most squawking. ----- (67)

Official connivance is quite as much a part of low levels of assessment as is ignorance of the legal standard and procedures. Of course the point at issue is not the exact level of evaluation but equality in assessments as between individual property owners. An extensive comparison of assessed values and selling prices in Oregon indicates that the higher the level of valuation the greater is the probability of equality in assessment between individual owners. But it is possible that this may not hold universally. In fact Overton County assessments in general show less variability than those in Clay and Pickett Counties, although the Overton County level of assessment is lowest (68). But these three counties constitute a much smaller area than that employed in the Oregon study and the volume of data used was smaller.

So it seems important to inquire into the occasion for low level assessments in Tennessee. As has already been indicated, assessments below the legal standard are customarily made in some counties. Thus 60 per cent is the customary standard in Overton County, 66 per cent in Fentress and 80 per

67. Reported in Addressed and Proceedings of the National Tax Association, 18th, 1925, pp. 85-86.

68. See indices of variability, above, p.123 and total assessment ratios in Table 30, above, p. 113.

cent in Clay.

Such differences in customary standards seem to have originated in Tennessee as an effort to avoid payment of state taxes. It is sometimes urged that if the state will find other sources of revenue and give up the general property tax the motive for low assessments by the counties will be largely removed. Opposition to bond issues seems to have played a part in holding assessments down in some states in which bond issues are limited by law to a certain percentage of the total assessed valuation. California has had "separation of sources" of revenue since 1910. It seems significant that in 1927-1928 county levels of assessment in California on rural lands were found to vary between 24.2 per cent of full value and 63.2 per cent of appraised value (69). So complete equality between individuals within counties as a result of separation of sources seems questionable.

With the development of state aid to counties another premium has at times been placed on low assessment levels. Thus a New York report points out:

----- One of the obstacles which stands in the way of the more general adoption of the full value standard by local assessors, particularly in the rural towns (districts), is the fact that under certain of the laws of the State which provide for the distribution of State funds to localities the assessed valuation of real property is assumed to represent its actual value and the tax district having the lowest assessed valuation is deemed to be the poorest and most entitled to State aid. The fallacy of this assumption is readily seen when it is pointed out that the rate of assessment in the various tax districts of the State ranges all the way from ten per cent to one hundred per cent. As a matter of fact, the actual value of real property in two given tax districts may be the same but the assessed valuation of one may be ten times the assessed valuation of the other. Under the present method of distribution of some State funds, the tax district which is underassessed will receive more than the tax district in which the law is obeyed and where assessments are made at full value. This places a premium on under-assessment and seriously handicaps efforts to obtain obedience to the law. (70)

A number of states have endeavored to perfect positive procedures that will remove incentives toward low level assessments. Perhaps the most common

69. Report of the California State Board of Equalization for 1927-1928, pp. 25-29.

70. State of New York, Annual Report of the Tax Commission, 1922, p. 22.

if not universal, device is to require that local rates be levied on the same assessed valuation as that on which state taxes are levied. Another device is to keep systematic records on land values in the various taxing districts from which the general relation between assessed and full values may be estimated. State taxes and state aid are then computed on the basis of these constructed values and apportioned in lump sums to the respective districts. New York presents perhaps as complete an example of this method of procedure as may be found (71).

All of these expedients are similar to the plan of "separation of sources of revenue" in that they merely remove the economic incentive toward low assessment levels. They do not deal directly with the problem of equality between individual property owners within any given taxing district. But it may be reiterated that if in general high levels of assessment make for equality between individuals these devices are important indirectly. The New York State Tax Commission has been making an investigation of the possibility and advisability of using state aid to secure full value real estate assessments (72).

When all is said and done, though, assessed values are placed on real estate by assessors. They may be indoctrinated with principles and standards for evaluation in such manner as to create some professional morale, and all possible administrative expedients may be used to remove local pressure for low evaluations. Still the values are fixed by them, and will reflect their ability and honesty. So far as these characteristics are concerned it is rather presumptuous to brand assessors as differing much from the ordinary run of humanity. Perhaps improved procedures for arriving at land values constitute the most promising avenue toward fairer assessments. Much has been

71. State of New York, Annual Report of State Tax Commission, 1925, p. 31.

72. State of New York, Ibid., 1928, pp. 25 - 34.

accomplished in cities by means of the development of systematic procedures and there has also been considerable preaching and some study of the possibility of similar improvements in rural assessment work.

Systematic procedures for appraising farm lands. The main features of the present system in Tennessee and many other states have just been discussed. They seem to consist of a standard, stated with varying degrees of precision, and sundry orders and prohibitions to the official who is expected to attain that standard. W. I. Thomas, a Tennessean of some repute as a social psychologist, has characterized such procedures as "ordering and forbidding techniques". He has pointed out further that they correspond in social relations to magical techniques in attempting to deal with physical objects (73). Satisfactory results are sometimes secured by their use. Their weakness is that they provide no basis for discriminating between details of procedure which make for success and those which make for failure. As has already been shown some people profit by the failures of the present assessments and others suffer as a consequence. Practical people are interested only in improvement of equality of assessments, but improvement can be made relatively permanent only by combining an understanding of principles and of procedures. Adequate principles explain both successes and failures in such a manner that people may profit in future action, if they care to, from their past failures as well as from their successes.

There are a number of more systematic types of procedure which have been employed in assessing farm lands. Some procedures are characterized by an effort to secure the consensus of opinion regarding land values. The conference table and public meetings are important in such efforts. Other procedures center on an effort to abstract comparable units of land characteristics which relate to land values and score them. These represent the nearest approach to the front-foot rules which are so commonly used in cities. Recently the

73. Thomas, W. I., and Znaniecki, F. The Polish Peasant in Europe and America Vol. 1. Methodological note.

U. S. Department of Agriculture has been conducting studies of the possibility of devising practical formulas for distributing sales experience over unsold properties. These formulas are arrived at by multiple correlation analysis. Selling price is generally assumed as the standard in the consensus and the unit characteristics types of procedure. Earning power is being advocated today as a basis for taxation of land by certain Vermont farm bureau officials, and perhaps by others (74). This is a common basis for the taxation of property in Europe. For purposes of convenience these types of assessment procedure may be labeled as follows:

1. Consensus method.
2. Unit characteristics method.
3. Sales experience distribution method.
4. Earning power method.

Fixing land values by consensus as a systematic procedure is by no means limited to assessments by a board or committee of three or more men who simply make off hand guesses and then average or work out some other compromise between their respective guesses. In such small units as civil districts or townships assessments arrived at in this manner may be more even than those made by a single assessor. But what is intended by the term here may best be indicated by presenting illustrations of the actual use of such procedures.

In Utah the state officials promoted reassessment by consensus in 1920. A practical assessor and a state tax commissioner gave the following account of this effort:

Mr. Olson (Cache County, Utah):

I have been requested to say a word regarding the system that we have just inaugurated and hope to perfect, of reaching an equitable system of valuation of farm lands. Up to last year I was ashamed to answer intelligent questions. I was a deputy there for six years. The question would be asked, "What is the basis of your valuation of farm lands"; he would insist on knowing the basis for classifying his land, and I would have to drop my head and say, "We have no system." Our county was and is divided into seventeen taxing districts. The county covers approximately forty miles north and south by an average of ten to twelve miles in width, practically every foot of it under

74. Statement of G.M. Putnam, Pres. of New Hampshire Farm Bureau Federation, Made to Special Recess Tax Com. at State House, Concord, Thurs., Sept. 8, 1927, (mimeographed), p. 8.

cultivation, the greater part of it irrigated, some excellent dry farmland. I knew the injustice. We had also been working under a law for sixteen years that said cash valuation in the state of Utah, and yet I was aware of the fact that farm lands, selling readily on the market at \$250, \$300, or \$350, appeared upon the assessment rolls all the way from \$50 up to \$100 per acre, none over that.

Now to be brief with the story, we went at it this way. The county commissioner and myself made recommendations, and in the seventeen taxing districts of the county we selected three men for each district, taking particular care that that committee should be of more than one political complexion, so as to avoid the charge of making it a political affair. These men we asked to come in and get instructions. The instructions in brief were these: Please go into your district, Avon, Wells or Logan, and so on up the line; go into your district gentlemen; you three take this blotter - an assessment blotter containing the acreage of the entire district, checked numerically from the lowest numbered section to the highest numbered section, township and range - if John Jones has sixty acres of land, visit his sixty acres of land. If he has land on those sixty acres that is absolutely the highest grade of land in your district - never mind the rest of the section - if he has ten acres that is the best land in that district, put it in class A, so on down the line until you have disposed of all the acreage. These three men went out in the majority of instances, on horse-back; going by automobile was inconvenient; they could not reach the little plots of land. We are in a peculiar condition. You men from the greater west may think of lands and farms on a bigger basis than we have in Cache County.

In sections 31, 32, and 33 of Township 11, North, it takes four pages of thirty-six lines each, to record or list the lands in one section. They are cut up into five and ten-acre plots, seldom twenty acres. A man may have only a piece here or there, sometimes traveling half a day to reach all; but it is good land. It is land selling at from \$250 to \$400 an acre.

The task was a big one for those committees, but when they were through and brought their work in, the next thing I did was to ask these men, "Now, gentlemen, what is the land in the district that you now have classified - What is A-grade land selling at?" I took care to know just as well as they could tell me, what it was selling at in the open market, and we arrived at a conclusion; decided upon a scale of values, until we got through the entire county. The result was that land lying ten miles from the nearest railroad, though of the most fertile kind, was not valued as high as a similar piece of land lying near the beet dump, where the man may haul ten or fifteen loads of beets from his land and deliver it to the car, while from the other distance he would have all he could do to make one trip per day. We have succeeded admirably, and we have only one thing left, and that is the results for the people who were faithfully visited by these committees, made up of well-known men, the best and ablest men we could find; practical farmers.

They (the committee men) were paid a day's wages of normally five

dollars a day. They were worth ten dollars a day; they worked admirably. They took care to get all the kickers and grumblers and soreheads with them on the land, everybody for that matter, but particularly those who were inclined to grumble and find fault with the system of taxation, and when they got through with those men, they had passed judgement, not the assessor. Then the only thing we had to do was to send the deputies out afterwards and make the assessments on the personal property. Of course we shall have the thing to meet and I think I shall ask my county commissioner to give me a vacation just shortly after the tax notice goes out from the treasurer's office. Our farm lands were increased in one jump, in that rural district, \$3,600,000 and some odd dollars. This means considerable in a farming community, an increase of thirty per cent over last year over the entire county, and that, gentlemen, was after the state board of equalization had given us a blanket raise of thirty per cent last year.

Our lands run from \$300 down on a sliding scale of fifty dollars per acre - a, b, c, and d - and we found that there was such a variety of good farm land that we had to have a step between a and b, and we called it b plus, and another step between b and c - c plus; so that we have seven grades of farm land - of irrigated lands.

Mr. Bailey:

Every county in the state classified its lands as did Cache County, with one exception. Shall I tell this, Olson? When we got through we went into the counties and took off the considerations in the deeds and went to the grantor and grantee and verified them, and after Olson had put his \$3,600,000 raise on the lands in Cache County it amounted to sixty-eight per cent of its value, and that is the average of the state today. You tell that county commissioner that you had a narrow escape in getting by the state board of equalization. (75)

In Ohio and Indiana consensus reappraisements have been undertaken upon the initiative of farmers' organizations, with county officials cooperating. As may be seen, the Ohio account gives more attention to personalities than to the exact procedures employed in fixing values.

Reappraisal of Scioto County farms for taxation, conducted jointly by the Grange and Farm Bureau, is now virtually complete.

It was made possible, writes County Agent R. M. Thomas, in this way:

After a county-wide meeting addressed by C. A. Dyer, legislative representative of the Farm Bureau and Grange, the executive committees of the two organizations met with Roy Coburn, county auditor and outlined their plan of cooperation. They scheduled township meetings and made an effort to get every property owner affected to attend.

At these meetings a representative of one of the organizations explained what reappraisal meant, and saw that eight men in each township were chosen to serve as appraisers. These appraisers worked with the county auditor.

The work of the township appraisers completed, the county auditor selected three from each eight to act as a township board of equalization, through whose hands the appraisers' report must pass before going to the county office. (76)

When the assessor of Grant County, Indiana, announced his intention to ^{for} follow a consensus procedure/securing assessed valuations on farms in 1928 commissioner Brown seemed somewhat concerned.

Mr. Clyde Timmons - Grant County:

I don't think you ever would be able to assess farmlands properly as long as you send individuals out to do it. Unless I change my mind, we have a plan in our county which is the plan we are going to pursue. We have thirteen townships. We are going to put it up to the farmers of each township, in conjunction with the township assessors, to decide on a one hundred per cent farm. Now in Richland Township they may say "Our one hundred per cent farm is worth \$110 an acre," and another township may decide on another figure for its farm. They will say they did that in 1925. I will say they didn't go far enough. We are going to pick out these thirteen farms and the problem of appraising them is going to be the problem of the farmers and not mine. They are going to pay the taxes. It is going to be their problem.

Chairman Brown:

One farm in each township and that is going to be your hundred per cent farm in every township?

Mr. Timmons:

Yes; and the first thing we will do will be to equalize those thirteen farms. One of my township assessors says? "I am going to cut the cost of appraisement in my township. I am going to call a meeting of my assessors and the farmers. We are going to assess the taxes with them present."

Chairman Brown:

I am not clear on who is going to establish that initial value on those thirteen, one hundred per cent farms. Who are you going to rely on to fix those initial hundred per cent values in each of those townships?

Mr. Timmons:

We are going to place the responsibility for that on the township assessor, but in conjunction with the owner of that farm and any farm organization and any farmer outside of that township. I have in mind one township assessor. He is going to call a meeting the first week of January. He invited me. He is going to call in the farmers and any others that want to come. We are going to pick the farm and set the valuation right then and there with all of them present. After we have taken those values, then equalize those thirteen farms and then take

that value as the one hundred per cent farm in that township and sit down around the table with the farmers in the township that are willing to come in and cooperate and place a value on the other farms. As far as improvements are concerned, it will have to be put up to the human judgement of the man taking the personal property assessments. There are two things to do; that is, to cut the cost of government expense and at the same time equalize. That is the biggest problem we have today. (77)

It is easy to appreciate how a state official whose primary duty is to maintain assessments at full value might be a little suspicious of such a procedure. Inquiries were directed by us to both Assessor Timmons and the Indiana state tax commission regarding the merits of the assessment secured by means of it. The state officials did not see fit to respond, but Assessor Timmons did. The five specific questions asked and his replies were as follows:

1. In meetings of this kind is the pressure for underassessment greater than it is where you use the method of individual visits?

You will always find such pressure; yet, it was very small, for at the opening of each township meeting, I informed the men present that this was just as much their task as that of the Township Assessor, and that each man had to assume a particular portion of the tax burden. (I believe that the rural people today understand the idea of equalization (better) than they ever have).

2. Particularly, did there seem to be any united effort to set a poor farm up as the one hundred per cent farm?

No. It happened in several meetings that they got into a debate as to which of two farms was the best. But that was as far as that condition went.

3. How did the farmers respond to the meeting calls?

We had exceptionally large crowds in at least eight of the units: four of the units had fair crowds, and in one unit, only three men responded. (In the latter, we had the poorest assessment: not equalized; even found one farm of 18 acres appraised at \$3,000, without improvements.)

4. Did a more equitable and adequate assessment result?

Yes. By far the best. Of course, there were a few cases where appraisements were out of line. But we had very few complaints before the Board of Review. By far the greater number of complaints came from the unit where we were unable to get men interested enough to attend the conference.

5. Will you try it again?

At present, I know of no better method, at least under the present law. (78)

Director Lewis of the tax and legislative department outlined the activities of the Indiana Farm Bureau Federation in connection with assessment as follows:

Through our Farm Bureau tax committees, which we have in a large majority of the counties, we are assisting local assessors in fixing the tax value of farm lands ----- (79)

The essential features of all such procedures seem to be a cooperative effort at securing examples of best properties in a given area or in the relative grading of all properties in such an area. Perhaps the outstanding merit of such a system is the emphasis it places upon relative values within a township or civil district. Indiana assessors were provided with a standard farm in each township with which to compare all other farms in that township. It is identical with the practice of a commercial land appraiser in Idaho:

I have one "ideal" value for each distinctive kind of farm. For instance, irrigated, \$175 per acre; choice wheat farm, \$125 per acre; ideal stock farm meadows, \$50 per acre, etc. From these values I subtract the blemishes on acreage I am examining, taking into consideration all the factors brought out in your questionnaire together with my general knowledge of reasonable land values in the community. I diagram the farm, then deduct for elevation and length of growing season, dependability of water right, condition of levelling, ease of irrigation, slope of farm and natural drainage conditions, shape of fields and lay of land, etc." (80)

In some respects it resembles the so-called Sommers system of assessing city properties.

Unit characteristics methods of assessment. How may the value of a particular piece of property be arrived at?

Mr. Pollock (Ithaca, New York):

There is no market price for land, strictly speaking, because market price means the application of a price to what is a substantially duplicate article. Market price for No. 1 wheat means a price for a certain quantity, for a certain quality. You cannot

78. Correspondence, P. B. Boyer and Assessor Clyde Timmons, Nov. 7 and 9, 1929.

79. Letter from Lewis Taylor, Director, tax and legislative department, Indiana Farm Bureau Federation, to P. B. Boyer, Jan. 8, 1930.

80. Reported in Fisher, E. M., "Farm Land Appraisal Practice", p. 96.

duplicate any site for land. A piece of land is a part of the earth's surface that cannot be duplicated, and it cannot be changed, except in relation to its use, and that change of use may modify the price. Market price doesn't apply to land, strictly speaking, because we usually consider land price on the basis of a front foot or a square foot, neither of which is a uniform unit of quantity, like the bushel, or pound, or yard. Until you get the valuation of land to a point where you express your judgement of it by a uniform unit of quantity, in some such way as you do for all other commodities, changes in law bother you continually. When you do that, it is a simple matter, so far as land valuation in cities is concerned, and the same principle can be applied, in some modified manner, to rural property. (81)

In addition to the physical difficulty of arriving at comparable units for measuring the value of particular portions of the earth's surface family and community sentiments are complicating factors. An occasional mystic may use the term "the holy earth" with the same emphasis as that given it by former Dean Liberty Hyde Bailey. As a rule, however, farms are sacred to their owners on personal rather than humanitarian grounds. But competition is ever the solvent of the moral order. If farmers continue to produce increasingly for market rather than for home consumption farms will inevitably become more secular and less sacred to their occupants. The burden of financing increasing public services contributes to the same end. Consequently it seems that a redefinition of farm values in popular thinking is inevitable.

Just how completely such redefinition will approximate a conception comparable in usefulness to that represented by urban front foot, depth and corner influence rules is problematical. But so far as equality of assessments are concerned the contrast in Chart 12 pleads eloquently the practical value of a close approximation.

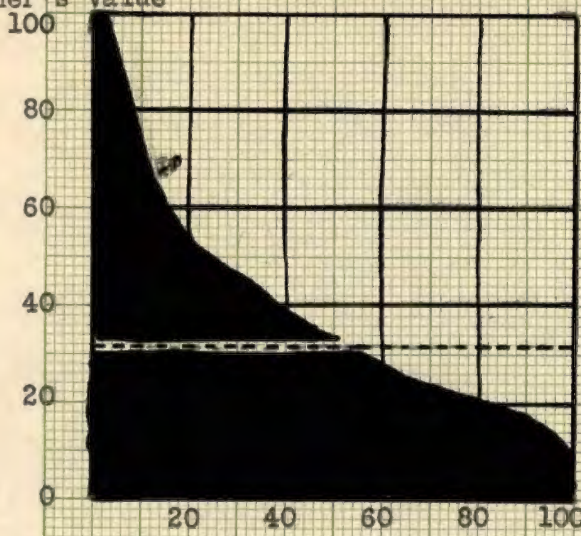
Unit character methods must be considered from at least two general points of view if a practical understanding of them is to be had. First,

81. Comments reported in Addresses and Proceedings of the National Tax Association, 19th, 1926, p. 322.

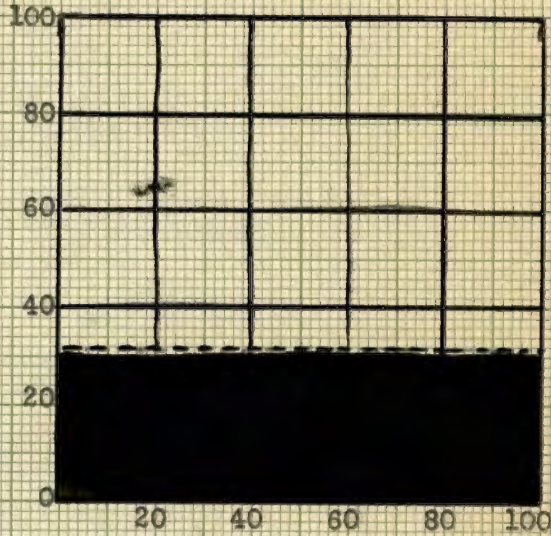
Chart 12.

Contrasts in Equity of Assessment by Temporary Committee of Viewers (Accomac County) as Compared with Results Secured by Use of Front Foot and Depth Rule (City of Richmond).

Percentage relationship assessed to owner's value

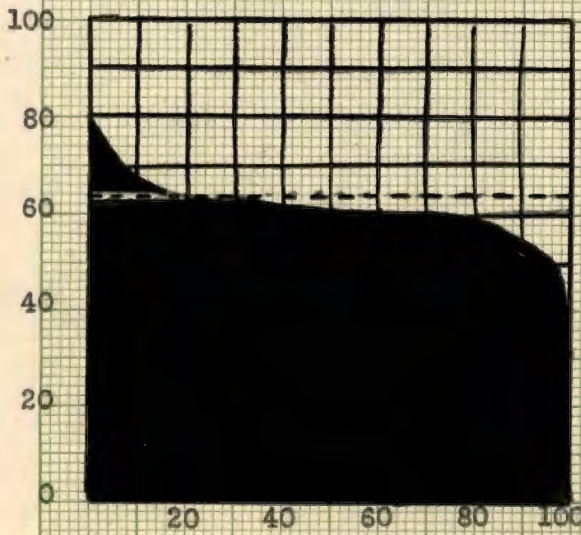


(Present situation)

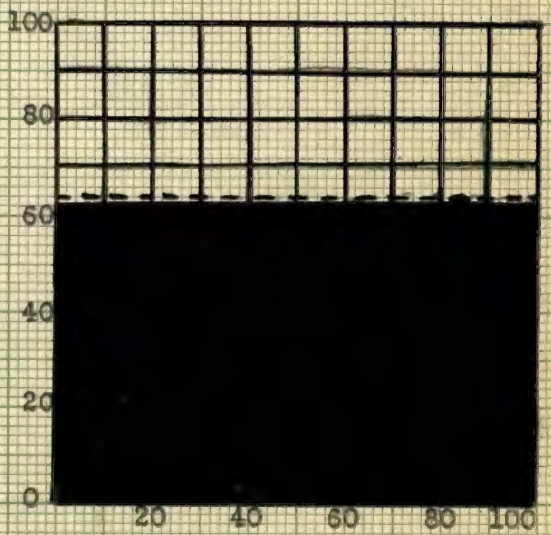


(Situation if all properties were assessed at the same per cent of their value)

The Assessment Situation in Accomac County, Virginia.



(Present situation)



(Situation if all properties were assessed at the same per cent of their value)

The Assessment Situation in the City of Richmond, Virginia.

Published by The H. Cole Co., Columbus, Ohio, No. 290 G.

Charts prepared by the United States Department of Agriculture, Bureau of Agricultural Economics and published in Ballinger, R. A., and Coomler, W. "Taxes on Farm and Urban Real Estate in Virginia," p. 29, 30.

what unit characters are significant, and second, just how significant is each of these factors? Agricultural economists, commercial or professional land appraisers and tax officials have all been interested more or less directly in both these problems.

Recording unit characteristics of farm land: Thus Professor Warren of Cornell University suggests that a man purchasing a farm should compare a number of them on each of the following items as an aid in making his final selection:

Score Card for Farms

	Names of Farms	
<u>Size</u>		
1. Adapted to kind of farming		
<u>Fields</u>		
2. Shape and size		
3. Nearness to farmstead		
<u>Topography</u>		
4. As affecting ease of cultivation		
5. As affecting production.....		
6. As affecting erosion and loss of fertility		
7. As affecting air drainage		
<u>Fertility</u>		
8. Natural		
9. Condition		
<u>Physical Properties of the Soil</u>		
10. As affecting economy of cultivation)		
11. As affecting number of days of labor)		
12. As affecting loss of soil fertility		
13. As affecting kinds of possible crops		
<u>Drainage</u>		
14. Natural		
15. Artificial		
<u>Condition</u>		
16. Freedom from stumps, stones, weeds, waste land, etc.		
<u>Climate</u>		
17. As affecting animal and crop production..		
18. As affecting number of days of labor		

(continued)

Score Card for Farms - continued

	Names of Farms		
<u>Healthfulness</u>			
19. As an economic factor			
<u>Location</u>			
20. Distance to market			
21. Roadways			
22. Local markets			
23. Shipping facilities			
24. Neighbors as an economic factor			
25. Labor supply of neighborhood			
26. R.F.D., telephone, trolleys, etc.			
27. Churches, school, grange, etc., as economic factors			
<u>Taxes</u>			
28. Per cent on cash value			
<u>Water supply</u>			
29. Running water, wells			
<u>Improvements</u>			
30. Site of farmstead			
31. House as adapted to needs of farm			
32. Other buildings			
33. Fences; kind, condition, arrangement			
34. Timber, orchards, vineyards, etc.			
<u>Investment</u>			
35. Probability of an increase in value			
<u>Acreage</u>			
36. Total acres	Acres	Acres	Acres
37. Acres tillable			
38. Acres pasture not tillable			
39. Acres woods			
40. Acres roads, waste, etc.			
<u>Estimated Total Value of</u>			
41. Tillable area	\$	\$	\$
42. Pasture			
43. Woods			
44. Barns			
45. Houses			
Total			
<u>Price Asked</u>			

The following form omits some of the items stressed by Professor Warren but directs more detailed attention to topographic features, state of cultivation, and soil characteristics: (83)

Topography	Cultivated (to include alfalfa and clover but not tame hay)	State of Cultivation (but not in cultivation)		Soils
		Tillable	Not tillable	
Upland...Acres	.....Acres Level .....A Undulating .....A Hilly .....A	.....Acres Tame hay .....A Native grass..A Pasture .....A Timber .....A	.....Acres Rough or broken..A Stony .....A Low or wet ....A Creek .....A	Note - State color - black, brown choco- late, red or gray, and whether it is a waxy, loamy, sandy, or gravelly nature. Also give nature of sub-soil:
Slope ...Acres	.....Acres Level .....A Undulating .....A Hilly .....A	.....Acres Tame hay .....A Native grass..A Pasture .....A Timber .....A	.....Acres Rough or broken..A Stony .....A Low or wet ....A Creek .....A	
Valley ..Acres	.....Acres Level .....A Undulating .....A	.....Acres Tame hay .....A Native grass..A Pasture .....A Timber .....A	.....Acres Rough or broken..A Stony .....A Low or wet ....A Creek .....A	
Bottom ..Acres	.....Acres Level .....A Undulating .....A	.....Acres Tame hay .....A Native grass..A Pasture .....A Timber .....A	.....Acres Rough or broken..A Stony .....A Low or wet ....A Creek .....A	
1st Bot.....A	.....A	.....A	.....A	
2nd Bot. ....A	.....A	.....A	.....A	
Totals ..Acres	.....Acres	.....Acres	.....Acres	

Filing cards employed to record data on individual farms by New York and Maryland tax commissions are less detailed than either of the above. The New York card, which is reproduced below, gives some detailed attention to buildings and their specifications but very scant attention to land characteristics. It would seem to be better adopted for suburban areas than for permanent farming areas. In practical farming areas the Maryland card would seem to provide a superior type of record. Copies of the various cards used in Maryland will be found at the back of the report.

<u>Farms and Gardens</u>		(front)
Name -----		
Address -----		
Description by Boundaries		
N -----	E -----	S ----- W -----
Construction of dwelling, brick or frame ----- Kind of roof -----		
Number of rooms -----	Number of barns -----	Construction -----
Kind of roofs -----	Number of acres -----	Kind of land -----
Owner's estimate of Market Price -----		

<u>Assessed Valuation</u>		(back)	
		<u>Improvements</u>	
1928 -----		1928 -----	
1929 -----		1929 -----	
1930 -----		1930 -----	
1931 -----		1931 -----	
1932 -----		1932 -----	
1933 -----		1933 -----	
1934 -----		1934 -----	
1935 -----		1935 -----	
<u>List Additional Information Here</u>			
Covering Sales Data - Depreciation from any cause and any data bearing upon value of property			

In areas similar to Overton, Clay, and Pickett Counties topographic characteristics, soil, qualities and conditions, and type of road location are probably among the most important factors entering into land value. It seems

probable that the question of the type of forest cover is another factor becoming increasingly important for much of the land surface, especially in Overton and Pickett Counties. The development is at present mainly on the basis of the "workshop" value of the land. In Clay County, though, the term "ridgeites" is already current as a depreciatory characterization of those whose residence is quite removed from the river. Just how soon economic changes in land utilization now going on may be expected to affect "home" value in this area is difficult to say. Judging from European experience further developments along this line may be expected. Thus, after pointing out how in central Europe houses are usually built to face the rising sun Jean Brunhes quotes the following from Maurice Lugeon:

There is created, then, in this connection, a certain aristocracy, the aristocracy of the sun. The people of the right slope, more favored than those on the opposite slope, are generally better off, and consequently better educated. They have a certain disdain, almost contempt, these proprietors of the sunny side (*Sonnenseite*), for the people of the shady side (the poor of the *Schattenseite*). For those who know how to analyze fine shades in the sentiment of the population, Reckingen, the village on both sides of the Rhone, presents two real casts, not very apparent, but none the less real. This was pointed out to me by two friends who have lived in the little center. Thus, however democratic education may be, the facts of nature are such that they come themselves to disturb peace and to create distinctions. (84)

So there would seem to be an abundance of evidence to urge the value of contour lines or other indication of topography on a tax map not only for Overton, Clay and Pickett but also for many another Tennessee county.

Maps alone may be used to record many of the unit characteristics entering into land values. Thus, to use an urban illustration for lack of an adequate detailed description of the county tax maps prepared almost two decades ago in the state of Washington, attention may be called to the situation in Duluth, Minnesota:

-----This map shows in colors the different kinds of pavement and the different kinds of street; it shows water, sewer, and gas mains, where laid. That would not be necessary if the city was completed, but

in these outlying districts the value of the lots depends upon whether they have these modern conveniences or not. The topography of the city is such that we have to go over and value each lot separately, and our map shows what the topography of each lot is. ----- (85)

The combination of card records and maps will be found more convenient than a map alone and is in fact almost essential.

So much for ways of recording unit characters. It may be added, though, that in Overton and other counties for which soil maps have been published much of the work necessary to unit characterization of particular farms has already been accomplished. It is to be noted, however, that:

----- For land valuation there is no difference in the value of some types of soil while from the soil classification viewpoint the difference is extreme. In view of this fact a soil map to be of greatest value in estimating land values must be condensed to groups of types having equal agronomic value. There is no source of information equal to the soil survey map for this purpose where the maps are available. (86)

Weighing unit characteristics of farm lands in estimating values. The question of just what unit characters are most important must to a certain extent be answered independently by localities. Appraising agencies that provide loan services over wide areas have to take into consideration such regional factors as differences in climate, law, and taxes together with others even more remote from the practical problems of a county assessor. (86A) It seems safe to assume that the latter need concern himself only with factors making for differences within a small part of a single climatic region. Certainly law and tax rate influences are identical except where special districts have been created. Within a county, though, distance to market, soil characteristics, drainage, and use value may all vary

85. Comments by J. A. Scott (St. Louis County, Minn.) reported in Addresses and Proceedings of the National Tax Association, 19th, 1920, p. 387 ff.

86. By courtesy of Dr. R. H. Austin, Professor of Soils, College of Agriculture, University of Tennessee.

86A. Doane, D. H., "Regional and Local Factors Affecting Land Values and Methods of Appraising".

widely. Improper use of land may also be a variant in land value. For example, as has already been mentioned, it seems that some cleared land in Overton County can now be sold only to persons interested in the woodland which goes with it. If this land were covered with a good stand of healthy young timber it would be worth more even excluding the value of the timber itself.

Detailed analysis of the interrelations of various unit characteristics of farm lands has apparently never been thoroughly worked out. In Michigan a survey has been under way for some years collecting a mass of data in such a way that much more thorough study of these interrelations may be made in the future than has been possible in the past. The work of this Michigan Land Economic Survey includes (1) a detailed soil survey, (2) a forest and farm land survey, (3) an economic survey, and (4) a water power and geological survey. In six years' time more than four million acres were thus surveyed at a cost of about two and one-half cents per acre for field work and an identical cost per acre for office work making a total cost of approximately five cents per acre. This work has been strictly fact finding and is directed primarily at the problem of proper land utilization. But reports of the analysis of this data are to be watched with interest for light on the relation of various unit characteristics to land values. (87)

Land classification. Meantime practical applications of certain aspects of the unit characteristics method have been made by use of such expedients as land classification and score card analysis. The Utah "consensus" assessment of 1920 already described in some detail (above p.154ff) included classification by certain unit characteristics. An account of the Montana land classification is quoted below in the language of a practical assessor:

87. De Vries, W., "The Michigan Land Economic Survey", p. 516-524; see also De Vries, W., "Correlation of physical and economic factors as shown by Michigan Land Economic Survey Data"; Lovejoy, P. S., "Theory and Practice in Land Classification."

Every county in Montana has its land classified. In our state we have three primary classifications, grazing land, non-irrigated farming land, and irrigated farming land. These classifications were made by a board of classifiers and cost the state considerable money, some think too much for the benefit derived. It cost the counties from fifty to one hundred and twenty-five thousand dollars per county. This was done by two, and in some places three, surveyors, usually people who had some knowledge of soil conditions. All of the counties are not classified as completely as that, but the general system is that the classifiers show for each 40 acres how much first-class dry land there is in that quarter, how many acres there are of first or second-class grazing land, how many acres there are of first, second or third-class irrigated land. They do not fix the value. The assessor fixes the value. He fixes a value, we will say, on some kinds of first-class agricultural land, within five miles of a shipping point, of \$40 an acre; on the second class, \$30. - I am not sure about these figures - but he places a different value upon the first, second, and third class agricultural dry land, and on the first, second and third class irrigated land, and the first, second and third-class grazing land.

The agricultural land, as it recedes from a shipping point, has a less value, and that is particularly true in the irrigated land, where sugar beets, things of that kind, are raised, where a few miles from the shipping point means a big difference in the value of the land.

Now, when a person comes in and objects to his assessment, the assessor can easily show him that his land has been classified as second-class dry land, and he is twenty miles from town, and that all the land in his county of that particular character is assessed at \$18 per acre, and he is satisfied, just so long as he knows that he is not assessed any more than anybody else. (88)

A special tax commission in California recommended land classification surveys and supplied specific suggestions of the varieties of uses to which it might be put together with an illustration of actual results.

After careful study and actual field work, this commission is convinced that it would be of great value to the state, from the standpoint both of economy and equality, that the agricultural land of the different counties be thoroughly studied by experts placed in the field to gather data on all the physical conditions entering into the matter of land value. This should include classifications of the particular soil and water conditions, definite summary of the topography and actual survey of the crop covering, of accessibility, and, in many regions of the state, a districting as to climatic conditions.

All this data, together with sales, exchanges, crop value, income, rents and other information, should be obtained and kept up to date and made a matter of record in the office of the county assessor. In that

office there should be plotted and tabulated all the information that is available which enters into the determination of land values under the extremely varied conditions which exist throughout the State of California. Such a study would also include the cruising of timber for the purpose of equitable taxation.

This data, while serving primarily for the local assessment and equalization of tax values, would also be valuable in many other ways. It would serve as a foundation for appraisements of all kinds, not only for private purposes, such as information for banks and for private individuals looking for investments, but would also serve an additional public purpose for the use of many state departments, such as the corporation commissioner, the Banking Department, the State Water Commission, the Insurance Department and the Railroad commission. In addition, it would be a prime necessity if the State or the government enters into the matter of rural credits.

In the acreage surveyed we found some property not on the assessment roll. Improved orchard acreage was found to be assessed for only about half the area actually covered by orchard. Good bottom land was found to be assessed as poor land. Other discrepancies of a similar character were discovered. These are things for which the assessor is not responsible, because a classification and survey is necessary properly to establish the conditions.

The indication from our study is that the first cost would average under 5 cents per acre for agricultural land. The cost of keeping the records up to date would be negligible unless additional details were added. (89)

In Montana the cost of this work seems to have been borne by the counties and the intent of the California recommendation was that the county method of financing should be followed under state supervision. While wealthy counties in Tennessee might be able to afford the necessary outlay the cost seems excessive for most counties even when it is remembered that the smaller size of Tennessee counties would mean a smaller per county cost. But developments in aerial surveying may eventually make even more detailed classification practicable. Possibilities in this direction may be gathered from the fact that on May 2, 1930, the Tennessee state highway officials were able to award an aerial survey contract for the mapping of 617 square miles to a scale of 1,000 feet to the inch at a cost of \$14.50 per square mile.(90)

89. Report of the State Tax Commission of the State of California, 1917, p. 76 ff. The technical details of the procedure followed in their sample survey are set forth by A. E. Marshall in an article entitled "Classification Surveys for Assessment Purposes."

90. Reported in the Knoxville Journal.

This scale is rather small for either tax map or land classification purposes. A scale of 400 feet to the inch would doubtless be satisfactory for such purposes. Preparation of a map to this scale would be more expensive but just how much more has not been determined. It seems certain, however, that an aerial map of Overton County and all the land surveying needed to locate property lines thereon could be completed for less than the estimated cost of a land survey alone as prepared by local surveyors (see above, page 82)

At least one Louisiana assessor promotes land classification financed by the individual owners. Under the present general property tax system of Tennessee similar inducement may perhaps not be presented to landowners so readily. While there is no classified land tax in Tennessee landholders who are overassessed might find a classified survey helpful in securing readjustment from either the county or the state equalizers. In addition the "inventory" value of such a survey might be mentioned.

J. W. A. Jeter (Louisiana):

I have tried to educate the large land owners in my parish to have their lands surveyed and classified by competent engineers, and in many instances I have told them, and I have told them always, that if they would do that they would probably finally secure a reduction in their assessment. With the large land owners, particularly along the Red River Valley, one of the richest agricultural sections of the United States, that has always resulted; reclassification of land has generally meant for these large landowners a reduction in their assessment value. (91)

Mention may again be made of the provision in the present Tennessee tax schedule for attention to unit characters that have a bearing on land values. (See above, page 106). A little systematic effort at training of local assessors by state tax officials if presented with proper diplomacy might accomplish much in this direction. Such efforts could scarcely be expected to compare with those obtainable by actual surveys but they have been employed in Colorado for years. (92)

91. Comments by J. W. A. Jeter reported in *Addresses and Proceedings of the National Tax Association*, 18th, 1925, p. 76.

92. Powers, L. G. "Uniform Listing of Real Estate," p. 351. Dr. Powers tried to promote a uniform land classification scheme for assessment purposes in order to secure more useful census data.

Score cards are another means by which unit characters are used as a guide in estimating land values. Professor Warren's score card (reproduced above, p. 165) is intended to provide a man about to purchase a farm with a systematic comparison of the merits of the various properties which he considers purchasing. For that purpose such expressions as excellent, very good, good, fair, poor, or very poor in parallel columns are helpful. But an assessor needs something a little more mechanical. Percentage ratings are resorted to by some professional land appraisers and insurance companies. The following will serve as illustrations of this type of score card.

1. One company divides the elements of value in the farm into ten equal divisions and assigns to each of these divisions 10% of the total value of the farm. The divisions are:

- (1) Location of property.
- (2) Accessibility and transportation.
- (3) Character of improvements.
- (4) Rental value.
- (5) The adaptability for certain purposes.
- (6) Neighborhood improvements.
- (7) Population and neighborhood tendencies.
- (8) Topographical conditions.
- (9) Marketability and value as collateral.
- (10) Comparison.

2. In connection with this score card the American Central Life Insurance Company of Indianapolis makes the following note: "This score card applies only to better improved farming sections of the United States ----- . A score card for the newer sections of the country ----- would be different. More stress would be placed on community value

- (1) Agricultural Productivity40%
 - a. Natural fertility of soil 12%
Determined by its color, depth,
and growing crops.
 - b. Area in crops 12%
 1. How much not in crops could
be put in? Cost?
 2. What can non-tillable land be
used for?
 3. Are fields irregularly shaped
on account of draws?
 - c. Topography 6%
 1. Should slope enough to drain
well, but not to wash.
 2. Terraced? Condition of ter-
race?

(continued)

- d. Drainage 6%
 - 1. Porous soil, no hard pan.
 - 2. Ditches: open, tile, outlet, condition.
 - 3. Overflow: head water or back water.
 - 4. Levee and Levee Taxes.
- e. Adaptability to type of farming for that region 4%
 - 1. Is soil on this farm the same as neighborhood?
- (2) History and Condition 20%
 - a. History 10%
 - 1. How many tenants during past 15 years? Why?
 - 2. Has farm been a trading proposition?
 - b. Condition 10%
 - 1. Good state of tilth or run down?
 - 2. Rotation practiced? Organic matter returned?
 - 3. Commercial fertilizer used? Why?
 - 4. Is there a good garden and orchard?
- (3) Community Value 25%
 - a. Neighbors 6%
 - Progressive. Good farms and farmers.
 - b. Roads 8%
 - 1. Kind and condition?
 - 2. Main highway or neighborhood road?
 - c. Markets 5%
 - 1. Distance from farm to market.
 - 2. Size of market town, industries, banks, railroads, etc.
 - d. School and church 4%
 - 1. Distance from.
 - 2. Consolidated school and high school.
 - e. Health of neighborhood 2%
- (4) Improvements 15%
 - a. House 5%
 - Size, foundation, roof, flues, cellar, convenience, condition.
 - b. Barn 5%
 - Size, frame, foundation, roof, granary, hay fork, number of stalls, condition.

(continued)

(4) Improvements (continued)

- c. Other buildings 3%
Machine shed, hog house,
poultry house, etc.
- d. Fences 2%
Kind and condition of
fences and gates. (93)

The Indiana example of consensus assessment cited (above pp. 157-158) presumed mental score card operations on the part of the assessor with the 100 per cent farm of each township as a yardstick for all other farms in the respective townships (civil districts). Detailed and careful use of a score card system is scarcely to be expected for each biennial assessment even should the assessor be assured of frequent reelection as a reward for faithful performance of duties. In fact if adequate records were kept complete reassessment would not seem necessary every two years. The Maryland system of continuing assessment has some features that are attractive. When necessary individual assessments may be revised. Except for such emergency items assessments hold for five years (94).

A genuine and thoroughgoing reassessment effort once in five years with provision for justifiable changes would likely be more satisfactory than half hearted biennial efforts. A full time assessor could so arrange his work that by reassessing part of the area in his jurisdiction each year he would complete the entire area and be ready to start over again at the end of that time. Some of the better assessors interviewed to date seem to make an approach to this appropriation of time. For example in Overton County one man concentrated his efforts, the first year he assessed real estate, on correcting errors in some of the districts most out of line. He stated that he would be able to make some further improvements in these districts and at the same time to give more attention to the rest of the county the next time he valued real estate. He did not make use of any such formal guide as a score card though.

93. Fisher, E. M. "Farm Land Appraisal Practice", pp. 96-97.

94. Tax Laws of Maryland, as compiled and published by the State Tax Commission, 1929, pp. 14, 20.

Formulas for distributing sales experience over unsold properties: The methods for dealing with unit characteristics related to land value just discussed involve much guess work. People who make a business of dealing with land values are agreed that a great variety of factors may influence land values. Thus a questionnaire study made under the auspices of the National Association of Real Estate Boards yielded the following:

Two Bases Upon Which a Farm Must Be Appraised.

It is evident that in the minds of these appraisers there is some other standard by which farm land values are judged than that of current prices. "True value," "beyond its productivity," "will not yield sufficient return," and "what the farmer can possibly produce" -- these expressions give an indication of what that corrective consideration is. The appraisers who wrote these statements obviously had in mind the fact that a farm is a production plant which the farmer employs to secure a livelihood and an income. And this is certainly one of the fundamental bases upon which the value of a farm must be predicated.

A farm is used for more than a mere instrument of production. Most farms are also homes. In order to arrive at a fair valuation of farms, therefore, it is necessary to keep clearly in mind these two functions which the farm performs.

"Farm valuations must rest upon at least two bases," says an appraiser of wide observation, "the direct income basis, which I have heard some appraisers refer to as the 'Workshop Value,' and the community or neighborhood value which has been referred to as the 'Farm Home Value.' Each farm has a home value and a workshop value, and neither can be disregarded in arriving at a true value for appraisal purposes and the value which the farm will reasonably still have at any given time. In some neighborhoods the home value is large and the capitalized value from the income which the farm produces is small."

In other instances, the workshop value may be great, but the home value little or nothing. The combination of the two will give an accurate appraisal, fair to the buyer or lender as well as to the seller or borrower.

The Farm as a Production Plant.

As a production plant the farm derives its value from what it will produce; from the income which the owner can realize from those products, and the living he secures for himself and his family. From the income from the sale of products he must meet his expenses of production and realize whatever profit he receives from the farm. When the expenses of production are deducted from the gross income secured from the sale of the products, the net income is arrived at. As a

production plant, the farmer wants his farm for the sake of the net income and the living for himself and his family. These represent the return which he receives upon his investment in the farm.

As a matter of fact, however, the amount of the net income is affected by such a variety of forces and circumstances that it is almost, if not entirely, impossible to arrive at an abstract net income for any particular farm. The production possibilities are so much affected, for example, by personal management and by the character of the farming carried on that no generalities can safely be made. Net income can be used to greatest advantage only as a means of checking current prices. In 1920, for instance, when farm lands prices were at their height it was obvious to thoughtful observers, as indicated in the quotations, that the net income which could be secured from farms over a period of time under the most favorable circumstances could not justify prices which were being paid at the time. The wave of speculation in land values had forced farm prices to an unwarranted height.

And the depression following 1920 certainly forced farm land prices in many instances below what the production possibilities would warrant.

The Farm As a Home.

If farms were only production plants, a system of accounting and a record of production on the farm might be produced that would enable a fairly accurate and scientific appraisal. But the total value of a farm is certainly as much affected by its home value as by its value as a production plant, if not more. There is no system of accounting that can show the weight of this factor, for no set of books can be kept on the value of a home.

This value varies also from community to community and no appraisal of it in one community can be made from a study of its value in another community. Experienced appraisers express this element as follows:

"A man buying for a home will sometimes pay far in excess of what the farm would be worth if the purchase price were based on the net income of the farm."

"A farm is a man's home. It has a certain community value. You can't capitalize the income from it and get the actual selling price. It has never been true in agriculture and never will be true. A man will pay more for his home than he will for anything else. He will pay more to live in a certain community than possibly some other man will pay, and yet all those elements enter into the sale price of farms and the value. A Catholic will pay more to be in a Catholic community, and a Protestant will pay more to be in a Protestant community. A Scandinavian will pay more to live in a Scandinavian community than an Irishman would. A Hollander prefers to be among his own people."

"A farmer will pay more for a farm that takes eye or one that is close to town; or it may be the improvements or his wife's idea. Relatives or friends cause a man to buy to be near them regardless of value placed on property for sale."

"The home element enters very largely into the value of farm lands. In most high priced land, it constitutes nearly half of the value to the buyer. He buys because he likes the neighborhood, because he wants to live near relatives or old friends. The value is as real in his case as it is with the city man who buys a home in a desirable neighborhood at double what he would have to pay in some less desirable location. These values are established by the number of people who think alike."

The community characteristics which affect the home value of the farm are numerous. They include all that goes to make the community a desirable place to live. Among them appraisers have noted the following:

"Proximity to good schools and especially good high schools and colleges; the general wealth of the community; the size of families and the interest those families take in agricultural pursuits; the desire of the children to remain near the homes of their parents, and the general spirit of thrift and enterprise growing out of a community optimism, all have their bearing upon what I have called 'Home Value' in arriving at a fair appraisal of property."

"Co-operative spirit, natural tendency toward optimism on the part of the residents of a community, integrity, thrift, and the usual qualities and considerations which make a community in a city more valuable have their effect likewise in the country. Bad neighbors, poor schools, tendency to knock are all detrimental to farm valuations. These characteristics of a community are very hard to change."

"We find community characteristics vary according to physical condition of land. Good farm lands produce good community characteristics. Community characteristics are a result and not a factor in making land values."

"Clannishness because of nationality or religion. Better farmers and citizens just naturally gravitate to the better farm localities and consequently have better improvements and care for the land in better fashion."

"Schools, churches and high class of citizenship add to the value of the farm's selling price. Lack of schools, and churches and men and women of questionable character in a neighborhood detract from the selling value of the farm."

"Financial condition of banks near land, character of public officials, also religious and political status of the district and local neighborhood."

"Transportation facilities, schools, roads, uniformity of the township, diversity of crop production, reputation for meeting obligations, nationality of settlers, stability of land values, etc."

"Type of settler, quality of land, distance from school, church, market, condition of roads, and buildings in community, kind of crops grown. General reputation of community."

"A negro population will very materially cut the cash value, due to the fact that land cannot be sold to white people. Indian population decreases the cash value for the reason that the Indian will sell cheaper and because the Indian land is seldom well farmed. A good class of white farmers increases the cash value of the land."

"In white communities of land owners the value is much better and better farming is carried on. Communities where 'moonshining' is reputed to be carried on or where reputations are 'shady' for any reasons, values are low and the lands have little sale value as they are generally poor with low class farming."

Other Items To Be Considered.

The following items also occur in the statements of other appraisers: "community centers"; "management and financing of schools"; "class of improvements in the neighborhood"; "bonded indebtedness and the amount of taxes"; "assistance farmers give each other in time of harvest"; "pessimism or optimism of the community"; "the morale of the people"; "community interests and home industries"; "good roads, schools and churches, reasonable taxes and transportation charges, sensible honest-to-goodness farmers."

It should be noted that the extent to which the reputation of the community is known affects very greatly the value of the farms in it. This is an example of the power of printers' ink in increasing the values in a community. Wide advertising of the attractions of a city or a section, or a state, increases the market because it brings into the minds of more people the attractions of that community and makes them possible buyers. As the number of buyers increases, with the supply a constant factor, prices begin to climb. Farm lands in Iowa and other corn belt states and the dairy states of the Great Lakes Basin, therefore, will demand a higher price than farm lands in some unknown sections which are equally productive. The home value of the land in these states has been created through the wide reputation of the section.

Farming as a Mode of Life.

Another consideration which tends to force farm prices higher than their production possibilities would warrant is found in the fact that the farm is a mode of living as well as a means of livelihood. The farmer enjoys an economic independence which is possessed by no other producer. In a period of unsettled economic

conditions this factor plays an important part in the value which people attach to the land. A newspaper reporter recently wrote that farmers in Germany have their granaries and cellars piled full of good things to eat while their compatriots in the city are starving and are unable to purchase or to beg enough of the farmers' surplus to sustain their lives. Most farmers know that whatever vicissitudes may be the fate of monetary systems and of Governmental organizations they are assured of food for their family and of shelter. There is no other producer who has this assurance.

Moreover, the mode of the farmer's life gives him an independence in ordering his own routine which is unique. No factory whistle nor toot of suburban train calls him willy-nilly to his work. He orders his life as he will. If he is indisposed to work, indeed he will lose, but he does not lose his job. During certain seasons of the year his labor is unremitting; in other seasons he has much leisure. Every farmer, moreover, must thrill to the song of the wild birds and to an intimacy with nature, with the sunshine, flowers, trees and the great open air. To many city dwellers these are unknown satisfactions that lure them eventually with an irresistible appeal. One appraiser expresses these items thus:

"The safety of land as an investment, its home making advantages, the low cost of living on a farm and the feeling of security which land ownership gives, tend to maintain land prices on a high level."

Another says:

"Most people like to own land, and many will take less income from land than from other investments. People buy for homes not considering price altogether. Others buy for rise in values. Speculators influence others to pay high prices."

Expected Increase in Land Values Force Prices Up.

Still another fact that tends to raise the price of land is that land prices in all parts of this country since its very beginning have seen constant increases. The time is still within memory of living man when land could be had on the prairies of Iowa at \$2 per acre which now cannot be bought for \$200.

"The old prairie schooners wound their way over trails and sleuths," says a farm land dealer, "out on to the unsettled prairies. These pioneer farmers had to organize school boards, township, village, county, and state governments. They were active in county and state politics. They gave much thought and time to the problems of community building. Finally the great state of Iowa emerged with its good roads, consolidated schools, community buildings and rural playgrounds, its towns and cities, and its splendid state capital. With this remarkable development we find that land values have reached \$200 and \$300 per acre.

"In the future as in the past, the improvement of farm conditions, the establishing of better living conditions, better home surroundings are all going to be reflected in increased values of lands. A community of farmers who organize a community district, build community halls, establish parks and playgrounds, put in telephone lines, school, rural route, establish co-operative marketing enterprises and are active in innumerable community enterprises do not receive a pay check every week for their labors nor a stock certificate representing the taxes which they paid. It has gone into community building. These earnings are, and should be, represented in increased value of their farms and farm homes."

The same story could be repeated in every one of the best farming sections of our country in the Mississippi Valley. Farmers have come to expect then that the value of their lands will increase as a matter of course, and part of the value of that expected increase they are inclined to include in the present price which they pay for the land. That is, if the farmer expects that land which today, on the basis of production, is worth only \$50 per acre is going to increase in value so that in ten years it will be worth \$60 per acre, he will be willing to pay more than \$50 now for the farm since he will realize it again in ten years. (95)

While there is this general recognition of the many factors which enter into land values the question of the extent to which they influence land value is a problem in itself. For practical purposes selling prices are generally used as the main criterion of value. The study just quoted, for example, states:

Final Recourse to Sales Prices.

All these considerations are imponderable. They are elusive and cannot be reduced to mathematical statements so far as book-keeping is concerned. The only index of their significance is to be found in the effect they have had in the past upon farm land prices. In order to arrive, then, at an appraisal of the farm, the appraiser has to have in his hand complete data regarding sales and prices in his community over a period of years. As indicated before, this record of prices should exclude those paid in periods of obvious great inflation or depression. Economists, working with price data, are inclined to eliminate from their consideration prices paid during 1918, 1919, 1920, and 1921; and some of them eliminate the entire period from 1913 to 1922. In many communities, however, it would be impossible to obtain extensive data on the prices paid for farm lands before 1913. Farm lands values, moreover, did not become highly inflated until after America entered into the war and probably in most communities not until 1918. Certainly the appraiser should eliminate prices paid during 1918, 1919 and 1920, and in many sections prices at which farms sold from 1920 until late in 1923 contain some element of depression and the appraiser could not safely

rely on these figures as giving current value.

The prices obtained over a period of twenty years in a community will give an accurate index of the general level of values in that community and will indicate whether those prices are constantly increasing or decreasing. In some of the older sections of the country, for example, prices of farm lands have been stationary or slowly decreasing for the past twenty years but in most sections there has been a tendency to increase. The trend of values should certainly be studied and projected into the future by the appraiser.

Price of Farm Products a Factor.

The appraiser should also be familiar with the trend of prices paid for farm products. There is a relationship between these prices and the prices paid for farms. The prices paid for farms must reflect in a great many cases the farmer's estimate of what can be earned from them. Income can never be earned if the price he receives for his products is not consistent with the price paid for the farm. His present value of the farm, then, is based to some degree upon his forecast of what prices his products will bring him in the market. If those prices are going to fall, he will be obliged to cut down the amount he will pay now for the farm, or take a loss later. In other words, if the price of agricultural products is going to fall consistently, the value of the farm will fall; if they rise, the value of the farm will rise.

In order to judge intelligently the value of the farm, therefore, the appraiser ought to know the past course of prices of farm products and base his appraisal partly on his judgment as to what their future course will be. Current prices for farm products are as unreliable as current farm prices; the long-time course of prices must be studied.

If this method had been followed in 1918 and 1919 when farm prices began to become inflated, much of the inflation, with its subsequent suffering, would have been avoided. Under no circumstances would the trend of values or the long time level of prices for farm products have justified confidence in the peaks reached in 1919 and 1920. And the history of agriculture since that time shows how abnormal and precarious such prices were.

By thus studying and projecting the trend of prices paid for farms in the community and the prices paid for agricultural products, the general level of values for the community is established. A specific farm must be appraised as varying either up or down from this general level. Some of the considerations that affect the variation may be pointed out. (96)

From this it seems that land appraisers in their use of selling prices stop short with the establishment of a standard against which to grade particular properties. Guess work is still a very prominent part in the esti-

mate of value thus arrived at. By a mathematical type of analysis known as multiple correlation efforts are being made to discover the amount of influence that various unit characteristics have on the selling price of land in different localities. It is then assumed that by scoring unsold properties on their various unit characters with the weights established by correlation analysis of actual sales an equitable appraisal may be arrived at. In other words this procedure is an effort to secure score card weights by an exact rather than an off-hand analysis of experience.

At least three such correlation studies have been carried to some degree of completion. In an address on "The Relationship of Farm Buildings and Improved Roads to Land Values" E. H. Wiecking of the United States Department of Agriculture made the following citation from them:

(1) in Blue Earth County, Minnesota, farms on state gravelled roads, all other things equal, were worth \$22 per acre more than farms on dirt roads; (2) in Chester County, Pennsylvania, farms on gravelled, or broken stone roads, were worth \$15 per acre more than the same kind of farms on dirt roads; and farms on concrete, or other hard surfaced roads, were worth \$16 more than on gravel; (3) preliminary results of one of our studies in southern Wisconsin indicate similar differentials as in Chester County but they are appreciably smaller. (97)

The study of land sales in Blue Earth County, Minnesota, was made by G. C. Haas. Not only was it the first study of the series but it is the only one ever presented before the National Tax Association. Discussion by tax officials after its presentation was quite lively. Attention should first be given, though, to the nature of the study itself.

Since it was a pioneer study an area with great uniformity in soil characteristics, topography and systems of farming was selected. But the method is applicable, with greater chances of error, to a more varied situation.

In every territory the factors which influence value are somewhat different. In the section studied, the following factors were considered: (1) The 1919 depreciated cost of buildings per acre; (2) land classification, or the amounts of the different types

of land; productivity of the soil, represented by relative crop yields; (4) distance to market; (5) type of road; (6) size of market town. (98)

Data necessary for the analysis were secured in the following manner:

The farms which were considered were those which were actually sold during the four-year period, 1916 to 1919 inclusive. The sales prices which were used are the considerations which were given when the transfer of deed was recorded, as collected by the Minnesota State Tax Commission. In compiling these records, the Tax Commission discards all sales considerations which do not seem to be bona fide, such as those arising from trades, from transfers to relatives, and the like. The Tax Commission finally submits the reports on each farm to real estate men and bankers in each community, and these men weed out any which appear fictitious to them. As a result, the sale prices used in the study represent bona fide sales as nearly as it is possible to obtain them. We also asked each farmer the purchase price of his farm as an additional check. In only two instances did the purchase price given by the farmer disagree with the sale price on record. The difference in these two cases was only about \$200 on \$20,000 sales.

Although the Tax Commission records show 379 bona fide sales in Blue Earth County from 1916 to 1919, only 160 farms were covered in the survey. (99)

The following survey schedule was used in accordance with the instructions indicated.

Schedule.		No. of farm _____
<u>Land:</u>		
Acres in purchase	_____	Name of owner _____
Woods not pastured	_____	Date of purchase _____
Potentially tillable _____	XXXXXX	Distance to market _____
Woods pastured	_____	Name of market _____
Potentially tillable _____	XXXXXX	Type of road _____
Other non-tillable pasture.....	_____	Road frontage _____
Rough Wet Stony _____	XXXXXX	Topography _____
Tillable pasture	_____	_____
Wild hay land ()	_____	Soil types _____
Other tillable land	_____	Remarks _____
Waste land ()	_____	_____
.....	_____	_____

(continued)

98. Haas, G. C. "Sales Prices as a Basis for Farm Land Appraisal", p. 7.

99. Haas, G. C. Ibid., p. 12 - 13.

Buildings:	Dimensions	When built.	Construction cost.	Condition	Type of Construction	Remarks
Dwelling:.						
Barn.....						
Hog barn..						
Hen house.						
.....						
.....						
Granary...						
Corn crib.						
.....						

Yields.

Year	Corn	Silage	Oats	Barley	S. Wheat	W. Wheat	Rye	Pota toes	Wild hay	Tame hay
1920		Y								
1919										
1918										
1917		I								
1916										

(100)

Before the multiple correlation coefficients were computed the selling price of each farm was adjusted, by means of cross tabulation differentials, to the year 1919, and a dirt road location adjacent to a class II. town.

The correlation. - The following five factors were then considered in multiple correlation:

X_1 = Value per acre corrected as previously explained.

X_2 = 1919 depreciated cost of buildings per acre.

X_3 = Land classification index.

X_4 = Productivity of soil index.

X_5 = Distance to market.

The forecasting equation which resulted is:

$$X_1 = 57.785 + 1.067 \cdot X_2 + .7279 \cdot X_3 + .1658 \cdot X_4 - 3.422 \cdot X_5$$

It is interesting to note some of the relationships brought out by the equation. An increase in a dollar's worth of buildings per acre increases the land value \$1.07 per acre. This is a very significant re-

100. Haas, G. C. $\frac{1}{2}$ Op. cit., p. 28; for detailed instructions followed in using this schedule see Ibid., p. 29.

sult, as it substantiates the general practice of adding the depreciated cost of buildings to the land value in order to secure the value of the farm real estate. It also indicates the relative accuracy of the method used in this investigation for calculating the depreciated building costs. An increase of one point in the land classification index results in a rise in the value per acre of 73 cents. In this area the productivity of soil index was the least significant factor studied. An increase of one point in this index results in a 17 cent increase in the value per acre. This index merely indicates soil productivity differences, most of the land variation being indicated by the land-classification index. The most interesting and yet the most difficult relationship to study was that of distance to market and value per acre. Coupled with this relationship is the relative significance of the type of road and class of town. On a farm which is on a dirt road and adjoining a Class II town, each mile from town decreases the land value per acre \$3.42.

The extreme range in value of buildings per acre is from nothing, on 40 pieces of land, to \$83; the ordinary range is from \$5 to \$35 per acre, and the modal group is from \$10 to \$20.

The land-classification index ranges from 25 to 100 (on 25 farms), and all but 31 farms have an index of 75 or more. A farm with an index of 75, other things being the same, will be worth \$18.20 less per acre than one with an index of 100, and one with an index of 50 will be worth \$36.39 less. The extreme range in productivity indices is from 60 to 140, and the ordinary range from 80 to 120. A farm with a productivity of 80, other things being the same, is worth \$6.63 less per acre than a farm with an index of 120.

Half of the farms were between 2 and 5 miles from market; 20 more were between 5 and 7 miles, and 22 more between 7 and 9 miles; 19 were less than 2 miles from market. Other things being the same, the farm farthest from market, $11\frac{1}{2}$ miles, is worth \$35.92 less per acre than the farm a mile from market.

Following are two illustrations of the use of the forecasting equation:

No. 1. Farm sold in 1918 for \$150 per acre - state road, Class II town:

$$\begin{array}{r}
 X_2 = 1919 \text{ depreciated cost of buildings per acre} \dots\dots \$56.24 \\
 X_3 = \text{Land-classification index} \dots\dots\dots 87 \\
 X_4 = \text{Soil-productivity index} \dots\dots\dots 96.6 \\
 X_5 = \text{Distance to market} \dots\dots\dots 9 \text{ miles} \\
 X_1 = 57.785 + 1.067 X_2 + .7279 X_3 + .1658 X_4 - 3.4219 X_5 \\
 X_1 = 57.785 + 38.668 + 63.327 + 16.016 - 30.797 \\
 X_1 = 144.999 \\
 \quad 21.92 \text{ state road correction} \\
 \quad 12.82 \text{ "Class I" town correction} \\
 \hline
 \$179.739 \\
 \quad \times .8584 \text{ — 1918 land-value index} \\
 \hline
 \$154.28 = \text{estimate. } \$150 = \text{actual sale price.}
 \end{array}$$

No. 2. Farm sold in 1919 for \$135 per acre - dirt road, Class II town:

X_2 = 1919 depreciated cost of buildings per acre\$12.47

X_3 = Land classification index 75.62

X_4 = Soil productivity index103.7

X_5 = Distance to market 3.5 miles

X_1 = $57.785 + 1.067 X_2 + .7279 X_3 + .1658 X_4 - 3.4219 X_5$

X_1 = $57.785 + 13.306 + 55.043 + 17.193 - 11.976$

X_1 = 131.35 = estimate. \$135 = actual sale price.

The multiple correlation between one variable, such as land sale prices, and several other variables, such as the four value factors, is expressed by R , which in this case equals .81. If these four factors alone accounted for all the variations in sale prices, R would be 1.00. Statisticians consider an analysis giving a result as high as .81 as reasonably successful.

Appraisal by means of this equation involves a probable or average error of 9.55 per cent of the average sale price, or \$15 per acre. This means substantially that one half of the appraisals would be less than 9.55 per cent in error, and that the other half would have more error than this.

The forecasting equation was applied to each farm in the survey and the results checked against the sale prices. A frequency table of the differences shows that 24 farms are within \$5 of the sale price, and 22 more within \$10 of the sale price. On the other hand, there are 13 farms more than \$30 too low, and 21 farms more than \$30 too high. When these farms are examined, certain deficiencies in the present survey become apparent.

First, it is evident that the method of reducing the sale price to the 1919 basis by indices based on the average of the year's sales, has introduced considerable error, especially in farms sold in 1919 when the land boom was getting under way. This is obviously the largest source of error. This error can be eliminated largely in future surveys.

Second, it is evident that the land classification index was crude and based on insufficient evidence. The proper method is to include the proportions of the different classes of land as variables in the multiple correlation analysis. Each class of land will then be represented by a member in the forecasting equation. This error showed especially in pieces of land with no buildings upon them, which sometimes were nothing but meadows or timber lots.

Third, special circumstances affecting many of the farms were not included in the analysis. Among these are location close enough to a city to give the land prospective value as sites for city residences. Another is location on a lake front. Future surveys may omit these farms, or else include enough of them to permit the special circumstances involved to be included in the equation.

Fourth, the yield data did not cover a long enough period. A systematic use of this method would give data over a constantly in-

creasing number of years. Furthermore, the yield of crops is dependent in part upon the ability of the farmer, and the part of the yield thus determined is only to some extent reflected in land values. Yield of crops is, therefore, not a satisfactory basis for a productivity-of-soil index. However, it is probably the best basis at present available.

The equation, however, gives relatively small weight to productivity in so far as it is not included in land classification.

It is likely that the productivity of the land in producing pasturage for dairy and beef cattle and sheep should figure in the index wherever these are important farm enterprises. Also, as already pointed out, the various crops should be weighted according to their importance on any farm.

After all these improvements have been introduced into the method, there will still be a difference between the actual sale price of any farm and that which the equation would indicate. The primary reason for this is the disorganization of the land market already discussed. The same quality of land does not sell for the same price at the same time. Many sales are made at prices too high or too low. In this respect, the values indicated by the equation will be more accurate than the actual sale prices. The other error remaining will be due either to errors in the measures used for productivity, land classification, value of buildings, class of town or type of road, or to the presence of other factors affecting land values on certain of the farms.

It is not unreasonable to believe, however, that the probable error can be reduced under 5 per cent, perhaps under 3 per cent, in areas when the land is as uniform as in Blue Earth County. A probable error of 3 per cent would mean that half the appraisals were within less than \$4.70 per acre of the sale price. If this could be accomplished the appraised value would undoubtedly be a safer measure of value than actual sale price on a majority of farms. In other words, it would mean that the errors in this method were less than the errors caused by the disorganization of the land market.

In areas where land is less uniform in type and quality, it is not likely that as accurate an equation can be obtained. (101)

The detailed procedures by which the adjustment of sales prices to 1919 were made and by which the prediction formula was arrived at are matters to be handled only by competent specialists. Consequently such a procedure is scarcely practicable except as a feature of state supervision over and assistance in local assessment. Needless to say it would be a revolutionary departure from customary procedures.

The discussion which followed Mr. Haas' paper before the National Tax

Association on the subject of "Assessment of Farm Real Estate" (102) included widely divergent opinions. Its range and tenor may be gathered from the following:

Mr. J. V. Gary: - (Richmond, Virginia)

1. How did Mr. Haas arrive at value of factors?
2. How many people in U. S. can arrive at the mathematical factors?
3. Are the factors purely mathematical calculations or are the ratios determined by judgement or opinion?
4. Explained that his questions were purely for information as he wishes to understand the system well enough to explain it to Virginia farmers.

Mr. C. P. Link: - (Denver, Colorado)

"As to lands, I think of that first because I happen to be a farmer and have my savings in lands. Don't get scared by the apparent intricacies of these tables. I am one of the great majority that doesn't understand these intricacies; doesn't know how to figure them, but I see the net result of the whole thing which gets back within five per cent of the century-old theory that the value established by a willing seller to a willing buyer, under normal conditions, tells the story. Less than five per cent of all of this is figured out, which to me is perfectly marvelous."

Mr. William Bailey: - (Salt Lake City, Utah)

Made light of the paper with comments to the effect that figures don't lie, and that \$300 per year assessors can seldom figure.

"----- You cannot, my friends, rely upon the consideration which is recorded in the deeds, unless your law within your state compels a true consideration, and even then it requires investigation.

"We have adopted a plan that is working splendidly in our state (Utah). That is, we compel the recorder, whenever an instrument has been recorded upon a piece of real estate, to forward that immediately to the state board of equalization. We then immediately take the matter up with the grantor and grantee and learn the facts - and you would be surprised to see how readily the people respond. Whenever we find elements of gift, grade, exchange, and those things, they are eliminated. But when we find a true consideration, we use that as the basis."

Oscar Leser: - (Baltimore, Maryland)

1. Range of error?
2. Ever a higher value than \$175?

Answer: Range not figured in percentage. An error of as large as \$30 an acre due to certain crudities of the study.

Errors on both sides of sale price. Method cuts a mean between the extremes.

E. G. Tunel: - (Chicago, Illinois)

" ----- I don't believe that ----- value ----- can be obtained by a mathematician, however clever he may be, with a pencil and a pad of paper. Value can only be found by a consideration of sales."

E. M. Smith: - (Winterset, Iowa)

Did Mr. Haas weed out the element of home value near villages? Boom values as a problem.

George Vaughn: -

Favorably impressed but desired simplification.

J. T. Simms: - (Charleston, West Virginia)

Mr. Haas' effort based upon a number of hypotheses - guesses a la Bryan - Economic and sociological factors "entirely beyond the realm of mathematics."

" ----- The only true standard for ascertaining ---- market value is by the consensus of opinion of men acquainted with values of that particular class of property under consideration. As has been well said by one gentleman, there may be no sales in a community for a long period of years, yet we know that there are values in that community. -----"

 "If you find a rural community with good churches, good schools, and good roads, with people of ideals, property in that community has a greater value than property in a community where they don't have these things. That is not a mathematical factor, it is sociological and economic. You men who know have to sense values."

Mr. W. H. Blodgett: - (Hartford, Connecticut)

Studied assessment levels in relation to prices. States that Mr. Bailey told him same method was followed in Utah as check on work of assessors. Problem of industrial properties not frequently sold.

A. E. James: - (Mountain Lakes, New Jersey)

Pointed out that some had overlooked the fact that Mr. Haas started with sales price.

Cites Wisconsin as checking railroad assessments and state tax equalizations by comparison of assessment with sales price.

"I had occasion some years ago, also in connection with our reassessment work (New Jersey), to make tests of the percentage of error arising where we had made re-assessments, as compared with the condition prior to re-assessment; that is, we would have a district in which the average ratio would be around fifty per cent; we would make a re-assessment and bring the property up to full value, using the mathematical basis primarily for the spread of our values along properties not sold. I found, as between the two tests, after making the proper correction for the general under-assessment of the business before it could be re-assessed, that the margin of error as between conditions before the re-assessment and after the re-assessment was cut into almost one-fourth; that is,

the range of our re-assessed value, as compared with the sales subsequent to the reassessment, was not one-fourth as great, and it centered very much more nearly around the assessed value than it did in the district as measured by the sales immediately after the original assessment."

"---- The factors may be sociological, they may be physical, they may be whatever thing he pleases, but they are all susceptible of a mathematical measurement; they are not mathematical factors, but they are susceptible of mathematical measurement,----"

W. M. Franklin: - (Oklahoma City, Oklahoma)

1. Cash sales of real estate extremely low where the amount involved is large.
2. Too technical for the average county tax assessor.
3. Factors arising which are not included.
 - a. "Shacks" on adjoining properties.
 - b. Packing plant and other odors.

Dr. Adams: -

1. Tax assessment a wholesale job requiring use of a "machine".
2. Reasonable readjustments of "machine" results necessary.
3. Multiple correlation too intricate and complicated for general use.

H. E. Neese: - (Charleston, West Virginia)

States that West Virginia Board of Public Works has been forced to conclusion "that no set formula or mathematical formulas can be used nor employed in arriving at the value of properties."

"----- Even the Supreme Court of the United States, in very recent decisions has divided almost evenly on the proposition of what methods should be used, and has laid down the board principle that any valuation arrived at by any means other than by taking into consideration all elements of value is erroneous and will not stand the test of the courts."

"----- as I stated in the beginning, my conclusion is that the solution of the problem ----- is the selection of men who are competent to do the work ----- . They must be men of integrity and men selected for the sole purpose of doing the job which is put up to them."

Mr. F. B. Thomas: - (Montpelier, Vermont)

1. Administration of Mr. Haas' scheme to make it of practical use to assessors.
2. Favorably impressed.

L. H. Olson: - (Milwaukee, Wisconsin)

"I should like to make one observation, based upon twenty-five years in commercial valuation work, and my experience confirms the statement made by Dr. Adams: that we need all the theories of values that are practical to work out; but as any theory of values must be imperfect in not meeting all conditions, we need

the practical, hardheaded judgement to supplement theory; that it is only by a combination of the two methods that accurate results can be obtained."

W. H. Moltbie: - (Baltimore, Maryland)

1. Empirical determination of factors.
2. Applicable only to the average case. Hence just to the state but not to particular taxpayers.
3. Said he used Mr. Haas' mathematical factors to test the sales value and found results from 50% to 300% of sales value.
(Inappropriate and ignorant as the particular values of formula constants are applicable only to the same universe.)

(103)

It is quite evident that a number of the criticisms reflected the ignorance of those who made them. The very volume of comment aroused evinces the fundamental importance of the possibilities inherent in this method. At the same time there is occasion for much further research along these lines together with programs of education to prepare the public for its use.

Mr. Haas answered the really significant questions and criticisms very ably:

On the question about a mathematical formula as applying only to the average, it depends upon how the mathematical formula is calculated. The one which I have calculated applies to particular cases. In the error which I have quoted, I used the term "average error", but by doing so I meant the average error of particular estimated sale price to that particular sale price. This formula works exactly on the average. Nowhere are the errors involved, in particular cases, with each other. So it is not a question of its only applying to an average case.

I failed to touch upon the question of administering a system of this sort. Of course, we cannot pick upon the assessor to go through a solution of this sort; we don't ask the assessor to write the tax bills, and a system of this sort is one involving a complicated analysis and requires the services of a trained statistician. My thought on that subject would be that some central body like the state tax commission could employ a statistician to work out the system. He could section off the different parts of the state and work out systems that would apply to different sections. Then the work of the assessor would be merely that of the enumerator. He would not have to know any more than the man taking the census. He would have to simply go out and get the facts and give the data to the people who had the system in the office, and the assessor wouldn't know what that property was going to be assessed for when he got that information. Every farm would be measured

103. Discussion of Haas', G. C., "Assessment of Farm Real Estate", reported in Addresses and Proceedings of the National Tax Association, 16th, 1923, pp. 87 - 110.

by the same yardstick, and the yardstick is the one which is determined by the buyers and sellers in the market; not by the individual opinion or judgement of any one man, which, as has many times been stated, is merely based upon his experience and can only be an experienced guess.

The other thing I would like to say a few words about is the question of mathematical factors. These factors, of course, are expressed in mathematical terms. I don't know of any other way of expressing quantitatively any factor which expresses value. I have expressed them in mathematical terms in order to get them on a quantitative basis, so we can add them and multiply them, and reach back to our sought figure; that is the sales price. (104)

It seems to be the most promising approach toward genuinely systematic assessment of farm lands. Of course, especially during periods of unusually rapid change in agricultural markets and land utilization, distribution formulas may require frequent revision. This, however, is equally true of the land value and agricultural price trend standards relied upon by commercial appraisers.

The comments of Professor Adams of Yale University for all their dignity carry a withering rebuke for those who idly dream of an easy solution of difficulties. No advance in human technique for dealing with either physical nature or human nature has come easily. Complacency is the product of habituation to the use of a new tool rather than the reward for its invention or for initiation of new departure in its use.

Just as some statesman once remarked, that patriotism was the last refuge of the scoundrel, so human honesty compels me to admit that in many instances the excuse for exercising that human judgement (which is after all the last touchstone, the last criterion, the absolute indispensable) is the excuse for more sheer carelessness, for more petty, inexcusable neglect, than almost anything I know. The truth of the matter, as I see it and as it works out in my experience, is this: No system can be devised that will not need correction; there is no method or formula that can be used that will not need correctives in its application. Examining upon general judgement is all right, but no body of men or no man can administer this great wholesale job of tax assessment without a system. You need that, if for no other reason than that that your general judgement differs in the evening from what it was in the morning. You get tired. You need a system to relieve your tired nerves and tired eyes; to keep you from becoming careless. After you have received

104. Reply of G. C. Haas to discussion of his paper on "Assessment of Farm Real Estate" reported on p. 111 of Addresses and Proceedings of the National Tax Association, 16th, 1923.

the results of that system, modify them; depart from them whenever your general judgement tells you that you should, but don't discourage the men like Mr. Haas, who go out with infinite pains and difficulty and attempt somewhere to get us that precision and exactitude which, if we are honest, we also should want to get - some basis of judgement, upon which everybody more or less can agree, something that the taxpayer can talk to.

Here is my whole point: Occasionally this mathematical method which we speak of, which is too intricate and complicated for general use; which Mr. Haas must recognize is too complicated, occasionally gives us something. It gives us something like the depth rule which, modified to the particular experience in various cities, is used in almost every city in the country and is almost indispensable in modern city improvement. We cannot trust to them absolutely; we have to supplement each one of them by the exercise of common sense in particular cases; but when you have thousands and hundreds of thousands of assessments to make, you need a machine to make them for you in the first instance. (106)

Clothing the specialist with a cloak of ceremonial distance similar to that which formerly hedged kings is one means of hastening the day when his contribution may be made of practical use to humanity. This is what has happened in the experimental laboratory sciences and in the even more exact science of astronomy in which experiment is impossible. So it would seem that there may be some advantages to the "intricacies" of correlation calculus. Mr. Vaughn's illustration may prove a better promotional cue than his plea for simplification.

Mr. Chairman, I think we will all agree that the papers prepared by Mr. Zengerle and Mr. Haas are going to be of great value to us. I cannot say that I have entirely grasped the matter like our friend from Virginia, Mr. Gary, has, but I believe I can get it by studying it out, and I am not going to discredit it just because of its difficulty. I knew that a few weeks ago we had a total eclipse of the sun and some mathematician figured out exactly when it would take place. At the time it was due to take place I took out my watch and found he was entirely correct in his statement, but I couldn't begin to figure out how he arrived at it.

In closing I want to say I hope we will take these matters seriously and dig down into them in an endeavor to get down to some method which is a little more simple, so that the average assessor will not have to be well versed in the logarithmic tables or in the einstein theory of relativity. (106)

106. Comments by Dr. T. S. Adams reported in Addresses and Proceedings of the National Tax Association, 16th, 1923, p. 107.

108. Comments by George Vaughn reported in Addresses and Proceedings of the National Tax Association, 16th, 1923, p. 100.

Separate assessment of land and "improvements" is essential to any method of arriving at land values by a consideration of unit characters. This was standard practice in thirty-two states in 1927 (Map 10) and is suggested in the tax schedule which has been used for many years in Tennessee (see above, page 106). When this is done the problem of arriving at the value of buildings comes to the fore. Depreciated cost of construction by volume units is a standard procedure for this purpose. The following table summarizes rates of depreciation for various types of residence buildings.

Table of Approximate Life and Depreciation of
Buildings (106A)

Type of Building	Life in Years.	% of Average An- nual Depreciation
Cheap detached frame residences	30-40	2.90
Good detached frame residences	40-60	2.10
Ordinary brick residences	50-75	1.65
Good brick and stone residences	100-150	.83

More detailed depreciation tables used for farm buildings are reproduced in the articles by Mr. Haas already referred to (106B). Tables based on southern experience should be constructed for use in Tennessee.

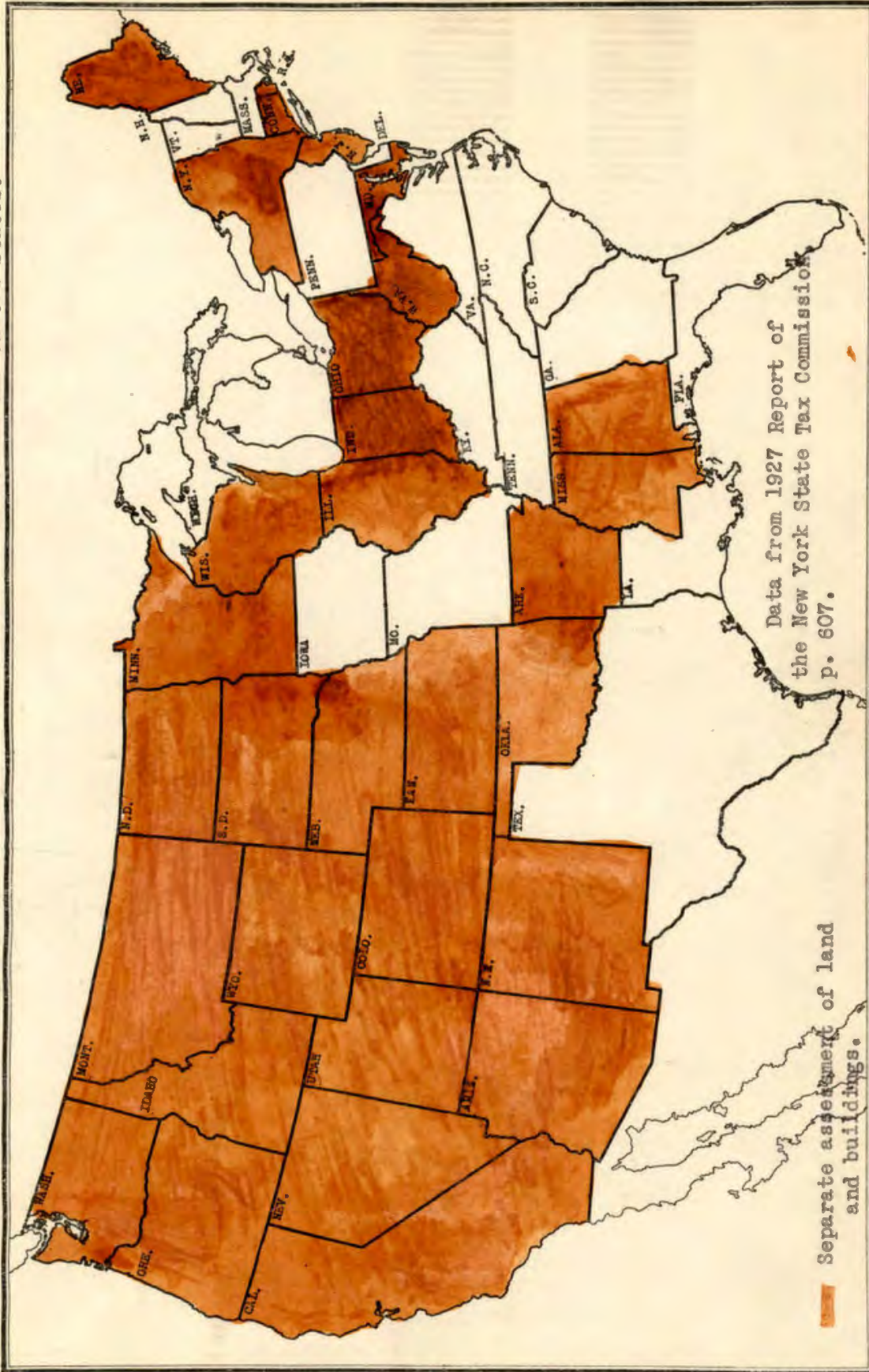
Earning power methods: In the long run land value as measured by selling price must bear a definite relation to its productive power. It is because of this that selling price provides a useful index of land value. But as a country becomes settled and an economic equilibrium is approximated sales of land may become infrequent. Then too in periods of changing land prices such as those experienced within the last decade in America this index becomes quite uncertain. Probably because of the former consideration tax assessments on European agricultural lands are on

106A. Evers, C. C., "The Commercial Problem in Buildings" (New York 1914), p. 241; quoted in Fisher, E. M., "Farm Land Appraisal Practice," p. 95.

106B. Haas, G. C., "Sales Prices as a Basis for Farm Land Appraisal," p. 30-31; see also his "Assessment of Farm Real Estate."

Map 10.

Separate Assessments of Land and Investments in the United States.



an earning power basis. But present sentiment in favor of similar practice in this country has doubtless grown out of the drop in land prices.

Earning power as a basis of tax assessment is to be distinguished from a tax on income actually received from the land. (107) The plea for taxation on the basis of earning power has an attractive moral coloring. It squares with such other slogans as "ability to pay" and "tempering the wind to the shorn lamb." Careful attention should be given, though, to the basic features essential to practical operation of such an assessment procedure before entering upon a crusade for its adoption. In England annual rentals guide operation of this system but in Italy and Austria cadastral surveys supply the foundation upon which it rests.

The following paragraph explains the general principles of assessment followed in England for local taxation.

The basis of assessment is the annual value of property in its condition at the time the assessment is made; neither the value at any earlier period, nor prospective value should be taken into account. The purchase price of a property has no bearing on the assessment for rating, and such a method as taking a percentage on that sum would be wholly wrong if it resulted in an amount either greater or less than the rent at which it would let from year to year. The artificial control of rents of houses coming within the provisions of the Rent Restrictions Act, and the values placed upon the "benefit" of service occupation of cottages by Agricultural Wages Committees, do not affect the statutory rating basis. The basis of assessment of a hereditament is the same whether it is in the occupation of the owner, or let to a tenant, and the actual rent payable in the latter case may not necessarily be conclusive evidence of gross value. Houses are assessed at their value to let unfurnished. One of the main objects of the Act of 1925 is to promote more uniformity of assessment, and to this end the Central Valuation Committee, after considering the post-war position, have recommended that excessive purchase price paid, excessive rentals obtained, and low rents which have not been raised, should all be disregarded, and that "annual values of hereditaments of a similar kind should be standardised to ensure contribution to the rates on a uniform basis." (108)

Assessments for income tax purposes on both the owner and the occupier

107. In other words this system does not exempt speculative holdings. See above, p. 144, for opposition of New York Tax Commission to "income received" as a basis for taxing land.

108. Gardiner, R. S., "The Agricultural Landowner's Handbook on Taxes, Rates, Tithe, Rentcharge, and the Death Duties," p. 83.

of lands are likewise based on annual rental values (109), except that "where farm accounts are kept----- the farmer can secure assessment on his actual profits if they do not amount to the value" (110). All assessments are revised at least once in five years (111).

Rental data in Tennessee is poorly adapted to this purpose served so well by English rents. Over a third of 1925 farm tenancy in the state was on a cropping basis and scarcely a tenth of it was on a cash basis. This means that Tennessee landlords commonly assume risk and in some cases supply supervision as well as land in return for the tenants annual rental payments. The situation in the counties subjected to special study is presented in Table 53.

Table 53.

White Farm Tenancy in Overton, Clay, and Pickett Counties, 1925.

	Number of White Tenants			Percentage of All White Tenants		
	Overton	Clay	Pickett	Overton	Clay	Pickett
Total	951	636	257	100.0	100.0	100.0
Cash	61	16	10	6.6	2.5	3.9
Croppers	160	176	71	17.2	27.7	27.6
Other	710	444	176	76.2	69.8	68.5

Note: Negro tenants may be ignored since there were only 2 in Overton, 12 in Clay, and 1 in Pickett.

The census definition of the various tenancy classes reported in 1925 was:

Tenants are farmers who operate hired land only. In the present report separate figures are shown for three classes of tenants - namely, (1) cash tenants, who pay a cash rental, as \$7 per acre of crop land or \$500 for the use of the whole farm; (2) croppers, who are defined as share tenants, to whom the landlorders supply all the work animals; and (3) all other tenants, including those giving a share of the products for the use of the land or a share for part and a cash for part.

109. Gardiner, R. S., Op. cit., p. 78, 45.

110. Gardiner, R. S., Op. cit., p. 46.

111. Gardiner, R. S., Op. cit., p. 10 - 11.

From this it is clear that the vast majority of tenants in these counties receive more than the use of land from their landlords. Consequently to the extent that landlords rent on a business basis the annual rent represents more than land rent. Even in the case of the eighty-seven cash renters distributed through the area it is by no means certain that the charges are equivalent to "land rent" in the economic sense of that phrase (112).

It seems certain that a cadastral survey would be a necessary preliminary to the institution of "earning power" assessments in Tennessee. The essential features of a cadastral survey are presented in the following abstract of an article by Luigi Einaudi:

In discussing land taxation from the historical point of view the author described the universal census of the Duchy of Milan of 1718 which has been the basis for all later taxation of land in Italy. That census mapped all property and evaluated it upon its productive capacity. Two fundamental ideas of Italian taxation having their origin in the Milanese census are (1) taxable property is the gross product of the soil minus total expenses, and (2) the value of the property shall be considered by local standards so that the product due to extraordinary skill shall not be taxed. (113)

The technical details and intricacies of the Austrian land cadastre have been described by an American scholar as follows:

The survey called for by the law of 1869 merely involved the completion of one begun in 1812. Years had been spent in the process and the results are still embodied in the cadastres of the various Succession States. The triangulation system of survey was used with triangles of four sizes. The lines used in the largest triangles ran to a maximum of about 20 miles, while in the final network of small triangles, the longest line could not exceed some $2\frac{1}{2}$ miles. In this way a very large number of points were accurately determined and plainly bench-marked.

In each province these fixed points were next referred to a main meridian and a main perpendicular. The ground projection of the tower of the town hall in the provincial capital frequently provided the intersection point for these two lines. Then on a map of appropriate scale the territory of the province was divided

112. Chambers, C. R., "Relation of Land Income to Land Value," pp. 47 - 63.

113. Abstract from entry 574 in Taxation and the Farmer: a selected and annotated bibliography compiled by Margaret T. Olcott. This is based on a review in English of Einaudi's, "La terra e l'imposta".

up in gridiron fashion into squares of approximately $4\frac{1}{2}$ miles to a side. Each square in turn was divided into 20 rectangles. The rectangles received designations relative to their squares, and the squares relative to the main meridian and the main perpendicular.

Before considering the subsequent history of the land tax, a short digression may be in place. It is important to realize that the Austrian cadastre is more than a mere tax map. It is a land economic survey. The maps and the accompanying documents reveal a large number of significant physiographic and economic facts. They show not only the metes and bounds of the several parcels of land, but also buildings and other permanent structures, railroads, roads, paths, rivers, brooks, lakes, swamps, character of the soil and subsoil, its ease of cultivation, moisture content, and so forth. The maps, upon which these facts are plainly shown by a system of coloring and numbering, are printed and sold to the general public at very reasonable prices. They are highly important documents of record, which serve a purpose, the importance of which we in this country are just beginning to appreciate. They put a stop to unscrupulous land booming on a large scale such as has too often accompanied American expansion. In fact, land booming has been impossible in Austria practically from the final abolition of serfdom and the establishment of free trade in land. (114)

The consensus method of arriving at local standards of productivity was followed in Austria through the solicited cooperation of peasant committees. Revisions were to be made every fifteen years. With the rise of Austrian peasants in political power the cadastral method of taxation has been largely set aside. This, together with the fact that the cadastral system was instituted by the monarchy suggests some of the practical difficulties in the way of carrying it out in a democracy. It is true that the state of Tennessee seems to be withdrawing from use of general property tax for revenue purposes. But there is little indication of readiness to entrust such matters to competent specialists to say nothing of the problem of cost.

Certain administrative devices for aiding in the securing of full value assessments: Indiana county assessors have been made inheritance

114. Van Sickle, J. U., "Taxation of Land in Austria", pp. 216, 218; see also his article "Classification of Land for Taxation".

tax appraisers. Commissioner Wolcott explained the purpose of this before the annual conference of the state tax commissioners and county assessors as follows:

The gentlemen who have spoken have very kindly complimented the State Tax Board somewhat on securing the legislation that made you the inheritance tax appraisers, but we want you to understand that while we felt it was due to you and it would add somewhat to the small salary you receive, we had another purpose in view, and that was the purpose of giving you the information that you could secure in settling up these estates in regard to omitted property which has escaped taxation. That is one of the most important features of that law. I suppose there is not an estate settled up in Indiana but what you gentlemen have discovered some place along the line, if it is an estate of any size, that property has been omitted for taxation which came to light when you settled the estate. That was one of the reasons that we gave to the Legislature and the Governor, which helped to make it possible to get that law passed.-----

(115)

Experience of ensuing years indicate that assessors were especially interested in the increased income afforded themselves by this means. They succeeded in securing legislation which gave them the power to name their own fee. With proper precautions, however, this expedient is worthy of consideration.

Publication of assessment lists has been proposed as a means of promoting proper assessments. The arguments for and against this system and the extent of its use prior to 1908 may be summarized as follows:

Opinions.

For

More people would check over relative assessments if lists were published.

People have a right to know what officials are doing.

People at present have little opportunity to make intelligent appeals to the equalization board.

Continued use in localities where tried.

Against

Expense of publishing list.

Too much of an exposition of private affairs.

Information a matter of record open to public inspection.

Time too short for printing.

(continued)

115. Report of the Proceedings of Annual Conference of State Board of Tax Commissioners and County Assessors, State of Indiana, 1916, p. 59; also discussion of same topic in ensuing years.

		Where Used.			
Place	Date or dates			Cost.	
Brockline, Mass.	Annually since 1865	(1907)	2,500 copies, 248 p.	\$1,000	
Lowell, Mass.	1906 - 1907		10,000 copies, 266 p.	1,245	
Sunapee, N. H.	Annually	(1906) (1907)	500 copies, 54 p. -	75 100	

Required by law in Rhode Island

New Jersey authorizes.

Nevada requires it by counties since 1893.

Illinois ----- 1897 published in newspapers.

Where printed in pamphlet form the cost ranged from 12 $\frac{1}{2}$ ¢ to 40¢ a copy.

(116)

Summary and program for improved methods of fixing assessed values on

Tennessee farms: There are two very practical angles from which to point out possibilities for improving present procedures in the fixing of farm land values for taxation. First, a distinction must be made between what is possible without change in the present laws and changes which presuppose enabling legislation. Where there is abundance of local initiative and also from the point of view of education by demonstration this is of special importance. From the long time point of view, though, it is more important that changes be so planned that they shall be made in logical sequence: each step accomplishing a definite purpose and either helping toward or at least not hindering later steps. Adequate attention to this matter of logical sequence includes the problem of arrangement in such a manner as to insure minimum total cost.

Preparation of a tax map and more thorough collection of unit characteristics data would both be possible under local initiative so far as the

present laws are concerned. As a matter of fact there is no legal hindrance to active promotion of such local efforts by the superintendent of taxation. But strict conformity with the statutes would scarcely permit fixing land values from office records. This means that only the first assessment made from a systematic recording of farm characteristics would be legal. The labor of making such records is so great that it is impracticable to repeat it biennially. It would seem entirely possible, though, to use such records in combination with a perfunctory visit to each tract of land in the county and come nearer to complying with both the letter and the spirit of the law than does practice.

Improvement in the equity of assessments, so far as individual owners are concerned, might be secured by a consensus assessment. It is doubtful, though, whether such an assessment in and of itself would square with the law. Perhaps the assessor would have to visit each farm, after a meeting for evaluation purposes, to verify the assessments placed at the meeting. If the superintendent of taxation should be so inclined, and if his superiors would sanction such action, it seems that he might encourage and supervise some demonstration reassessments of this kind in an effort to determine the desirability of a change in the law (see above, p. 49). Perhaps other innovations might similarly be tried out under the supervision of the superintendent of taxation.

While the letter of the present assessment laws is rather rigid practice seems more or less to ignore the statutory requirements. One might be tempted to conclude that so far as assessment procedures are concerned only two things are necessary: First, the antagonism of the taxpayers must not be aroused and, second, the gross results must satisfy the State Board of Equalization. Any noticeable and avowed departure from the letter of the law might, however, permit a single aggrieved taxpayer to secure an injunction that would invalidate the assessments thus established.

Some improvement could doubtless be made if the county assessor devoted the first two years of his office to the taking of a systematic inventory of the value factors of each tract of land. To make such a procedure possible the details of a record keeping form and filing system adapted to local conditions would probably have to be worked out by a specialist. Compensation in some counties would have to be raised. In Overton County, though, the present rate of compensation seems sufficient that such extra effort might justifiably be expected without salary increase. Legislation defining this as part of the assessor's duty and requiring supervision of the work by the judge or the clerk of county court would probably be essential.

Tennessee tax laws are in transition at present. Consequently attention to the details essential to an orderly program of improvement seems especially opportune. A tax map showing the location and extent of each parcel of land, together with proper storage facilities for the same, might well be followed with a dual card filing system: one file alphabetical and the other by map description sequence. The filing cards used might be prepared with an eye to later attention to such things as sales data and unit characters related to value. If any considerable expense is incurred in the preparation of the tax map special pains should be taken to make certain that it will serve as a permanent base upon which to revise boundaries and add details of land characteristics.

As has already been pointed out location of all real property would be a distinct advance over the present assessment situation. Files of the names of owners listed alphabetically and by map description would be a distinct aid to the assessor in using the tax map. They would also make it easier for people to compare their own assessments with those of their neighbors. From such a start it should be possible to work toward a more adequate record of factors influencing land value. Untrained local leader-

ship in such a procedure is likely to fail, though, unless provided with competent supervision and encouragement from outside.

It is recognized that there is considerable public sentiment today in favor of separation of sources of revenue as between the state and local taxing units. The main difficulty with such a procedure is the cutting off of centralized supervision of local tax matters. Home rule is an attractive slogan but as a consequence of commercial and industrial integration is becoming decidedly a plea for a Dr. Jekyll and Mr. Hyde type of social existence. As may be seen from the following quotation, this was the chief objection of the committee which drew up a preliminary Plan of a Model System of State and Local Taxation.

The committee is of the opinion that a partial separation of the sources of state and local revenue is desirable, but that complete separation, by cutting the connecting cord between the state and local governments, tends to destroy the states' sense of responsibility in the matter of local taxation. There is no experience to justify the belief that, if the states turn over to the local governments independent sources of revenue, and adopt the theory that local taxation is an affair of purely local interest, we shall ever have a satisfactory administration of the tax laws by local officials. Experience abundantly shows that such officials need constantly the expert advice, intelligent guidance, and, when necessary, the effective control of a state tax commission composed of experts and keenly alive to the need of just and efficient administration of tax laws by local officials. Total separation of the sources of state and local revenue, at least in the forms in which it is usually presented, seems to the committee to be distinctly a backward step, especially at this moment when the need is for greater emphasis upon state control over the taxation of property for local purposes. A further difficulty of complete separation is that the abolition of the direct state tax upon property tends to remove a desirable check upon state expenditures. (117)

In conclusion it may be admitted that there is much that is purely empirical in the most elaborate schemes for arriving at equitable land values. So far as the land market is concerned the Ricardian theory of land rent and land value has stood the test (118) Recent researches have

117. Preliminary Report of the Committee Appointed by the National Tax Association to Prepare a Model System of State and Local Taxation, pp. 38-39.

118. For a convenient summary of this theory see Ely, R. T., "Outlines of Economics," (3rd ed.), p. 418-419.

supplemented it in the way of a practical understanding of the part played by anticipated future land income in the determination of prices (119) . But much remains to be done in the way of formulating adequate theoretical explanations of changes in land utilization. For the present, at least, these changes necessitate revisions from time to time in evaluating the various factors which affect land value. But promising starts have been made toward an understanding of changes in the spatial pattern of the competitive integration of human activities.

Correcting Mistakes and Errors in Assessed Valuations.

With the possible exception of Rhode Island every state in the union has set up local machinery for correcting mistakes in assessment (Map 11). In four states local equalization is organized on a civil district basis. Eight states have both civil district and county provisions for equalization. Maine seems unique in its provision that "the assessor may abate part of tax levied in excess of the proper amount". Tennessee is one of the thirty-four states with local equalization organized on a county basis. State equalization is also common (120). The Tennessee State Board of Equalization has power to review both original assessments and equalization between local districts on either its own motion or on complaint or appeal of taxpayers. But it does not have power either to order or to make general reassessments.

Since the adoption of the last state constitution there have been a number of changes in the organization of local assessment in Tennessee. In 1873 the assessors constituted the board of equalization. Subsequent changes may be enumerated (121).

1875 - no equalization board.

1877 - equalization function again vested in the assessors.

1897 - county equalization board - to consist of the assessor, deputy assessors, county judge and three property owners appointed by the assessors and the judge.

(continued)

119. Chamber, C. R., Relation of Land Income to Land Value, passim.

120. Newton, R. W. and Hedrick, W. O. "Farm Real Estate Assessment Practices in Michigan," p. 78.

121. Brannen, C. O., Taxation in Tennessee, pp. 23-44.

- 1889 - assessors were excluded from the board and another property owner added.
- 1895 - membership of board same as in 1889. Board required to notify taxpayers of any raise in assessment. It was empowered to add assessments to the list.
- 1907 - 5 property owners elected by the county court. Entrusted with certain investigational duties regarding the work of assessors.
- 1921 - assessor required to meet with county board of equalization in an advisory capacity.

The status of the assessor in relation to equalization work has experienced the most frequent changes during this period. More detailed study might reveal other changes. At present it seems more important to set forth the present organization of equalization. This is attempted in the following outline summary.

Outline of county equalization in Tennessee (122):

A. Qualifications required of members of board of equalizers:

1. Must be:
 - a. real estate owner and taxpayer,
 - b. citizen of county for not less than six years.
2. Must not:
 - a. be a justice of the peace,
 - b. have been a member of the board of equalization at any time during the 5 years preceding election.

B. Selection of members of equalization board:

1. General provisions:
 - a. Elected by the April session of the quarterly county court,
 - b. County court judge appoints:
 - (1) in case the county court fails to elect,
 - (2) in case of vacancies due to other causes.
 - c. Starting in 1910 arrangements were effected by means of which elections alternate: two members in even numbered years; three in odd numbered years.
 - d. Elected from "various sections of the county."
2. Special provisions:
 - a. Cities of 60,000 population or over entitled to two members to be elected by the governing body of the city.
 - b. Cities of 5,000 population but under 60,000 entitled to one member to be elected by the governing body of the city

C. Number of members on board - five.

(continued)

122. Based on Shannon's Code of Tennessee, 1917, Article 8, passim., and Sec. 809, Sec. 972a4, Sec. 972a8; also Supplement to Shannon's Code of Tennessee, 1926, Sec. 809a15 and a16.

D. Term of office of board members - two years.

E. Compensation of board members not to exceed \$2 per day.

"It shall be unlawful for any assessor or deputy assessor or any member of any county board of equalizers to draw or receive any compensation for services, or for any county judge or chairman to issue any warrant for the same, until such assessor or deputy assessor or member of said board shall have fully kept and performed each and every one of the requirements of this act, and the failure to keep and perform any of the same shall be held and deemed a waiver of any right to any compensation for services; and provided, further, that this section shall not apply to counties having a population of 60,000 or more, -----".

F. Meetings of the equalization board:

1. To start the first Monday in June - annually.
2. To sit until work is completed but not longer than as indicated in tabular statement:

<u>Limit of sittings</u>	<u>in counties with population of</u>
6 days	10,000 or less
10 days	10,001 to 19,999
15 days	20,001 to 34,999
25 days	35,001 and over.

3. Extensions of statutory sitting:

- a. The "public good demanding it" either the county court or the judge of the county court may extend the length of sitting, but not beyond the time for the return of the assessment to the county court clerk. (This date, which was omitted from the general assessment act of 1907, is the first Monday in July.
- b. In case a sufficient number of complaints are filed with the state board of equalization from a given county that board may reconvene the county board and require it to pass on the complaints at a set time.

G. Internal organization of the equalization board.

1. Elects its own chairman and secretary.
2. Majority constitutes a quorum.

H. Record of daily activities and transaction of the board of equalization to be kept by the secretary and filed for preservation with the county court clerk.

I. Custody of assessment rolls:

1. Delivered to the board of equalizers by the county court clerk at their first meeting.
2. Returned to the county court clerk on the completion of the work of equalization

J. Duties and powers of the equalization board.

1. Directly connected with correction of errors in assessed

valuations,

- a. to carefully examine, compare and equalize the county assessments,
 - b. to eliminate from the lists property exempt from taxation,
 - c. to hear any just complaints and to reduce any assessments, made at more than cash value, to cash value,
 - d. to correct any and all errors arising from clerical mistakes or otherwise that may come or be called to their attention. Such corrections, if any, to be entered upon the assessment books without in any way altering the assessment lists.
(Note: special columns are provided in the assessment books for entries of the changes made by the equalization board.)
 - e. to raise or lower the entire assessment list or any particular assessment so as to secure assessment at actual cash value,
 - f. must notify taxpayer and give opportunity for a hearing before raising assessed value on his property,
 - g. may, if it cares to, examine witnesses and hear evidences presented by complaining taxpayer,
 - h. empowered to send for persons and papers and obtain any evidence deemed material to the enforcement of its duties,
 - i. every member has power to administer an oath,
 - j. must make summary report to the Department of Finance and Taxation showing:
 - (1) number and value of acres assessed,
 - (2) number and value of town lots assessed,
 - (3) the value of personal property assessed,
 - (4) the number of polls assessed.
 - k. required to tabulate, with the assistance of the county register, voluntary sales of real estate, registered within the preceding year, by civil districts giving:
 - (1) name of principals,
 - (2) selling price,
 - (3) assessed value,
 - (4) equalized value,
 and forward same to the State Department of Finance and Taxation.
 - l. must take oath of office,
 - m. must certify the equalized assessment roll,
 - n. must obey the rules and regulations established by the state board of equalization.
2. Of inspection and inquisition
- a. required to examine the assessor and deputies to ascertain the manner in which they arrived at the values assessed and such questions as will aid in the equalization of assessed values,
 - b. by implication must inquire of the assessors whether they have reported taxpayers, failing, refusing or neglecting to swear to tax schedules and similarly those not returning tax schedules. At any rate they are expected to determine this fact and make such

reports to the district attorney in case the assessors have not done so.

- c. required to report to the district attorney any assessor or deputy known or reasonably suspected to have assessed any property at less than cash value.

K. Limitations upon the jurisdiction of county boards of equalization:

1. Cannot, in the year in which personal property alone is assessed, change the valuation on any real estate except where changes in permanent improvements to the extent of \$200 or more have been occasioned by construction or by destruction by fire, flood or other casualty. Even in such instances they have jurisdiction only after the assessor has reevaluated the property.
2. Present law does not empower the county board of equalization to assess property not assessed by the regular assessor. (Note: the state equalization board "shall certify in writing to the comptroller of the state, to be delivered to the proper revenue agents, all evidence of any property escaping taxation -----")

L. Officials concerned with county equalization of assessments:

1. County:

- a. the equalizers - as outlined above,
- b. assessor and deputies - in advisory capacity and under examination. Assessor to report, on a form provided by state tax officials, all changes made by the county equalizers, indicate in each instance whether the change was an increase or decrease, and make recommendation in regard to these changes to the State Board of Equalization.
- c. judge of county court - administers oath of office; may appoint on occasion, may continue the sessions of the board of equalization,
- d. clerk of county court - turns over assessment rolls to the board and receives them when returned together with the record of the transactions of the board of equalizers. Must report equalized assessments to the Department of Finance and Taxation by classes and by civil districts.
- e. register of deeds - required to assist equalization board in taking off deed considerations for sales made during the preceding year.

2. State:

- a. equalizers - may reconvene the county board,
- b. superintendent of taxation - receives reports on forms supplied,
- c. revenue agents to execute legal proceedings against unassessed property,
- d. comptroller of the treasury - formerly received notice from state equalizers of county officials liable to prosecution under the general assessment act. It was then his duty to advise the district attorney to prosecute. Probably this comes under the department of finance and taxation at present.

M. Penalties which may be incurred by county officials in connection with equalization activities.

1. County equalizers may incur fine of \$50 to \$100:
 - a. by entering upon duties without first taking oath,
 - b. by failing to send tabulated statement of land sales, etc. to Department of Finance and Taxation,
 - c. by equalizing at less than cash value,
 - d. by failing to report to the district attorney:
 - (1) taxpayers who did not take oath to tax schedule,
 - (2) taxpayers who did not return tax schedule to assessor.

(That is, in case assessor has not already done so.)
 - e. by failing to make summary report of the equalized assessment to Department of Finance and Taxation.
2. County register may incur a fine of \$50 to \$100 by failing to cooperate in the tabulation of land sales data.
3. County court clerk may incur a fine
 - a. of \$50 to \$100 by failing to send certified copies of the oaths of county equalizers to the state board if the same are requested,
 - b. of \$10 for each day more than ten days, after the completion of the work of the county equalization board, that elapses before he reports the equalized assessment results by classes and civil districts to the state tax officials.
4. Taxpayers and witnesses are indictable for perjury if they make false statements to the equalization board under oath.

N. What the taxpayer needs to know about equalization procedure:

1. Types of complaints which he may make,
 - a. that his own property is assessed at more than cash value,
 - b. that the property of another is assessed
 - (1) at less than cash value, or
 - (2) at a lower percentage of cash value than is his own property.
2. Complaint before the county equalizers is a necessary prerequisite to suit to recover taxes which have been properly paid under protest unless the assessment was made without the authority of law.
3. The county board of equalization has unlimited discretion in the matter of taking evidence. Hence failure or refusal of the equalizers to examine witnesses and hear evidence of complainant does not constitute sufficient ground for a writ of certiorari for recovery of taxes.
4. False statement under oath constitutes perjury.
- b. Appeals to the state board of equalization must be:
 - a. specific,
 - b. in writing,
 - c. sworn to and
 - d. filed at least ten days before the adjournment of its annual assessment.
6. Any reputable citizen of the state may demand that the district attorney investigate and prosecute offenses under the general assessment act.

For purposes of the present study little attention to the work of the state board of equalization is necessary. It may be noted, however, that the power of the state board to equalize between civil districts and between counties by percentage increases or decreases, which was forbidden in 1897, was restored in 1919 (123).

The main social control technique embodied in the present statutes concerning equalization seems to be an attempt to divide local officials against each other in such a manner that the state may rule. Thus three separate reports on equalized values are required: one by the county equalizers, one by the county court clerk and one by the assessor. Local officials are expected to supervise each other with primary emphasis on a full value assessment rather than on equality, between individual property owners. The grand jury has inquisitorial powers for the same purpose.

No thorough check has yet been made on the extent to which statutory provisions are observed in the actual work of county equalization. But some of the field notes raise certain specific questions for investigation. Thus a former Overton County assessor complained that members of the county board of equalizers:

- (1) should be required to be property owners (1),
- (2) should be elected for four years instead of only one (1),
- (3) should hold office beginning at alternate years (1),
- (4) and that deputy assessors should be compelled to be before the board of equalizers (1) when the districts assessed by them are being equalized.

It may be repeated that the law now provides at least in part for each of these complaints as follows:

- (1) County equalizers must be property owners,
- (2) are to be elected for two years,
- (3) two of the five being elected in even years and three in odd numbered years,

(continued)

- (4) and that the board of equalizers shall examine the assessor and his deputies to learn how they arrived at assessed values and other information helpful in the equalization of property.

His further suggestion that county equalizers should be able to read, write, and calculate, and not too old to perform their duties is certainly well taken. One year, he claimed, only two of the five members could do any work.

General complaints against the county boards of equalization are made from time to time.

----- The so-called "Boards of Equalizations", appointed by the county courts and the municipalities, do not help matters. They frequently prove only boards of reduction and undo good work on the part of the assessor. It is nearly always the case that considerable property interests secure representation on such boards. And the ulterior purpose for which such appointments are sought is usually made plain before the books are closed (124).

Then too the question has been realized whether the fact that equalizers are elected by the county court leads them to favor the property of justices of the peace or to yield to their political influence.

Certain specific departures from the requirement of the law may also be noted. From Clay County comes the report that a certain wealthy land owner was on the county board of equalization for many years. The law provides for a two-year term and requires that no person shall be elected who has been a member of the board within the past five years. From an undated newspaper clipping it appears that Knox County equalizers sometimes expect to serve successive terms.

Court Will Name County Equalizer.

County court in April will elect a member of the county equalization board, the term of Mel Troutman having expired.

Mr. Troutman is seeking to be re-elected, and is opposed by Tom Brown, a former deputy sheriff. The county equalization board has five members. It meets in June for 30 days to hear complaints on tax assessments.

The Clay County report continues to the effect that the son of this wealthy man is now a county equalizer and people all over the county are objecting.

Concerning the provision that the governing bodies of cities with a population of from 5,000 to, but not including, 60,000 are entitled to elect a member of the county board of equalization the following communication from Sullivan County may be noted:

Permit me to say that the members of the Equalization Board for Sullivan County are elected by the Quarterly County Court. The City of Bristol has been making a nomination of one candidate but the election is made by the court. (125)

From a practical point of view at least there are indications of effective work by some county boards of equalization. In 1927 the Overton County board was composed of "good-business men" who worked hard and did the best they could. They raised many pieces of property and lowered only two. A former trustee of Clay County stated that the equalizers never lower a man's assessment unless he appears before them and protests. In cases of protest they sometimes raise the assessment rather than lower it. In 1929 (?) the Clay County board raised city property. A former assessor in this same county did not place a river ferry on the rolls because the owner had no other property and the assessor did not consider the ferry worth \$1,000. The county equalization board assessed it at \$4,000. This would seem to indicate that in practice the power of equalization boards to assess omitted properties has been continued.

From the point of view of equity in taxation the law regarding re-assessment of property on which permanent improvements worth \$200 or more have been destroyed is not entirely clear. A former assessor of Clay County stated that if a house burns on January eleventh the man has to pay tax on it. He claimed that two cases of this kind had occurred in the county during 1928 (?). In one instance the house was worth \$4,000.00. This accords with the very specific provisions of the general assessment act of 1895:

125. Letter from G. J. Harr, deputy county court clerk of Sullivan County to P. B. Boyer, dated May 15, 1930.

Should the improvements upon realty upon which assessments are made biennially be destroyed after the assessments have been made, and before January 10 of the succeeding year and when the same was not insured, the assessor shall reduce the valuation to a proper amount, and report the same, with his other assessments for the next year, to the county court clerk, and shall, by him, be certified to the county trustee and proper officer in municipal and taxing districts (in the event the property be within such limits) after the same has been passed upon by the county board of equalization (126).

While the general assessment act of 1907 is not specific as to the date when reassessment is to become effective it seems that a more just procedure would be compatible with it. The significant portion of this act reads:

That if any improvement to the value of \$200 or more on any real estate shall be destroyed by fire or flood or other casualty, then the owner thereof may, on his application to the County Court Clerk, have the real estate so damaged reassessed by the Assessor, and such reassessed valuation shall be substituted on the assessment roll in place of the original assessment (127).

There is certainly nothing here specifically denying the right to an immediate change in the assessed valuation.

The combination of a full value standard in equalization as well as assessment opens the way to abuses. One undated and unlocalized report of such abuse was found in an early state report.

----- One was reported to this committee where an assessor, who had just applied for a job with a mining company and had not been employed, increased the assessment of that company from \$109,000 to \$500,000, despite the fact that other property in the same county was assessed at a ridiculously low figure and not at all in comparison with the increased assessment of the mining company. It was with the greatest difficulty that the attorneys of this company succeeded in having a portion of the increased assessment removed (128).

Judging from their compensation the Overton County Board of Equalizers found it necessary to sit nine days in 1929. The names of the board members and their compensation follows:

L. N. Oakley	\$18.00
J. W. Henson	18.00
A. L. Maxwell	18.00
J. Y. Spicer	18.00
Vince Hargis	18.00

126. Public Acts, 1895, ch. 120, sec. 4, see also Shannon's Tennessee Code of 1896, sec. 772.

127. Public Acts, 1907, ch. 602, sec. 19.

128. Report of Committee to Investigate Assessment and Taxation, State of Tennessee, 1915, p. 15-16.

State supervision and equalization of county assessments is somewhat remote from the immediate problem of farm taxation. But the most promising avenue toward more equitable assessments seems to lie through the expansion of such state activities. Removal of the state tax on land may give some slight tax relief to farmers but in and of itself the policy of separation of sources of revenue does not touch the most serious aspect of farm taxation: county taxes. Assessors having the same qualifications and lack of qualifications would continue to assess for county purposes with resulting inequalities between individual properties such as have already been brought out in this report. Moreover the method of distributing school equalization funds now in use places a premium on low levels of assessment. As has already been pointed out (above, page 204) the opinion of careful students is emphatic in support of state supervision of assessments.

The most common form of state supervision of local assessments has been known as state equalization. In the main such work has emphasized the maintenance or increase of assessed valuations with an eye to the yield of state revenues. In California state equalization became inoperative shortly after separation of sources of revenue was achieved and in Pennsylvania there seems never to have been a state board concerned with the equalization of local assessments. While this emphasis upon state revenues is to be expected of any such state organ in such states as New York and Wisconsin the short time and immediate view of this problem is giving way to a program of long-time planning combined with some research features.

In general state equalization activities may be carried out by two rather distinct types of effort. First, state officials may pass judgment upon and alter the assessments established by local officials. Second, they may reject the work of local officials entirely and make a complete reassessment. In addition a general contrast may be noted between the various particular procedures and devices employed in passing judgement upon assessments

as established by local officials. In some states decision is reached upon the basis of a mere analysis of the assessment returns while in others a systematic effort is made to collect comparative data on selling price and assessments, mortgages and other information indicative of land values as a check on assessed values.

Power to equalize by flat percentage changes in the valuation of taxing districts or classes of property was restored to the Tennessee state equalizers in 1919. Between 1897 and 1919 their efforts had been limited to adjustment of evaluations on individual properties. Equalization by "horizontal reductions and increases" has distinct advantages and seems a very reasonable and advisable power for a state equalizing organ to possess. But it seems that a public opinion sensitive to the contrast between the promises made for this system and its subsequent utilization would be wary of future peddlars of tax panaceas. The special commission appointed by Governor Tom C. Rye in 1915 recommended such a procedure in rather glowing terms and Chief Taxation Statistician A. V. Louthan quoted their commendation with approval.

----- Furthermore, when individual property everywhere in Tennessee has been brought by the assessors, working under the instructions and guidance of the Tax Commission, to a basis approximating cash values, and when the boards of equalization appointed by the Tax Commission, as provided under the law we recommend, shall have equalized this property, and when the Tax Commission itself has heard complaints and passed on them, it will then be possible for the central taxing body, through personal inspection or other investigation, to consider counties as a whole, and in cases of grave inequality, remedy such by horizontal increases or reductions of assessment, so that the whole State may be placed on exactly the same footing. ----- (129)

As a matter of fact the Chief Tax Statistician not only endorsed the earlier promise but added a statement of his confidence in the permanence of the ground work for such equalization established under his supervision.

Following the directions of the law, this board had the records of transfers of real estate recorded for the year 1918, in the register's office for every county in the State, copied and compared with the assessor's books, so as to show the price at which

129. Report of the Committee to Investigate Assessment and Taxation, State of Tennessee, 1915, p. 9; quoted in 1st Biennial Report Tennessee State Board of Equalization, 1919-1920, p. 29.

each piece of property was sold, and the value at which it was assessed.

----- The facts developed (by comparison of sales prices and assessments) demonstrated that the only way in which an assessment can be made in accordance with the law is to begin at the foundation and value every kind of property in the State at actual cash value. While such a plan will require time and expense, when the assessment is once made it will stand on its merit, and there will be little occasion in the future for changing the assessment of real estate, except at long intervals, or to cover improvements that may be made from year to year. (130)

Nor had his faith in the permanence of this base waned two years later.

Work of Re-Valuing Property of the State Un- necessary in the Future.

There are those who are still laboring under the impression that the extensive, detailed work done by the State Board of equalization in 1919 and 1920 in sending Assistant Statisticians to the various counties and establishing the value of each particular piece of property will be repeated biennially in the future, and has been adopted as a permanent policy under the law by the State Board. This impression is entirely erroneous and nothing can bring about a better understanding of the purpose of the Act creating the State Board of Equalization and the policy which the State Board proposes to pursue than to get it clearly in the minds of officials and also taxpayers that this detailed work of investigating each piece of property on the part of the State Board was essential only in the making of the first assessment on account of the complete demoralized and disintegrated condition of assessments which existed. This work, of course, was more or less harassing and annoying to taxpayers, and the State Board has been fully aware of the fact all along, and the task has been as distasteful to the State Board as it has likely been to taxpayers, but officials and taxpayers should be made to clearly understand that this work of revaluing each piece of property through the instrumentality of a central authority at Nashville will likely never again be necessary in the history of the State, and certainly never be necessary if an efficient State Tax Department performs its duties properly each year in the future.

A permanent structure has been erected in the way of a substantial and sound assessment, and it will only remain now for the Tax Department in the future to correct the rather isolated errors that may yet remain and to preserve the soundness of this structure in the future by hearing and disposing of complaints and by dealing with counties as units -- equalizing assessments between counties rather than undertaking to assume responsibility for directing what assessments are to be made as between individual taxpayers. (131)

130. First Biennial Report Tennessee State Board of Equalization, 1919-1920, pp. 45, 46.

131. First Biennial Report of the State Tax Commissioner of the State of Tennessee, 1921-1922, pp. 81 - 82.

Now it is a simple matter to show that neither a single cross section equalization nor several such can establish a permanently just relationship between the value of property in the different counties of the state. Land values do not change at a uniform rate throughout the state. At times some types^{of} property may be gaining and other types be losing in value. Thus through their careful recording of land sales data the Wisconsin Tax Commission has found that although rural land values declined since 1920 urban land values continued to rise between 1920 and 1927 (131 A). Similar data are not available for Tennessee but from the census figures of average value per acre of farm lands and buildings it may readily be shown that even the changes in farm land values are neither uniform in rate nor consistent in the direction of their movement. An index number analysis of these values for seven counties is presented in Table 54.

Table 54.

Changes in Farm Land Values in Seven Tennessee Counties as Related to 1920 Average Value Per Acre of Land and Buildings.

Counties	Average Value per Acre of Farm Lands and Buildings.			Index Numbers of the Value of Farm Lands and Buildings.		
	1910	1920	1925	1910	1920	1925
Knox	\$42.92	\$84.03	\$89.90	51.1	100.0	107.0
Pickett	9.06	15.25	15.72	59.4	100.0	103.1
Clay	13.36	23.87	23.88	56.0	100.0	100.0
Davidson	75.67	113.38	109.35	66.7	100.0	96.4
Hamilton	25.65	59.13	54.50	43.4	100.0	92.2
Overton	11.97	19.50	17.68	61.4	100.0	90.7
Shelby	68.01	120.99	87.59	56.2	100.0	72.4
State	23.98	52.53	42.42	45.6	100.0	80.8

Value figures for 1920 were taken as the base in constructing the index numbers because general reassessment of the state was accomplished in this year. To warrant the optimism regarding the permanency of the equity of the relative values of land in the various counties as established in 1920

the 1925 index numbers in Table 54 should be exact or approximately exact equivalents of each other. As a matter of fact though they ranged from 107.0 for Knox County to 72.4 for Shelby County. The fact that Shelby is the only county in this group which falls below the state index in 1925 suggests that some counties might register an even greater decrease in that time. This was a period of falling values for farm real estate but the diversity in 1910 index numbers for farm land values in these same counties indicates that prices do not rise uniformly throughout the state.

From reports made in 1921 and 1923 it is apparent that some use was made of this power of equalization by "horizontal changes".

1921 Equalization.

(132)

County	Discrepancy in Assessment.	Horizontal and Other Changes.	Remarks.
Williamson	10% overassessed	Reduced 10%	
Madison	" "	" "	
Smith	" "	" "	
Macon	" "	" "	
Trousdale	" "	" "	
Moore	20% underassessed	Inc. 20%	County Board to re-equalize.
Washington	53 1/3% "	Inc. 25%	
Tipton	25% "	Inc. 25%	
Shelby	Somewhat "	Inc. \$18,000,000	After investigation of particular properties by real estate men.
Hamilton	Considered "		After investigation and hearings was approved.
Knox	.....		Particular properties changed; some raised, some lowered.

1923 Equalization

Hancock
 Hardin
 Hamblen horizontal decrease of 5%.
 Robertson

Sullivan - certain civil districts outside of municipal corporations:
 some increased horizontally
 2 decreased horizontally
 1 unchanged.

132. 1921 data from 1st Biennial Report of the State Tax Commissioner of State of Tennessee, pp. 75 - 78. 1923 data from Report of the Department of Finance and Taxation to the 64th General Assembly of the State of Tennessee, p. 20 - 21.

More recent reports set forth a growing disillusionment from the overconfidence in its complete efficacy with which this renewed power was ushered into use. Thus the report made in 1927 is silent with regard to the use of horizontal changes in assessments but complaints of excessive reductions in assessed valuations of some counties. Then the 1929 report reiterates the complaint of excessive reduction in assessed values in some counties and proposes "separation of sources of revenue" as an avenue by which all the difficulties of state equalization may be avoided.

While the volume of assessments on property throughout the State has not increased as might be expected on acreage and personalty, there is manifest a very healthy growth in values in those counties which contain the four larger cities, which is in keeping with the normal growth of those populous centers.

Assessments of acreage and personalty in the smaller rural counties appear to have been gradually receding from the excessively high valuations immediately following the war period. While these recessions were not unexpected, the tendency has been to react too rapidly and the efforts of the Department have been exerted to bring about an equalization in those reductions which, in many instances, were manifestly just. (133)

The inequality of assessments in the several counties has been recognized for many years and successive General Assemblies and state administrations have striven to remedy the apparent unfairness which exists when citizens possessing properties of equal value, but located in different counties, pay into the State Treasury amounts differing according to the conventional assessment scales operative in their respective counties. While sporadic improvement has occasionally been made in the equalization of the actual assessment scale of the counties, it cannot be claimed that the fruit of the successive efforts has been satisfactory or lasting.

There is a manifest tendency on the part of many county authorities to depress the valuation placed upon all classes of taxable property. The temptation to lower the scale of assessment and raise the county rate in order that the county may be required to pay less money into the State Treasury has not been removed by the various legislative and executive expedients, although it is apparent that as the State rate decreases the advantage derived by the counties by such process has been lessened.

With the complete abolition of the ad valorem property tax for State purposes this problem which has so long thwarted legislative and executive effort will pass into history. (134)

133. Report of Department of Finance and Taxation to the 65th General Assembly of the State of Tennessee, p. 5.

134. Report of Commissioner of Finance and Taxation, to the --- Governor of the State of Tennessee, 1929, p. 5.

The experience of states which make a regular and systematic effort to check up on the relation of assessments to selling prices will be discussed later. Where such efforts are made difficulties connected with state equalization are by no means entirely eradicated. But neither are they considered impossible and hopeless.

Percentage changes in assessed valuation may be employed between classes of property as well as between taxing districts. At present only four classes of property assessments are published for Tennessee: acreage property, town lots, personal property, and public utilities. In the neighboring state of Mississippi a much more detailed classification is made of assessment returns on real estate (Table 55).

Table 55.
Assessment of Real Property in Tishomingo County (Mississippi),
1923-1924.

Classes of Lands	No. of Acres.	Assessed Valuation.	Average Valuation.
Cultivable lands	44,136	\$418,565	\$ 9.48
Buildings and improvements thereon .....	.....	158,270	13.07
Timbered lands value (excluding timber)	400	800	2.00
Timber 16,340 thousand feet board measure .....	.....	16,830	1.02
Uncultivable lands	237,064	714,696	3.01
Real estate in cities, towns and villages .....	.....	142,585	.....
Buildings and improvements thereon .....	.....	315,595	.....
Total acreage and valuation	281,600	1,767,341	.....
State lands .....	.....	.....	.....
Lands subject to Levee Taxes.....	.....	.....	.....
Number of acres of vacant lands..	.....	.....	.....
Assessment of railroads, etc.			\$1,503,455
Total assessment for the county			3,990,586

A scheme of reporting even more elaborate in some respects is employed in South Dakota. Five main classes of land are distinguished:

1. Agricultural lands outside corporate limits.
2. Agricultural lands within corporate limits.
3. Outlots within corporate limits.
4. City and town lots.
5. Mineral lands.

For each of these classes assessed values are itemized under the following headings:

1. Land
 - (a) Acreage
 - (b) Value
 - (c) Average value per acre.
2. Structures
 - (a) Number of sets.
 - (b) Value
 - (c) Average value per set.
3. Land and structures
 - (a) Value
 - (b) Average value per acre.

If it is not assumed that the relationship between values of the various classes of property remains constant equalization between classes may more readily be achieved as a consequence of such detailed reporting. As has previously been indicated (above, pages 106, 171) by more thorough use of the present Tennessee tax schedule a system of reporting real estate assessments could be built up to cover the following items:

1. Acreage property:
 - (a) Owned or an interest in (extent of interest):
 - (1) Acres of cleared land
 - (2) Acres of timber lands (character of timber)
 - (3) Acres of mineral lands (character of mineral),
total acreage
 - (4) Value of improvements.
 - (b) Timber or mineral rights (extent of interest):
 - (1) Acres of timber lands (character of timber)
 - (2) Acres of mineral lands (character of minerals)
 - (3) Total acreage of timber and mineral rights
combined.
2. Subdivided property.

The consequent gain in opportunity for genuine equalization would probably be accompanied by a lesser need for correction of errors in assessment.

It is conceivable that changes made by the state equalizers may occasion considerable extra work for local officials. Perhaps part of the opposition to state equalization on the part of some Tennessee county officials

arises from this source. That some state tax officials have found this a source of friction is witnessed by a statement in a South Dakota report:

We realize that the numerous horizontal changes ordered by the Tax Commission cause a great deal of work for the county auditors. It is no little task to make a revision of valuations in ten or fifteen classes of personal property for an entire county. But until local assessors and local boards of review do their work more nearly in substantial compliance with law, we can see no relief for the other taxing officials. ----- (135)

The states of New Jersey, New York, North Carolina and Washington avoid this objection to percentage changes in assessed valuation by computing state taxes on the basis of such an equalization and then apportioning state taxes to the various counties in lump sums. The practical implications of such a system in relation to the work of local officials has been set forth as follows by a man from Washington:

All of the taxes are apportioned to the various counties in specific amounts; the rate necessary to raise the amount is ascertained by the county auditor, and taxes levied upon the values as equalized by the county board. This establishes equality in payment, although the rate may not be uniform. For instance, in one county where property was assessed at forty-six per cent of its actual value, the rate of State taxation was four mills (40 cents per \$100); in another, where the ratio of assessed to actual value was 25 per cent, the rate for State purposes was eight mills (80 cents per \$100). (136)

Equalization by horizontal increases and decreases does not of course correct original inequalities in assessment. But when conducted in the manner followed in New Jersey, New York, North Carolina, and Washington state officers are placed in an advantageous position to help local officials solve their assessment difficulties. When state taxes are appropriated on the basis of an independent determination of land values local officials have nothing to gain by hiding their problems from representatives of the state. State representatives may then play the role of friendly advisers rather than that of police. This may be denounced as paternalism of course. But the choice seems to lie between an irresponsible and scheming paternalism and a friendly and intelligent

135. Second Biennial Report of the Tax Commission of the State of South Dakota, 1915-1916, page 46.

136. Comments by J. E. Frost, of Washington, reported in Addresses and Proceedings of the National Tax Association, 3rd, 1909, p. 352.

paternalism.

Reassessment for equalization purposes is a power not directly granted Tennessee state tax officers. Nevertheless what amounted to a general reassessment was made under the supervision of the chief tax statistician in 1919 and became effective in 1920. The method of arriving at the values on individual properties is described as follows in the official report.

Assistant Tax Statisticians were sent to the various counties, and under clear and definite instructions from the Chief Tax Statistician and under the authority vested in such assistants by Chapter 1 of the Public Acts of 1919, were directed - first, to copy or have copied on blanks furnished to the assistants the entire tax books of each county, showing each separate entry on said books as they appeared district by district.

Second, to subpoena two or more high class, reputable, broad-minded, conservative witnesses from each civil district and administer an oath to the witnesses and examine said witnesses as to the value of each piece of property in each district until the value of the property of the entire county had thus been established, not by the Assistant Tax Statistician, but by the citizens and residents of the respective civil districts who were familiar with the value of property about which they testified. (137)

Values thus secured were not entered directly on the assessment rolls. As state officials explained in a circular letter addressed to the county courts:

----- We therefore adopted the plan of valuing each piece of property in the State and submitting a copy of these valuations to the Tax Assessor of each county, to be used by the Tax Assessor as a guide in making assessments. (138)

The following instructions were given the assessors regarding their use of the "proven" values:

Wherever you discover that the proven value of any piece of property does not represent the actual cash value, it is your duty to correct this error and to assess the property

137. First Biennial Report of the Tennessee State Board of Equalization, 1919-1920, p. 51.

138. Op. cit., page 67.

at its actual cash value, and enter your assessment in the column provided for this purpose on the proof transmitted to you. This is true whether the property has been valued at less than its cash value or in excess of its cash value. (139)

The total state assessment established in 1920 by the county assessors is said to have been about five per cent under the "proven" value. (140)

The close agreement of these results suggests inquiry as to the accuracy of the "proven" values. Then too further question arises as to the permanence of their influence. The only value figures generally available for comparison with assessed values are those reported by the census for farm lands and buildings. Probably all farm land assessed is entered as acreage property but certainly not all land assessed as acreage property is farm land. In 1925 slightly less than eighteen million acres of Tennessee land were in farms but a total of more than twenty-five million acres were assessed as acreage property. A Kansas study discovered a close agreement between calculated selling values of land and improvements and census values of farm lands and buildings except in sections with marked difference between area in farms and taxable area (141). As is shown in Table 56 a larger portion of the total area of Kansas is farmed than in Tennessee and although Overton, Clay, and Pickett Counties exceed the state average only Clay approximates the Kansas proportion.

Table 56.

Percentage of Total Land Area in Farms, 1925.

<u>States and counties</u>	<u>Percentage of land area in farms</u>
Tennessee	67.1
Overton	75.8
Clay	82.7
Pickett	72.2
Kansas	83.6

However, as this is the only general comparison possible coefficients of correlation, between the average census value per acre of farm

139. Op. cit. page 70.

140. Op. cit., page 62.

141. Englund, Eric, The Trend of Real Estate Taxation in Kansas from 1910 to 1923, p. 85-86.

lands and buildings and the average per acre assessed valuation of acreage property, have been computed for the last three census periods. The results of this analysis are presented in Table 57.

Table 57.

Correlation Between Average Per Acre Assessed Values of Property Assessed As Acreage and Average Per Acre Census Values of Farm Lands and Buildings in Tennessee Counties, 1910, 1920, and 1925.

Year	Average of county average per acre values.		Standard deviations of average per acre values.		Coefficient of correlation. r	Indices of variability.	
	Census	Assessed	Census	Assessed		Census	Assessed
1910	\$21.44	\$7.92	\$13.43	\$5.57	.78 \pm .05	62.6	70.5
1920	49.90	36.95	26.58	21.80	.66 \pm .04	53.5	59.0
1925	41.18	23.39	21.38	16.52	.79 \pm .03	51.9	70.6

In general high census values and high assessed values on a per acre average basis go hand in hand. But the degree of relationship in 1910 and 1925 was .78 and .79 respectively which is considerably higher than that in 1920 which yielded a coefficient of only .66. That the variation of census values between the individual counties has been decreasing systematically is indicated by the indices of variability. Variability between the assessed values per acre of individual counties was lowest in 1920. It seems that the greater weight of the extreme value figures in 1910 and 1925 may account in part for the larger coefficients of correlation in those years as compared with that in 1920.

Comparison of Chart 13 (page 228) with Chart 3 (above, p. 17) raises specific question concerning the relative equity of assessment as between Overton, Clay, and Pickett Counties. At every census period for which it is possible to make comparisons Overton County farmers estimated the value of their farms in such a manner that the per acre average fell between the averages for Clay and Pickett Counties. On the contrary average per acre assessed values in Overton County fell persistently short of those in Pickett except in the seven years 1836, 1920-1923, and 1925-1928. Then too it should

Census Average Value per Acre of Farm Lands and Buildings in the

State of Tennessee and in Overton, Clay, and Pickett Counties,

1880 - 1925.

Dollars
per
Acre.

50

40

30

20

10

0

1880

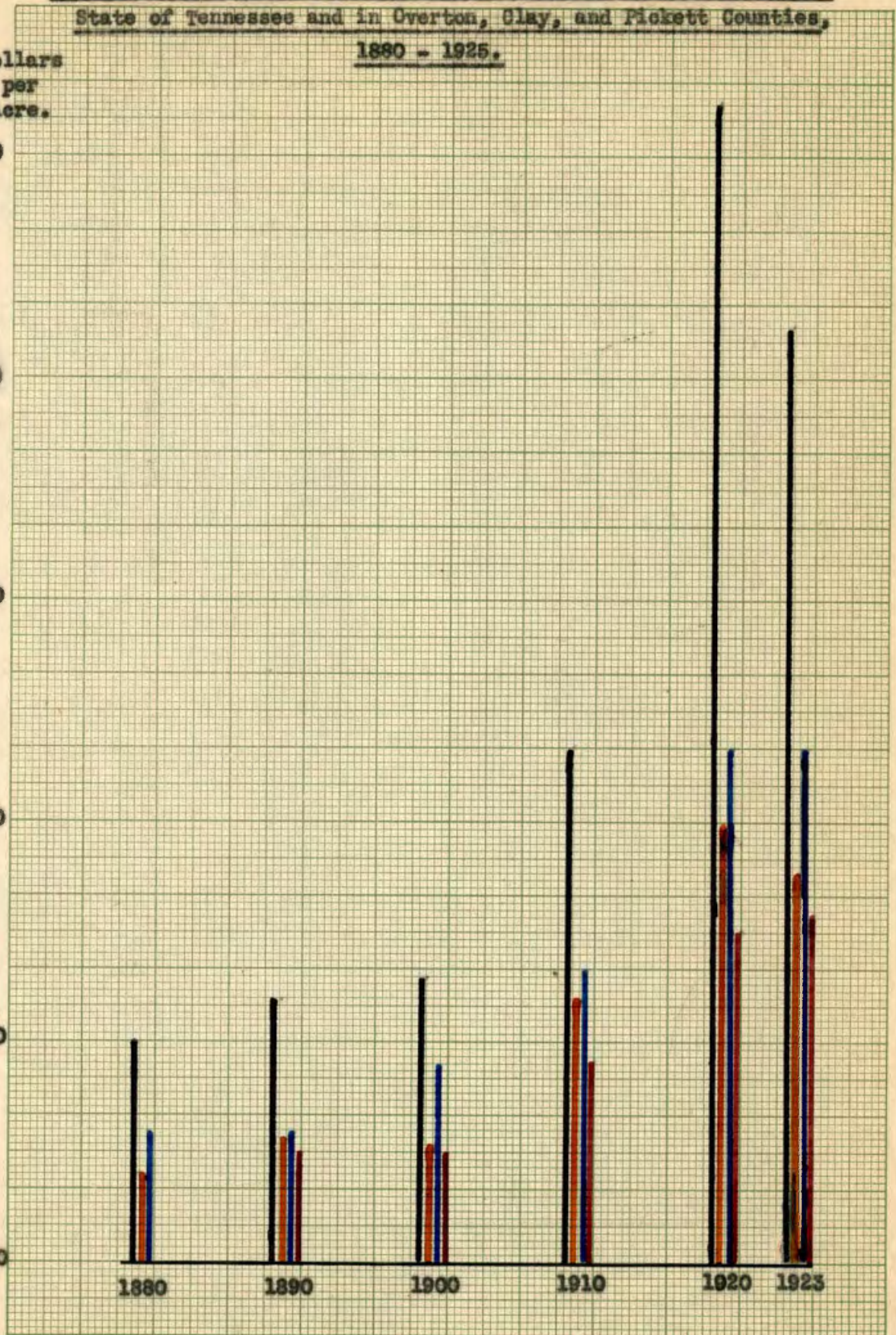
1890

1900

1910

1920

1923



be noted that although Clay County farmers have never valued their farms at a per/acre value even approaching that of the state from 1915 - 1919 assessments in Clay averaged higher than those in the state. The data upon which Chart 13 is based are presented in Table 58.

Table 58.

Census Values of Farm Lands and Buildings, 1880 - 1925.

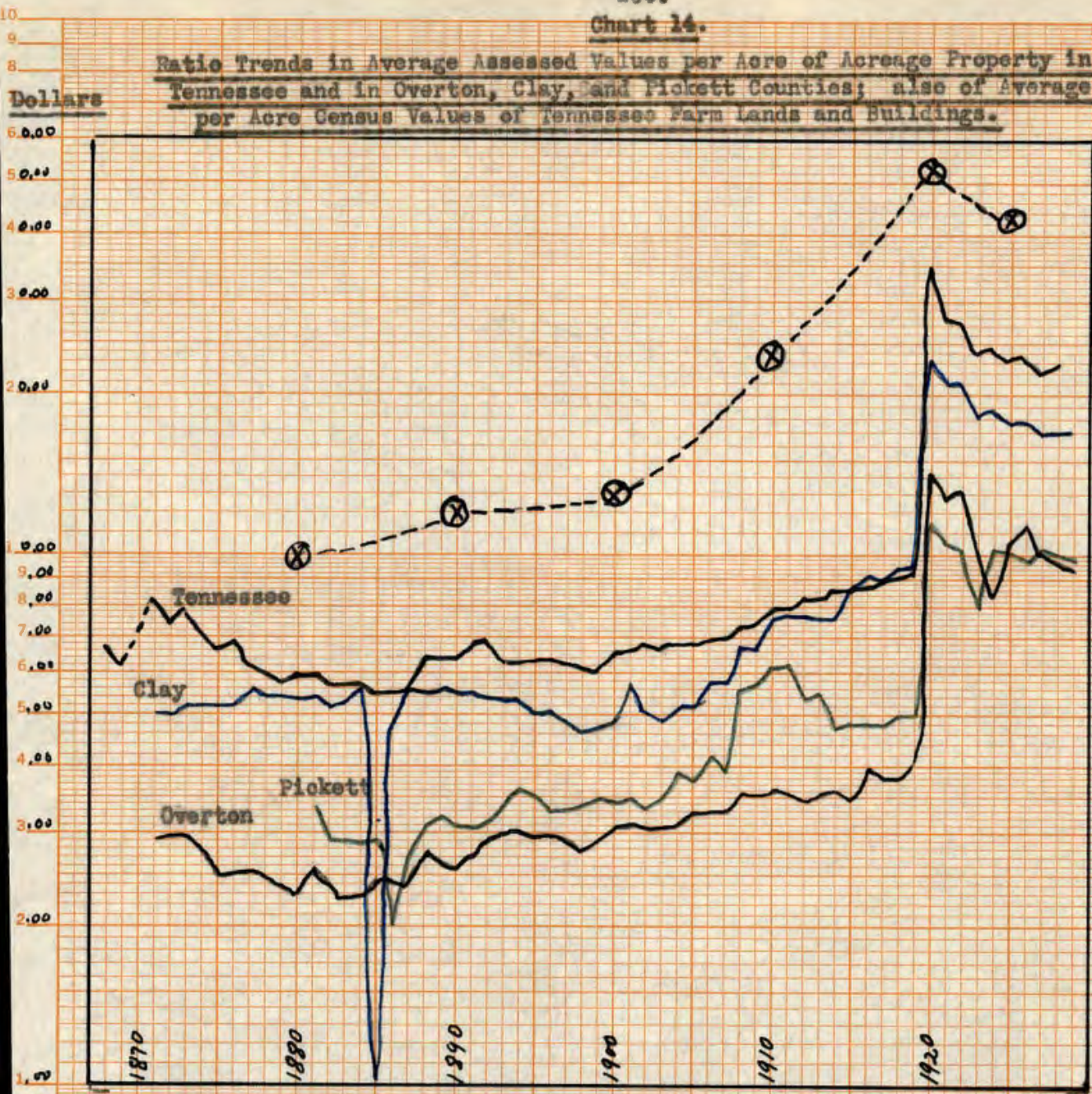
Year	Overton County.	Clay County.	Pickett County	State.
1880	\$4.22	\$6.01	----	\$10.00
1890	5.79	5.92	\$5.03	12.04
1900	5.42	8.93	4.98	13.03
1910	11.97	13.36	9.06	23.98
1920	19.50	23.87	15.25	52.53
1925	17.68	23.88	15.72	42.42

The occasion for the general reevaluation of property throughout the state is pictured in the ratio trends in Chart 14. Assessed values in general throughout the state had risen more slowly between 1870 and 1919 than had farm land values. Overton County assessments paralleled the state assessments quite closely. Clay and Pickett Counties rose more rapidly than those for the state in general but less rapidly than census farm land values for the state. Since 1920 Pickett County assessments have not fallen as rapidly as have those in other counties.

While the general level of assessments has been raised it is not at all certain that substantial permanent improvement has been made in the equity of assessments either between counties or between individual property owners. Evidence on the persistence of inequalities between individuals has already been presented (above, pp. 109 - 140). Table 59 presents a summary of year by year changes in average per acre assessed values, from 1920 - 1927, of acreage property in Tennessee Counties.

Chart 14.

Ratio Trends in Average Assessed Values per Acre of Acreage Property in Tennessee and in Overton, Clay, and Pickett Counties; also of Average per Acre Census Values of Tennessee Farm Lands and Buildings.



(Black dotted line) connects average per acre values of farm lands and buildings in Tennessee as reported by U. S. Census (X)

Table 59.

Summary of the Nature of Changes in Average per Acre Assessed Values
of Tennessee Counties from Year to Year, 1920-1927.

Nature of changes	Number of counties showing respective types of change as compared with the preceding year.						
	1921	1922	1923	1924	1925	1926	1927
Increase	5	44	6	50	19	33	20
Equivalent	0	1	0	4	2	3	0
Decrease	90	50	89	41	74	59	75

Except in 1924 a majority of the counties showed decreases in their average per acre assessed valuations. Between 1920 and 1927 the assessed value per acre of very few counties remained constant. The counties showing maximum year by year increases and decreases in the index numbers of their average per acre assessed valuations are enumerated by years in Table 60.

Table 60.

Number of Counties Showing Maximum Year by Year Changes in the Index
Numbers of Their Average per Acre Assessed Values, 1920 - 1927.

Maximum	Number of counties.						
	1921	1922	1923	1924	1925	1926	1927
Increase	3	21	5	23	16	11	8
Decrease	52 $\frac{1}{2}$	4	24 $\frac{1}{2}$	3	5	1	5

Equity of assessments as between counties can scarcely be reconciled with the erratic changes summarized in these tables. But it seems that the method employed rather than the principle of state equalization is at fault. Faith was pinned upon a single supreme effort and mechanical continuance of the "benefits" of that effort. Michigan had a slightly different experience with a somewhat similar effort at state reevaluation. Local assessors welcomed the opportunity to lay the burden of establishing an equitable assessment upon the shoulders of state officials. Thus a Michigan study states:

College investigators came in contact with supervisors in various parts of the State who were in office at the time the commission made its general review in their districts. It was the belief of those interviewed that the field agents of the commission often established a higher level of values than was justified. Nevertheless almost all of these supervisors spoke highly of the fairness with which the work was done. Some expressed the desire, indeed, that the Tax Commission would return and review local assessments once more, to remove the local inequalities which have arisen since the last review and which the local officials prefer some outside authority to correct rather than themselves. (142)

One outstanding difference between these two efforts was that in Michigan the work of review extended over a period of fifteen years whereas the Tennessee reform was crammed into one year. But the Michigan effort also suffered the limitation of being a sporadic rather than a continuous effort. Fourteen years including the period of rapid inflation and deflation of land values intervened between the evaluation of the portions of the state first reviewed and of those last reviewed.

Before discussing more persistent efforts at careful equalization of land values by state organs attention may be directed to the experience of New Mexico tax officials in reassessing individual counties. Power to reassess had been granted the tax commission in 1921 and in 1923 the commissioners were convinced after a preliminary survey that assessments in the county of Socorro were in such confusion that reassessment was necessary. The description of the situation and of the results of the reassessment have been described graphically and concisely by the commissioners:

The causes underlying the deplorable condition in Socorro County in the matter of taxation are the accumulation of years, and these conditions, little less than chaotic, cannot with full justice be chargeable to any one individual, official, group of officials, or administration. Nor is carelessness or incompetency on the part of public officials alone responsible, for the number of property owners who exhibit any degree of interest in this phase of their own affairs is remarkably small.

The office of county assessor of Socorro County has been administered almost wholly without equipment in the way of maps,

office records, and other information necessary to an accurate assessment of the taxable property of the County. No office record has been maintained of the patented lands nor of transfers of ownership; no maps, plats, or field notes of surveys by means of which property returns may be checked and verified for accuracy in location and description; no office record of location and boundaries of school districts and other civil divisions forming assessing districts; no townsite plats, or record of legally plated townsites; no reliable county map. Without such facilities, and an intelligent application of their use, it is apparent that errors in assessment cannot be readily detected. This unfortunate condition in the office of assessor is greatly aggravated by the indifference, carelessness, and neglect of many property owners themselves.

With the limited facilities at their command, county assessors have apparently made little effort to check returns and assessments with reference to location. Lands situated outside the county have been returned for taxation in Socorro County and accepted by the assessor, while lands situated within the county have been returned for taxation in adjoining Counties, without knowledge of such error on the part of the Socorro County assessor. Properties located within bonded school districts or municipalities, and subject to special, or direct, tax, have been returned as in other assessing districts, or placed in other districts by the assessor, and thereby escape their just proportion of such special tax. Other properties, located in districts not subject to special tax, have been erroneously assessed in districts carrying a direct tax levy, and made subject thereto unjustly. For the year 1922, all of the property within the County shown upon the assessment roll, was made subject to the special levy for flood control, whereas only the property situated within "five miles of both sides" of the Rio Grande was liable to such tax. In the case of a few of the larger taxpayers the special tax so erroneously assessed was abated by the District Court upon petition therefor. The 1923 assessment shows no segregation of this special class of property and the assessor advised that this matter would be handled in the same manner for 1923 as it was for 1922, leaving any adjustment of grievance caused thereby to the Court.

It has been the practice of the assessor's office in Socorro County, where no return of property is made, to copy the assessments from the previous year. This practice has not only caused an accumulation of errors on the assessment rolls, but has also created a fictitious delinquency by reason of the fact that a considerable number of the assessments thus carried forward were on personal property, such as cattle and sheep, which had left the county, perhaps years earlier.

In the re-assessment work it was necessary to eliminate all of these erroneous assessments, which approximated \$500,000 in valuation, after checking them down both through the county and abstract records and through field work.

The number of assessments made by the assessor in which the descriptions given are erroneous in whole or part, insufficient for definite identification, or wholly lacking, is exceeded only by the number of assessments, and closely approximates that number. The number of such assessments without any identifying descriptions whatever is 519, or over 20% of the entire number of assessments. Nor does this number include such descriptions as "Ld.", "Hse. & Lot," etc., of which there are a great many.

Very few of the returns made to the assessor show any attempt on the part of the property owner to give a legal description of his property and, in fact, a large majority of the returns show that the property owner only signed the return and did not attempt to describe his property thereon. It was also found that a considerable number of the returns had been signed by the assessor or his deputy for the property owner. In some cases also the assessor's office had carried erroneous descriptions to the assessment roll when the correct description appeared on the tax schedule.

In the re-assessment work it was found necessary to make very careful checks, by field work, of the large land grants situated within the County and considerable acreage not previously on the tax rolls was added in this manner.

The aggregate assessed valuation of the county as shown by the assessor's roll, is \$8,106,584. Of this sum approximately \$500,000 was found to be based upon double and otherwise erroneous assessments and was stricken in the reassessment; and \$87,095 represents non-remission penalty assessed by the assessor. The aggregate valuation as determined by the re-assessment was \$9,586,214, which amount was revised to \$8,593,560 after reductions were made as ordered by the Tax Commission at its hearing held in Socorro on the re-assessment. This reduction includes a cut from \$100.00 to \$60.00 per acre on agricultural lands and proportionate cuts on other lands and a reduction of 33 1/3% on town property in Socorro, Magdalena and San Marcial.

The roll prepared by the assessor comprised 160 pages and embraced 2669 separate assessments of which 308 were eliminated on re-assessment because of error, double assessment or other valid cause. The re-assessment comprises 418 pages and embraces 3718 separate assessments, or an increase of approximately 65% in number of assessments.

Of the omitted properties added to the rolls, the re-assessment discloses 155,805 acres of taxable land. This acreage, however, is less than the actual area so added, for the reason that these figures are based upon the showing of the assessor's abstract, without regard to the assessments eliminated because of error.

The results obtained are all that can reasonably be expected under the existing conditions, until some more efficacious method shall have been devised for assessing property.

The cost of the re-assessment was greater than was anticipated because of the adverse conditions in the County, but the money expended will be amply justified if the assessing officials use the re-assessment as a basis and build thereon in subsequent assessments. (143)

Admirable as the results achieved may seem from a detached and impersonal point of view this re-assessment aroused considerable local opposition. Two years later when a newly appointed tax commission undertook to promote collection of delinquent taxes most of the thirty-one counties in the state cooperated in the appointment of collectors. But in Socorro and six other counties the commissioners refused to cooperate and as a consequence the district judges appointed persons other than those proposed by the state tax commission. Splendid results were said to have been achieved in some counties but in a few counties collections were ^{not} made efficiently, "the poorest showing being in the county of Socorro." (144)

In 1925 re-assessments were carried out in four counties. Some opposition was experienced in one county at the start but in the end hearty cooperation was secured. More detailed information is essential to an adequate understanding of the cooperation in these four counties after such marked friction over the Socorro County re-assessment. But if opportunity for special study were made attention should be given to the part played by local sentiment. It seems just possible that Socorro County officials and perhaps the local citizenry also came to believe that their governmental unit had been advertised as a terrible example to the rest of the state.

In this same connection the experience of Commissioner Blodgett of Connecticut seems significant. The following statement appears in a letter received over his signature.

143. 5th Biennial Report of the State Tax Commission of New Mexico, pages 10 to 13.

144. 6th Biennial Report of the State Tax Commission of New Mexico, pages 7 to 8; see also pages 12 to 16.

The tax commissioner has found it the best policy in his program of improving the work of local assessing and collecting officials to cooperate and be helpful with the, rather than to antagonize them by strong arm methods (145).

To secure, if possible, a more detailed account of the basis for this conclusion the following query was directed to him:

I am quite interested in your comment that cooperation with the local officials proved much more helpful than strong arm methods. It seemed to me to point to a fund of illustrative experiences. Narratives of such experiences are quite helpful in making clear to "laymen" the logic of such a conclusion. One thing I would like to make as clear as I can in our report is that we will probably have more satisfactory administration of taxation when we cease denouncing the perversity of human nature and settle down to the work of reckoning on the various human factors with which we must deal. It is with this end in view that I make bold to ask for such descriptions of experiences upon which your convictions are based as you may care to supply. (146)

As may be seen, Commissioner Blodgett's reply, while recognizing the occasional necessity for arbitrary outside interference in local affairs, sets forth in detail procedure for winning local support in advance of reform efforts.

The right to local self-government is an idea which is strongly ingrained in the peoples of Connecticut. This is as it should be. Development of local initiative should be carefully fostered by any farseeing government. It has always seemed to me that the real enemies of the home rule doctrine are those individuals who, while constantly reiterating the right to local self-government from press and platform, are at home debauching the local municipal finances and running the municipal administrative departments, of which they are the heads, down at the heel. Since, however, the municipality owes its being and its very existence to the state, there is a time when the state government must step in and by ripper legislation, if necessary, have a municipal housecleaning where there is not a sufficiently strong, enlightened public opinion in the municipality to set its own house in order. You will be interested in the housecleaning which took place in the city of Bridgeport some years ago through the auspices of the state, because of the disgraceful condition in which the city government had been

145. Letter from Wm. H. Blodgett, Hartford, Connecticut, To C. E. Allred, 10/8/29.

146. Letter from P. B. Boyer to Wm. H. Blodgett, 11/15/29.

managing its assessing, collecting and other financial arms of government. Under that same separate cover there is being sent you supplement to tax document No. 211, containing a special report written in 1925 on conditions found in that city. The 1925 session of the general assembly passed a special act which set up new machinery for governing the assessment and collection procedure in that city.

At the present time Bridgeport has an assessment of its property for taxation which is second to none in the country. The procedure for the collection of taxes is vastly improved and the local administration (which bitterly opposed the correction of conditions as they existed in Bridgeport prior to this legislation) went before the people recently for re-election almost solely on the platform of the excellent assessment and collection conditions which now exist in that city. The success of the strong-arm method in this particular municipality was due to the awakening of enlightened public opinion in the municipality itself after conditions were in the process of correction. In the average municipality, however, such conditions do not exist and any strong-arm methods on the part of a state official would immediately arouse hostility on the part of all of those where the feeling of the inherent right to local self-government is strong within them.

The tax commissioner has recently been engaged in a strenuous campaign of re-assessments of taxable property by the various municipalities of Connecticut. In altogether too many instances assessment conditions in the various municipalities were found to be chaotic and to result in an inequitable distribution of the tax burden. Instead of calling the assessors up on the carpet and lecturing them as to their shortcomings, the tax commissioner has taken pains to speak at gatherings of citizens, at various service organizations, clubs and other meetings where he has been invited to speak, and to arouse public sentiment to the feasibility of making a general revaluation in accord with the most approved methods of the present day. In going about the state and speaking at these gatherings, it has been found that, once the citizenry is aroused, a good revaluation automatically follows. If there is not an enlightened public opinion, any general revaluation procedure is apt to be a failure. The tax commissioner has always counselled appraisal companies, when they are revaluing the taxable property of a municipality for assessment purposes, to hold public meetings during the course of the revaluation and to allow the citizens of the municipality to come in and to criticize the valuations placed upon their property. When the public opinion of a municipality is aroused and developed by means of public meetings and by articles in the press, it is found that a general revaluation is a success; practically without exception, difficulties which have arisen after a general revaluation in Connecticut have been due to the fact that the public has not been taken into the confidence of the re-assessing agency. (147)

It seems certain that attention to group factors is quite essential to successful supervision of local assessments.

State equalization of assessments may be based upon a persistent and systematic collection of land value data. From time to time there has been some thought of putting Tennessee state equalization on such a footing. For example among the recommendations made by a special committee appear the following:

We recommend that every county court clerk in the state be required to furnish the assessor a certified list of the deeds filed for probate, giving the description of the property and the consideration; and the assessor shall prepare a duplicate copy of such transfers, with a memorandum of the assessment of the same property for taxes which shall be filed with the Tax Commission.

We recommend also that the county court clerk be required to furnish the assessor with records of mortgages registered. (148)

While the recommendation that the assessor use such information is in advance of existing Tennessee statutes legal provision had been made to supply state equalizers with sales data years before this report was drafted. By way of an aside it may be pointed out that extreme economy rather than the ability of the committeemen was probably responsible for oversight of the fact that "ordering" had already been resorted to. The legal provision made in 1907 is:

----- If there should be upon the assessment roll any lots or parcels of realty sold at a voluntary sale, evidenced by registration within twelve months before the meeting of the Board, it shall be the duty of said Board and of the County Register to tabulate the same by civil districts and wards, and the assessed and equalized value of said lot or parcel, and for this purpose said Board and the County Register shall examine the registration book of the county, but the description of the property need not be sent (set) out; Provided, the name of the grantor and grantee are included with said other said facts in said tabulation. The sale price of such realty in the respective districts and wards may be considered by the Board as evidence in computing the values of like property in the same ward or district, allowing due consideration for the differences between cash and credit sales, and giving such evidence such weight as it may be fully entitled to in connection with other

evidence before the Board. It shall be the duty of said Board before the adjournment of the same to forward said tabulated statement or a certified copy thereof to the State Board of Equalization. (149)

More accurate results should be obtained by this means than from use of the record. Since the clerk is required to enter only certain items he sometimes fails to read the deeds with sufficient care. Thus out of 257 probate of deeds entries compared with deed register an instance was found in which only eight acres were entered whereas the deed conveyed two parcels of land, one of eight and the other of 30 acres. More important, however, is the fact that a value is placed on each property transfer entered in probate for purposes of the state transfer tax. Consequently it would be impossible to eliminate sales made at "one dollar and other valuable considerations".

As a matter of fact the "order" is seldom obeyed. In 1920 state tax officials commenting on its non-observance thought if compensation for the work involved were provided the register more satisfactory results would be achieved.

Under the General Assessment Act of 1907, county registers are required to prepare a list of the transfers of property for a period of one or each biennial assessment year to be used by the county boards of equalization in their work of equalizing assessments and to be forwarded to the State Board of Equalization for its use. This is an important service which should be promptly and efficiently performed, but which is performed in but few cases on account of the fact that the law provides no compensation for such service. Compensation should be allowed the registers for the performance of this service in the opinion of the Board. (150)

In a number of states systematic collection of sales and other data relevant to land values has been practiced for some time. New York and Wisconsin experience in these lines has been drawn upon extensively in the

149. Public Acts, 1907, ch. 602, sec. 32.

150. First Biennial Report of the Tennessee State Board of Equalization, 1919 - 1920, page 163.

preparation of this report (151). Minnesota (152), Oregon (153), and perhaps other states also follow such a practice. A picture of some of the practical details and possibilities of such a system may be composed for immediate purposes setting forth the following aspects:

1. Organization for the work.
2. Uses to which such a service may be put.
3. Types of information collected.
4. Refinement of land sales by rejection of certain sales.
5. Difficulties encountered in the use of such a system.
6. The case for research in land values.

Organization: A special organ was created in the New York State Tax Commission in 1915 designated as the Bureau of Local Assessments and Equalization. The general activities assigned to this bureau were concerned with investigation of (1) the assessment of property for purposes of taxation in each city, town, and village, and (2) the methods employed by local assessors in making assessments. Important among its specific duties is the collection and collating of sales data and other evidence for the purpose of ascertaining the rate percentum of full value at which property is assessed. In Wisconsin the assessors of incomes field all land sales.

Uses: The primary purpose of such work where it is carried out is the equalization of state taxes between taxing districts. In New York it is bent to a number of other uses. In 1925 twenty-one counties in the state had adopted

151. General: Addresses and Proceedings of the International Tax Association, 4th, 1910, pp. 383 - 391.

Addresses and Proceedings of the National Tax Association, 19th, 1926, page 321.

New York: 1925 Report of the State Tax Commissioner, pp. 30-33.

Westchester County Research Bureau, "Equalization of Taxes in Westchester County."

Wisconsin: Rosa, Charles D., "Wisconsin Real Estate Sales Method of Equalization."

1925-1928 Report of the Wisconsin Tax Commission.

152. Data collected by this commission were employed by Haas (quoted above, page 183) and by Chambers (cited above, page 205).

153. Dreesen's conclusion (quoted above, page 141) regarding the relation of assessment level to variability of individual assessments was based on sales data collected by the Oregon Tax Commission.

the equalization rates based on these data for the minor taxing units. By legislative action and direction their use has also been extended to include:

1. Equalization of (a) special franchise valuations for taxation purposes, (b) of school taxes in joint school districts.
2. Determination of the amount of state aid to specific schools.
3. Determination of the amount of money which can be levied for constructing school buildings.

The data are also made available to assessors, other tax officials and anyone else who may be interested.

As was indicated sales data are not relied upon exclusively. Part of the reason for this may be gathered from a statement by C. A. Dyer of Ohio:

We should like to find out how to do something with real estate in Ohio. The sales of real estate are being used as a measure. Secretary Holcomb sent me some court decisions from North Dakota and all around, and these sales of real estate are said not to be good measures of value by the United States courts (154).

Then too, it is apparent that there are other indicators of value which supplement sales data in a useful manner.

Types of information: In addition to sales data the New York Commission advises the use of such items of record as savings bank mortgages and building permits. The Wisconsin law is quite definite in regard to adequate documentation of sales data. The assessors of income in their work of fielding sales must secure the following items of information:

1. The date of each instrument of conveyance or sale.
2. The date, volume and page of the record thereof.
3. A brief description of the lands conveyed or sold.
4. The number of acres, where the lands are unplotted.
5. The consideration recited in such instrument.
6. The assessed valuation next previous or nearest to the date of such instrument.
7. Such other facts as the commission may deem material.

Difficulties: Wisconsin officials have given some attention to the shortcomings of a real estate sales method of equalization. Commissioner

Rosa diagnosed the nature of the difficulties as follows:

1. Lack of sufficient number of sales to form adequate base.
2. Lack of classification of property and applying a sales ratio obtained from one class of property to other and unrelated classes.
3. Fielding sales according to a different standard than provided for by statute.
4. Applying a ratio obtained from comparing the assessments and sales of one year to the totally unrelated assessment of the following year.

To make progress like a crab, the Wisconsin system has been criticised as requiring for its successful operation that the assessor recopy the roll of the preceding year. An assessor who raised valuations to a closer approximation of full value would penalize the taxpayers of his district as the assessment would be equalized on the basis of the assessment ratios of the previous year.

Needless to say, lack of uniformity in standards of procedure in fielding sales would produce inequalities. Commissioner Rosa's comments regarding classification of property follow:

Property can be classified roughly by an assessment roll with separate columns for the values of the two or three or possibly four main classes of property. The assessor can be required to place his values in the appropriate columns. We have long thus classified real estate into lands and lots, which is about as useful for most purposes as to classify men into short men, red-headed men and wife beaters. Why not replace that classification with one for residence, business and manufacturing property in cities and villages, and of farm lands, timber, waste or cut-over lands, and business property in towns? Mistakes will be made. Some assessors will be incorrigible. But, in the main, results will be obtained which will put the results of our present method to shame. (155)

The erratic changes consequent to an inadequate base also may be indicated by quotation:

----- I took Adams, the first county on the list. ----- I find there is only one taxation district, the town of New Haven, in

155. Rosa, Charles D., "The Wisconsin Real Estate Sales Method of Equalization", page 19.

which the so-called "true" value has not risen in some one year over the preceding year more than 20%. In the town of New Haven the widest margin of rise is 10%. There are six towns in which the margin of rise in some one year ranged from 20% to 24%. There are four towns and two villages in which the percentage ranges from 26% to 39%, and six other towns in which the percentage ranges from 41% to 51%. Strong's Prairie carries off the prize, its value in 1920 being 51% in excess of the value of 1919.

----- Fully half of the taxation districts in the county show an erratic rising and falling of these single year values that make one squeamish. -----

I will take time to quote only one more embarrassing situation. Not long ago a letter came to my attention, written by an assessor of incomes to the clerk of a joint school district. A portion of the same taxation district is in one assessor of income's district and the balance in another. I quote from the letter, leaving out the names. I do not care to reflect on two men who are no worse and probably no better than the rest of you.

"My report shows that the south wards (of the district) are assessed at 83.89%, while Mr. _____'s report shows that the north wards were assessed at 99.78%. Now I do not believe that your assessor will admit that he assessed the north wards any higher than the south wards. There must be some difference in the computations for getting the values of the two parts." (156)

In order to secure more accurate and perchance more adequate sales data attempts were made in New York and in Wisconsin two decades ago to require statement of the true consideration in deeds. In New York it seems that the main opposition came from real estate speculators and from persons making plottage for a business block, railroad terminal, dock or other extensive development. The main proposals of the bill were:

1. Deed not to be recorded until affidavit was made to the true consideration.
2. To ease the difficulties of persons assembling large tracts it was provided that affidavit might be made and filed confidentially with the tax department.
3. An alternative suggestion was that the registration fee be made five or ten times the ordinary in case the consideration was not given.

Both the New York and the Wisconsin efforts to secure such legislation failed. Just in what manner rural opposition might be expected to differ from urban opposition to such a proposal would be difficult to surmise. That the New York effort did not fail because ^{of} inadequate evidence in refutation of

the main urban objection seems quite certain from Mr. Purdy's account:

It failed of passage. I went before the strongest committee of the legislature, the judiciary committee of the Senate, two years ago, 1908. There was pretty strong opposition. The opposition in our State have their say first on a legislative bill. I had taken the precaution to arm myself against the criticism I thought would come. I expected some man would get up and say that if we only hired experts in our department we would not need this evidence of value, so I obtained in advance, from our corporation counsel, a transcript of the testimony in a condemnation proceeding affecting an important parcel that was acquired by the city in the downtown section.

There were eleven experts who testified for the various property owners whose property was to be taken. The assistant corporation counsel cross-examined them in this fashion: "State now, Mr. _____, what, in your judgement, is the value of a lot 25 by 100 feet on the north side of Chambers Street between Center and Broadway?" This location was near the property to be taken. The expert gave what he thought was the value. He then asked for their opinion of the value of certain other lots in that locality, and so he got his evidence, and he got it from each one of the eleven men. Now, these eleven men were men whom it costs money to hire. I do not think there was one of them that charged less than \$300 as a retainer to testify in that proceeding, and some of them were paid \$1,500. I know some of them we cannot get to testify in a city case, for example, without an advance of \$1,500, and they will then charge so much a day for each day in court besides. They were high-priced men, and these men were known to the members of the committee who came from New York.

Of the eleven experts I took the four highest and averaged their values, and I took the four lowest and averaged their values. Mind you, the whole eleven testified for the people whose land was to be taken. They were all on the same side of the case. The four highest averaged 100 per cent higher on those parcels than the four lowest, and there was a difference of 275 per cent between the highest and the lowest. And I had that testimony waiting for the objection, that presently came. Some men said, "Oh, well, if the tax department only had expert assessors you would not need this consideration in deeds".

Then I told the committee the story, and one senator said: "Mr. Purdy, would you hire one of those experts?" I said, "I would much rather have the man that assessed the property". Now, the man who assessed the property only differed 15 per cent, as a maximum, from the average of the four lowest of those experts. He did pretty good work, without such evidence as this legislation would furnish. But the evidence I want I am sure would be of very great value, and I believe it would not hurt the community, and it would not hurt legitimate business. (157)

Research: The practical value of systematic investigation of land values is evidenced by the very fact that Wisconsin tax officials have a rather clear understanding of the nature of their difficulties. The difficulties of a systematic procedure are more readily corrected than those which inhere in a lack

of system. In the official report for 1925-1928 a quite detailed statement was made of the manner in which certain difficulties in the Wisconsin system were adjusted. A few excerpts are sufficient to show that the efforts at adjustment are quite definitely focused.

It needs but a few minutes to convince that the practice, long indulged in by the department, of averaging five single year sales figures to obtain values to recommend to county boards for equalization purposes was dealing unjustly with those taxation districts which were descending in value, and was favoring those districts which were ascending in value. An average of any other number of years, in the period from 1920 down to the present time, would contain the same errors in varying degrees, depending upon the number of and the particular years taken. Because of this fact, the commission determined in 1925 to discard averages of single year sales figures as a basis for equalization and endeavor to create equalization values which would represent as nearly as possible the actual values of taxation districts during the year in which such figures were recommended to county boards for adoption. The task was a difficult one. The correctness and reliability of the figures submitted depended very much upon the comprehension, resourcefulness and energy of the assessor of incomes who built them up. Deductions from sales by the ratio method were still relied upon but were not allowed to be all controlling. Other deductions were used. Inspections and information derived from other sources were also used. The commission gave all the aid and counsel possible. There is no question that the figures recommended in 1925 for equalization purposes, in spite of their shortcomings and defects, were far more equitable and just than those submitted in the year 1924. In fact, due to the diverging trends in values as pointed out above, we are confident that the equalization values submitted in 1924 were probably as defective as any ever submitted to county boards by this department.

The failure of this so-called "sales method" of equalization to function in the unusual period in which we found ourselves subsequent to 1920 led to a rather more critical analysis of the method itself than seemed called for in the years in which it appeared to meet the requirements. A mass of data had accumulated in the vaults of the commission through the use of the method. It needed only a hasty inspection of this data to reveal many frailties in the theories upon which it was based and many shortcomings and unwarranted assumptions in the practices under it. Added to the weaknesses of the system were the usual weaknesses arising from a long period of use. There was too much belief in an infallibility of the method; too much faith in the mechanics of the process; too much inclination to take the easy way; and in some quarters an unwarranted confidence that the system was so perfect that a lead pencil could take the place of judgement.

Results of the Changed Method of Equalization.

The equalization values of urban property were much increased by the change in building them up outlined above, especially in the industrial counties of the state where the advance had been greatest and most rapid. Such property was thereby compelled to take on a considerable added burden of state and county property taxes. It is not surprising that the county

boards of many counties should have looked askance at the changed method and representatives of urban districts on county boards should have fought the adoption of figures which meant a substantial increase in the relative value of urban property and hence a substantial increase in the amount of state and county property taxes borne by such taxation districts. However, the change conformed to the changing values and it was not only equitable but the duty of our department to make our recommendations conform to the facts as nearly as such facts could be determined.

Revaluation of Outagamie County.

The county board of Outagamie County in 1925 refused to adopt the recommendations of the assessors of incomes for such district and made an assessment of the various taxation districts in the county that was widely at variance with the fact. In its assessment of local districts for the levying of county taxes the county board raised the value of towns which had been recommended by the assessor of incomes at \$42,034,000, to \$43,127,000, an increase of \$1,093,000, in round figures. At the same time it lowered the recommended value of villages from \$13,547,000 to \$11,562,000, a decrease of \$1,985,000. It lowered the cities from the recommended value of \$59,950,000 to \$51,057,000, a decrease of \$8,893,000. The cities and villages were thus decreased a total of \$10,878,000, and the spread between the values of the assessor of incomes and the county board for rural and urban territory was \$11,971,000, roughly, \$12,000,000. According to the assessor of incomes' recommended value, the towns would pay 36.4% of county taxes; by the county board's assessment the towns paid 40.9%. By this action the county board lifted approximately \$27,000 of county taxes from the cities and villages and placed them on the towns.

The towns of Outagamie County appealed to the Tax Commission from this assessment and asked for a review and redetermination of such values by the commission. After hearings were held this request was granted. The commission sent its best property valuation experts into the county and made a thorough revaluation of all the general property in the county. Its resulting values were \$41,384,000 for towns, \$16,859,289 for villages and \$68,893,024 for cities. These values showed the county board's figures were badly in error and that even the assessor of incomes had not sufficiently indicated the shift in property values. His value for towns was lowered \$650,000 while his value for villages was raised \$3,313,000 and his value for cities was raised \$8,943,000. This was a spread of \$12,906,000 between the assessor of incomes' values and those found by the Tax Commission. These changes were in the opposite direction from those made by the county board, so that the total spread between the county board's assessment and the Tax Commission's final figures was \$24,377,000 or almost \$25,000,000.

The result on the distribution of county taxes was that \$49,869 was lifted from the towns and placed upon the cities and villages.

Appeals in Other Counties.

Although appeals were taken in several counties, Outagamie and Kenosha were the only two in which a revaluation was made by the commission. In the others, compromises were reached or the commission determined that there was not such a variance between the assessment made by the county board and the actual fact as to justify the expense of a revaluation and

and redetermination. In still other counties the justice of the shift was seen by members of the county board and was reflected in the assessment made by the board. In the main, equalization matters are progressing toward more and more accurate recommendations on the part of the department and a better understanding and spirit on the part of county boards. (158)

This delineation of difficulties and empirical efforts to meet them is followed by a plea for more adequate funds for the research activities of the committee.

New York tax officials have also been giving considerable attention to tax problems. In their 1927 report they devoted twelve pages to an outline for a comprehensive attack upon tax problems. In July 1928 they secured an appropriation providing a fellowship at each of four different universities for special taxation studies. One of these special studies has already been published. (159)

Real estate price indices as an equalization device. At the University of Michigan recently a local real estate price index was prepared as a doctoral exercise. In the statement of the possible utilities which such a compilation might have, appeared the following comment:

Local farm real estate price indices would also be of assistance in the administration of the property tax. Annually, state commissions are faced with the troublesome problem of equalization. With a careful, simultaneous assessment of all counties conducted by state authorities, local real estate price indices could be employed as a basis for equalization until the next general state assessment. (160)

The Department of Agricultural Economics of Ohio State University has established an index number service on farm real estate values. County index numbers from 1923-1928 were published in 1928 and since that time

158. 1925-1928 Report of the Wisconsin Tax Commission, pp. 18 - 25.

159. Burnsten, A. R., Special assessment procedure.

160. Thrun, F. M., "A Local Farm Real Estate Price Index", p. 11

semi-annual county-index numbers have been published. (161)

Index numbers of types of real property would seem quite practicable as a device for continuing assessments over a period of years. Of course it would be necessary to have all property classified by types. As has been pointed out this is by no means impossible. In the first instance it might be accomplished either by the assessors or by public meetings. Eventually though careful surveys would seem essential. Cooperation between state tax authorities and specialists at the state university would seem to be a practical manner in which to conduct such work.

Land value maps. While systematic collection of sales data is probably the most important effort that state officials may make toward the supervision and equalization of assessments there are other practical procedures used. One such device may be designated as a land value map. When used for equalization purposes they are sometimes spoken of as equalization maps. Kansas, Minnesota, and South Dakota tax reports contain maps showing average per acre land values as equalized for each county. A similar county map for Iowa in 1923 was published in Wallace's Farmers. There is some variety in the exact details shown:

Kansas, average per acre value 1926 and 1928

1. bare land value
2. land and improvements combined.

Minnesota, average per acre values 1928, 1926, and 1924.

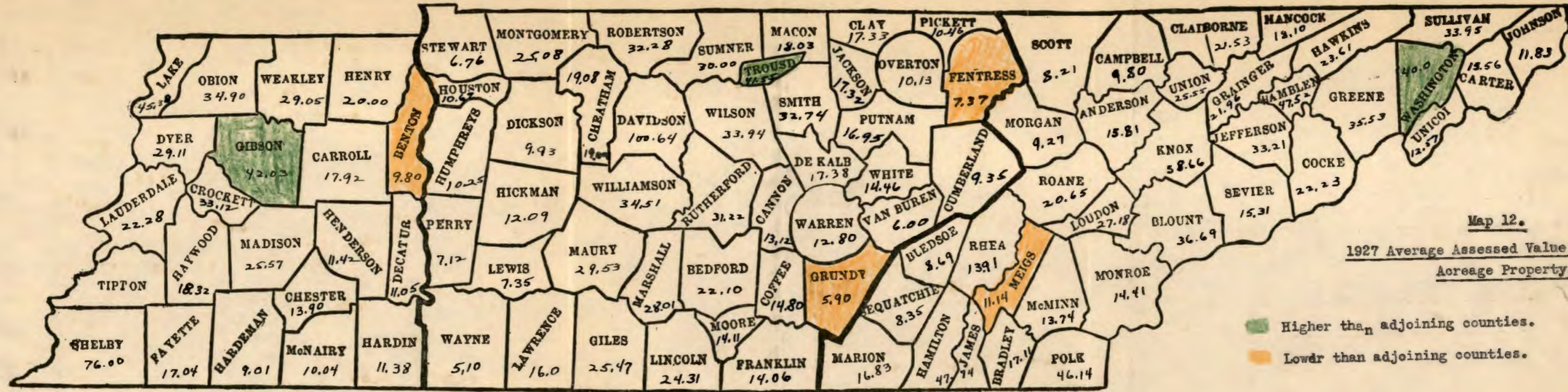
1. bare land value.

South Dakota, average per acre values 1924 and 1925.

1. 1924 equalized value
2. 1925 assessed value
3. 1925 equalized value.

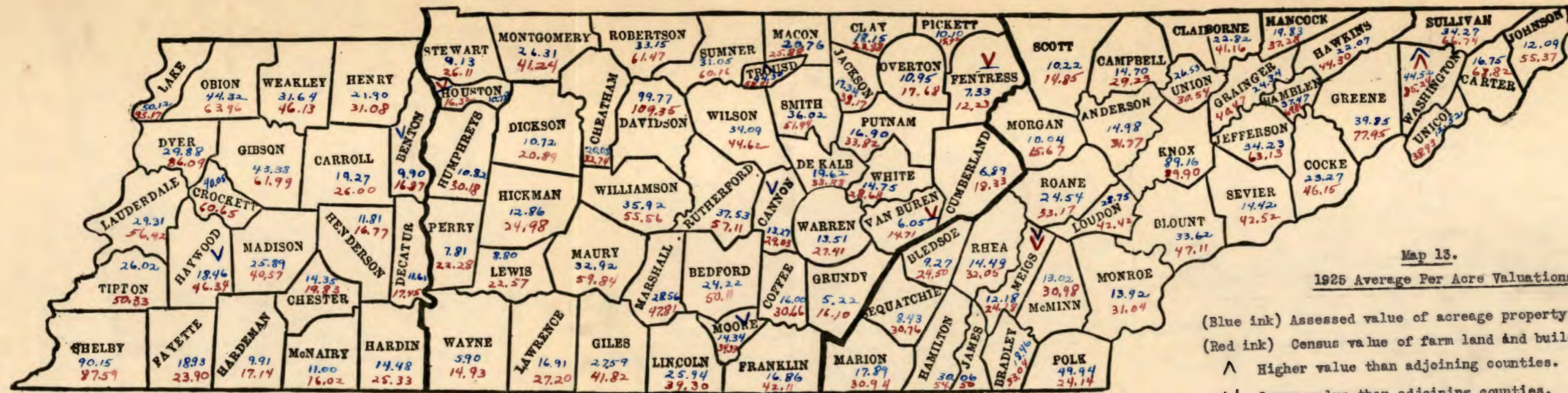
Iowa, average per acre values 1919 and 1923.

One Kansas official went on record with an explanation of the manner in which such maps are used.



Map 12.
 1927 Average Assessed Value per Acre of
 Acreage Property.

Higher than adjoining counties.
 Lower than adjoining counties.



Mr. Brown, Mitchell County: I would like to hear from the Public Service Commission their method in equalizing this property. Do they take into consideration the conditions that exist in each county, which often vary in a radius of forty or fifty miles, or do you take it from previous figures?

Commissioner Smith: We would do it just like your county board. Your county board takes different townships, we take your surrounding counties, north of you, and east, and south and west, in that community, if you are lower than all of those counties we look into it, and find out if there is a reason, and then you know, Mr. Brown, we send out a circular letter inviting the county clerk and county commissioners to a hearing to be held, and their county is assigned to a certain date; if those conditions exist, as a general rule we always inquire into it, and find out if it is just. If it is not, we take the alternative and raise it or lower it as the case may be, but the main object of these hearings assigned by the commission for real estate, is to have some representative of the county here, so if there is anything doubtful comes up we can put it up to him and get at the facts. That is our endeavor. (162)

The 1927 average per acre assessed valuations of Tennessee counties have been subjected to analysis on Map 12. Benton, Grundy, Meigs, and Fentress were low spots as compared with their neighboring counties. Gibson, Trousdale, and Washington averaged higher than their neighbors.

On Map 13 similar analysis of both census and assessment average values per acre is presented. Only in Meigs County did census and assessment low values coincided. Comparison of the 1925 and 1927 low assessed valuations indicates a number of changes.

Map analysis without land classification has little significance in a state such as Tennessee in any one given year. Prolonged use of such comparisons might have some value, though. Erratic changes demand explanation.

Such maps have been recommended as assessment tools:

The country assessor does not have to determine a normal unit of area as does the city assessor. The acre is the commonly accepted unit. But he has the same problem as the city assessor of establishing the value of his unit at different points in his district.

We recommend the same method as for city assessors; namely land value maps.

162. Comments reported in Proceedings of the 10th Biennial Conference Convention of Public Service Commission, Tax Department, and the county assessors of the State of Kansas, 1926, page 27.

Land Value Maps.

On each road the value of an acre of each class of land, into which the land in his district is divided for purposes of assessment, should be determined. From such unit values the value of the acreage in each farm can be determined, making due allowance for rock, gully, hillside, etc.

In our last report we discussed at length the classification of land for assessment purposes, particularly rural land. The county assessor can enter on the maps at appropriate points the values which he has determined upon as the normal value per acre of land of these different classes. Then by looking over the maps as a whole he can readily see whether he has made sufficient allowance in these acreage values for differences of location, topography, transportation facilities, improved highways, and other advantages or disadvantages. (163)

Maps 14 to 16 show the general average per acre assessed value of Overton County land by civil districts. In Overton County rougher topography, except for river bluff areas, coincides quite generally with the more elevated areas (164). A general elevation map of the county showing civil district lines is included in the report on "Rural Cooperative Organizations" (165). The ninth district has the greatest general elevation but the eighth and tenth districts are rather close competitors for this distinction. More level stretches of low elevation are most common in the first, fifth, sixth, and eleventh districts. Needless to say these are rather rough approximations.

In 1929 there was a belt of assessed land values averaging more than \$10 per acre stretching across the county. It included the first, fifth, sixth and eleventh districts (Map 14). All the other districts has assessed land values averaging between \$5 and \$9.99 per acre. This indicates that in general assessed values take topography into account. But in 1925 the ninth district seems to have had an unusually high average per acre assessed val-

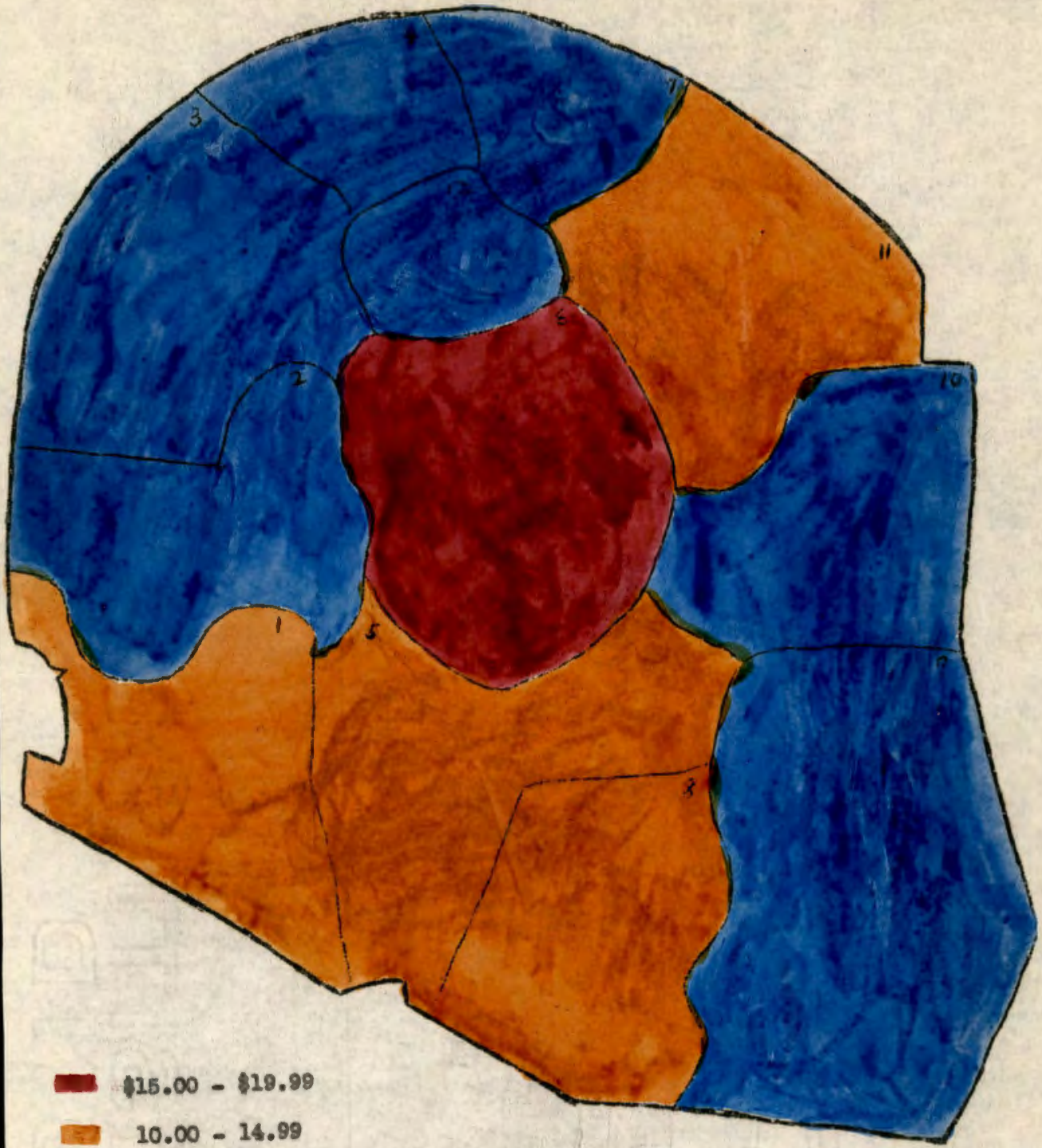
163. Report of Committee on Assessment of Real Estate, Addresses and Proceedings, International Tax Association, 5th, 1911, p. 355-356.

164. See either U. S. Topographical Survey Sheets or Soil Survey Map of Overton County.

165. Allred, C. E., Atkins, S. W., and Hatfield, G. H. - Rural Cooperative Organizations in Overton County, Tennessee, page 7.

Map 14.

Average per Acre Value of Property Assessed as Acreage, 1929.

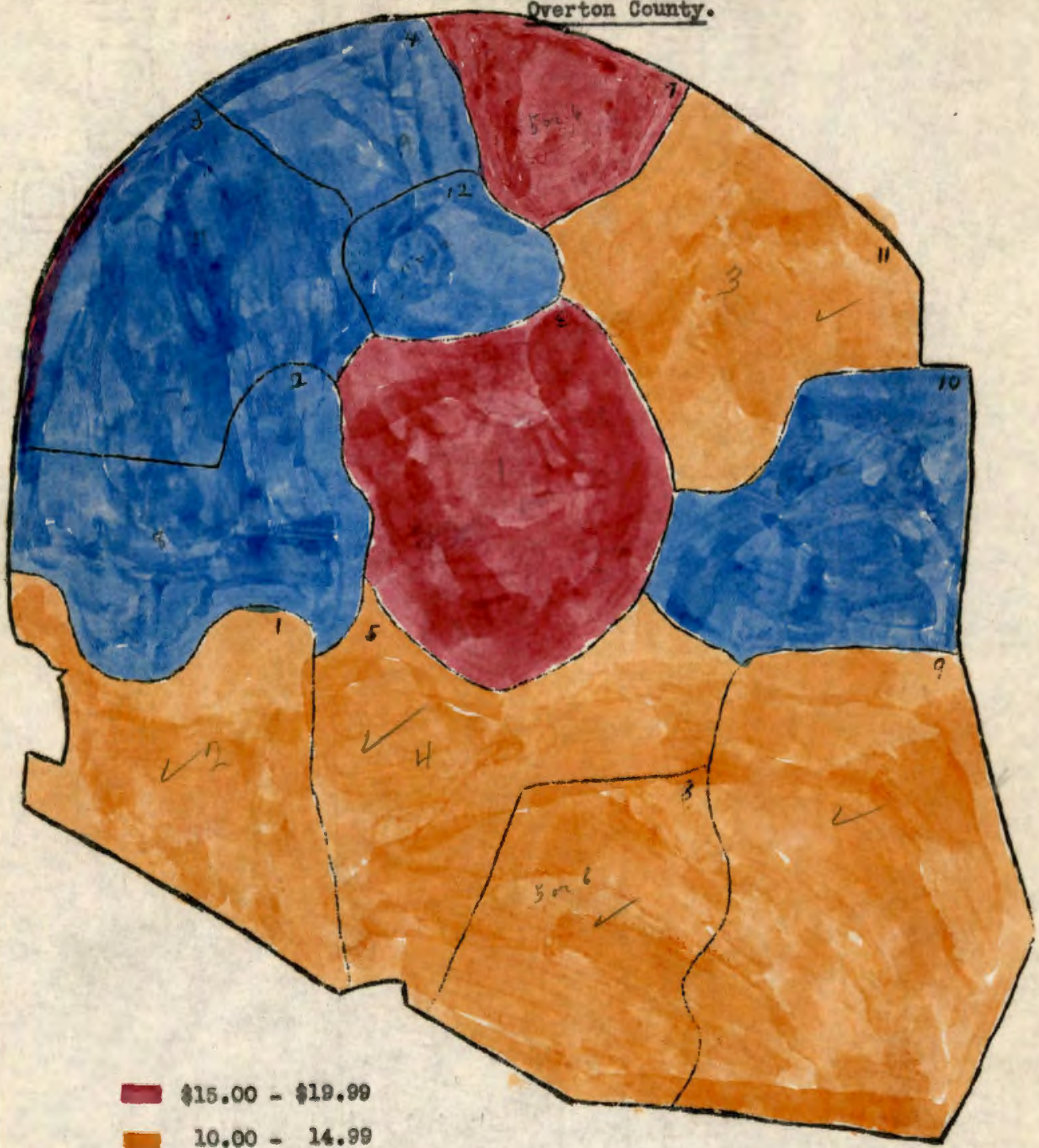


- \$15.00 - \$19.99
- 10.00 - 14.99
- 5.00 - 9.99

Map 15.

Average per Acre Valuation of Property Assessed as Acreage, 1926.

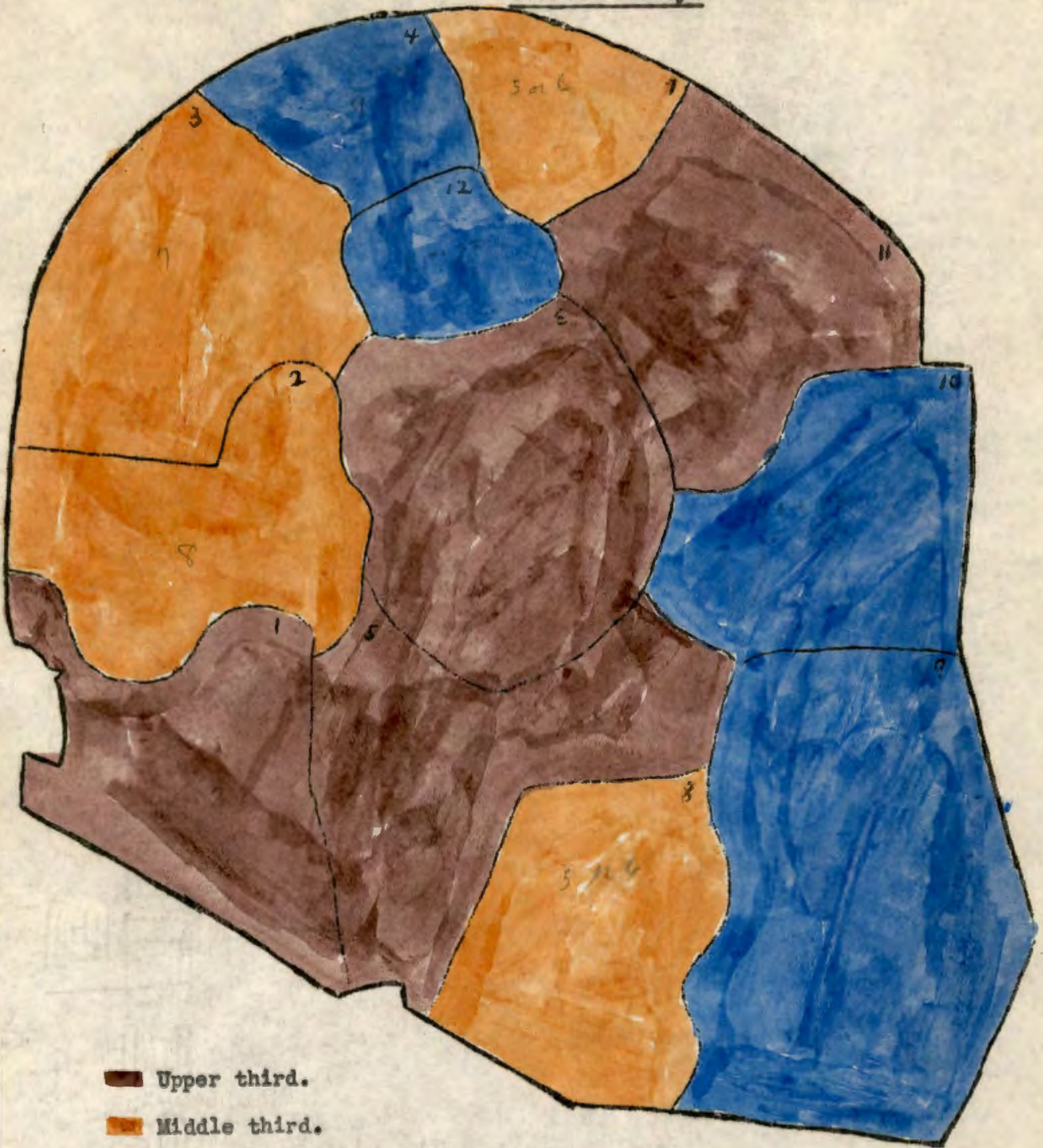
Overton County.



- \$15.00 - \$19.99
- 10.00 - 14.99
- 5.00 - 9.99

Table 16.

Average Rank 1925-1929 in Average per Acre Valuation of Acreage Property.
Overton County.



- Upper third.
- Middle third.
- Lower third.

ation (Map 15). To determine how generally assessments allow for topography the rank of each of the civil districts in assessed valuations (Table 61) from 1925 - 1929 was determined. Map 16 indicates the upper, middle, and lower third, (brown, orange and blue respectively) of these rankings over this five year period as determined by the method indicated in Table 62.

Table 61.

Average per Acre Assessed Valuation of Acreage Property in the Civil Districts of Overton County, 1925 - 1929.

District	Average per Acre Assessed Value				
	1925	1926	1927	1928	1929
1	\$12.40	\$12.41	\$11.84	\$11.82	\$11.93
2	8.14	8.33	8.08	8.09	8.18
3	9.29	9.29	8.66	8.60	8.25
4	8.19	8.09	7.67	7.48	7.29
5	11.40	11.49	11.28	11.06	10.74
6	<u>12.37</u>	19.46	<u>17.87</u>	<u>18.01</u>	<u>17.52</u>
7	10.07	<u>19.47</u>	<u>9.32</u>	<u>9.22</u>	<u>9.21</u>
8	10.33	<u>10.39</u>	9.26	9.28	8.48
9	8.70	11.41	7.20	7.19	<u>5.90</u>
10	<u>7.28</u>	7.71	<u>7.12</u>	7.36	7.07
11	<u>12.27</u>	11.94	<u>11.38</u>	9.91	11.26
12	7.57	7.55	7.13	7.14	6.99
Overton Co.	\$11.21	\$11.69	\$10.12	\$9.90	9.61

Note: Double underline indicates maximum and single underline indicates minimum.

Table 62.

Rank of Civil District Average per Acre Assessed Valuation of Acreage Property, Overton County, 1925-1929

Rank	Districts					Districts ranking most frequently in each third.
	1925	1926	1927	1928	1929	
1	6	7	6	6	6	6 (5 times)
2	1	6	1	1	1	1 (5 ")
3	11	1	11	5	11	11 (5 ")
4	5	11	5	11	5	5 (4 ")
5	8	6	7	8	7	7 (4 times)
6	7	9	8	7	8	8 (5 times)
7	3	8	3	3	3	3 (5 ")
8	9	3	2	2	2	2 (3 ")

(continued)

Table 62 - continued

Rank	Districts					Districts ranking most frequently in each third.
	1925	1926	1927	1928	1929	
9	4	2	4	4	4	9 (3 times)
10	2	4	9	10	10	4 (5 ")
11	12	10	12	9	12	10 (5 ")
12	10	12	10	12	9	12 (5 ")

Overton County equalizers might find such a map analysis helpful. This would seem to be especially true when a number of districts have been assessed by deputies.

To hark back to the question of the practicability of land classification by assessors attention may be directed to some findings of the Michigan Land Economic Survey.

Another source for obtaining an unbiased expression of the relative productive value of the land in each natural district is in the local assessment for taxation purposes. The local assessor bases his assessed valuation largely on his own experienced judgement, but through the operation of the local board of equalization his assessment is brought into substantial agreement with the community's judgement of the values of the present and future utility of any parcel of land. It has been found that in placing the valuation on wild or unimproved cut-over land, the assessor generally has in mind possible future value for agricultural purposes, the same as in assessing land in farms.

The figures (on assessed valuations) set down beside the Land Economic Survey description of natural districts seem to show that the local assessors really do a good job in placing a comparative value (if not a "real" value) on the lands in their local district. Individual inequalities may appear from time to time, but sooner or later they are eliminated. Local people do understand the advantages and handicaps inherent in their county or region, but have been unable to picture them for others. Because it is based upon a detailed inventory survey, the complete correlation and simple comparison of natural with economic data eliminate individual judgement and personal opinion and, thereby, create a more dependable method of appraising the agricultural utility of land.

The Land Economic Survey's experience in every one of the nine northern Michigan counties which it has covered indicates that an adequate inventory survey which carefully recognizes and maps the differences in soil, topography, farm development and forest cover, recreational, and water resource possibilities should and will correlate with long time local experience. (166)

By way of emphasis it may be pointed out that this Michigan survey involves a farm by farm plotting of assessed values, and of intentions in ownership as well as the mapping of soil factors, etc.

Other expedients are doubtless employed by Tennessee state equalizers or by the tax officials who review the county assessment abstracts preparatory to the meetings of these equalizers. The reports of the comptroller of the state treasury have for years carried tables in which are set forth increases and decreases in the total assessed valuation of the different counties of the state. In these same volumes are reported average per acre assessed valuations of acreage property in the various counties. So it is clear that some systematic scrutiny is made of the work of county assessors.

What further practicable heuristic devices are employed by Tennessee officials in analyzing the work of assessors has not been determined. Nor is it clear just to what extent procedures employed are open to public inspection. The Tennessee State Board of Equalization is a quasi court of record and although writ of certiorari may be issued by circuit courts attacking the legality of its action and questioning its jurisdiction, its decision is final so far as the merits of the case are concerned (167). It is not clear whether the cloak of judicial dignity cast about the activities of the Tennessee board is as impregnable as that of the Colorado board or not.

One of the most important decisions concerning taxation in Colorado was rendered by the Supreme Court on April 3rd (People ex rel. Colorado Tax Commission et al. vs. Pitcher, 156 Pac. 812.). This decision established the power of the State Board of Equalization to increase counties by classes and items of property according to the amendment adopted in 1914. It also laid down the principle that after the Assessor had turned over his tax roll to the county Board of Equalization he becomes a purely ministerial officer and cannot question the acts of his superiors. It is, therefore, not within his power to bring a suit attacking the legality of the work of the State Board of Equalization. It is also established by this decision that the State Board of Equalization is a quasi court and can use such methods as it sees fit

176. Shannons Annotated Code of Tennessee, 1917, sec. 807 note; also Supplement of 1906, sec. 809a21, notes 1, 2 and 3. Cases cited: 1 Pickle, 171, and 24 Thomp., 53, 55-59.

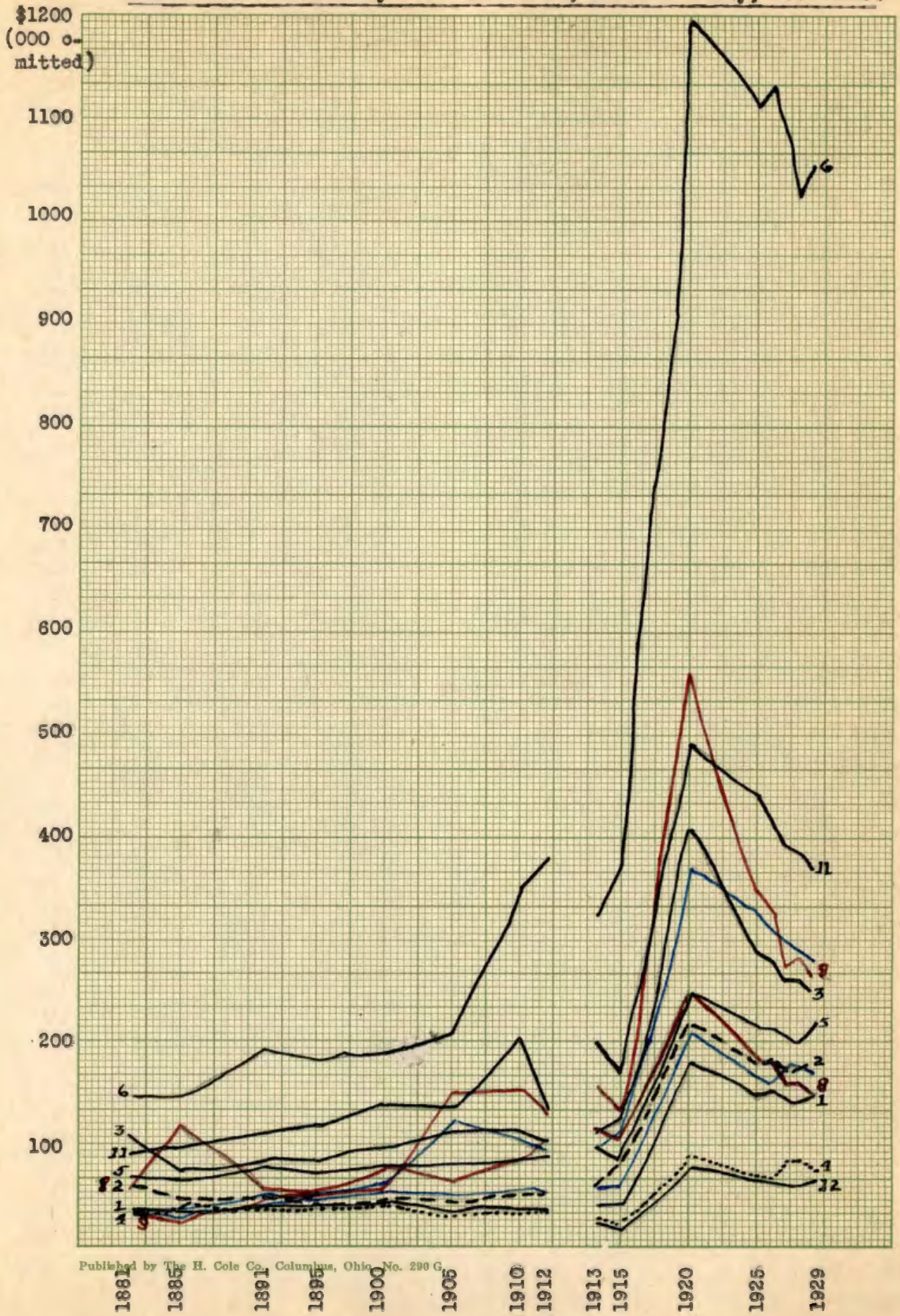
in equalizing. In other words, its decisions can not be inquired into as to the legality of the method employed in making them. (168)

Be the legal status what it may expediency sometimes makes it desirable that procedures be given a thorough inspection and overhauling. Further effort might well be made to secure a complete statement of procedures employed in Tennessee state equalization activities.

Some efficient diagnostic tools for preliminary analysis of assessment returns. If the general presumption that permanent changes in land values occur gradually is not elevated into a dogma plotting of time trends in assessed valuations may prove useful for equalization purposes. Chart 14 (above p. 230) illustrates the possibilities of such procedure for state purposes. Exactly the same device might be employed by county boards of equalization in their consideration of such civil districts in their counties as had been maintained with identical boundaries for some time.

Charts 15, 16, and 17 show the trends of total assessed valuations in Overton, Clay, and Pickett Counties by civil districts. These charts are to an arithmetic scale. That is the units of the scale have the same value throughout. In each of the counties the total assessed values in a number of civil districts have changed relative position from time to time. It is not impossible that changes of this kind should actually occur in taxable wealth. But such changes demand an explanation beyond the whim of the assessor or his deputies.

Total Assessed Value by Civil Districts, Overton County, 1881-1929.



Total Assessed Value by Civil Districts, Clay County, 1918-1929

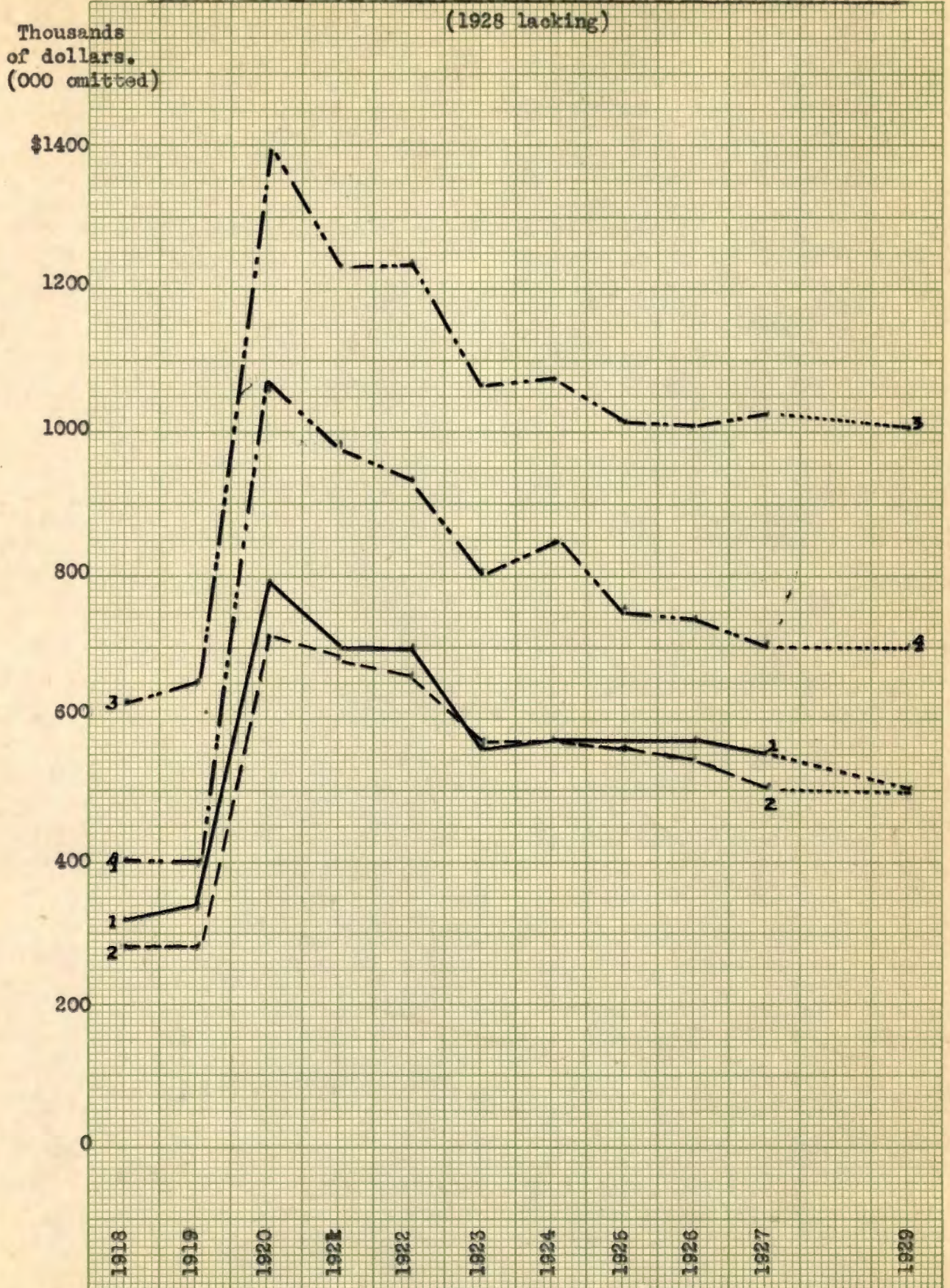
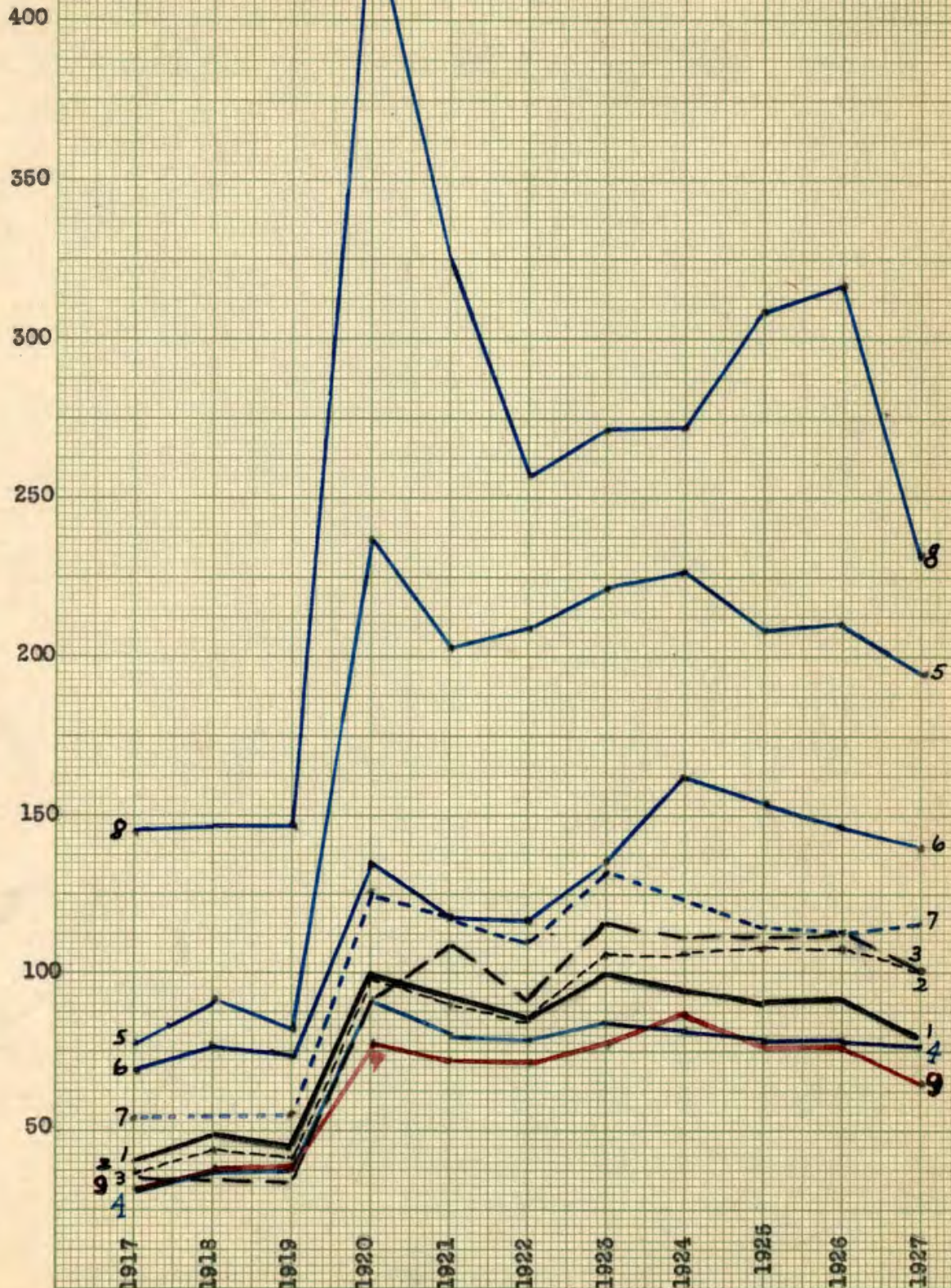


Chart 17.

Total Assessed Value by Civil Districts, Pickett County, 1917-1927

Thousands of dollars.
(000 omitted)



Charts 18, 19, and 20 also show time trends in total assessed valuations for Overton, Clay, and Pickett Counties, respectively. But on them the value data are plotted to a ratio/^{or}logarithmic scale. This brings out the ratio or proportion of changes. Comparison of Chart 18 with Chart 15 brings out the fact although the absolute dollars and cents variation in assessed value for districts two and seven is not very great the proportional changes from year to year have been more marked than in the sixth district.

Chart 21 shows arithmetic trends in the assessed value of Overton County acreage property. Here too there is a crisscrossing of trend lines.

Chart 18

Total Assessed Valuation by Civil Districts, Overton County.

Thousands of Dollars
(000 omitted)

Pickett County formed -
took part of Overton Co.

Twelfth District created

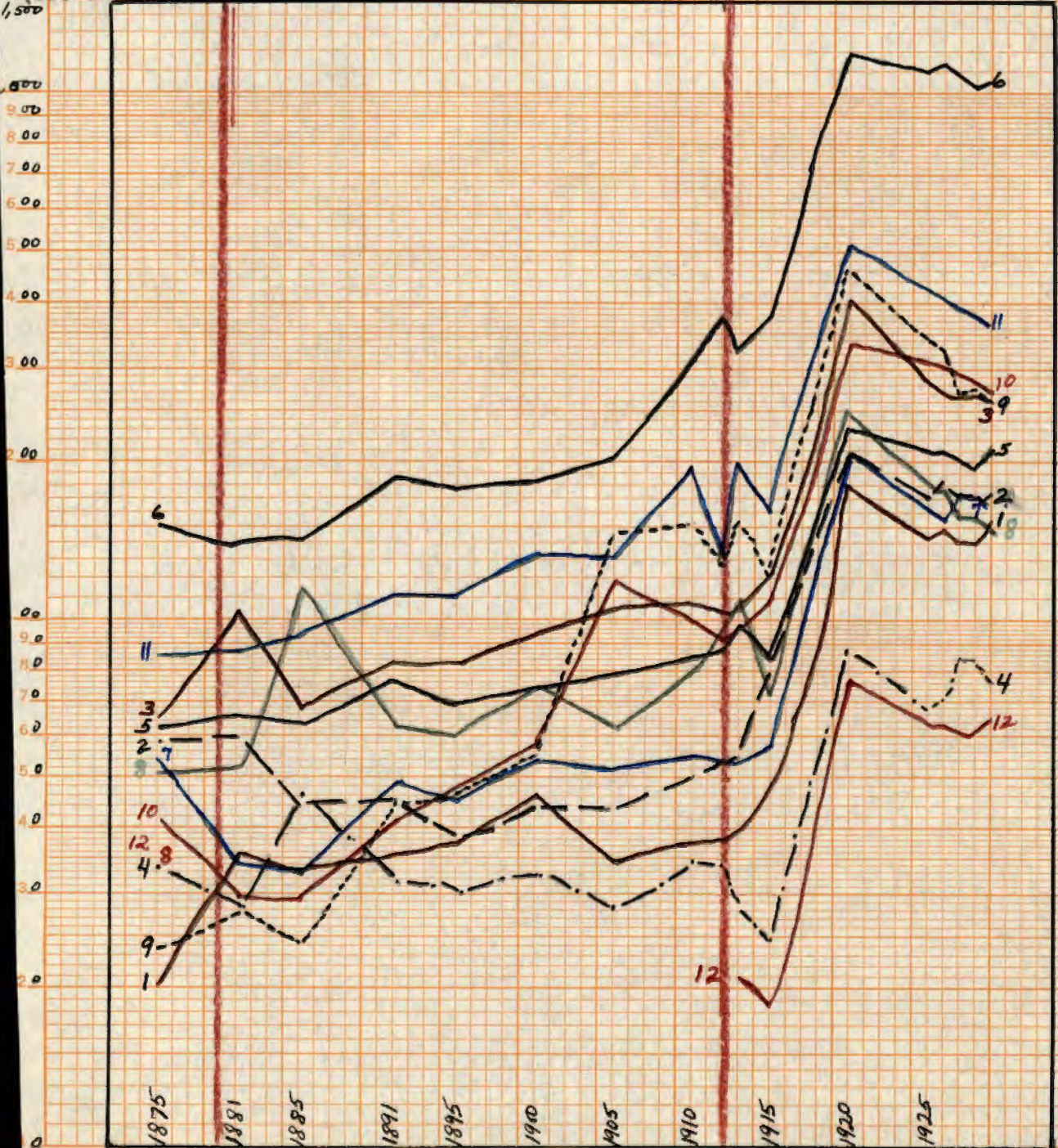


Chart 19.

Total Assessed Valuation by Civil Districts, Clay County.
 1918 - 1929 (1928 lacking)

Thousands of Dollars

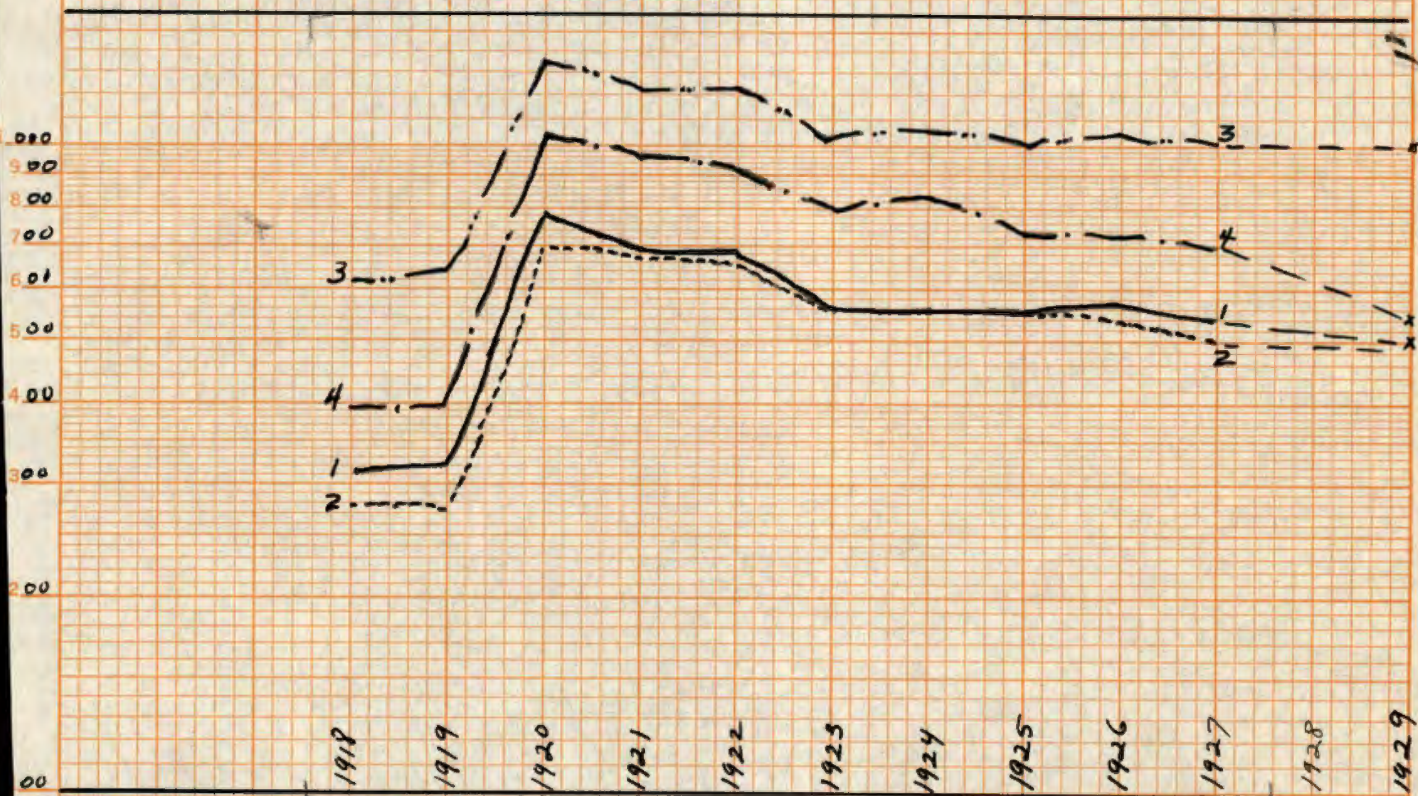


Chart 20.

Total Assessed Valuation by Civil Districts, Pickett County,
1917 - 1927.

Thousands of
Dollars

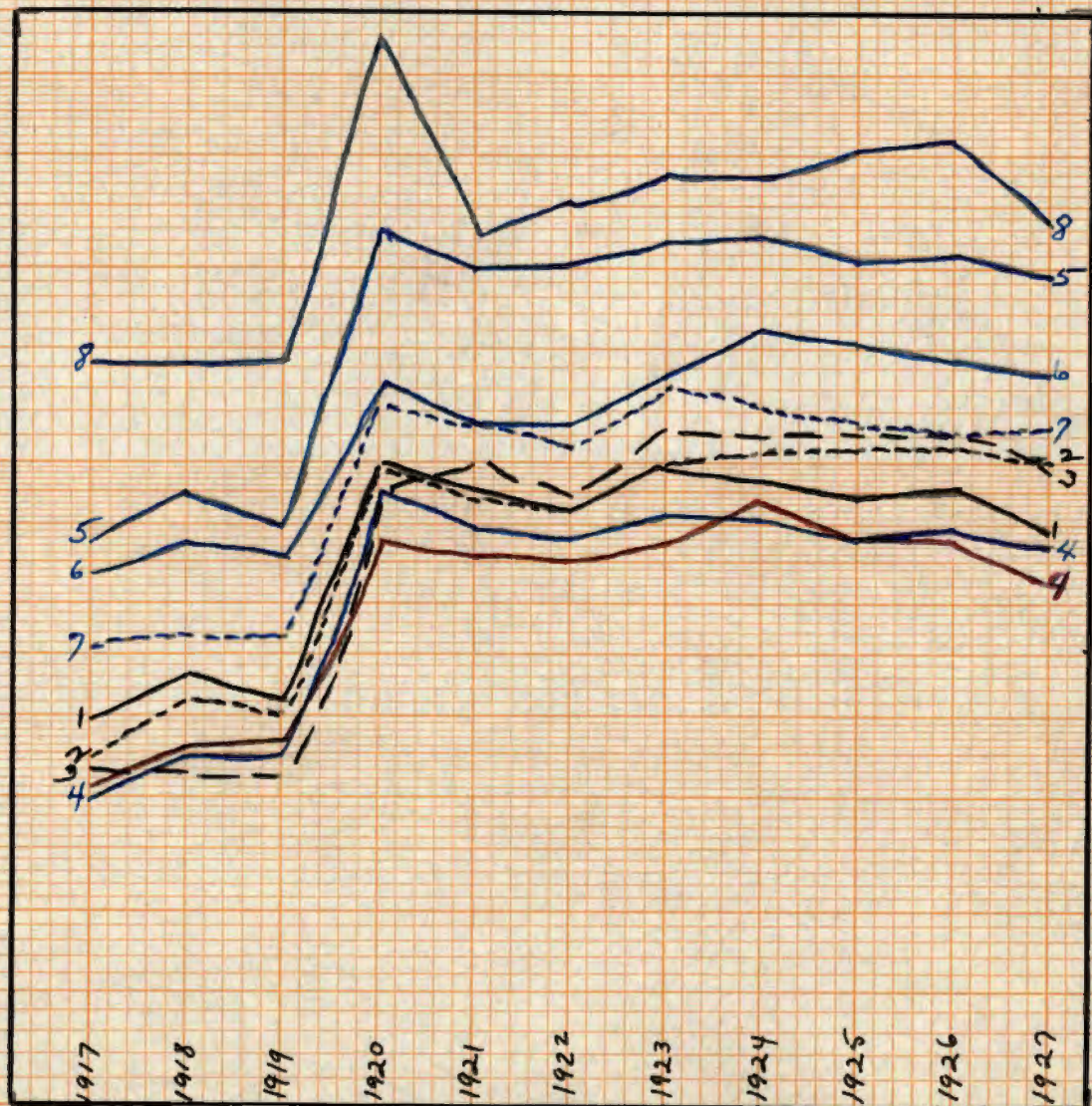
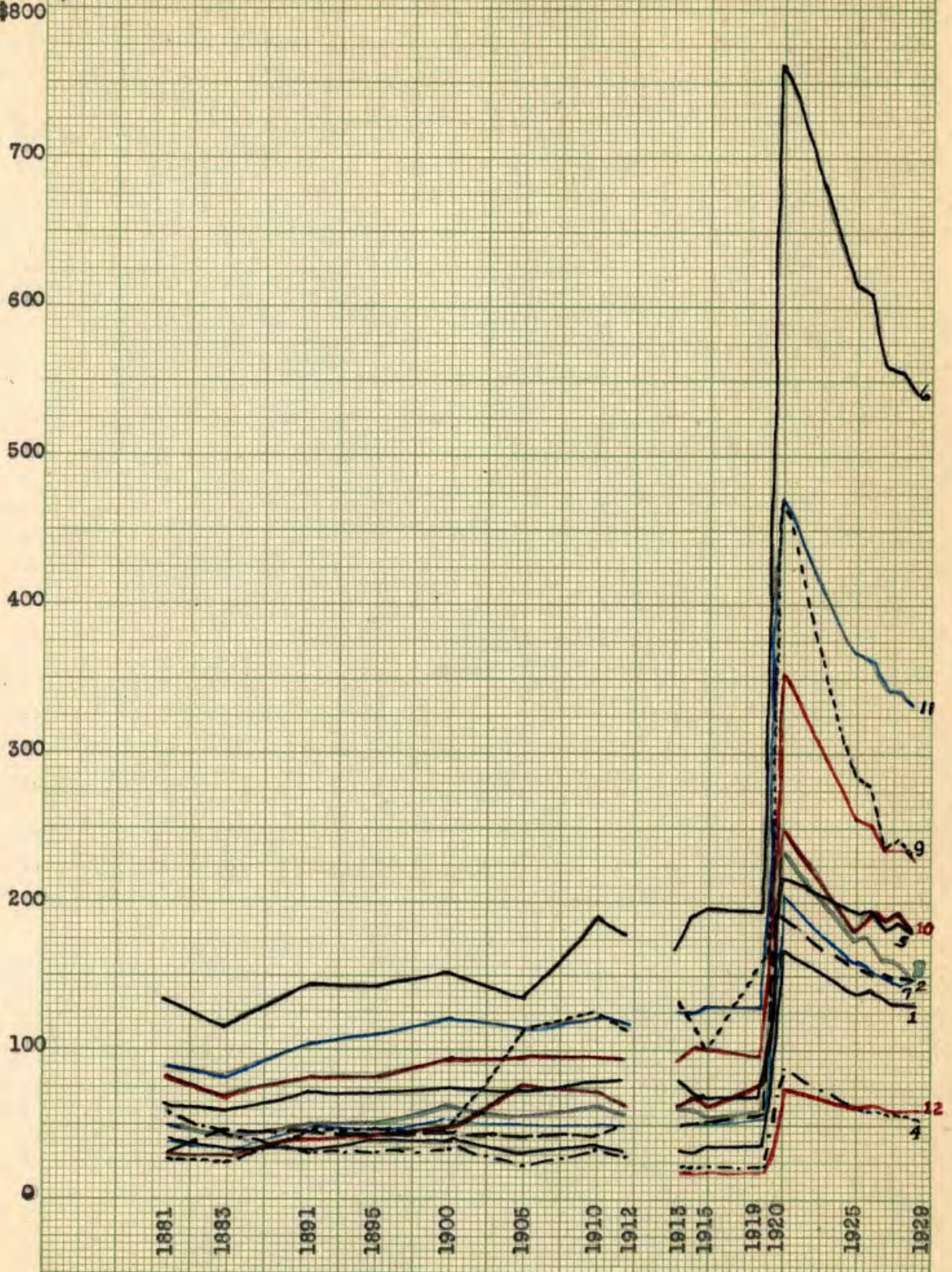


Chart 21.

Assessed Value of Acreage Property by Civil Districts, Overton

County, 1881 - 1929

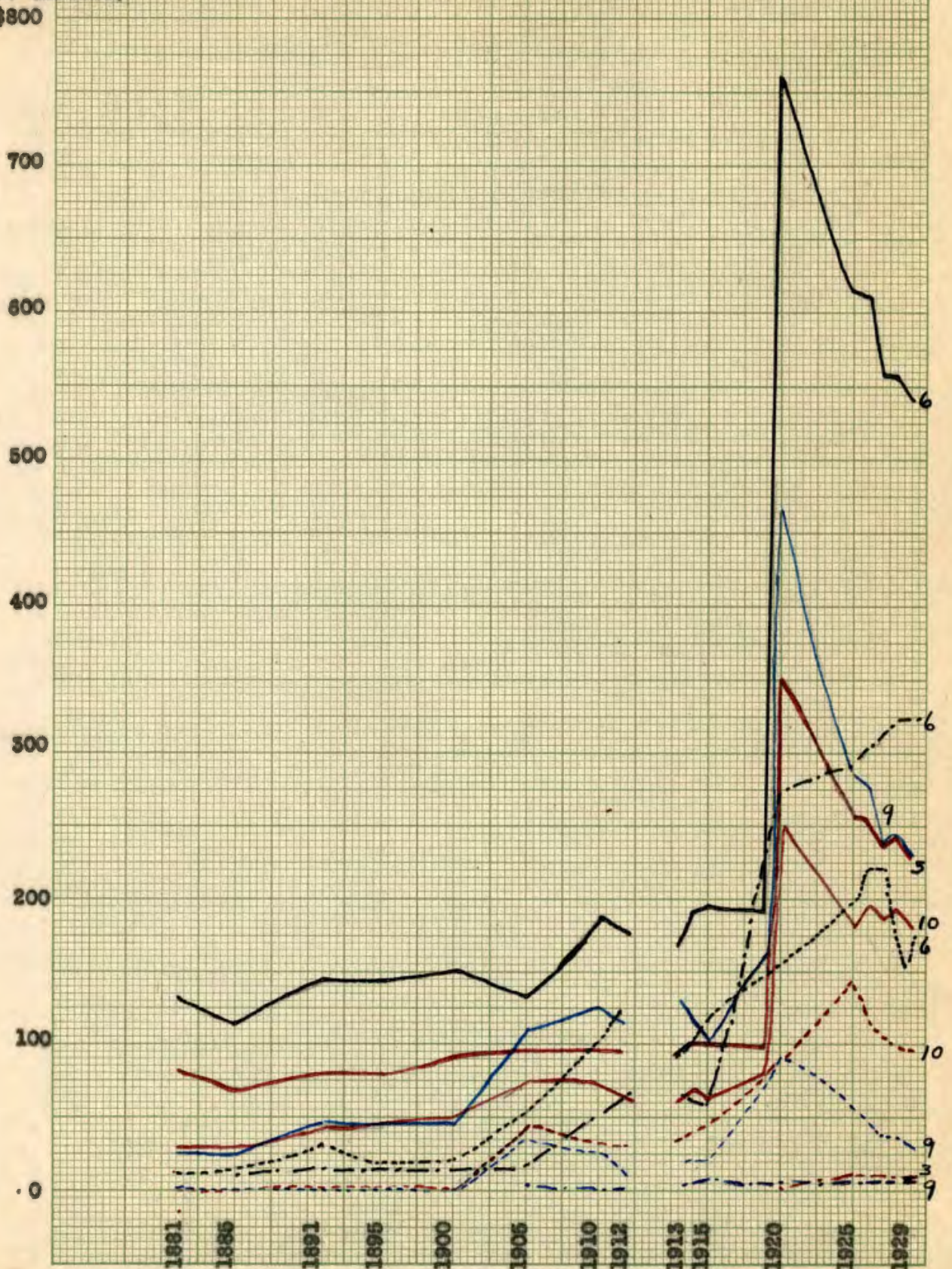
Thousands of dollars
(000 omitted)
\$800



Because of the fact that one thousand dollars exemption is allowed on each assessment of personal property total assessed values of personal and acreage property are not strictly comparable. This is demonstrated in detail in the chapter on personal property assessments. This fact of exemptions helps explain the erratic changes in personal property assessments. Plotting to an arithmetic scale (Charts 22 and 23) does not portray the erratic nature of changes in total assessments of personal property as effectively as does plotting to a ratio scale (Charts 24, 25, and 26).

Comparison of Trends in Acreage, Town Lot, and Personalty
Assessments in the 3rd, 6th, 9th, and 10th Civil
Districts of Overton County, 1881 - 1929

Thousands
of dollars
(000 omitted)
\$800



Published by The H. Cole Co., Columbus, Ohio, No. 290 G.

Solid lines - acreage assessments.
Dot and dash line - town lots assessments
Dotted lines - personal property.

Chart 23.

Personalty and Realty Assessments in Pickett County by Civil

Districts, 1917-1927
(6th, 8th, 9th dists.)

Thousands of dollars.

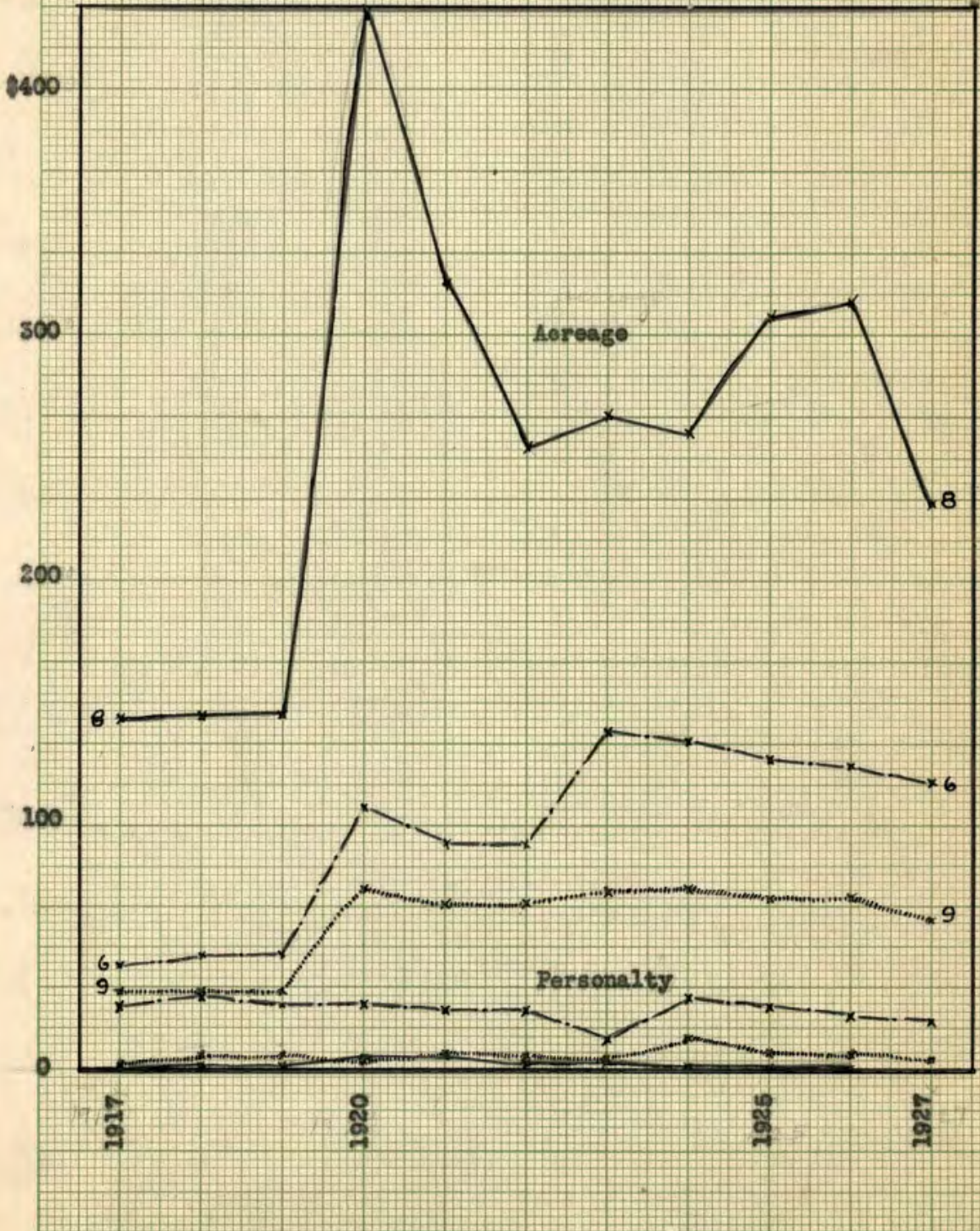
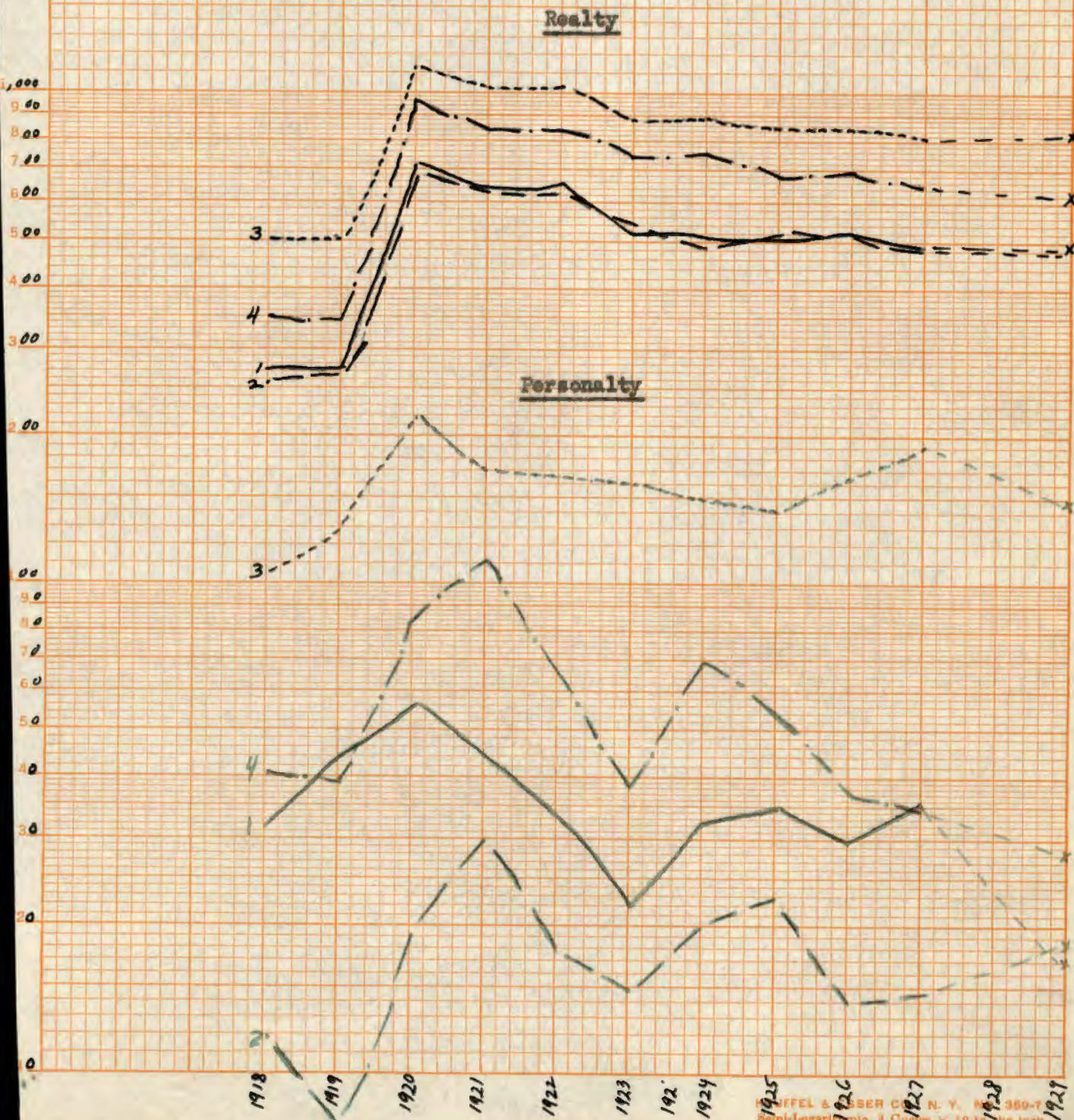


Chart 25.

Clay County Ratio Trends of Assessment by Civil Districts and Types of Property - 1918-1929 (1926 omitted)

Thousands of Dollars

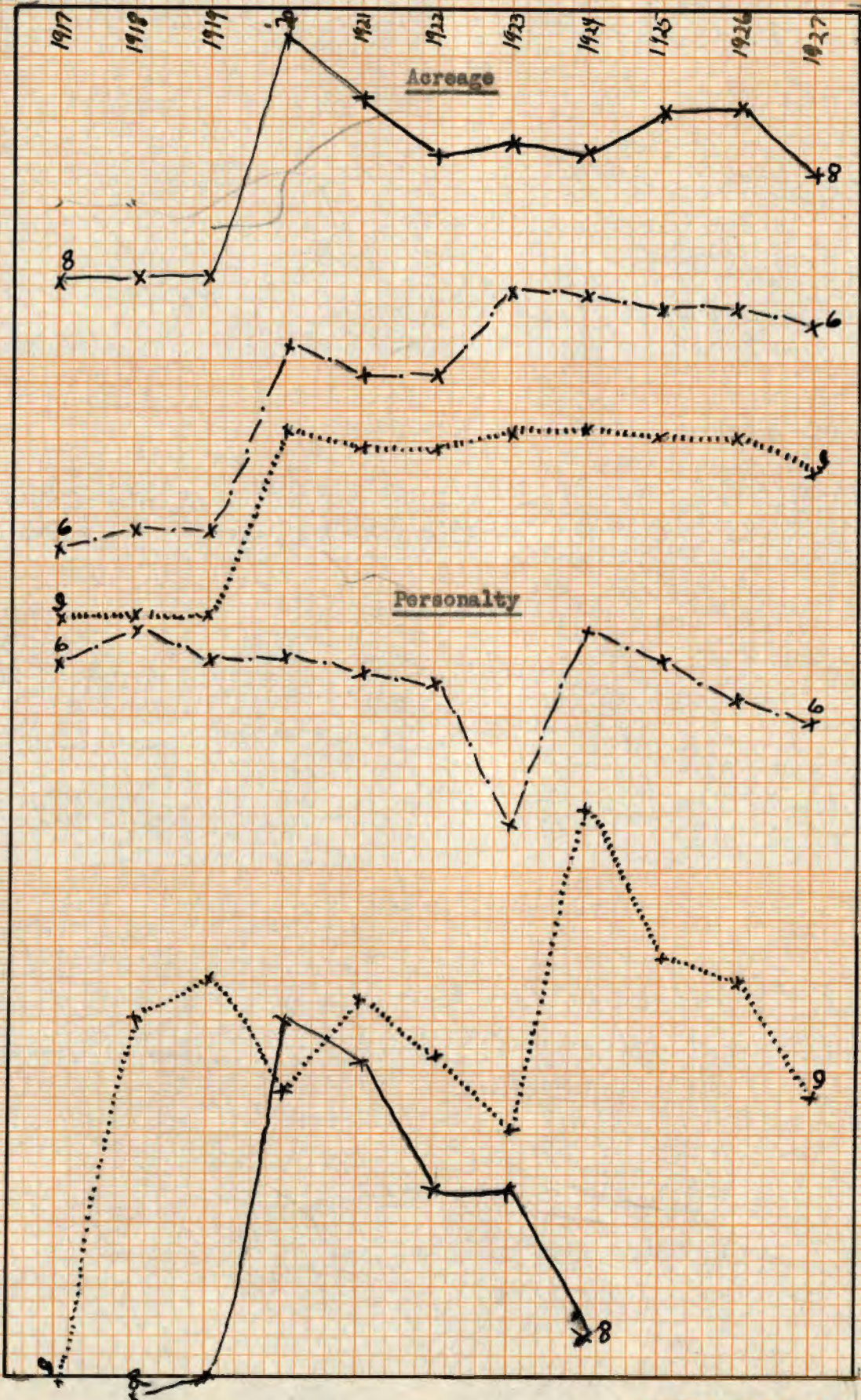


WHEEL & BAKER CO. N. Y. No. 350-7 Semi-Logarithmic, 3 Cycle X 10 to the inch

Chart 26.

Ratio Trends in Acreage and Personalty Valuations in the 8th, 8th, and 9th Civil Districts of Pickett County, 1917-1927.

Thousands of Dollars



There is perhaps some danger that the use of such devices would emphasize continuance of old assessments in spite of changes in value. In the hands of a competent economist with little if any more clerical assistance than is at present supplied state tax officials map and chart analysis could be made quite effectively. Such an arrangement could be worked out in a manner to provide for genuine research into principles of land values as well as to supply such immediately practical services as: construction of equalization tables; construction of index numbers of land values.

There is an interesting paralleling of ratio trend lines for personal property and town lots assessments in Overton County (Chart 27).

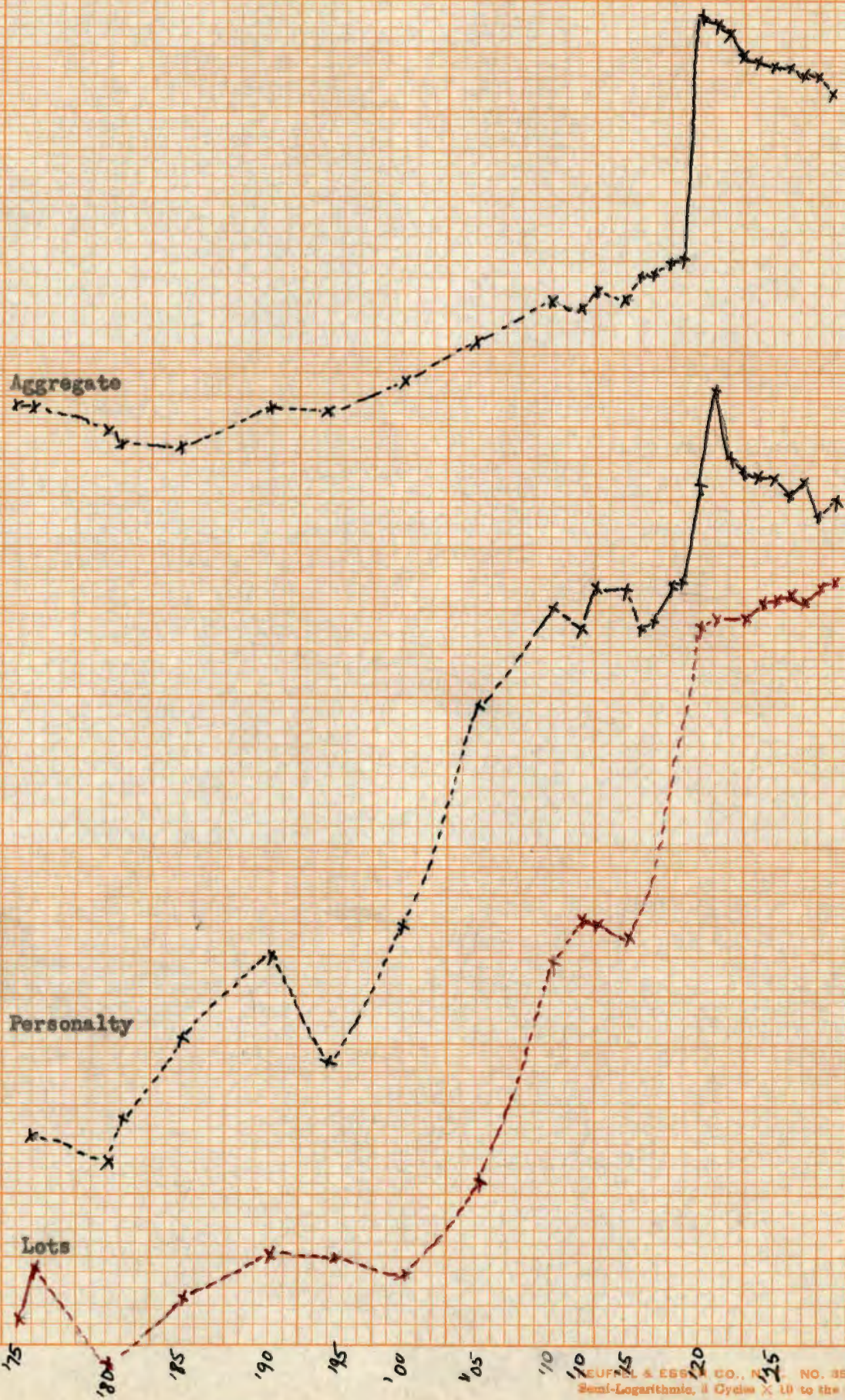
The assessed value data on which Charts 15 to 26 are based will be found in the tables in Appendix A.

Chart 27

Ratio Trends in Overton County Assessments; Total, Personal, and Town Lots.

Thousands of Dollars

1,000
900
800
700
600
500
400
300
200
100
99
80
70
60
50
40
30
20
10
0



PART II.

COUNTY GOVERNMENT IN TENNESSEE: WITH DETAILED DATA ON OVERTON, CLAY,
AND PICKETT COUNTIES.

Chapter I.

History of the Origin and Development of Counties in England and
America.

For forms of government let fools contend;
What e'er is best administered is best.
Pope.

If we could first know where we are, and whither we are
tending, we could better judge what to do and how to do it.
Abraham Lincoln.

Human felicity is produced not so much by great pieces of
good fortune that seldom happen, as by little advantages that
occur every day.

Benjamin Franklin.

Agriculture is not the whole of country life. The great rural
interests are human interests.

Theodore Roosevelt.

Definitions of Local Government and the
County.

At the outset of an analysis of the local government of this area
under consideration, it is important that one has an understanding of the
use of terms.

By the term local government, as used in this study is meant the "agen-
cies and functions of government as established for the management of public
affairs within an area or territory, smaller than that of the state." (1) In

1. H. G. James. Local Government in the U. S., p. 1

this connection the state refers to the larger political unit of the federation known as the United States.

Since the area or territory referred to above is the county, for the purpose of this study, some definitions of counties are given below: (2)

1. An earldom; the domain of a count or earl. (Historical)

2. In Great Britain and Ireland the community of inhabitants of one of the territorial districts called counties, that is the body of inhabitants enfranchised of the civil and political liberties of such a district, or formerly, the county court or a session of it.

3. In Great Britain and Ireland one of the territorial divisions constituting the chief units for administration, judicial and political purposes. The first districts to be called counties were the old Anglo-Saxon shires, often called the ancient or geographical counties, or more commonly counties at large, which had various historical origins going back to Anglo-Saxon days. Later the term was applied to:

- (a) Certain duchies (as Cornwall, Shetland, etc.)
- (b) Certain districts consisting of cities or towns with neighboring territory separated out of the older shires and given the organization of counties (all called counties corporate, or corporate counties.)
- (c) Administrative divisions (often not coincident with the older counties) to which the administrative functions (but not the judicial or political ones) of the older counties have been transferred under the local government act of 1888 and which are called administrative counties. Some of these administrative counties consist of boroughs of more than 50,000 inhabitants, and which are specifically called county boroughs.
- (d) Territorial divisions called registration counties which are aggregates of the registration districts for births, deaths, and marriages.
- (e) In Scotland the 33 civil counties into which the country is divided, the Local Government Act of 1889 having extended to Scotland a system of county government substantially the same as that of England.

4. One of the larger administrative divisions for local and political purposes in various British colonies, as Canada, Jamaica, New Zealand, and Australia.

5. In the United States, the largest division for local government in all states except Louisiana, where the corresponding division is the parish. The administrative functions of the county are more important than those of the town in the Southern States, less important than those

of the town in the New England states, and in the Middle and Western states of about equal importance. The county is sub-divided for governmental purposes into minor civil divisions (so-called) such as townships, towns, plantations, locations, purchases, grants, surpluses, etc.

The Origin and Development of Local Government in England.

In any study of local government in the United States it is of such interest and importance to know of the origin and development of the local government in England, for our system is almost entirely of English extraction. The mother country provided the frame work, upon which our present form of local government has been formed. Our system has been gradually remodeled as situations and conditions demanded.

The origin and earliest history of these English institutions are difficult to trace. The Anglo-Saxon system resembles the Germanic system in the first century A. D. which has led some to believe that the one has developed from the other. But in the historical records there is a long gap which makes it impossible to describe the process of evolution. Besides, there are many unsettled questions in connection with the influence of the early Romans on the early development of English government. It will be sufficient for this purpose, then, to trace briefly the development of English local government from the Anglo-Saxon period.

The Anglo-Saxon Period. The Anglo-Saxon kingdom was divided as early as the 10th Century at least, into shires. These had been formerly independent kingdoms. The shires were therefore historical districts; and were democratic for that period of history. For they had a representative assembly called the shire-moot in which all freemen had a voice, directly or through representatives. The shire-moot met twice a year and performed both legislative and judicial functions. The shire was an independent or self-governed district as regards internal government. However the people were

responsible to the central government for military service, repair of bridges, and fortifications. The earl, who was appointed by the king, represented the central government and presided over the shire-moot. He was usually the principal land owner of his shire. With the growth of the Church the bishops became important factors in the governmental affairs of the shire. Later in the Saxon period an officer called the shire-reeve, or sheriff, was appointed as assistant to the earl, who as chief police, financial, and judicial officer of the crown gradually supplanted the latter.

The shire was also sub-divided into smaller governmental units. These were the township, the borough, and the hundred. The townships and boroughs were the original communities, or aggregates of people. A township was a group of homesteads surrounded by a "tun" or hedge, with outlying fields and meadows. A borough was a "burgh" or fortified place consisting originally of the castle and courtyard of a nobleman, under whose protection a group of freemen congregated in a community, with a ditch and a mound as fortification.

In the township there existed a primary assembly of all freemen which managed all of the affairs of the township, but had no judicial functions. This democratic institution was the real cradle of English liberty.

The township had its own officers, the reeve as financial officer, the pindar as manager of the commons, and the tithing man as peace officer.

The boroughs had greater security than the township and became centers of trade, which led to a larger growth in size, importance and powers. In the borough there was an assembly, composed of all freemen who paid local taxes. This assembly passed by-laws, and in those that were independent of a lord, elected officers. During the Saxon period they were taken out from the jurisdiction of the hundreds.

The hundreds were only groups of townships for judicial administration. They were governed by a court composed of the reeve and four representatives

from each township. At the head of each hundred was the chief constable, who was elected by the hundred court.

This system of local government was in force when William the Conqueror acquired the crown of England. It had had little interference from the central government, being characterized by local autonomy and democracy.

The Norman Period. It was not long until the Anglo-Saxon system was overthrown by the Normans, whereupon the government became more centralized. The shires were then called counties; and the count succeeded the earl. The shire-moot became the county court, and the sheriff the real administrative head of the county. In the meantime he had become greatly disliked by the people and distrusted by the Crown. This was due to the arbitrary exercise of his enormous powers and the tendency for the office to become hereditary in powerful local families. This was accompanied by a corresponding decline in the power of the county court. It continued as a representative body but became aristocratic, as it consisted largely of the chief land owners. This period saw the development of feudal manorial courts.

Edward the third changed the tenure of sheriff from life to annual tenure. However the system of county administration by this official continued until towards the end of the 14th Century. As a result the royal courts took over the criminal jurisdiction of the county courts, and the justices of the peace, appointed by the Crown, took over the administrative functions of the sheriff. He became only a "ministerial officer of the courts, a conservator of the peace and returning officer of the elections." Consequently the county virtually ceased to be an area of local self-government until the reform of 1888.

The hundreds also declined in importance as an area of local administration. The hundred court continued to meet and was still held responsible for the preservation of the peace.

The townships did not suffer any appreciable change under the Normans,

except in name. However, when the feudal manor was firmly established under the Plantagnets, the township, or vill, as it was then called, began a struggle for its continued existence as a democratic unit of local government. The manor might include one or more vills and the lord of the manor was virtual dictator. The affairs of the manor were managed by the manorial court under the direction of the lord baron, or of his stewards if there were several manors. The township meeting lost its power though it continued in existence.

The rise of these justices of the peace, mentioned above, began in the 13th Century. They had executive police powers of considerable greater importance than those of the old constable with the decline in the hundred as an administrative unit; the transfers of many of the functions of the sheriff and the remaining jurisdiction of the shire court to it, the justices of the peace became of increasing importance in local governmental affairs.

In regard to the development of the authority of the justices of the peace John A. Fairlie in *Local Government of Counties, Towns and Villages*, says:

Additions to the authority of the justices may be noted in three directions: They became charged with the duty of preliminary investigations in criminal cases of all kinds. They were given control over the administration of a vast mass of statutory police legislation, both old and new, including laws against vagabonds and beggars, the regulation of wages, apprenticeship and prices, licensing beer houses and other trades, and, after the Reformation, ecclesiastical laws against papists and non-conformists. Lastly they were given important powers of supervision over the newly established parish system, in reference to police matters, poor relief, highways and taxation. These, with their former powers, gave the justices of the peace the position well described as "the state's manager of-all-work." (3)

During this period self-government would have undoubtedly become extinct except for the development of the parish at that time. This unit of local government was destined to become the successor of the township and to perpetuate the traditions of the early systems of self-government. The

priest, who presided over each parish, became an ardent supporter of the peasant's cause as against the manorial lord. As a result of their efforts local democratic meetings were held as part of the parish meeting and in the church, over which the lord of the manor had no control.

As a result of the struggle between the feudal lords and the church people local self-government was preserved. With the decline in the power of the former and an increase in those of the monarchy the importance of the parish increased. The parish assembly came to be called the vestry and changed its place of meeting from the church to the vestry room.

The growing importance of the parishes as local units of government was further increased by the Act of 1601, which imposed upon them the duty of poor relief, the assessment and collection of taxes, and supervision of highways, sanitation, burial grounds, etc. The civil parish came to be distinct from the church parish in the course of later legislation. At the outset they were one.

At the same time that the townships were being merged with the parishes to preserve local self-government, the boroughs also grew in importance, but slowly. They were subordinated to the king from whom they acquired privileges, by a charter grant, such as compounding the royal feudal dues, and establishment of their own courts, free from the supervision of the sheriff. The burgesses also elected their own officers. They looked after their own property, and managed their markets and fairs.

In the 13th Century borough government changed from a democracy, electing their own officers, to a government by council, mayor, and aldermen. At the end of the 15th Century the typical England boroughs were close corporations, their importance increasing but their democratic character decreasing. In the struggle between the King and Parliament the King gave the representative from the boroughs charters of government, naming them as the governors with the right to choose their successors. This firmly established the

system of undemocratic borough government, commonly referred to as the rotten borough system. It was not until the reform legislation in the 19th Century that this was altered. Little change had been made from the middle ages until that time.

During the reign of Henry I a regular system of circuit judges was established. Prior to this, from the time of Alfred, special royal commissioners had been sent throughout the kingdom. It was the purpose of Henry I to check up on the sheriffs, of whom he had become suspicious. These itinerant justices, upon whom fell this duty, had no exclusively judicial function. They were sometimes, but irregularly, sent out on purely judicial business. Their more normal work was of a general administrative character. In regard to these duties Paul W. Wager says:

They looked after wardships and escheated property, inspected arms, took oaths of fidelity to the king, saw whether any one had left the kingdom or built a new castle, attended to all matters touching the royal revenue -- in short they did all the royal business that they were instructed to do when they were sent out. As it has been aptly expressed, they carried the Curia Regis (King's Court) down into the locality and did a little branch business there. (4)

This system of extending the authority of the king was beneficial in maintaining peace and order throughout the kingdom. It was done, however, at the expense of local authority.

The office of coroner was created during the Norman period by Henry II in 1194. At first he was a local justice, which implied that he could try cases and impanel a jury. He held preliminary hearings, and kept a record of local criminal matters to be used later by the sheriff or itinerant justices. During the 13th Century additional duties were given to the coroner. From this time he held inquests in case of sudden death or injury, preliminary hearings in criminal cases, and in some cases he might try cases. H. G. James says that the coroner at this time "was of considerable importance, for the coroner acted as a sort of general assistant to the sheriff in addition to duties especially assigned to him as "cromer" or personal

representative of the crown, to look after the local interests of the latter." (5)

In the previous sections the development of local government has been traced briefly from the beginning of the Anglo-Saxon period to about the beginning of the 17th Century, with the exception of the changes made during the period of the Stuarts. In this connection John A. Fairlie states in his book on local government:

Few changes of importance were made in English local government under the first two Stuarts, and those made can best be noted in a description of the whole system as it existed in the early part of the 17th Century, at the time when the first permanent English settlements were made in America. (6)

It is significant at this point, before beginning a discussion of colonial government, to get a cross section of this development taken towards the beginning of that century.

In the rural areas of England the smallest unit of government was the parish, the successor of the township. The people met in parish meetings and voted upon matters dealing with the parish. In the larger parishes a select vestry was chosen to advise the parish officers, which suggests the selectmen of the New England towns. The parish dealt with both church and civil matters such as concerns "church property and administration, involving the church rate, as well as with matters like highways administration and poor relief requiring other rates. The parish as an ecclesiastical unit was also the public agency for such public elementary education as was provided." (7a)

Among the parish officers were the vestry clerk, the church wardens, acting also as overseers of the poor, beadles, sextons and most important of all the constable who was frequently selected by the justices of the peace.

5. H. G. James, Local Government in the United States, pp. 157 and 158.

6. Jno. A Fairlie, Local Government in Counties, Towns & Villages, p.10.

7a. H. G. James, op. cit., p. 67.

During this period the county was the principal area for local administration. It, however, had no real representative body of its own, the county court having declined greatly by that time. In regard to the county officials H. G. James says:

The lord-lieutenant, nominally at the head of the county, was largely a ceremonial officer, though having charge of the county militia and performing some other minor functions. The sheriff, appointed like the lord-lieutenant, by the crown, had also lost his former position of preeminence but was still the chief executive officer of the courts, summoning the juries, executing the judgments, and administering the jails. The ancient office of coroner, selected by the county court, also survived in diminishing importance. (7)

Above the parish, but of less importance than the county, was the hundred, which "by the 17th Century had become the least important administrative division in England. It was a convenient district for taxation, military organization, and the maintenance of peace but it had little vitality in itself." (8)

The sheriff was an important personage and had many and varied duties. However, his authority had been greatly curtailed, as has been noted in a previous section of this chapter, first by the royal judges, then by the coroner, and finally by the justices of the peace. During this period of English history, according to Jno. A. Fairlie:

Each month he held a county court for small civil cases, although this was a fast-waning institution. He presided also at the sessions of the county court for the election of members of Parliament, and here often wielded considerable influence on the result. At the semi-annual assizes of the royal judges, the sheriff summoned juries, executed the judgments of the courts, had charge of the jail, and acted as local host to the visiting representatives of the Crown.

The most important administrative functions, however, were performed by the justices of the peace, who were appointed by the Crown. They looked after the care of county roads and bridges,

7. H. G. James. *Op. cit.* p. 68.

8. Paul W. Wager, Origin and Development of the County, p. 10.

the levying of county taxes, the granting of licenses, the giving of special relief, and exercised strict supervision over the parish offices. They were usually men of good family and of some ability and education, who discharged the burdensome duties practically without pay, but were recompensed by the social dignity and sense of authority conferred in the office." (9)

The borough system of local government for urban areas was functioning at that time. This system has been discussed in another section of this chapter. (See page 7.)

The Origin and Development of County Government in America.

When the first colonists migrated from England to America they brought with them a familiarity with the English form of local government, a brief description of which has been given above. The government here was not an exact duplicate of that of the mother country but was modified to suit the new environment. There were many changes from the English system. For instance, the colonists were familiar with the parish and vestry meeting but yet they did not bring them to America, as exact duplicates of the English system. Jno. A. Fairlie has the following to say of these changes:

But different conditions led to many important changes. The central government could not exercise direct control over minor officials at such a distance, and indirect control through the colonial governors was very ineffective. Many of the most important functions of local government in England, such as poor relief, were of no importance in the colonies. Other functions, such as education, became important. The class of rural gentry did not exist in America, and even with similar laws a different class of officials appeared. And as time went on additional changes were introduced from various causes. But the development of American local government is a continuous process from the English institutions of the first part of the 17th Century. (10)

9. Jno. A. Fairlie. Op. cit., p. 11

10. Ibid., pp. 16 and 17.

In addition to the differences of the colonial forms of local government from the English forms there were wide variations in local government among the colonies. The system in the New England colonies differed greatly from that in the Virginia colonies. And in the Middle Atlantic colonies there developed a form of local government "which manifested not only a mixture of some of the characteristics of the two district systems already considered, but each within itself developed certain characteristics that stamped the local institutions adopted by the later states, formed to the west of these commonwealths." (11)

These variations between the three areas were influenced largely by three factors. In the first place, there was a difference in the nature of the authority under which these various settlements were made. For instance, in Massachusetts the transfer of the charter from the Crown to the colony gave the colonists greater freedom for developing their government in a new direction. In Virginia the charter was transferred from a trading company to a crown colony, which was a factor in perpetuating the English social and governmental institutions.

In the second place, there were differences in the character of the colonists themselves. In Virginia many belonged to the upper class. In this respect they resembled the landed aristocracy of England. Many held large grants of land in the New World and had many indentured servants at first, and later negro slaves. Their principal motives were to become wealthy and to attain political prominence. In contrast to these southern colonists, a majority of the New England settlers had come to America for conscientious motives, after having fled from the severe religious persecutions to which they were subjected in the mother country. They "resolved to live together" in their new wilderness home. Consequently they settled in compact villages, each with a church and school, and worshiped as a community. They naturally inclined toward a

11. H. G. James. *Op. cit.*, p. 83.

democracy.

In the third place, the natural conditions of these colonies differed greatly. In Virginia the large estates and the navigable rivers was conducive to a scattering of the settlers. Each large land owner was "a sort of manorial lord on his own estate, without the need of any local government." (12) On the other hand, in New England, the population was concentrated in the villages, or towns. This was due largely to the condition of the soil and climate, which was unfavorable to agricultural pursuits. The natural conditions were more favorable to fishing, trading, and manufacturing, which became the principal business of those people. In addition, the unfriendliness of the Indians was a contributing cause to these settlements in compact units.

In the Middle Atlantic colonies the geographic, climatic, and social conditions had some of the characteristics of both the southern and New England colonies. Largely for these influences the local government there also partook of some of the characteristics of both.

Since no state has departed from its original form of local government it is significant to describe briefly the development of colonial government in New England, Virginia and the Middle Atlantic states, from which the governments in the other states were modeled. This will "suffice both to give an adequate idea of the scheme of local government in the colonies and to supply the originals of the prevailing types in the United States today." (13)

Local Government in the New England Colonies. The local government in these early colonies was characterized by democratic principles to a much greater extent than was the government in Virginia, largely for reasons given in the preceding section.

The principal unit of local government in these New England colonies was the town. The control of affairs in this town was in the hands of a town

12. H. G. James. Op. cit., p. 71.

13. Ibid., p. 72.

meeting, composed of all of the inhabitants. It was similar in this way to the old English parish meeting or vestry, except that the vestry in England had by this time become generally a close corporation, and consequently undemocratic in nature. During the early years town meetings were held frequently, but as the population increased it became more difficult to get the people together. These meetings then developed into annual affairs. In the intervals between the meetings the affairs of the town were managed by a committee of selectmen, varying in number from 3 to 13. They were elected annually by the inhabitants in town meetings. (14)

Concerning the powers of this committee H. G. James makes the following statement:

Subject to the power of the town meeting to over-rule their actions these selectmen exercised pretty much all the powers possessed by the town. Among these powers were included the care of the highways, poor relief, the assessment and collection of taxes and tithes, the preservation of the peace, the passage of bylaws, the provision of elementary education and the registration of land titles. (15)

In addition to this committee, a long list of other officers were elected in the meeting to carry on the administration work of town government. The more important ones included the constable, who was the principal agent of the town; the town clerk, who was not only the secretary to the town meeting and the selectmen but also register of deeds and recorder of vital statistics. "Other officers of some importance were the treasurer, assessors, collectors, surveyors of highways, fence viewers and clerks of the market. Besides these a long list of additional petty functionaries were chosen, such as hog reeves, field drivers, pound keepers, overseers of the poor, tithing men, town criers and many others." (16) In this connection T. B. Manny says that "so numerous were the places to be filled that in some instances

14. Jno. A. Fairlie. Op. cit., p. 22.

15. H. G. James. Op. cit., p. 73.

16. Fairlie. Op. cit., p. 23.

virtually every adult male freeholder held one or more official positions in the town government." (17)

In addition to the town, or township, there were minor units of local government. These were the village, plantation, district, precinct and parish, which were subordinate, or at least subsidiary to the town. They possessed their own local assemblies, or meetings.

The county was introduced in Massachusetts in 1643.(18) It was established to serve principally as a unit in the administration of justice, for purposes of military organization, for tax equalization as between the towns, and to perform the needed services of recording and probate for the area. (19) Although the county there has never developed any extensive powers of self-government it became an important institution which influenced the development of the system of county government throughout the United States.

Local Rural Government in the Virginia Colony. The local government in Virginia was more undemocratic than that of the New England colonies, which has been described briefly above. Virginia was not settled by organized groups as in the latter colonies, but by individuals who had received grants of land and developed their plantations independently. Many of these planters had belonged to the English gentry. It was not only their ambition to amass wealth but to establish a landed aristocracy similar to that in the mother country. This condition, together with the type of agriculture there which was largely responsible for the system of slavery, were not conducive to the establishment of the democratic town meetings as was the case in Massachusetts.

However, in the earliest years of the Virginia colonies there were some evidences of local self-government. For instance, the 12 vestrymen, repre-

17. T. B. Manly, Rural Municipalities, p. 14.

18. J. G. James. *Op. cit.*, p. 75.

19. T. B. Manly. *Op. cit.*, p. 18.

senting the parish, were at first elected by the people of that area. In this way it resembled the selectmen of the New England towns. But as early as 1661 the vestry became a self-perpetuating body instead of remaining a popularly elective one. In this way it became undemocratic as was the English parish. "However it seems to have been conducted by discreet men who conducted their business in the open and were sustained by public sentiment."(20)

In addition to supervision of church matters the vestry of the parish performed such civil functions as the care of the poor, property registration, keeping the peace and levying taxes.

The parishes never developed into very strong units of local government, largely because of the scattering population. The county, at first called shires, gradually increased in importance and finally eliminated the parish altogether. (21)

These counties were formed in Virginia in 1634. Each of these units of government was an administrative area, an electoral district, a military district, and a judicial district. As such they were the most important units of local government.

The principal administrative officials were, the justices of the peace, sheriff, constables, coroner, and surveyor. The justices of the peace were originally known as commissioners of the county courts. They were appointed by the governor and the council, from among the large land holders. They performed both judicial and administrative functions. A concise statement of these functions is given by H. G. James as follows:

In addition to its appellate jurisdiction over the petty cases decided by the individual justices, and its original jurisdiction over all civil and criminal cases except felonies, the county court was an important administrative body. Among its functions in this capacity was the erection and maintenance of the county court house, the construction and repair of bridges, the keeping of rivers free from obstructions, the designation of landings, the controlling of

20. Paul W. Wager. Op. cit., p. 19.

21. T. B. Manny. Op. cit., p. 20.

the erection of water mills, the locating of tobacco warehouses, the issuing of licenses for taverns, and the nomination of the sheriff, justices, coroners and constables for appointment by the governor.-----
 For the performance of these functions the county court levied county taxes, for which the county was divided into precincts in each of which a justice prepared a list of "tithables." (22)

The sheriff was the chief officer of the county. He was executive officer of the county court as a judicial body. In addition, he was county treasurer and tax collector for the county, the province, and sometimes for the parish. As a police officer the sheriff was assisted by constables who were appointed by the county court to serve designated precincts. "They acted as local police officers, besides serving warrants, summoning coroner's juries and witnesses, and performing certain administrative functions such as inspecting tobacco fields, executing the game laws, and taking charge of runaways." (23)

The county succeeded the parish as an election district in the early years of the colony. Representatives of the House of Burgesses were the only county officials of any importance chosen by popular election. In fact this was about the only governmental function in which non-land holders participated. This was restricted at the beginning of the 18th Century to freeholders.

As a military district the county was in charge of a county lieutenant. He was appointed by the governor from among the most important men in the county.

In general the local government in Virginia resembles closely that of England at that time. They were both characterized by their high degree

22. H. G. James. Op. cit., pp. 78 and 79.

23. Ibid., p. 79.

of centralization, and their unrepresentative and aristocratic nature, as contrasted with the democratic character of the New England colonies.

It might be added in this connection that the systems later developed in the other southern colonies tended to approach that of Virginia more closely than that of New England. In fact the Virginia system served as a model for these states. This system undoubtedly has had some influence on the form of local government in Tennessee since the state has been settled largely by immigrants from Virginia and North Carolina. Mainly for these reasons the description of the rural local government in Virginia has been presented in some detail.

Local Government in Middle Atlantic Colonies. In the Middle colonies the form of local government was in some ways a compromise between the northern and southern colonies. But yet these colonies, especially New York and Pennsylvania, showed some originality in planning their systems of government.

The first settlements in both New York and Pennsylvania were made by the Dutch. They established there a "patroon system" which was similar to the system of local government found in the feudal manors of continental Europe. The patroon exercised all governmental powers over the 50 or more settlers on his manor.

In 1685, a new system of local government was established in what is now New York, after the Conquest by England in the previous year. The towns were made the principal unit of local government as in Massachusetts. However the New York system was representative rather than democratic, as in the latter colony. In town meetings of freeholders a constable and eight overseers were elected who constituted a town board. These officials were empowered with legislative, financial, executive and judicial duties.

By 1683 county government was definitely established in New York, the

foundation for this form of government having been laid in Long Island about 20 years previously. At first, the justices and sheriff were appointed. In 1691 provisions were made for the popular election of county supervisors, the first elective county officials in the colonies. These county boards of supervisors were composed of a representative from each town. They had charge of the fiscal administration of the county, each supervisor levying, assessing, and collecting the county taxes in his town. (24) These boards increased in power, as they gradually assumed administrative jurisdiction over highways and other county affairs, which had been retained by the appointive justices up to that time. This increase in authority made the elective supervisors more powerful than the county courts in Massachusetts. At the same time the town government, through their elective officials, performed more extensive functions than the Virginia parish through its appointive, or self-perpetuating vestries.

In Pennsylvania county government was established before town government, in contrast with the New York system as described above. Originally all of the county officials were appointed, but the elective principle was extended to the assessors and the sheriff in 1696 and 1705 respectively.

The most significant development in local government occurred in 1724. Provisions were made for the establishment of a county board composed of three commissioners elected by the county to supercede the justices as fiscal agents. These boards thus became the chief administrative officials of the county. They were elected for the county as a whole instead of being representatives of the towns as the board of supervisors of New York.

This brief description of the development of local government in these two states shows the rise of two systems of county government which have been most widely adopted by the newer states. It is of some significance to those interested in county government in general, since these systems were among the first efforts at establishing these units of local administration in America.

24. H. G. Jones. *Op. cit.*, p. 84.

The Development of County Government Since Colonial Times.

After the Revolutionary War the original colonies became states, and in addition other new states were formed, which modeled their local governments after the older states from which their original settlers came. There have been many changes in county government in these states during the past 150 years, but none were what might be termed revolutionary, the principal features of the old system having been continued. It is the purpose of this section of the study to show the principal trends during this period, for both a clearer conception of the present system and a better appreciation of the present tendencies.

Revolutionary War to 1800. In addition to the thirteen original colonies, Kentucky, Tennessee, and Vermont were added to the Union. The provisions of the early constitutions of these states related very little to either the county or the smaller units of local government. The colonial system continued to operate almost unchanged.⁽²⁵⁾ The principal change was made in the method of selecting county officials, from central appointment to local election, either direct or indirect. For example, in Georgia all civil county officials (except justices and registers of probate) were elected by popular vote. The justices of peace were selected by the state legislature. This tendency was also in progress in New Jersey, Maryland, and Pennsylvania in the selection of the sheriff.⁽²⁶⁾ On the other hand, the early constitutions of both Kentucky and Tennessee clearly show the influence of the system of county administration found in Virginia, which was characterized largely by centralized appointments of county officials. For instance, in Kentucky, under the provisions of the constitution of 1799, the members of the county

25. E. B. Mammy, *Op. cit.*, p. 24.

26. H. G. James, *Op. cit.*, p. 90.

court were appointed for a period of good behavior by the governor. The sheriff, surveyor and coroner were commissioned by the governor from two nominees for each office selected by the county court. The county court appointed the clerk of the court, collectors, constables, jailers, and other minor county officers.

The similarity of the provisions of the Tennessee constitution of 1796 with the county system of the older southern states is shown by H. G. James:

In Tennessee the constitution of 1796 conferred on the county courts the power to appoint sheriffs, clerks, coroners, trustees, and constables for a term of two years, the sheriffs and coroners to be commissioned by the governor. The justices of the peace were appointed by the legislature to hold office during good behavior.(27)

From 1800 to 1850. There were few changes during the first 20 years of this period, but during the latter part there were some significant changes. In the first place there was a trend toward decentralization of state government which was evidently a reaction from a high degree of centralization in colonial times, found in many of the colonies. This decentralization is noted in the extension of the elective principle for choosing county officials, which had made considerable headway in all states except Maryland, Virginia, the Carolinas, and Kentucky. The counties had largely become independent of any state control except that of the legislature, in affairs other than judicial and military.

In the second place, the county was recognized as a governmental subdivision of the states in every state and organized territory varying in function from a mere judicial district in Rhode Island to the all important county of Virginia.

The voting privilege to men was extended through either a reduction or complete elimination of the property qualification.

A notable increase in the number of county officials occurred. The

most important of these were: treasurer, assessor, collectors, and prosecuting attorneys.

Nearly all of the states had elective county boards which performed the general financial and administrative functions. These boards appeared under a variety of names. However the most commonly copied plans were the "commissioner" plan that originated in New York, and the "supervisor" plan of Pennsylvania origin. The former had been adopted by this time also in some of the southern states, and was generally adopted by the new states admitted during this period. (28)

From 1850 to 1900. There were many changes in local government during this period but in general the characteristics shown during the latter part of the previous period had not been changed greatly. However there are three tendencies that especially deserve some mention here. First, there was a beginning in the development of state administration, supervision and control, especially in regard to matters pertaining to finances and education. Such functions as administration, or supervision of poor relief, health, highways, etc., were later to be performed by the states. In the second place, increasing attention was being devoted to local county government by state constitutions. Both new and old states had extensive constitutional provisions relating to such as: manner of creating new counties; either the division or the consolidation of counties; the location of county seats; the enumeration of county officials, their qualifications, term of office, method of election, powers and duties of office; taxing and borrowing powers; and the prohibition on special legislation. Third, there was a continued extension of the election of officials by popular vote. However, many officials were appointed in some of the southern states due to the presence of the newly enfranchised negro voter. (29)

From 1900 to Date. Some of the general tendencies noted in the pre-

28. H. G. James, op. cit., pp. 110, 111, and 112.

29. Ibid., op. cit., pp. 111-116.

vious period continued after 1800. For instance county and other local governments were continuing to receive attention in the state constitutions, in both the new and the amended. There has been also a marked increase in the development of administrative control by the state, mentioned in connection with the development during the previous period. This control had extended to almost all phases of county activity, especially those relating to finances, health, highways, poor relief, and public education.

One of the most significant developments has been in connection with research in county government, representing systematic attempts at solution of the problems within this field. Until recently practically no attention had been given to a systematic study of county government problems. Now, besides the research being done by state experiment stations and similar institutions there are national associations like the Short Ballot Association, the National Municipal League, Russel Sage Foundation, and others who are devoting considerable efforts toward local governmental reforms.(30)

Finally, there is a slight tendency toward returning to the practice of appointing some officials of purely an administrative nature, such as superintendents of schools, surveyors, treasurer, and clerks for several offices.(31)

Early History of Overton County.

There is very little available information on the history of this county. The late J. T. Moore has done some research on the various counties of Tennessee in this respect. In regard to Overton County he has the following to say:

Overton County was erected in 1806 from a part of Jackson County and was named in honor of Judge John Overton, the most intimate friend of Andrew Jackson. The earliest settlers were Colonel Stephen Copeland and his son, "Big Joe" Copeland. Other early settlers were John Goodpasture, father of the distinguished

30. H. G. James, op. cit., pp. 116 and 117.

31. T. B. Mammy, op. cit., p. 30.

jurist, Judge Jefferson D. Goodpasture, Capt. Jesse Arnold, Capt. Simeon Hinds, father of the learned chemist and teacher, Dr. J. I. D. Hinds, of Lebanon; Benjamin Totten, father of Judge A. W. O. Totten; Moses Fisk, Judge Alvin Cullom, Adam Huntsman, and some descendents of John Sevier.

The first court was held at a place called later James' Store, about five miles north of Livingston. In the year 1807 the town of Monroe was laid off, and selected as the county seat. Soon Livingston became a rival for the honor of being the county seat and a lively animosity arose between the two towns. Finally in an election in 1833, Livingston was victorious by a small majority.

The oldest town in the county is Hilham, founded in 1805 by Moses Fisk. It was there that the Fisk Female Academy was located, the first girls school chartered in the South, and one of the first in the entire United States.

Alpine Institute founded in 1821 by Dr. John L. D. Dillard, has had a remarkable career and is a flourishing institution today. Five governors have taught in it, including its most efficient president, the Governor A. H. Roberts. (32.)

Chapter II.

The Nature and Functions of a County.

Counties are created for political and civil purposes of the state. They are subject to control by the state legislative body; and have only such corporate powers and delegated authority as the state sees fit to confer upon them. They are primarily areas of state administration. They are in a limited way areas of local administration. "Yet, to the extent that a county may determine its own policies, levy its own taxes, and appropriate its own funds, it is a body corporate, a self governing community." (1)

Types of Local Government.

County powers and functions are not uniform in all the states. The states may be grouped in four classes, based on these variations. These four types of local government may be compared in three particulars, (1) the relative importance of the township and county; (2) the character of the principal unit of government; and (3) the degree of organic connection existing between the township and the county. (2)

Before discussing the functions of the county it would be well to consider these types.

The New England Type. Here the town is more important than the county. It has charge of the highways, poor relief, schools, maintenance of law and order, the assessment and collection of taxes, and most of the more important functions of local government. The county is practically nothing more than an area for the administration of justice.

The North Central Type. This type may be called the "township-county" type, in which the county affairs are managed by a county board composed

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1. Paul W. Wager, "County Government in North Carolina," p. 54.
 2. H.K. Porter, "County and Township Government in the U.S.," p. 58.

of a supervisor from each district. Each supervisor is chief administrative officer of his respective township. This arrangement established a close relation between the county and the township, but tended to emphasize the importance of the township. However, the recent tendency is a decline in its relative importance, and decrease in number of functions.

The South Central Type. Here there is little connection between the county and the township. The county is controlled by a board of commissioners of from 3 to 7 members, popularly elected, and usually at large. The township is a distinctively subordinate unit.

The Southern and Far Western Type. In this type the county is the sole unit of local government and performs all of the local governmental functions. Townships do not exist in 20 of these states and exist only in name in 5 others.

The North Carolina Types. North Carolina counties fall in four classes. In a letter dated September 3, 1929, Professor Clifford J. Bradley, formerly of the University of North Carolina says:

My statement to the effect that the counties of North Carolina fall into four groups, from the standpoint of county government, was general and there are numerous exceptions and numerous variations in any general classification.

First, you have the city-counties of which Guilford and Mecklenburg are examples. In such counties the whole county government is dominated by the urban center contained therein.

Next, I term a second group to be industrial counties. Gaston and Alamance are examples. The government in these counties is often dominated by mill and factory owners. There is a type of paternalism in the government of all such counties. This is a difficult group in such a marked difference in the relative importance of manufacturing in various counties that are wholly or partially industrial. There might be some difference of opinion as to the counties belonging to this group.

Third, there are the strictly rural counties of which Mitchell and Alleghany in the west, Caswell and Chatham in the central part, and Greene and Dare in the east are examples.

Fourth, then the last and largest group is what we term semi-rural. North Carolina is a state of towns. Many counties of the state have one or more marketing or banking centers. Agriculture in the same counties

is also important. Halifax, Lenoir and Pitt in the east and Wilkes in the West are examples. In many of these counties manufacturing may also be quite important as in Halifax.

The Tennessee Types. From a population standpoint counties may be divided into three classes, rural, urban, and semi-urban. Nearly all the counties of Tennessee fall in either the first or the last class, as we have no cities that cover an entire county or even a major part of a county's territory. We do have four counties each with a single city containing over half of the county's population. Overton, Clay, and Pickett Counties fall in the rural class.

Functions of Counties in General.

Functions Performed by County of Both State and County Concern. On the whole both state and county functions are best performed in a public way rather than by private enterprise. However, it is difficult to differentiate between functions that belong purely to the state and those that belong wholly to the county. Writers on this subject disagree. Some maintain that all of the functions performed by the county are for the state. There are some functions primarily of state concern while there are others in which the county has equal if not greater concern than the state. In this connection H. G. James says:

The administration of justice, the conduct of state elections, the assessment and collection of state taxes, the recording of deeds, the probating of wills, and the organization of the militia, seem clearly to be functions that are primarily of state-wide rather than local concern. The conduct of local elections, the protection of life and property, the preservation of public health, the relief of the poor, the provision of public education, the care of highways, the construction of public works and the administration of local taxation seem equally clearly matters in which the people of the county have an interest, equal if not paramount to those of the state as a whole. These latter functions may be regarded as the local functions of the county, however they may be controlled or by whom exercised. And yet these too are still generally viewed as state functions.(3)

Some County Functions of Recent Origin. Some new activities of counties are the erection of county war memorials, community houses, and the installation of county libraries. They are also beginning to grant mothers' pensions in deserving cases. These steps mark a tendency toward humanizing county government. County agents, home demonstration agents, and vocational educational teachers are also relatively new.

County Functions from Standpoint of Social Psychology. County expenditures are made through the various agencies of the county which represent the county in action. They are the products of the social choice of the group, and as such are understandable only in the light of social psychology. The county is merely one phase of social relationships, and is a produce of human needs, the result of an evolutionary process of adjustment to conditions. Therefore the functions of the county must be considered as always in a state of flux or change, due to the process of adjustment and growth.

The functions of the county depend upon the qualities of the people of that area, at a given time and under their particular environment. Even though a group may most of them desire a given objective there are usually several ideas as to how this may best be attained. Hence we seldom see a group unanimously in favor of any particular method. For this reason some method must be used to determine the course to be pursued. A majority vote is generally the method used.

A policy is often voted by a minority in this way: Half the voters do not go to the polls and vote, and the project is carried by a small majority of those voting. Under the law however this action is just as binding as if it were unanimous.

A minority sometimes also gains its purpose by the fact that there are three or more factions among the voters. In such a case a well organized group may gain its ends for a considerable time though its purposes are distasteful to the majority. The will of the majority may also be overruled by

means of wealth, power, coercion, corruption, and indifference.

A county is not the product or invention of some ingenious leader who conceived its functions and planned its machinery. It is the result of compromises and social action by many individuals acting as a group. For there are thousands of wills, interacting and conditioning one another, but each distinct. The condition and functions of a county is not the result of a single, clear visioned examination of the needs of a particular situation, but is the expression of a complex of wisdom and ignorance; of science and prejudice; of altruism and selfishness; of generosity and greed; and of honesty and dishonesty. As for the motives involved in any given county situation, they are generally a hopeless jumble. Every citizen has his motives, as mentioned above, and then the individual seldom has unmixed motives, there being many reasons for and against the proposition in the mind of the individual. Yet out of all these conflicts between individuals, and conflicts within individuals, and conflicts between groups, conflicts within groups, etc., comes a statistically ascertainable choice, through a majority vote, and this becomes the public purpose.

When one looks upon the county as composed of individuals, rather than as an organic unit, there is not longer any justification for dogmatic statements on the functions of the county or even on the limits of the county's activity. If the county is not to be considered as one of the ends in the social process, but merely as one of the means of furthering human welfare and making the life of man more abundant, then the county is squarely opposed to a static condition, but is rather a changing, evolving institution. If it were anything less than this it would soon become a brake on the wheel of progress rather than a factor for human progress.

But counties fall into habits just as individuals form habits. Habits are useful when their limitations are recognized and proper control over them established. But they also have a tendency to bind and cramp the county

as well as the individual. This makes it desirable to examine and criticize the activities and legal framework of the county at intervals, if it is to make the best of its opportunity to aid in social progress.

Justification for the existence of the county and its institutions must rest upon the assumption that the restraints and limitations imposed by it afford greater opportunity for the development of the good life for man than could be brought about without the existence of the county, its institutions, and its functions. The continued existence of the county is justified only as it is a factor in the improvement of the condition of its inhabitants.

As the quality of human life develops and expands it is natural that the conception of the sphere of the county should develop and expand also. Thus the question as to what are the legitimate objects of county expenditure can receive an adequate answer only in terms of the particular stage of development at which the people of the county have arrived. Just as observers finish dogmatizing with respect to the limits of county action they often have the dogmas set aside in favor of the expediency or necessity, in these days of swift development.

Hence, it is both futile and dangerous to attempt to set ethical limits to county authority without regard strictly to the time, the place, and the people involved. Consequently rigid constitutional limitations are subject to criticism. With an unknown future ahead and a possible development along lines now entirely unforeseen such limitations have often proven to be most embarrassing and disagreeable factors with which to deal.

It is of the utmost importance that the human stuff of which the county is made should be emphasized always. It is human desires, human needs, human purposes, human attitudes that are involved, and not the desires, needs, purposes and attitudes of some super-human, godlike, corporate personality that stands apart, distinct, and separate from the individuals

who make up the citizenry of the county.

In a way it may be said that "the county is the county officials in action." But it must be borne in mind that back of the officials stand the great body of voters, the common citizens, and that in the last analysis it is they who make up the county. The officials are merely the county machinery by means of which the county functions in its various capacities.

Similarities of Counties As Regards Functions Performed. Everywhere counties are districts for the administration of justice. Each one has its own set of officials, its courthouse, and jail. Outside of the New England states, the county has important functions in the construction and maintenance of roads and bridges. In most states it is the district for the administration of poor relief. Usually there is some county school officer. Everywhere the county levies taxes for its purposes, subject to a limited control by the state. The county usually but not always collects its own taxes and sometimes collects them for other local governmental units. In several states it is a district for the assessment of taxes.

In all states the county is an important district for election purposes. Most county officers are elective. Every county has its own county seat and county buildings. The county also maintains peace in its own territory. It administers probates, wills, takes care of its cases of insanity. Schools are conducted by the county with the cooperation of the state. Counties also build and maintain roads, sometimes with the cooperation of the state. Land titles are recorded by counties rather than by states. Some minor functions often performed by counties are maintenance of playgrounds, hospitals, and parks.(4)

**Principal Functions Performed by Overton, Pickett,
and Clay Counties.**

While the generalizations noted in the foregoing discussions are es-

4. Paul W. Wager, "County Government in North Carolina", p. 53

essential to an understanding of the nature and functions of county government, it is especially important that one have a birdseye view, so to speak, of the principal functions performed by the counties under discussion in this study. These are:

(1) The administration of justice. Locally this function (a) from standpoint of keeping the peace is performed by the sheriff, his deputies and the district constables, and (b) from a judicial standpoint, by the justices of the peace in their respective districts. The most important judicial bodies are the circuit, criminal, and chancery courts which are state bodies that have local clerks.

(2) Education. This function is under the local supervision of a county superintendent and a county board of education. In recent years there has been an increasing amount of state funds for local schools, accompanied with a larger amount of state supervision and control.

(3) Highways. With the exception of the roads that are designated as state highways, the care of the roads and construction of bridges is a county function, performed by free labor, in most cases, and under supervision of district road commissioners. The state, by a recent act of the legislature is taking greater interest in rural roads, other than state highways.

(4) Health and sanitation. The counties through their county physicians care for the health of inmates of the poorhouse and the jail. These counties are cooperating with the state, in the support of a county health unit -- Overton and Pickett with Fentress, and Clay with Jackson.

(5) Care of unfortunates and delinquents. The counties provides for the support of the poor. In the case of the others, there are cooperative arrangements between the county and state, for their support.

(6) The administration of local taxation. Assessment and collection of taxes is performed by the counties for all property within their borders,

with the exception of public utilities. Tax levies are made by the county court.

(7) Recording. The counties have charge of recording such as registration of deeds, probating wills, etc.

(8) Construction and care of county property.

These brief and general statements of the principal functions of these counties are not in sufficient detail for a thorough understanding of what the counties do for their people. More thorough discussions are found in the subsequent chapters. (5)

County Officials in Overton County Classified as to Functions.

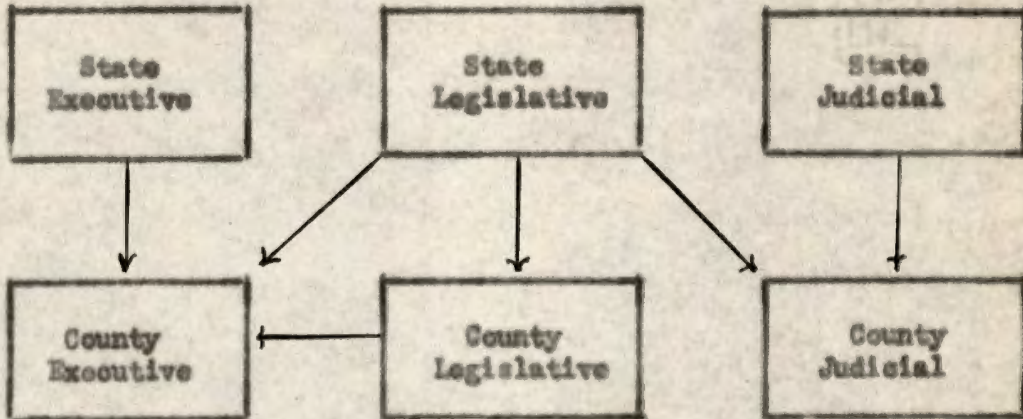
All of the various county functions may be divided into three classes, legislative, judicial, and administrative. Below an attempt has been made to classify the various county officials on this basis, as shown by Chart #1.

Some officials appear in more than one of the groups, a few performing dual and others triple functions. For instance the sheriff is listed as both an executive and a judicial official. He is an executive officer in so far as he is administering or putting into effect the laws. He is considered here a part of the judicial system in his relationship to the court as its officer while the court is in session. The other officials that have both executive and judicial functions are: constables, deputy sheriff, coroner, circuit and criminal court clerk, and chancery court clerk.

The county court clerk besides being an administrative officer, is also a part of the legislative and judicial branch of the county court, insofar as concerns his duties as the recording of minutes and keeping other records for the quarterly county court, whose jurisdiction is largely legislative, and for the monthly county court whose jurisdiction is largely judicial.

Chart 1.

Classification of County Officials as to Their Functions - Legislative, Judicial, and Executive.



County judge
 County court clerk
 Sheriff
 Deputy sheriff
 Constables
 Coroner
 Circuit and criminal court clerk
 Chancery court clerk
 Trustee
 Assessor
 Register
 Superintendent of Schools
 Board of Education
 School teachers
 Health officials
 Surveyor
 Highway commissioner
 Work house commissioner
 Poor house commissioner
 Farm and home agents
 Superintendent of poor house
 Equalization board.

County court
 County judge
 Justices of peace
 Clerk

Circuit judge
 Criminal judge
 Chancery judge
 Attorney general
 Asst. attorney general
 County judge
 Justices of peace
 Circuit court clerk
 Chancery court clerk
 County court clerk
 Sheriff
 Deputy sheriffs
 Constables
 Coroner

The county judge as chairman of the county court performs functions in each of the three groups. The justices of the peace perform legislative duties when in session as members of the quarterly county court, and judicial functions when acting independently as judges of cases of minor law violations, and the like.

There are some county officials that have only executive powers. These are: register, trustee, assessor, superintendent of schools, county board of education, health officers, surveyor, highway commission, poor house commission, superintendent of poor house, work house commission, revenue commission, agricultural agent, and home demonstration agent.

The officials that have only judicial powers are: circuit, criminal, and chancery judges, attorney general, and assistant attorney general.

Summary of County Functions.

H. G. James summarizes the functions of counties as follows:

(a) Counties are quasi-public corporations of limited express powers; (b) county functions fall into two general classes, those of preeminently state concern, and those of primarily local concerns; (c) the state functions are more generally performed by counties than the more local functions, and require about half of the expenses; (d) that among the local functions, highways, charities, and education are the most widespread and account for much the largest part of the expenditures in this group, while public health, recreation and public service enterprises are found to a limited extent only among county functions, and involve the expenditures of relatively small amounts of money at present; (e) state control over education, highways, charities, and public health is steadily increasing; (f) that counties are strictly limited by constitutional and legal restrictions in their taxing and borrowing powers; (g) that county finance administration is from nearly every point of view inefficient; and (h) the remedy for this condition must be found in the system of state administrative control which is beginning to be exercised over assessment of property, and accounting methods, and which should be extended to the matter of indebtedness. (8)

Chapter III.

The County Court: Justices of the Peace, County Judge, and County Court Clerk.

There is a local agency in each county of all the states, except Rhode Island, which levies taxes, performs certain administrative functions, and is in an enlarged sense the representative and guardian of the county.(1) These agencies vary in structure and name. In some states they are the county boards of commissioners, composed of either a small group elected from the county at large or from districts into which the county is divided, or a larger group composed of representatives from the town. In other states these bodies are designated as county boards of supervisors, the levy courts, the fiscal courts, and the commissioners courts. (2) In Tennessee they are designated as the county courts.

Organization

Composition of membership. Each civil district is represented in this court by at least two justices of the peace, except districts including county towns which elect three justices. In addition there is a judge of the court in each of the three counties under consideration. In some counties, however, there is a county chairman who has the same powers as the county judge. Each county court has a clerk.

Two kinds of county courts: composition, time of meeting, and jurisdiction.

The quarterly county court is composed of the justices of the peace, judge or

1. H. K. Porter, County Government and Administration in Iowa, p. 21.
Quoted in Paul W. Wager, County Government in North Carolina, p. 56.

2. In Louisiana it is called the police jury.

chairman and the clerk. The business is transacted by the justices. The judge has no vote, and the chairman has none except in case of a tie vote although he is a member of the court and an elective justice. The jurisdiction of this court is largely legislative but it also performs some administrative functions (see page for more detailed discussion). The regular meetings in Overton and Clay Counties are held on the first Monday in January, April, July, and October. In Pickett County, the second Monday was substituted for the first Monday by a special act of the legislature. Special sessions may be convened when the county judge deems that the public necessity requires it, or upon the written application of 5 justices of the peace. A notice to that effect must be published in the county paper or sent personally to the members of the court 5 days before the date of the meeting. This notice must specify the object of the meeting. No other business than that specified in the notice can be transacted at that time (3).

The monthly county court is held by the county judge with the county court clerk acting in the capacity of clerk. The justices of the peace have no jurisdiction in this court. It is held regularly on the first Monday of each month, except in Pickett County where this court is held on the second Monday (4). However the court is open for business at any time that the need for it occurs. Its jurisdiction is largely judicial. In this court the judge attends principally to such business as occurs in connection with juvenile cases, insanity hearings, and other judicial functions as allowed him by law. (See page)

Functions and Powers.

Non-separation of powers. Our present county court system has evolved from a similar system in England which has been briefly described in Chapter I.

3. Shannon's Code, 1896, title 7, chapter I, article 5994-6000.

4. Ibid., 1796, articles 6023 to 6025.

While there have been considerable change in the power of this court there remains some similarities in regard to the separation of the judicial, legislative, and administrative functions. Speaking of the English system in this connection Webster's dictionary says that the county court's "jurisdiction was chiefly judicial as a court of first instance in both civil and criminal cases and of appeals from the minor courts, but it also had certain administrative, and at least in some cases, some legislative powers". The present system is similar to the old system in that it also has judicial, legislative and administrative powers, but differs in that the judicial powers are less, while the legislative and administrative powers have become relatively more important.

The judicial functions of the county court are performed by the county judge, or county chairman, outside the jurisdiction of the quarterly court.⁽⁵⁾ The justices of the peace perform minor judicial functions as individual justices. They do not perform such functions as members of the county court.

The legislative, or quasi-legislative functions as H. G. James terms them are performed by the quarterly session of the county court.⁽⁶⁾ These powers relate principally to levying taxes, and appropriating money for purposes authorized by law; and to borrowing money as authorized by the legislature. They are powers which makes it important that the body exercising them should be constituted on a representative basis.

The administrative functions are performed by the county court as a body, and by the county judge, or chairman. Those performed by the former include such functions as authorizing the disbursement of funds in accordance with the appropriation; allowing or disallowing claims, which takes on a judicial aspect; control over all county property; appointing minor officials, etc. Thus the county court has the power of both raising and spending the county revenue virtually without any check. Some states do have county auditors. But they rarely examine the legality and propriety of the payments.

5. See page 48 for a more detailed discussion of the county judge.

6. H. G. James, op. cit., p. 134.

A close analysis of the executive functions as performed by the county court reveals the absence of a chief executive officer. While this is like the English system it is not in keeping with our national, state, and municipal systems of government. These governments were organized on the principle of the separation of powers which placed the executive powers in the hands of an individual rather than a group of individuals, as in the case of our county court system. In our national government these powers are delegated to the president; in the state government, to the governor; and in the city government, to the city manager, in the cities that have the city manager or similar form of government.

H. G. James explains this difference as follows:

The explanation of this variation from the general governmental theory in this country is undoubtedly to be found in the fact that counties in the United States were from the first and still are today considered primarily as units of state administration, not as areas with local needs, and therefore subordinate legislative powers were not conferred on them as was done in the case of incorporated urban areas. There being virtually no local legislative powers to perform by the county authorities, there was, therefore, no room for the application of the doctrine of the separation of powers in the county board. With the development however, of legislative or at least quasi-legislative powers in the county, involved in the levying of taxes, the undertaking of public works, and the establishment and management of county institutions on an increasing scale, as well as a limited ordinance power, the need for an officer of the county board with special executive powers began here and there to make itself felt and was met in a few instances, notably in New Jersey and Cook County, Illinois. In a few Southern states (Georgia, Arkansas, Texas, and Alabama), it is true, the county judge figures in a varying degree as the chief officer of the county administrative authority, but not primarily as a result of the recognition of the need of a chief county executive officer. (8)

While there is no chief administrative officer in the counties under consideration here there seems to be a growing tendency, at least to a small degree in Overton County, for the county judge to take some initiative as such an officer. However, he could never function in this capacity under the present constitutional system. And in all due respect to the present county judge in Overton County the administrative work of that office that

is delegated by law is not performed in a creditable way. The same might be said of the Pickett County judge, although he receives only one-fourth the compensation of the judge in Overton (see page on county judge in these counties).

More detailed statement of jurisdiction, powers, and duties.(9) The county court has no powers except those granted by the constitution and by acts of the legislature. These are listed below:

The court has original jurisdiction in the following cases:

1. The probate of wills.
2. The granting of letter testamentary and of administration, and the repeal thereof.
3. All controversies in relation to the right of executorship or of administration.
4. The settlement of accounts of executors or administrators.
5. The partition and distribution of the estates of deceased persons.
6. The settlement of insolvent estates, which involves the sale of real or personal property where the amount does not exceed \$5,000.
7. The appointment and removal of guardians for minors and persons of unsound mind; settlement of controversies as to rights of guardianship, and settlement of guardian accounts.
8. The allotment of dowers in land.
9. The partition, sale, or division of land.
10. The changing of names, and the legitimation and adoption of children.
11. The issuance of examination of unsoundness of mind.
12. The establishment and general supervision of roads, ferries, water courses, etc.
13. Over bastards and bastardy.

9. Shannon's Code, 1896, 1917, and 1925, beginning at article 6027.

14. They have power to appoint commissioner for public improvements.
15. They have also full power to levy property taxes for county purposes, subject to the law.
16. They may exempt any poor or crippled person not able to obtain a living, from working on public roads, or paying poll tax, or both.
17. They may release from double taxes, when they have been incurred and correct errors in the tax list.
18. They have power to erect or control, and dispose of public county buildings.
19. The county court may appropriate money as follows:
 - a. For the payment of jurors.
 - b. For the payments of costs of criminal prosecutions chargeable by law to the county.
 - c. For the support of the poor, lunatics, and idiots.
 - d. For the burial expense of any poor person dying in the county, leaving no means to pay for the same.
 - e. For the purchase of record books for the use of the county, circuit, and chancery court clerks, and the county register.
 - f. To pay solicitors, sheriffs, and clerks for ex-officio service.
 - g. To pay clerks for making out tax lists.
 - h. To pay county judge or chairman for his services as financial agent of the county.
 - i. To pay county judge for other services.
 - j. To pay commissioner for settling with the officer intrusted with the collection of the public or county revenue.
 - k. For building, repairing, and taking care of court houses, jails, and other county buildings.
 - l. For purchasing tools for overseers of roads.
 - m. For weights and measures.
 - n. For building bridges.
 - o. To compensate a justice of the peace and officers concerned in the arrest and examination of a person charged with felony.
 - p. For exhibits at county fairs and state fairs, and farm demonstration agents.
 - q. For tuberculosis hospital.
 - r. For rebinding books; and purchase of Shannon's Code for justices of the peace and other county officials.
 - s. But not for any other purpose, unless especially provided for by law. No money shall be drawn out of the county treasury except upon a warrant signed by the chairman of the county court, or by the county judge. The county court may employ a superintendent of public works.
20. The county court may ask bids from banks for interest on the county funds on deposit.

21. It may issue refunding bonds to meet matured or maturing railroad bonds.

22. It is its duty to create sinking funds and provide for payment of interest on indebtedness.

23. The county court elects, coroners, rangers, county surveyors, poorhouse commissioners, workhouse commissioners, notaries public, public administrators, and public guardians, cotton and tobacco weighers, road commissioners, county revenue commission, county board of equalization, county superintendent of schools in some counties, jail physician or health officer, county agricultural and home demonstration agents, a standard keeper and sealer of weights and measures. It also fills vacancies in the offices of sheriff, trustee, register, county court clerk, and constables.

The above brief statement of these powers is indicative of the importance of the county court in the control of both the raising and the spending of county funds. A more detailed discussion of this topic of financial control will be found in Chapter IV.

In the section on organization brief mention was made of the composition of the county court, in which was included the justices of the peace, the county judge, or chairman, and the county court clerk. The following sections will deal more fully with these officials as they exist in Overton, Clay and Pickett Counties.

Justices of the Peace as Members of County Court.

Election, term, and compensation. These officials are elected by popular vote for a term of 6 years (10); under the constitution of 1796 they served by appointment and for his term of good behavior (11). Each justice in Overton County by special act of 1921 receives a compensation of \$4.00

10. Constitution of Tennessee, 1834 and 1870, art. VI, section 15.

11. " " " 1796, article V, section 12.

per day for not more than 2 days each quarter, and 5¢ per mile for those living 5 miles or more from the court house. Consequently the justices from the ninth district, which is in the extreme southeast part of Overton County, get \$6.50 per day. The total cost for this is about \$125.00 per quarter in this county or about \$500 per year. In Pickett County the justices of the peace are to receive \$2.50 per day for attendance at quarterly court plus regular mileage and ferrriage. This was authorized by a special act of the legislature in 1921. The per diem in Clay County is \$2.50 and the mileage is 5¢ for those living 5 miles or more from the court house.

Number. As indicated in a previous statement the number of justices varies with the number of civil districts and the number of towns - as there must be two from each district except districts in which the county seat is located, which elects three. The legislature has the power to appoint additional justices in incorporated towns (12). Article V, section 12, of the constitution of 1796 provided for two justices for each captain's company, except in the one including the county seat in which provisions were made for three.

In Overton County there are 28 justices, in Pickett County 11, and in Clay County 12. There were 12 in Pickett County prior to 1927. By special act of the legislature the office of the justice that represented the incorporated town of Byrdtown was abolished in that year. It was found that an even number resulted too often in a tie vote since the members were equally divided along political party lines.

Generally speaking the average county court has too many members for the performance of the most efficient service. This applies especially to the Overton County court that has 28 members. The principal objections to large courts are: first, that larger numbers are more unwieldy, often making it difficult for the county to inaugurate and pursue a constructive program; second, that cost of county government is increased without a proper-

tional increase in service rendered. With fewer members and the same total expenditure there would be a larger compensation per member which would undoubtedly attract some men of higher caliber. In this connection H. G. James says that if the county court is chiefly an administrative rather than a deliberative body, it is obviously too large. If it has important legislative functions to perform, the 3 member board, as in the original Pennsylvania plan, is too small for adequate representation. However, the tendency in city councils which perform important deliberative functions, indicates that large numbers are not necessary for adequate legislative representation⁽¹³⁾. It would appear reasonable to expect the small county court to function as efficiently as the small city council.

In some counties a compliance with the present constitution would greatly reduce the number of members. There are some provisions of the state constitution which have fallen into disuse both by the counties and the state. For instance, Article VI, section 15, provides that there shall not be more than 4 civil districts per 100 square miles in a county, and yet 27 counties in the state have such large numbers of districts that the average per district is less than 25 square miles. As an example, Trousdale County only has 106 square miles of territory and yet the legislature has created 10 civil districts in the county, making them average only 10.6 square miles. This is more than 9 districts per 100 square miles.

If this provision of the constitution were complied with it would reduce the number of districts, hence the number of magistrates, hence the expense of county government in 27 counties.

A strict compliance with this constitutional provision would eliminate three districts in Overton County, numbers 1, 4, and 12. Using the number of acres assessed for taxation as a basis for calculating the area, it was found that the area of these districts in square miles were approximately 18, 12, and 13 respectively. According to this method of calculation each

13. H. G. James, op. cit., p. 133.

of the 4 districts in Clay County were larger than the minimum as provided by the constitution. On the other hand, eight of the nine districts in Pickett County were below this minimum in 1927. However, by a recent special act of the legislature the number of districts was reduced to five. Using the 1919 census area the average area of the districts ^{in this county} is approximately 32 square miles, which is above the minimum as required by law. There is no available data on actual area per district from the available assessors' records in the latter county.

Age, occupation and education of members. In general the members of the court in these counties are middle age, or above. The age of most of them range from 45 to 60. There are very few under 40 years old - from one to two in each county. There are more over 60 than under 40. There does not appear to be a very close relationship between age and degree of progressiveness. Some of the younger justices are not progressive - noticeable especially in Pickett County, while some of the oldest men are among the most progressive. However, it is noticed that a higher percentage of those under 40 are progressive than of those over 60.

Farming is the occupation of a large majority of the members in each of the counties. There are very few business or professional men that are members of the court. They are either country merchants or school teachers. There was one carpenter in the Clay County court. It is not difficult to understand why such a high percentage are farmers, since a large majority of the men in these counties are engaged in farming. In fact in the more rural civil districts the only persons not engaged altogether in farming are a few country merchants, school teachers, etc. Most of these do some farming. However, generally speaking the farmer members are as progressive as those members engaged in the other occupations or professions. It is not to be intimated here that there is a high degree of progressiveness or ability among the members of the court as a whole (see page 46).

The education of court members is generally limited to the fifth grade or less. There is an occasional member with training above this grade. Members with any high school training are rare. These men, however, are not to be criticized severely for their lack of an education. High schools were practically unknown, and the elementary school term was less than 5 months and often 2, when many of these men were of school age. They did not have the opportunity. There is very little basis for a comparison of the efficiency and progressiveness of members with high school training with those having limited elementary education since so few have had the former training. Other things being equal one would expect those with high school education to be of greater service to the county.

Difficulty in securing capable members. As indicated above, the members of the county court generally are not capable of performing their legal duties to the best advantage of the county as a whole. It is therefore logical and pertinent to inquire as to the reasons for this condition. In the first place there is no prestige to the office. The prestige connected with an office in our national congress is considerable inducement to many. In fact so much that many capable men are willing to make a sacrifice of time and money to become a member. This is true to a lesser degree in the state legislature.

In the second place, the compensation is not attractive to many of the most capable men in the county. They are not willing to make a sacrifice of their time and money as are some members of the state and national legislative bodies.

Some illustrations of poor quality of service rendered. The county court generally is incapable of administering the financial affairs of the county. The court in Overton County has voted down some small appropriations and then made large appropriations that were illegal. For instance, two or

three years ago several appropriations were made for roads out of the county funds, which is illegal. Expenditures for roads must come from the road fund. The county court clerk and judge soon discovered the error and refused to sign many of the warrants authorized under this appropriation. However, they paid a few off that were issued for expenditures on the Hilham road. Also \$1000 was paid for work on the Monterey to Rickman road.

Most of these appropriations applied to roads in only a few areas. This series of road appropriations is a good illustration of special legislation for one community that ultimately results in similar legislation for other communities.

It seems that some of the magistrates vote for certain things provided they can get a return vote for some of their favorite bills, which reminds one of the practice termed "senatorial courtesy." For instance one magistrate in Overton County said that he was instrumental in getting an appropriation for a bridge near Hilham in order that he would get the support of the magistrates there for some things he wanted to secure.

Overton County had had some magistrates that were a disgrace to the county. Two of the present ones have been bootleggers. One half of them do not take any daily newspaper. They have little interest in county affairs and very little knowledge of what should be done. As a group they rank low in the estimate of most officials and leading citizens. One of the magistrates from Hilham served in the county court for forty years but never did a constructive thing, yet he could not be defeated for the office. A good man will hardly have the place. The magistrates pay but little attention to what is the law. Many of them are not familiar with the legal phases of their work -- honest but ignorant of their lawful duties. There are others that are better informed but do as they please anyway. This is well illustrated by the instance previously mentioned regarding the illegal appropriation of county funds for road purposes. A few knew better but most

of them were not aware of the illegality.

In one of the counties of the state if a certain justice would refuse to vote the way a group wanted him to vote they would get him drunk enough until he could not attend. In this same county the magistrates usually met on Sunday night and decided the main issues thus making the next day's session only a formal occasion.

Recently some of the larger cities have uncovered graft among the officials. They will fine a man and never turn the money over to the state. One attorney-general in the state started an investigation which caused several magistrates to turn over to the county a large sum of money and also turn in their resignation at the same time.

A lack of progressiveness is characteristic of many members. This is especially true in regard to schools. In Pickett County there were court members who opposed the operation of the high school. It might be added here that their attitude was influenced to some extent by political affiliations. The attitude of many toward schools is influenced partly by their educational training. Some of those who have had little such training feel that since they have made a "success" the younger generation should do likewise with limited training. Fortunately all of the members are not of this type; and as will be shown in a later chapter there has been some progress in education some credit for which must be given to the county court, while in some cases it seems that progress has been made in spite of the court.

In general the court ranks low in the estimation of most of the other county officials and leading citizens due to their unbusiness-like way of conducting the county's business.

The County Judge.

General state laws relating to county judges. As chairman of the county court the county judge is the principal administrative and financial official

in the county. This does not mean, however, that he has the powers of a chief executive. (See page 39) In addition he performs some minor judicial functions.

More specifically his powers and duties are as follows: (14)

- (1) Care and custody of all county property, except such as is by law placed in the custody of other officers; has power to appoint an agent, or attorney to take care of such property, and to allow his compensation.
- (2) Control of all books in his office.
- (3) To audit all claims for money against the county.
- (4) To draw all warrants upon the county treasurer or trustee.
- (5) To audit and settle the accounts of the county trustee; and to require all officers to settle their accounts.
- (6) To keep a warrant book in which is recorded each warrant issued; and to keep an account book showing receipts and expenditures of the county.
- (7) To make semi-annually reports to the county court of all moneys received and paid out; and a complete statement of the financial condition of the county. He must also settle his accounts once every year.
- (8) To preside over quarterly court.
- (9) Appoint guardians and administrators; approve their settlement with the county court clerk.
- (10) Approve bonds of administrators and executors; approve bonds of county officials.
- (11) May perform marriage ceremonies.
- (12) Approves wills when probated.
- (13) Acts in cases of nonsupport of wives by their husbands.
- (14) Decide on insanity cases.
- (15) Pass on decree of sale of land.
- (16) Preside as juvenile judge.
- (17) Send juveniles to reform or industrial school.

This official is elected by popular vote for a term of eight years. By

special act the term in some counties has been changed. For instance in Overton County the term was changed to four years, for several years, by a special act of 1887.

The salary of the county judge may not be changed during his term of office except for his duties as accounting officer and general agent of the county. The judge cannot be removed by the abolition of the office, and the transfer of its powers, duties, and jurisdiction to a county chairman.

The supreme court has held that a county judge may interchange with any other county judge and hold court in any of the counties for which a county judge is provided by law.

Vacancies are filled temporarily by an election by the county court until the next regular August election when a judge shall be elected by popular vote. This election is to be more than thirty days after the vacancy occurs.

Legislative acts pertaining to the office of county judge in Overton County since 1887. By an act of the legislature the office of county judge was created in 1887. This act abolished the office of county chairman. The judge was to be elected by the people for a period of four years. To be qualified under the terms of this act, he must be thirty years of age, or older; a citizen of the county, and have a good moral character. His salary was to be \$300 per year.

In 1909 the annual salary of the county judge was increased from \$300 to \$600. This, however, did not apply to the county judge in office at that time.

In 1913 the office of county judge was abolished. This act was purely a political move. Judge A. R. Hogue, a Republican, was the county judge at that time. The Democrats wanted him out of office. Since the legislature was Democratic as well as the local representative from this county, it was relatively easy for them to curtail Judge Hogue's power. Nevertheless he

continued to draw his salary until his term expired in 1918. For, according to a state law of 1887, a judge cannot be removed from office by its abolition and transfer of his powers and duties to a county chairman.

In 1925 the office of county judge was re-created. His salary was fixed at \$1200 per year and his term of office was increased from four years to eight years. He shall be a licensed lawyer. However his duties as county judge are not to affect his practice in other courts except in cases appealed from his court. A bond of \$10,000 is required. His duties are set out in this special act which are practically the same as for all other county judges in the state. The special act provided that the county court clerk issue the county warrants and keep a record of them in the warrant book, while the judge is only to countersign them.

The county judge in Overton County. The present county judge, L. E. Bohannon, has held office since 1925. He received the appointment from the governor, following the special act by the legislature re-creating that office. He had previously served in this capacity from 1894 to 1902. His appointment was made largely for three reasons: (1) He was a Democrat. The appointment of a member of this party was practically assured since the county, the state legislature, and the state administration were safely Democratic. (2) He had made a good record as county judge when he held the office from 1894 to 1902. (3) His finances had become greatly decreased through his generosity in endorsing notes for persons who later became bankrupt. His friends, partly out of sympathy for him, encouraged his appointment.

The county judge is a man of near 75 years of age, and a native of this county. He is a licensed lawyer, but has practiced law very little, especially during the past several years. He has represented his county in the state legislature, and has served one term as county court clerk. He has now reached the stage where he is unable to render efficient service to the county. His records are poorly kept and one can tell little from them. His office hours

are kept rather irregularly. However, he can usually be found near the court-house, if one has the time to search for him.

He uses tobacco continuously, and chews and spits profusely. While the writer was talking with him he covered a large half circle in the court house with his tobacco juice. While this habit may not affect his efficiency as county judge, it is not conducive to a very high degree of cleanliness and sanitation.

He presides over the quarterly and monthly county courts and attends to a few other duties such as: supervision of care of county property; prepares quarterly statement of receipts and expenses from his settlement book - the only record he keeps; countersigns warrants; and performs a few other minor duties as the occasion demands (see page 49 for duties of county judges). The county clerk stated that he could perform the duties that the judge actually performs in two weeks time. In fact the clerk does a large part of his work anyway, such as keeping records of guardian and administrators settlements. By special act of the legislature the duty of issuing and keeping a record of warrants was transferred from the judge to the clerk. For these services the judge gets \$1200 per year.

Sitting around the court house talking with anyone that might be at leisure is his favorite passtime. A large part of his time is spent in this way, yet he complains about having so much to do.

According to his way of thinking he has all the financial burdens of the county to bear. He takes it as a great task yet appears to know little about the actual financial condition. As an illustration of his lack of a grasp of the financial condition of the county, he was unable to furnish a statement of the amount of unpaid warrants. In fact such data were not available from the records of any of the county officials. He is penurious rather than thrifty. His opposition to agricultural and home demonstration work well illustrates this. He will save money on some small item and then

lose on larger ones.

The judge has not drawn an order on the clerks for their April and July quarterly receipts, although they have the money ready to turn over at any time. There is apparently no valid reason why this order should not have been drawn so that the trustee could have received the funds which were badly needed.

Mr. Copeland, cashier of the Citizens Bank, thinks, and his opinion is concurred in by the investigators after some investigation, that county warrants are issued rather indiscriminately when funds are not available. It is true that warrants must be issued if authorized by the county court but yet the judge, as fiscal agent of the county, should keep the court better informed as regards the true financial conditions and use his influence to keep appropriations within the receipts.

No annual summary of the financial condition of the county is ever made though this is required by law. Only quarterly reports are made.

As mentioned above, Judge Bohannon made an excellent county judge during his first term. At that time he saved the county money by preventing professional discounters of county warrants from collecting large profits on outstanding warrants.

He has always had a record of being strictly honest. His readiness to accommodate his friends is best illustrated by his act in endorsing notes, which as mentioned previously, has seriously injured him financially. Undoubtedly his age is a serious handicap in the most efficient performance of his duties.

The county judge is the financier for a corporation valued at more than \$3,000,000. Why does a corporation of that size employ a man at such a low salary and a man who has had little training in financial affairs? It would be far more important to pay the county judge more and get a well qualified man, than to expend money excessively, in the form of fees and salaries, on

the county officials of lesser importance. A real strong man as county judge could function as county manager.

The county judge in Clay County. By a special act of the legislature the office of county judge was created, and the office of county chairman was abolished. The judge, under the terms of this act, is elected by popular vote for a term of 8 years. An annual salary of \$200 is provided for. His duties and qualifications are the same as those set out in the state law for all counties.

Mr. A. L. Webb, a native of Carroll County, is the present judge. He has lived in the county since about 1920 and has served as judge since 1927. His personal data is as follows: about 40 years of age; a former school teacher; is a fairly good lawyer; a life-long Republican; and an anti-prohibitionist in habits. It is said that his views on the latter were partly responsible for his election in this Democratic strong hold.

Webb is a competent official. Insofar as could be determined he conducted the affairs of his office in an efficient manner. His records of expenditures were such that totals for various items could be determined without a retabulation and classification of expenses as was necessary in Overton County. He keeps close check on receipts and expenditures, which is an improvement over his immediate predecessor. For instance he found, in the early part of his term, that there were some orphan children in the poor house. He found homes for these, thus saving the county the expense of their care. However he is handicapped to some extent by precedent and the fact that he is a Republican judge of a Democratic county court.

The county judge in Pickett County. In 1925 the office of county judge in this county was created by a special act of the legislature. It provided for election by popular vote, a term of eight years, and a salary of \$350 per year. To be eligible one must be a native of the county and 25 years of age or more. His duties are the same as those as set out in

the state law.

James I. Robbins is the present county judge. He is about 50 to 55 years old, has an eighth-grade education; is a farmer and follows farming principally for a living. He was crippled in his youth and uses this point in "electioneering" for office. He has previously held the office of county court clerk for eight years.

He spends only about two days per month in the office. He is a good man as to moral character, but is easily influenced in partisan politics in court rulings. In regard to paying the principal of the school \$266.00 per month the court did not appropriate any money. The case was carried to chancery court and lost. However Judge Robbins was in favor of paying this largely due to political influence.

He is a Republican, which is one reason for his holding office in this county, as that is the dominant party. The official vote in 1925 was 1008 Republicans and 716 Democrats.

One can readily tell that he knows very little about the financial condition of the county. However the present court is Democratic and they overrule the judge on important measures.

County Court Clerk.

Election and term of office. This official is elected by popular vote for a term of 4 years. This is a longer term than for some of the other more important offices, as trustee, and sheriff.

Compensation. In most counties of the state they are paid on a fee basis. In some of the larger counties, in which the total fees amount to several thousand dollars a year, the clerks are put on a salary basis, in which case excess fees become county funds. They are on a fee basis in Overton, Clay, and Pickett Counties. Their compensation includes a definite amount for working up the tax duplicates. For instance, as is shown later, the clerk

in Overton County receives \$400 for this work. This clerk also receives definite amounts annually for acting as purchasing agent for some county supplies and transacting other county business.

As set out in the state laws there are 102 different fees collectable by these clerks. These vary from 10¢ for recording wills of 100 words to \$50 for ex-officio services.(15) (See Appendix for fees.)

Duties and functions. In Overton, Clay, and Pickett Counties this office is a combination of the office of county clerk with that of the quarterly county court clerk. This condition exists in most states, only a few having separate officers for the two functions. This union of functions, according to H. G. James "is a survival of the English system, perpetuated in a measure in some of the American Colonies, where the clerk of the court of quarter sessions acted in that capacity for both the judicial and the administrative functions of the court.(16)

The clerks in Overton, Clay, and Pickett Counties perform the clerical and routine administrative business of the county court, such as keeping and preserving the records of the proceedings, issuing writs, in general performing the non-judicial functions connected with the trying of cases in the county judges.monthly court, etc. As clerk of the county he sometimes acts as purchasing agent, issues marriage licenses, collects some state revenue, etc. Below is given a more detailed statement of the functions and duties of this official.

(1) To act as clerk of the quarterly court.

(2) To keep record of bonds.

(3) To preserve statutes.

(4) His duties in regard to revenue are

a. To keep an appropriation book of all claims of jurors and officers.

15. Shannon's Code, 1917.

16. H. G. James, op. cit., p. 143.

b. To issue orders and indorse registrations in order for the judge to issue warrants for same.

c. To make out balance sheet for the county annually and post on the court house.

d. To look after and send in state revenue.

(5) His duties as to administration of estates are:

a. To administer oaths to administrators.

b. To make bonds of administrators.

c. To issue letters stating administrator is qualified.

d. To record inventory of estates.

e. To record accounts of sales of estates.

f. To record settlements of estates.

g. To see that each administrator settles his accounts annually.

h. To report delinquent settlements of estates.

i. To make an accounting with the administrator when deemed necessary.

(6) To keep guardians' accounts with their wards.

(7) To take the probate or acknowledgement of all deeds and other instruments that are entitled to registration by law, and to certify the same for registration and demand a receive the state tax for them.

(8) As to marriage

a. To indorse or to append to marriage license the form of the return.

b. To keep a register of marriage license.

c. Issue marriage license.

(9) Issue automobile license.

(10) Issue merchants and privilege licenses. (17)

In general their duties are clerical in nature which hardly admit of the exercise of the powers of discretion. They perform the administrative functions connected with the judicial, legislative and administrative functions of the county court. "This requires a technical knowledge which can be secured, if at all, only by the process of appointment from among qualified candidates", (18) This suggests the substitution of appointment for popular election for this office, a point which is discussed further in Chapter on the reorganization of county government.

Clerk in Overton County. Mr. Walter H. Boswell the present county court clerk is about 45 to 50 years of age. He has held this office about three years. He was a farmer previously and still devotes some of his time to farming. He keeps office hours rather regularly and does his work in an efficient manner. He understands the affairs of the county very thoroughly, in fact much better than the county judge. He takes pleasure in serving the people of the county. Many times he accepts deeds when the register is out of her office, and attends to having them recorded. He also does a great deal of the work for the county judge. Another instance of his altruism was in aiding a widow in selling out a load of honey without any compensation whatever. He does this without any apparent hope for political advancement on his part.

The county court clerk receives about \$1500 compensation per year for his services to the county. For making out the tax duplicate he receives \$400; for acting as purchasing agent for the jail and poorhouse he receives \$100; \$300 for transacting other business of the county; the other \$700 comes from fees of his office. These fees are set by law. They are for performing such duties as issuing automobile license, merchants' licenses, marriage licenses and the like. He gets only \$300 more than the county judge but does many times more work.

¹ In 1911 an act was passed making the salary of the county court clerk's

office \$1200 per year in this county. He was to return all of his fees to the county and make a monthly report of same to the county judge. In 1913 this act was repealed, placing the office back on a fee basis.

Some of the improvements that may be made are as follows:

(1) It takes two to use the adding machine. The assistant calls off the figures while the clerk uses the machine. One could use this machine as fast as two.

(2) Also his record of warrants is kept in such a manner that it is difficult to make out a financial statement. This is not itemized so that one can determine exactly for what it was issued. Often one finds an entry such as "supplies for county" or "supplies for jail and poorhouse." It would be much better to have the expenditures itemized so that one could analyze the cost of the various county functions.

Clerk in Clay County. James H. Reneau, the present clerk, has been elected for three terms of four years each and has already served about ten years. He is about 41 years of age and a native of the county. His education is above that of the average county official, having the equivalent of a high school education. He gives practically his entire time to the office. His farm is rented out.

He was tax assessor before his election to this office. The office pays about \$1500 per year, the only office that pays more than that of the trustee.

The clerk is a very pleasant and accommodating person. He understands the work of the office well and does his work in a thorough manner. He keeps office hours more punctually than the clerk of either Overton or Pickett Counties. He also has a good knowledge of the governmental affairs of the county. He has studied law while in office and has passed the state bar examination.

It is said that he uses alcohol to some extent. However, he is very

courteous and painstaking. While the writers were in the office some elderly lady came in that was practically ignorant of her mission but he with much patience finally learned her mission and attended to it promptly and efficiently.

Clerk in Pickett County. Mr. J. G. Hinds is the present clerk. He is a native of this county; is about 48 to 50 years old; and has an eighth grade education. He has taught school in the county, and owns a farm now.

He has held this office about six years. However this is the only office that he has held. He has a crippled leg which probably aids him some in the contest for office.

The office pays about \$1200 per year. In 1911 an act was passed fixing the salary of the county court clerk's office at \$600 per year. His fees were to go to the county. In 1915 this act was abolished and the office was placed back on a fee basis.

He keeps office hours fairly well as he has no other duties to perform. He seems to be fairly efficient and keeps his record in very good condition.

He is a Republican which counts for a lot in this political stronghold since the county has a safe Republican majority.

Somewhat like the clerk in Overton County, he performs some of the work of other officials in their absence. He attends to having deeds recorded for the register, collects taxes for the trustee, and performs minor functions for some of the other officials. This is a considerable accommodation to the citizens of the county since these other officials keep office hours very irregularly.

Mr. Hinds appears to know more about the financial affairs of the county than the county judge. In fact the judge largely depended upon Hinds for information that the writers requested of the judge in a personal interview.

Summary.

County court. The quarterly county court is the principal policy determining organization in these counties, having as its principal functions the raising and the spending of county revenues. It is composed of too many members, many of whom are non-progressive, uneducated and in general unable to perform their duties of administering the financial affairs of the county efficiently. There should be a reduction in membership to about 5 or 7. Generally only those who have made a success in their business and who will apply business principles to county affairs should be elected. A few can be better paid without increasing the cost as with the present number, and thus offer more incentive to capable men.

Each Indiana county has a board to make the appropriations for the county and another board to supervise expenditures. This aids in reducing reckless appropriations and expenditures as is often done where one body does both, as in the Tennessee counties.

Some states elect part of the county board at large and the rest on a district basis. This gives the county more responsible representation and tends to halt "pork-barrel" legislation. Some states give the presiding officer of this body the power of veto.

Would these policies, if followed in Overton, Clay, and Pickett Counties, improve the administration of financial affairs?

County court clerk. The county court clerks in these counties were found to be among the most capable county officials. Selection by popular vote does not insure their return. This office, which is a clerical one entirely, should be appointive rather than elective. Appointment should be based on honesty and efficiency.

County judge. The county judges in Overton and Pickett Counties are more or less figurehead when the performance of their actual duties are con-

sidered. A county judge is needed who will familiarize himself with all phases of the county's finances and who is well versed in sound financial and business principles. He should be able to function as a kind of county manager.

Chapter IV.

County Expenditures.

One Phase of County Finance.

The subject of county finance naturally falls into three main groups: county revenues, county expenditures, and county financial administration. This chapter deals entirely with the spending of county funds, leaving the other phase of county finance for treatment in other sections of the report.

Importance of the Study.

Problems relating to expenditures are becoming more and more important because the functions of the county government have grown in importance and number. Our commercial and social organization has become more and more complex, and one consequence of this is that it takes more county government and better county government to keep it running smoothly and satisfactorily to the people. And the more governments there is the more it costs. The increase in county expenditures has been tremendous. In Overton County, excluding schools, the increase was from about \$7,000 in 1900 to about \$67,000 in 1928.

Whether we look with favor, or with doubt and disfavor, on the constant expansion of county governmental activities the fact remains that there is a constant expansion going on at present, and consequently ever greater county financial problems.

Tax money misspent by bad government is a heavy burden and is as hard to bear as would a tribute levied by a conquering enemy. Hence the importance of an analysis of the present situation for the purpose of controlling needless expenditures.

Social Psychology as Related to County Expenditure.

One of the aims in this report is to describe the behavior of citizens

as social groups, with respect to their public expenditures through the media of county government with the hope that such an analysis will furnish a basis for modification, and control, of that behavior whenever desirable.

There is general agreement on the need for giving greater attention to the theory and practice of county taxation and government, in order to achieve more and better control over it. In this study a new method of approach and treatment is attempted, insofar as we have treated it from the social-psychological standpoint.

Statistical methods alone are inadequate for placing the data on county taxation in the proper setting, and for drawing the proper deductions regarding such expenditures. This is because of (a) lack of accurate accounting methods by rural counties, (b) lack of an established and satisfactory method of using much data, and (c) the fact that social and psychological factors must be considered also.

To properly understand county expenditures one must understand the human nature of the people concerned, understand their social attitudes as expressed in their social behavior. In other words county taxation has a socio-psychological basis which must also be studied.

County government is a question or phase of consumption economics. But it is a phenomenon of social or group character rather than the activity or consumption of an individual, or of individuals as such. We must therefore study social attitudes and social behavior and how they find expression in public (or social) demand.

This means of course that the investigator should be familiar with and should use the principles of modern psychology to the fullest extent, especially group psychology or social psychology. It should not be necessary, however, for the economist studying county expenditures to formulate his own principles of psychology with which to interpret the data he is using.

The causes of social change and action are usually psychological in

immediate origin, rather than physical or institutional. Hence expenditures by counties are usually expressions of the wants, desires, hopes, fears, habits, impulses, customs, of human beings, and must be studied as such if they are to be properly and fully understood.

Standards of County Expenditure.

Need for standards. County officials, it appears, are not thinking clearly in terms of maximum social advantage, and this constitutes an exposure of weakness in the present situation. Many county officials, however, are honestly striving, within the limitations imposed by habit, training, pre-occupation, political pressure, and other unfavorable factors, to attain the maximum social good. This renders the situation somewhat tragic or pitiful, but at the same time hopeful.

One of the things that most needs doing is to state more clearly the idea of social utility so that it may become the background for the consideration of public expenditures in a more definite way; for it is certain that standards of some kind must necessarily exist in the mind of every person who concerns himself with the problem of county expenditures. If these standards can be raised and made more definite then the way is opened for a more intelligent consideration of county governmental activities.

County government has never yet gotten beyond the experimental stage. A test is always going on somewhere as applied to this function or that, this method or that, or this activity or that proposed improvement. The conditions of community life are changing and county governmental functions and methods must necessarily change with them. For this reason it is impossible to set up standards of mathematical exactness and say that these are applicable to all counties. The standards must vary with the county, and with the time at which they are put into operation.

Benjamin Franklin is said to have calmly and deliberately weighed the

elements of pleasure or gain against the unfavorable factors, and to have made his choice according to net advantage, in deciding his personal expenditures and actions. Most men, however, are not logical as this even in their personal affairs, and probably much less so in making their decisions on public expenditures.

Some types of expenditures based on utility. The installation of a new system of county accounting instead of an inadequate, outgrown system at once suggests the necessity for the employment of competent accountants and auditors -- in order to get the maximum utility from the outlay for the new system.

There are certain essentials of government such as protection of life, protection of property, maintenance of order, etc., and these essentials must come first, and there should be no sacrifice of these in order to attain diversity, or to obtain the less necessary frills.

It is important that county officials analyze carefully the proposed expenditures and the complementary ones made necessary by a given expenditure, otherwise they may saddle their county with greater burdens than the citizens are able or willing to assume.

Private or selfish interests sometimes take advantage of the complementary utility idea by getting the county to make a certain expenditure which in itself does not help these interests but which they can foresee will naturally lead to further expenditures which will benefit them. For this reason the county legislative body needs to scrutinize carefully the motive behind proposals presented to them.

The desire to outdo other counties often leads to a type of expenditure which is in reality a large social waste, namely public luxuries in the form of ornate public buildings, showy public schools, the object of which is vain or vulgar display instead of utility. The policy of taxing the necessities of life in order to supply these objects is open to severe

criticism. Expenditures of this sort, if made at all, should be financed through the taxation of personal luxuries.

Then there is another type of expenditure closely related to the above, but half way between those having full utility and those having no real utility at all, such as monuments, memorials, parks, public concerts, etc. These are things that are beneficial to all citizens, and which all may enjoy, but which the masses cannot have as individuals. Charitable organizations will not supply this need; hence if it is supplied it must be through public expenditure. But such expenditures are not justified unless they can be financed without a tax assault upon the standards of living of the poorer classes in the county.

Standards based on utility. The utilities secured by county expenditures may be divided into two general classes: (a) Articles or services the utility of which is impaired or destroyed at once through the act of consumption. Personal services, such as teaching, medical service, administrative services, etc., are examples of this class. (b) Articles or services in which no perceptible impairment or destruction follows as a consequence of use. Public buildings, school buildings, etc. are examples of this.

The ideal kind of public expenditure is for objects which suffer no impairment or destruction as a consequence of use. This would permit collective accumulation of utilities needed, and if all utilities could be of this kind the point would eventually be reached where public services and facilities would be available without cost or taxation (once the amortization of the original cost had taken place). But the great majority of county expenditures today are for goods which have but little permanence and for services which must be repeated. These temporary utilities make up the essentials of human existence, and the extent to which they burden the county fixes the limits of accumulation, through the use of other funds,

in the creation of improvements of a more permanent type.

One concept of an ideal program of public expenditures is based upon the marginal utility principle. This means that county expenditure, in every direction, should be carried just so far that the advantage to the county of a further small increase, in any direction, is just counterbalanced by the disadvantage of a corresponding small increase in taxation or in receipts from any other source of county income. It is very evident, of course, that modern county expenditures do not stick strictly to this ideal.

There is one type of utility which is called complementary utility in that two or more of them together are worth more than the separate units alone. This is a case where one plus one equals more than two. For example, an expenditure for a school house and for a teacher together is worth more than if they were kept separate.

We may also have a complex of complementary parts, the utility of each depending upon its relationship to the other parts. In this case an addition may involve more than augmentation due to the particular utility added; and a subtraction may affect the efficiency of the other complementary parts.

The law of diminishing utility is applicable to county governmental expenditures. This is that a degree of diversification will result in a greater collective or total utility than will the same amount of expenditure upon a more limited range of objects.

There are certain natural objects which have potential utility or usefulness, but on which must be spent public funds in the way of improvements in order to get the benefit of this natural utility. Harnessing a spring or boring an artesian well for a public watersupply and public toilet is an example. For instance there is a large spring near the county seat of Overton County that could be used as a source of the town's water supply by an outlay of capital in piping the water from the spring to the town.

Some types of goods or services give satisfaction by their mere presence,

and are equally valuable to one person who takes advantage of them or to a considerable number. For instance a teacher can instruct several pupils almost as efficiently as she can instruct one; a county superintendent can efficiently handle more than one school, etc. This type of utility has an important bearing on consolidation.

Should collective utility always take precedence over individual utility? Or the reverse? Or sometimes one and sometimes the other? Why?

When a facility is provided by the county should the individual be compelled to take advantage of it? Men were forced to fight in the World War. We have the compulsory attendance school laws. We have compulsory vaccination in cases of epidemics. To what extent should this principle be carried and applied to other public affairs?

It is difficult to determine this definitely. But let us generalize by saying that compulsion should be required insofar as the public and individual welfare demands it. It is generally but not unanimously agreed upon that both compulsory education and vaccination in case of epidemics is beneficial not only to the individual but to the group as well.

Standard based on variety of utilities. It should be borne in mind that in the case of public goods, as in private life, the tastes of people differ. This means that each person is able to get exactly what he needs or wants only if there is a large variety of utilities available. This means, of course, that all citizens should recognize this, and be prepared to either be satisfied with somewhat less than their desires or to pay very large expenditures. The wealthier the county the more needs can be satisfied without an unduly heavy tax burden.

In Overton, Clay, and Pickett Counties the needs that can be supplied from local taxation without an undue burden are very limited. They are among the poorest counties in the state as indicated by the per capita assessed valuation in 1928 of \$197, \$297, and \$206 respectively. This is much lower

than the state average of \$710 for that year and the United States average of \$1146 in 1922. State aid, however, for schools, roads, public welfare, and other county functions has made it possible for the people to have some of their needs satisfied that would not have otherwise been satisfied. (See Chapter).

Some miscellaneous principles. A territory sparsely settled usually has a narrower range of governmental activity than has a densely populated county. As population becomes more and more dense the county finds calls for activities which formerly were left undone or left to private effort.

Facilities already provided should not be allowed to deteriorate because of lack of maintenance. In former years many counties voted road bonds, built Macadam roads, and then did nothing to maintain them. The result was disastrous and resulted in large losses to taxpayers.

The greater the elements of universality of usefulness that can be introduced into the various items of county spending the closer will be the attainment of the ideal "the greatest good to the greatest number." Schools, well distributed highway systems, and health services are illustrations of county activities that have a fair degree of universality, although there are some who may not receive direct benefits from each of them.

One thing that complicates things in public expenditures is that often benefit is received by a person from an expenditure without any apparent sacrifice on the part of the beneficiary; and just as often costs of a county function are paid by a person without the payer being conscious of having received any direct benefit. Taxes are collected without respect to advantages received, and benefits are enjoyed regardless of the contribution of the user to the common fund (pool) from which costs are paid. For instance some pay taxes for the operation of schools without receiving direct benefits; others receive direct benefits with very little or no outlay in taxes.

There are of course some social values or social needs that do not co-

ordinate with the needs of some individuals except in a remote sense. It seems that in some cases the rights of the individual are much more carefully conserved than in others. For instance roads are a social need and will be built regardless of an individual's interests. This road may be built in the opposite side of the county and thus not benefit the individual in proportion to its cost and yet he is taxed for it. On the other hand if it runs through his field his rights as an individual will be respected and he will be paid for damages received. This has happened in each of the three counties, under consideration in this report.

Growth of County Expenditures.

General principles. In a study of the growth of county expenditures one should try to distinguish between:

- (a) The normal from the abnormal.
- (b) The unavoidable from the avoidable.
- (c) The desirable from the undesirable.

If this can be done there is some hope of administering appropriate and effective remedies.

The immediate problem is to discover as much as possible of the fundamental problem of county spending. The ultimate problem is the formulation of guiding principles to utilize in the effort to bring about a more effective control of county expenditures in the future.

There are three more or less unreal causes of increases:

(a) Reduced purchasing power of the dollar. Because of this the number of dollars spent may be more but the values received by the people may not be any larger. This can be corrected by using index numbers of purchasing power.

(b) Growth of population of a county may naturally be expected to require larger total expenditures. Hence comparisons should also be

made on a per capita basis.

(c) Services formerly performed by each individual for himself are now performed by the county for him and paid for by means of a tax. This factor is harder to measure than the above two, but it may be approximated.

Having eliminated the above three factors, what has been the increase in county expenditures over a period of years? These increases go for several things, such as:

(a) Services now performed for the people which they formerly did without.

(b) Better quality of services.

In considering the growth of real expenditures one should compare this with the growth in wealth or in ability to afford the outlay. As a group of people grow more wealthy, or poorer, they may naturally be expected to vary their expenditures as a group accordingly. But do they?

It seems that the law of decreasing and increasing cost applies to county government. Up to a certain point or size of population the cost per capita decreases, but when that point is passed the increase in population results in an increased cost per capita, up to another unit, at which the cost per capita again decreases as population is added, etc. (Where are these points in Tennessee counties?)

The influence of an extravagant attitude on the part of the people is very noticeable. When they are passing through a period of reckless personal expenditure they are likely to do the same thing in a group way. Once a county or group (just as in the case of an individual) becomes accustomed to a certain standard of expenditures it is very difficult for the group to be satisfied with less.

The development of county credit in the form of bond issues has played a very large part in increasing the outlays of county governments. The

ease with which the costs of improvements can be saddled upon future generations has greatly stimulated extravagant expenditures by counties and has burdened the people with an incubus of interest charges most oppressive to bear.

The newer conception of the protective function of the county has caused great growth in county expenditures, for

(a) Protection from disease and insanitary condition by means of free inspections, vaccinations, inoculations, free advice, free clinics for both children and adults, milk and dairy inspectors, maternity aid, etc.

(b) Protection against use of stimulants, such as morphine, opium, whiskey, brandy, wine, beer, etc.

(c) Protection against fire, to woods, buildings, fences, etc.

Additional increases have been due to change in attitude regarding obligation of society to? (a) defectives, (b) delinquents, (c) unfortunates. These are now generally looked upon as public charges and cared for either in or without an institution.

Other causes of increased expenditures come from increased attention to (in some counties): (a) child welfare work, (b) maternity aid, (c) mothers' pensions, (d) free employment service, (e) adult education, (f) vocational aid. All of these are somewhat in the class of those who are not able to help themselves.

Graft is one of the most important causes of large public expenditures. This tends to increase not because people are becoming more dishonest but because the greater complexity of modern county affairs offers more opportunity for graft.

While graft is important it is probably exceeded in importance by: (a) waste, (b) carelessness, (c) extravagance, and (d) inefficiency.

Some expenditures in Overton County in early days. Due to the courthouse burning during the Civil War the financial records were destroyed. The oldest county court minute book that could be found was for 1867. In that year David Garrett received \$2.00 for two wild cat hides to be paid out of any funds not otherwise appropriated. The term "to be paid out of any funds not otherwise appropriated" was used quite often. This seems to indicate that special levies for a given amount or rate was rarely ever made. No budget system was used then nor has it been used any since insofar as it could be determined. Some of the other expenditures included \$10 paid to each of the revenue commissioners for making a list of taxable property and polls in each district, \$10 to Dr. W. H. Colguet for services rendered in connection with an insanity case, and \$25 for keeping the paupers. By 1871 the expenditure for the latter item had been increased to \$500.

Since complete data could not be obtained on expenditures for this period the tax rate is presented, and compared with that of 1928. This gives one an idea of the total expenditures then as compared with the present cost.

The tax rate for 1871 was 40¢ on each \$100 of taxable property. The poll tax was \$1, equally divided between the county and state. The above did not include a special levy of 20¢ on each \$100 assessed value, and an additional 50¢ poll, which provided funds for the jail. The rate for the following year was only 30¢ on each \$100 worth of property.

The total assessments on given pieces of property were undoubtedly less, than now as indicated by the assessment of a good pasture farm consisting of 293 acres for \$1500.

From the foregoing one readily sees that county government services and costs were very meager as compared with the service and costs of the present day, as shown in the following section.

Growth of expenditures in Overton County, 1900-1928. In any compari-

son of cost at different periods one must take into consideration the changes both in the value of money and in population. It is generally known that the services rendered in 1928 cost more than they would have cost in 1900. The population has increased in this county from 13,353 to 17,617 which gives a percentage increase of 31.9. Regardless of these adjustments the cost has undoubtedly increased as shown by Table 1, pages 74 and 75.

This table shows the amount of county warrants issued annually for 5 different periods beginning with 1900. The fiscal year extended from January 1 to December 31, except for 1928, which extended from October 1, 1928, to September 30, 1929. The cost of each item is compared from year to year. The above costs do not include those for the school (1). District road costs are considered only for the year 1928. Court expense includes payments for such as juries, witnesses, and officers waiting on courts. The salaries of the judges and attorney generals are paid by the state.

One readily notices the increasing cost of these services from year to year. Especially is this true from 1907 to 1913 and from 1916 to 1928. The cost for 1913 was greater than for 1916. In 1913 more was paid for poor relief, care of the insane, small pox treatment, and bridges than in 1916.

Interest represents the largest single item of expense. There has been an increase in this item from \$5.50 in 1900 to \$19,000 in 1929. The latter amount does not represent the largest for this purpose since the state has assumed the payment of about one-half of the county's bonded debt. The county debt was due largely to bond issues for highway construction. A small part is due to bonds issued for railroad construction (see page 119, Chapter V).

Some of the other outstanding costs for 1928 are \$6134.14 for poor relief, \$3349.54 for care of the insane, \$3521.61 for jail expenses, and \$3716.69 for court expense, which is a total of \$16,721.98. The court and mail costs are due principally to the prosecution and incarceration of law

1. For schools see Chapter VIII.

violators. The above costs are about 24.0% of the total for all county purposes shown in the table. This requires approximately a 50% tax rate on the \$3,500,000 assessed valuation.

Table 1.

Amount of County Warrants Issued in Overton County for 5 Periods
For All Purposes Other Than for Schools.

Items	1900	1907	1913	1918	1928
<u>Care of Dependents and Delinquents</u>					
Poor relief (poor house)	\$407.67	\$1,195.89	\$1,336.92	\$1,494.30	\$4,655.00
" relief (outside)	726.16	0(1)	1,430.91	309.85	1,409.14
" house commission	0	0	0	50.00	70.00
Care of insane	196.40	926.43	1,729.05	592.44	3,349.54
Tenn. Industrial School for delinquents	0	0	125.00	86.98c	433.34
Tenn. School for Blind	0	0	0	0	26.48
<u>Administration of Justice</u>					
Keeper of jury	0	0	0	0	120.00
Jail - current expense	184.70	497.20	629.65	795.80	2,537.42
" repairs	336.06	115.00 (2)	0	182.60	822.69
Work house commission	66.50	147.05	88.50	422.00 (3)	161.50 (3)
Court expense	1,096.83	1,849.19	2,066.83	2,563.33	3,716.69 (6)
Circuit court clerk	0	39.35	651.20	0	0
Attorney service	0	50.00	300.00	300.00	85.00
Inquests	90.45	30.50	52.50	76.50	17.00
<u>Public Welfare</u>					
Vital statistics	0	0	8.70	173.40	177.20
Welfare association	0	0	0	0	750.00
Rest room	0	0	0	0	305.77
County physician	75.00	100.00	965.06 (4)	500.00	545.00 (4)
<u>County Administration</u>					
County judge	300.00	300.00	600.00	690.00	1,200.00
" court (quarterly)	574.15	422.30	259.45	245.55	494.55
" " clerk	331.16	268.05	654.25	386.35	912.13
<u>Tax Administration</u>					
Tax assessor	390.65	184.65	600.00	600.00	1,800.00
Delinquent tax notices	29.10	24.60	86.00	0	0
Tax refund	44.75	99.75	50.80	46.03	70.50
Assessor's poll list	0	0	0	0	10.00
Assessment board	90.00	62.00	50.00	71.05	94.00
Tax commission	0	10.00	0	0	0
" (copying old books)	0	0	87.45	0	0

(continued)

Table 1 (continued) Amount of County Warrants Issued in Overton County

Items	1900	1907	1913	1916	1928
<u>Miscellaneous Repairs and Supplies</u>					
Court house (repairs)	\$55.59	0	\$185.78(7)	\$243.90	\$1,020.50
Fuel to county	12.00	18.01	28.79	33.85	49.57
Supplies	45.23	6.65	359.47	670.17	214.28
Electric lights and pump repairs	0	0	0	0	95.00
Books and stationery	187.05	351.44	610.68	519.61	1,548.61
<u>Highways and Bridges</u>					
Bridge commission	30.00	0	292.40	0	0
Bridges	1,063.00	0	1,587.50	0	0
Road commission	0	22.00	0	0	385.49
Road damages	0	0	0	10.00	720.24
Work on road	0	0	0	0	1,039.21
<u>Interest</u>	5.50	0	2,160.00	2,010.00	\$37,500.00
<u>Miscellaneous</u>					
County commissioner	34.00	36.50	0	0	0
Elections and election commissioners	158.00	49.50	81.00	202.25	1,578.35(8)
Finance commission	54.00	8.00	103.50	77.20	65.00
Cattle inspection	8.85	811.11	0	0	0
Agricultural fair	0	0	0	0	250.00
Office rent	0	0	97.50	0	0
County trust funds	0	37.70	0	0	0
Balance claims	0	21.25	0	0	0
Unclaimed fees	0	10.65	0	0	0
State Dept. Tax. (auditing)	0	0	0	0	0
Hauling	0	0	0	0	0
Real estate	101.25	0	0	0	0
<u>Grand Total</u>	<u>\$6494.05</u>	<u>\$7718.77</u>	<u>\$17,278.89</u>	<u>\$13,353.14</u>	<u>\$68,229.20</u>

1. Combined poor house cost and outside relief.
2. Fuel for jail \$115.00.
3. Also guarding prisoners.
4. County physician and smallpox treatment.
5. Chancery court costs could not be found.
7. Repairs to court house, jail, and poor house.
8. Includes election supplies.

There has been a decided increase in the amount spent for poor relief, from \$1133.83 in 1900 to \$6134.14 in 1928. This represents an increase of 441.0% during the twenty-eight year period.

The percentage increase in the cost of caring for the insane is still

greater. This cost varied from \$196.40 in 1900 to \$3349.54 in 1928 or an increase of 1605.0%. The jail expense also shows a large increase, from \$184.70 to \$2537.42 during the same period.

There has been an increase in the number of services rendered by the counties. Some of these services are for roads, health service, audits, collection of vital statistics, for the agricultural fair, water and electric lights for the court house. The totals as shown in the table are small in comparison to the increase in cost of activities shown above.

There have been no decreases of any significance. The cost for holding inquests declined from \$90.45 in 1900 to \$17 in 1928. The cost of county supplies, excluding books and stationery, was less in 1928 than at any previous period reported since 1913. No warrants were reported issued to the circuit court clerk in either 1913 or 1928. A few other items reported at some other periods were not reported in 1928. These were almost insignificant as to amount when they were reported. They included such items as county trust fund, unclaimed fees, cattle inspection, etc.

Means of Controlling County Expenditures.

Nature of the problem. It is both natural and logical to expect that control of county expenditures should come as a result of the establishment of standards. The problem of putting the standards into force is the problem of control.

Standards give something at which to aim. But it should not be thought that these goals can be immediately attained in totality. Only intelligent and persistent effort can determine to what extent achievement of the standards is possible. But it is very important that influential citizens understand the nature of the problem and the desirability of as complete attainment as possible.

In this section, then, we will consider (a) the nature of the problem,

(b) some of the possible ways and means of solving it.

There are two phases of the problem or two kinds of problems: (a) the immediate problems, and (b) the long-time problems. The first calls for first-aid treatment that will bring relief at once; this, however, will not effect a permanent cure. This simply means that there are certain means of making county taxation and government more efficient, more economical, and more intelligent without attacking the deep-seated factors which are the cause of all the trouble.

It has been said that the whole problem, temporary and permanent, exists because of the various shortcomings and weaknesses of typical human nature. If this be so the remedy lies in devising means whereby human nature, as it now is, can be checked and controlled in such a way as to bring about better conditions in the field of county expenditures, as well as the necessarily long-time efforts to bring about changes in human nature itself as expressed in attitudes of thought and in habits of action. Programs for controlling county expenditures must take both these phases of the problem into consideration.

The great majority of mankind do not make an outstanding success of their personal finances, even though great pains are taken to protect them through purefood laws, the forbidding of adulteration, blue sky legislation, etc. Hence they may not reasonably be expected to make a success of pure democracy, for but few are as well prepared for citizenship as they are to manage their own affairs.

In civil affairs the following things or limits have been placed on pure democracy: (a) excluding from suffrage of children; (b) excluding from suffrage of aliens; (c) excluding from suffrage of apprehended criminals; (d) excluding from suffrage of the worst idiots.

Despite this we have waste, inefficiency, lack of wisdom, shortsightedness, and corruption in county government.

Further control in some cases is essential to the greatest efficiency in expenditures. This control might well be exercised by: (1) education of citizens; (2) selection of honest and efficient officials; (3) centralized purchasing; (4) more thorough audits of records; (5) systematic budgets; (6) improved accounting system, and (7) preparation and publication of annual report of financial conditions.

Probably some of these are absolutely necessary if even an approximate attainment of economy and efficiency in county government is to be brought about any way soon.

Such limitations as those suggested above cannot be forced on one county by another county, but they can be brought about either by (1) voluntary action on the part of the citizens; (2) or by action of the state legislature, which is a higher government.

Each of the seven factors listed above is discussed in more detail below. An attempt has been made to show the conditions as they exist in the counties under discussion.

Education. No system of county governmental machinery designed to make for efficiency and foresight can make much headway in a democracy in the face of persistent indifference, ignorance, stupidity, pre-occupation, etc. This means that the limitations of the human element as at present constituted must ever be kept in mind, or the chances of success will be doubtful -- unless the reform comes through the governmental unit above; namely, the state. Only by changing the wills and wants of the citizens can there be any thoroughgoing change in county expenditures -- without legislation from the state.

The ideal would be for every citizen to have the scientific spirit and outlook. But it will be impossible to get this into every citizen now living, and we must do the most we can with the materials at hand. Some

people lack the mental capacity to attain such an attitude, and others are so controlled by traditional attitudes, habits, and feelings that the educational processes which it is practical to set in motion can not have much effect on them.

Intelligence leads to social change, progress, adaptation, and readaptation. This inevitably leads to institutional changes, and to an "awareness of misfit", which in turn leads to further intellectual effort and ultimately to further progress.

Changes must come whether the result of passion and feeling or as a consequence of intelligently directed effort and study. Social phenomena, like county affairs, will never reach a totally static state.

So long as the feeble-minded, insane, epileptics, moronics, and other mentally unfits continue to increase the problem of securing an intelligent and educated electorate will be made all the harder.

Education in the future must be directed toward more worthy ends than some of it has been in the past, more than the perpetuation of traditional points of view and hoary creeds. It must provide for development and growth beyond the present situation. Children must be taught to reason, to discriminate between fact and hearsay or opinion -- and this should be done in the elementary and high schools as well as in the colleges. Knowledge of wars, the names of the presidents, location of state capitals, etc., however, useful does not necessarily carry with it the ability to discriminate between candidates or decide in an intelligent way whether a given bond issue or tax rate is advisable. Candidates and issues are constantly changing and only the citizen who acquaints himself with the science of county government, and at the same time has a well developed reasoning power, is capable of voting most intelligently.

The truth is that at present a very large proportion of the people of Overton, Clay, and Pickett Counties, even the better educated classes, are

almost no education in county citizenship.

A good citizen of a county, then, should have: (1) intelligence and ability to reason; (2) a scientific attitude; (3) self control - be able to subordinate his own will to the general will; (4) conscience - be able to feel his responsibility to the community.

Should the county government reformer enter the lists as a mob-master and secure immediate results through influencing the crowd, or should he wait for the fruits of individual education? Crowds are often controlled to good purposes (as well as bad) in campaigns for community improvement, for better specific facilities, etc., thus securing the desired end at once. Crowd control, however, operates as a neutralizing agent to any educational program undertaken with the purpose of undermining crowd thinking, and establishing rationalization of individuals.

Undoubtedly more genuine and lasting results can be secured as a result of the slow and tedious process of changing human attitudes and habits by the educational process, provided this educational program is continuously, intelligently, and intensively followed.

Honest and efficient county officials. Paying taxes is one of the surest ways of making a person understand something of the business of the government of the county. An increasing tax rate comes home so acutely to the property owner that he begins to realize that he must take an interest in the life of his community, if for no higher motive than one of self-protection.

Waste, extravagance, incompetence, graft, all become practical rather than academic questions when the citizen gets the reaction in his tax bill.

Some method will eventually be devised for transforming the great business of our counties from a past-time of self-serving and incompetent poli-

ticians to the real business of trained and honest administrators, and the one thing which will hasten the coming of that happy day will be the revolt, of those who pay the bills, against the further exploitation of their own neglect.

We will be much nearer the millenium when we have demonstrated that a free people can conduct their common affairs with a fair degree of honesty and a moderate amount of efficiency.

One of the important problems of county government is to establish a clear distinction between what are functions of experts and what are functions of elective officials. This much may be safely asserted, that the county court is at its best, not when it is participating in the actual work of county administration but when it is content to delegate these duties to other persons and agencies and see that the work is done by them in suitable manner.

The ideal situation would be to have all administrators experts in their respective fields. While this ideal may be possible of realization some day, it is very evident that Overton, Clay, and Pickett Counties have made only small progress toward that goal as yet. At present the development of expert administration is held back largely by lack of education and vision on the part of the electorate.

The investigators heard very little complaint of dishonesty among county officials in Overton, Clay, and Pickett Counties. No embezzlements have been reported. Reports of inefficiency, however, were numerous. The nearest approach to dishonesty occurred about 25 years ago in Overton County. Some county funds were lost when the trustee transferred his official account from a home bank to Nashville which failed the day following the transfer. The trustee was influenced by some of his friends who were directly interested in the bank. It is not known whether or not this official was aware of the condition of the bank. It is commonly thought that he was an innocent victim of his "friends".

Centralized Purchasing. (1) In Overton County. The problem of purchasing has probably been less intelligently handled than has the personnel problem, if that is possible. But in recent years some counties have been making a serious attempt to deal scientifically with the problem.

In Overton County the county court clerk is the purchasing agent for the county poor house and the jail. He receives \$100.00 per year for this service. All of the other officials purchase their own supplies and present their bills to the next quarterly court meeting. Competitive bids are not asked for on purchases regardless of the amount. Local merchants do not give reductions to the county on purchases made from them. The county court clerk purchases from the wholesale houses in any quantity he needs. Claims for goods sold the county are first presented to the county court clerk who examines them. This claim is sworn to but the purchaser does not have to indorse it. These claims are filed with the clerk just before county court meets at which time the court issues orders for payment to be made or not to be made, as the case may be. (2) The warrants are issued as soon as possible after the court is adjourned.

Those who purchase some supplies for the county are: (a) the superintendent of schools and the principal of each school (see page); (b) the 12 district road commissioners in the road department, who purchase their own supplies for their respective districts; (c) purchasing agent for the jail and poor house; (d) each county official not mentioned above ^{who} purchases his own office supplies - they are register of deeds, circuit court clerk, chancery court clerk, and trustee.

At least 18 people make independent purchases for the county. It is evident that there is an absence of centralized purchasing. However, a

(2) By law they must be presented to ^{the} monthly court sitting last before the quarterly court. Shannon's Code, article 6015.

beginning in that direction has been made in the centralisation of the purchasing of the poor house and jail supplies in the hands of the county court clerk.

(2) In Pickett County. There is no central purchasing agent. Each official buys his own supplies. No bids are received. Many purchases are made on time basis since warrants issued can not always be paid promptly.

Most of the printing supplies are bought from one supply company.

(3) In Clay County. Similar conditions exist in this county as in Pickett County.

(4) An example of actual savings secured by a purchasing agent. Recently the author had occasion to have a cover printed for a report and then to have the report bound. In connection therewith he secured bids from four firms on the performance of each job. The variations found between the two best bids are shown in the following table:

	Firm A.	Firm B.
Printing 500 covers	\$2.10	\$7.50
Stitching and binding 500 copies	19.25	8.00

Thus, Firm B wanted over 3 1/2 times as much for doing the printing as did Firm A. And on the other hand, Firm A wanted about 2 1/2 times as much for doing the stitching and binding as did Firm B.

What we did of course was to award the printing to Firm A and the stitching to Firm B, at a total cost of \$10.10. Since the lowest bid for the entire job by either of the firms was \$15.50 this meant a saving of \$5.40 or over 50% of the actual cost. It happened that the first firm that we went to was Firm A whose bid for the entire job was \$21.35. If the contract had been given to them without looking further the work would have cost more than twice the amount actually paid.

The above is offered as an example of the large savings which a purchasing agent can make for a county, even on the small everyday items. While

these items are small the same range of prices have been found to exist for the more expensive items. For a county which is hard pressed for funds there is nothing that would give the taxpayers more relief for the cost of it than to have all the county's supplies purchased through a careful and honest representative.

To not provide for such savings is extreme negligence on the part of the county court.

It might be said that such action would probably be opposed by (a) county officers who profit personally by the present arrangement; (b) business firms who are getting trade at high prices under the present plan.

(5) Changes needed in purchasing county supplies. The purchasing should be centralized in one purchasing agent instead of having 18 different people acting in that capacity. In this way articles can be grouped from all the offices and a certain standard set up for them. Also competitive bids can be obtained to better advantage on larger quantities. Previous records can be studied to see what the needs are and then enough bought at one purchase to last for some time. Centralization of purchasing authority results in additional benefits such as: (a) less accounting necessary because of fewer vouchers; (b) proper inspection of deliveries of supplies; (c) some stock can be carried, to supply needs at once; (d) proper records of distribution of supplies to various departments, and these held responsible for them; (e) materials can be tested before contract awarded; (f) eliminates one branch of the county government bidding against another branch.

Large business houses do not let all of their employees purchase articles as they are needed. Instead the orders are grouped and turned over to one person who gets the best prices possible for the firm. Requisitions should be made to the purchasing agent for supplies needed. No warrant should be issued for supplies the order for which has not gone through the purchasing agent's office.

The legislature has passed an act requiring that all purchases of supplies, furniture, fixtures, and material of every kind for schools by competitive bid for expenditures amounting to \$100 or more. This has been done probably because of the relatively large amount of money the state is furnishing counties for educational purposes. If good for schools, why not good for other departments?

Regular and complete audits. (1) County audits by county committees.

The county revenue commission is composed of three men, one to be an expert accountant, elected by the county court in July. They are to examine the books of all financial officers of the county and make a report to the quarterly county court at each meeting. It is their duty to report any neglect or violation of duty which they may observe on the part of any official. The chairman is to receive \$5.00 per day and the other members \$4.00 per day. They shall be limited in the time spent on the books by the county court in counties of 50,000 or over and in counties of 25,000 to 50,000 they shall spend not over ten days and in counties of less than 25,000 not more than five days.

In Overton County the revenue commission is referred to as the finance committee. The chairman at one time was B. F. Smith who was 87 years old and knew nothing of either finance or auditing. The present members are B. H. Hunt, J. W. Henson, and S. T. Williams. Mr. Williams, since his appointment, has moved away from the county. Mr. Hunt is the only member who has had any experience of this kind. This was in connection with his duties as recorder for the town of Livingston.

Mr. Hunt says the records are usually correct. At one time the county judge had made an error of \$140.00. He had failed to charge the trustee with that amount. This is the largest error that has been found according to Mr. Hunt. The county court clerk reports too much revenue as often as he reports too little. The mistakes either way are very few and small.

The former county finance committee in this county got W. H. Estes, cashier of a local bank, to write up their report. Then for several years after this all they did was to change the date. The finance committee heretofore has not done anything except pretend to audit the books of the county officers. Ben Frank Smith would glance over the books a little and report that he did not find any errors. The expense of the finance committee for the past year was \$65.00.

The finance committee in Pickett County is not capable of making a thorough audit. It is entirely possible for an official to hide shortages. They have found some errors in accounts most of which are small and are due to mathematical errors.

In Clay County the county court has appointed an auditing committee at times in the past. During the four years the past trustee was in office this committee never inspected his books. This trustee was later found short by the state auditors. They have been unable to determine how the shortage occurred. No one seems to think the shortage was intentional. It is thought he gave receipts for which he received no money. Nothing has been done about it so far.

The trustee in office between 1916 and 1920 was found short by the county auditing committee. He was sued for this shortage. The case was in court for many years and final judgment of about \$450.00 was rendered in 1928, about twelve years after it happened. During this time he paid about \$500 other shortages himself. His bondsmen paid the \$450 judgment.

At the present time there is no county auditing committee in this county.

In a great many cases the revenue commission only checks the officials books and does not verify his figures with those of the bank in which he keeps his deposit. If this were done it would probably check intentional fraud when it starts rather than after he has defrauded so heavily he cannot repay the amount taken.

(2) Complete audits by competent auditors. The county officers are handling large sums of the people's money every year. These should be inspected and audited just as the banks are. These institutions are audited twice each year. They never know when the auditors are coming for a complete check up.

Banks are also called upon to make up a financial statement twice a year and publish it. They never know when the call is coming. The county should also be required to do this (see page 11).

Ex-trustee Robert Windle claimed he was due more than the records showed. He was issued a warrant for \$4000.00 to cover this. It is questionable as to the justness of this warrant. This happened during the administration of Judge Hogue, who was later legislated out of office by the state legislature (see page 50).

The trustee previous to Mr. Windle had no audit. It was claimed his accounts were short \$1,500. He claimed there was no shortage. It will be unable to tell unless a complete audit is made. The county finance commissioners are not sufficiently qualified to make a complete and satisfactory audit.

In Overton County there has never been a real audit of all the county's records. Only the school funds have been audited. This was done by state auditors as provided by an act of the legislature in 1923. In Clay County the offices of the county court clerk, circuit court clerk, and clerk and master have been audited by the state auditor two or three times in the past ten years. Until recently little attention had been given to auditing the trustee's books. The state can keep up with the trustee's books through the tax aggregate and releases without an audit.

Notwithstanding the fact that only the financial records of the county superintendent has been audited in some of these counties an act of the legislature provides for the audit of the principal county offices by state auditors for which services the counties pay a certain amount annually depending

on the size of their population. The act is stated as follows (3):

The commissioner of finance and taxation by and with the approval of the governor shall appoint three auditors, whose duty it shall be to make an annual audit of the books, accounts, and records of the several counties of the state including the offices of the county court clerks, county trustees, and the courts of record in the several counties of the state. Said audit to be made for the purpose of ascertaining errors, irregularities, or defaults, if any, in the offices of any such county officials; and for the purpose of checking all cost bills to see that all proper items of cost, both county and state, have been duly charged and taxed and reported by the clerks of said court in all civil, criminal, and chancery court cases; and also to examine and check the accounts of the county superintendents of public instruction in said counties for the purpose of ascertaining that the schools funds of the state are being expended according to the laws of the State of Tennessee, and for the maintenance and extension of terms of schools in the counties as provided and contemplated by the laws of the State of Tennessee.

For the purpose of contributing to the expenses and compensation of said auditors herein provided for the investigation and auditing the offices of said county officials as herein provided, the several counties of the state shall pay into the office of the commissioner of finance and taxation, on or before the 30th day of June of each year, the same to be paid into the state treasury by the commissioner of finance and taxation the following amounts:

Counties having a population under the last or any future federal census of	
150,000 and over, per annum	\$300.00
100,000 to 150,000, per annum	200.00
50,000 to 100,000, per annum	125.00
20,000 to 50,000 (per annum)	75.00
Under 20,000, per annum	50.00

Provided the state shall pay the balance of the expense and compensation of said auditors herein provided out of any funds in the state treasury not otherwise appropriated.

The county may employ auditors other than the state auditors. This auditor must be employed by a committee of 3 members from the county court who have been appointed by this court for that purpose. In this case the funds can be appropriated for this work from the regular county funds.

(3) Needed changes. An independent audit of the county's fiscal affairs should be made at frequent intervals. This should be made by officials independent of the administrative group, insofar as responsibility is concerned, but should be responsible to the legislative body (county court). Such an audit is necessary both to prevent dishonest practices and to detect those that

do occur.

While it is true that shortages have rarely occurred in either of these counties through dishonesty the taxpayers have no assurance that embezzlement will not sometimes occur. Neither are they assured that serious errors will not be made in accounting resulting in a loss of county funds.

One of the principal objections to adequate audits has been the cost. The condition of the records has been a big factor in adding to the expense. In some counties it has been necessary to reconstruct the entire accounting system. In Clay County two audits of a previous trustee's records have been made by state auditors. The records were in such conditions that even then a satisfactory audit was never made. The expense undoubtedly could be greatly decreased by using better accounting system. In addition state auditors are available to the various counties at a reasonable cost (see page 87).

Systematic budget. (1) Some reasons for lack of budget. The neglect of budget making is prevalent in nearly all counties in the United States. This is largely due to the following reasons: (a) Citizens in general do not know the situation. (b) They are purposely kept in the dark by politicians. (c) They do not care until taxes become due - then it is too late. (d) The average county official is prone to leave systems of county administration as they are found.

(2) Importance. There are several kinds of budgets, but the executive budget is the only kind where responsibility can be definitely placed for the formulation of the financial plan. In favor of this it may be said that:

- (a) it secures a proper balance between income and outgo,
- (b) it secures proper balance between different items of expenditure,
- (c) larger interests usually take precedence over a multitude of lesser importance,

- (d) allowance is made for intelligent planning
for the future,
- (e) system is substituted for planlessness,
- (f) it aims to report the past fiscal period in one
column, to outline the present situation, to
present future needs, and to propose ways and
means of financing,
- (g) the budget is one of the first steps in putting
county government on a rational and business-
like basis,
- (h) wherever given a fair trial the results of an exe-
cutive budget have been beneficial
- (i) stimulates the interest of the taxpayer in the county's
business and shows him just what he is getting for
his taxes by revealing the sources of revenue and
the amounts expended for the various county functions,
- (j) sound budget procedure shows how to avoid waste and
needless expenditure and at the same time, how to
realize the reasonable needs of the community,
- (k) it is claimed that the budget system will enable county
taxes to be considerably reduced without in any degree
impairing the essential activities of the county govern-
ment, without shortening the school term, reducing
teachers' salaries, or retarding highway construction.

The county budget system is not an untried experiment, a number of
counties now using the system with admirable results.

(3) The need for a county budget system for Overton, Clay and Pickett
Counties. The amount of state taxes paid in Tennessee by general property is

small as compared with the amount of county taxes paid. In 1926 the former was only \$6,431,089 as compared with \$21,480,493 for the counties, which is less than $\frac{1}{3}$ as much.

It has been urged that some definite legal safeguard and restriction be placed by the state on the taxing power of the county courts. One measure that has been urged is a county budget system strictly requiring an itemized budget to be prepared by a budget commission, showing the exact need for each specific purpose for which county taxes are levied, and with a provision compelling the county court to keep each particular levy strictly within the needs of the county as shown by the budget.

County appropriations are often rather recklessly made and improvidently and unwisely spent. Of course the most important items of expenditure for counties is for roads and schools, but these should be carefully coordinated with the other pressing needs of the county.

Determination of amounts to be spent on the various county governmental activities is the duty of the quarterly county court. However no systematic method is followed in planning this so-called budget. In the first place the estimates for some of the funds are such rough approximations that these funds are usually overdrawn. This is generally true of the county and special fund in Overton, Clay, and Pickett Counties, and to a smaller extent of the school funds there⁽⁴⁾. The road funds is of minor importance, and the amount for the interest fund is definite, requiring no estimates. In Pickett County the county fund was overdrawn about \$6000. The same amount was overdrawn in the school fund in Clay County. In Overton County it was impossible to determine even an approximate amount overdrawn in either the county and special

4. County and special funds provide for current expenses, for such as administration of justice, health, care of unfortunates, supplies, salaries, etc., and often for floating indebtedness.

funds or the school fund. From the best information the overdrafts in each fund exceeded \$5000. There was one warrant issued in payment for construction of a bridge for \$5000 that was unpaid.

This condition is largely due to the "hit and miss" method of determining expenditures for the current year. This is especially true of the county and special fund, as the overdraft in the school fund in Overton County was partly due at least to some delay in receiving state funds due the county. Ordinarily there is very little studious investigation of the real needs of the county, or of the amount of money required to provide adequately for the operation of the governmental functions. In Overton County there is no budget committee or finance committee as it is sometimes called, to investigate the county needs and formulate a preliminary budget. From all available information, the amounts required are determined largely in the meeting of quarterly court. The expenditures of the previous years are used largely as a basis. In the case of the county fund there seems to be little attempt to analyze in detail the expenditures for each of the various functions and project a rate based on such an analysis. Instead the total expenditure of the previous year from this fund is used as the basis. As a result the necessity often arises for an expenditure for which no provisions were made. In some cases the courts in these counties have overestimated their revenue. None or very little consideration has been given to probable releases on poll taxes, and delinquent taxes. The highest possible revenue usually has been the basis for planning expenditures.

(4) Some considerations in formulating a county budget. There should be created a county budget system in the county, with a Budget Commission composed of the best business men in the county, making it their duty to make up a careful budget of the needs of the county after the most exacting and scrutinizing investigation.

This budget should aim to formulate a plan by which the citizens of a

county can secure the maximum return from each dollar spent for county purposes.

To reach this goal it is essential that the budget makers, whether the county court, county manager, or budget commission, should keep in mind the following principles:

(a) The law of variety. While it is not advisable to scatter limited funds too much, yet the most crying social needs in the county should receive attention. This will give the most results per dollar of expenditure.

(b) The law of least social cost. Plans should be made to the end that the citizenship of the county shall have to pay the least possible (1) in taxes, and (2) in undesirable conditions that must be endured.

(c) The greatest good to the greatest number, the principle on which our government was founded. This prohibits expenditures for the benefit of influential individuals or special sections of the county or special purposes of limited value.

(d) Preventative plans insofar as possible. This should be followed rather than trying to remedy a situation after it has come into existence.

(e) The opportunity cost of any project; that is, whether or not all or part of the funds necessary could not better be spent on other projects.

More specifically the budget making should involve:

(a) Obtaining knowledge of the community needs which involves,

1. Study of community government as to:

a. Number of many separate departments.

b. Functions or lines of activity of each

(1) What is each trying to do?

(2) What purposes has it in view?

(3) What service does it require?

(a) Men employed, (b) compensation.

(4) Are they necessary for community progress?

2. Knowledge of what community needs the government does not meet.

(b) Learning the cost of supplying such needs.

1. Study public records, original bills, etc., to learn
 - a. What services community actually gets.
 - b. What it should justly pay for them.
 - c. Total cost of each line of service as rendered.
2. Learn what an enterprising private business would pay for similar services.
3. Estimate what unfilled needs would cost.
4. Publish clear statement of the results of such study including:
 - a. Cost reports,
 - b. Graphic charts and representations.
 - c. Comparison of cost of each item for several years.
5. Determine units of service and of pay.
6. Determine standards of cost for supplies.

(c) Functional segregation of appropriations, which includes

1. A specific fund for each department.
2. A specific appropriation of such fund for each detail of that department

(d) Installation of departmental and functional cost and fund accounting with

1. Central accounting board, for the
 - a. Prohibition of transfer without specific authority,
 - b. Supporting systems of vouchers definitely locating responsibilities.

(e) Provision of accurate records of service, improvements and supplies, obtained for the expenditure of public funds.**(f) Preparation of a budget exhibit showing the entire plan of the administration.****(g) Opening the budget to public discussion before passing on it. It might best be presented to the public through the medium**

of the local newspaper. This gives opportunity for a study of its provisions and a crystallization of public sentiment.

(5) Indiana budget system. The plan outlined below is one that has been adopted by Indiana for the counties to use in making out their budget. This grouping applies to each department of the county. In this way costs are itemized in detail and groupings may be made to find out the cost of salaries of the officials, supplies purchased, amount of the debt in each department, etc.

1000 Services, personnel.

- 1100 Salaries and wages, regular.
- 1200 Salaries and wages, temporary.
- 1300 Other compensations.

2000 Service - contractual.

- 2100 Communication and transportation.
- 2200 Subsistence, cure and support.
- 2300 Printing, binding, and advertising.
- 2400 Heat, light, power and water.
- 2500 Repair.
- 2600 Janitorial, cleaning, and other services.

3000 Commodities.

3100 Supplies

- 3110 Office.
- 3120 Food and forage.
- 3130 Fuel and lubricants.
- 3140 Institutional supplies.
- 3150 School supplies.
- 3160 General.

3200 Materials.

- 3210 Buildings.
- 3220 Road.
- 3230 General.

3300 Repairs (parts)

4000 Current charges.

- 4100 Rent.
- 4200 Insurance.
- 4300 Official bonds.
- 4400 Refunds and indemnities.

. 5000 Current obligations.

- 5100 Interest.
- 5200 Pensions.
- 5300 Grants and subsidies.
- 5400 Taxes.

6000 Properties.

- 6100 Equipment (itemized).
- 6200 Buildings and improvements (itemized).
- 6300 Land.

7000 Debt payments.

- 7100 Serial bonds
- 7200 Sinking fund installments.

Accounting. (1) Importance of a good system. Dr. E. C. Branson of the University of North Carolina says that "no government can rise above the level of its bookkeeping". Assuming the accuracy of this statement, the governments of Overton, Clay, and Pickett Counties are at a very low level of efficiency.

Under the present systems or lack of systems, found from a preliminary investigation, newly elected officials are sometimes confronted with almost unintelligible records, the accuracy of which one may doubt. Prior to the administration of the present trustees in Overton County the records of that office have been in bad shape. Funds were not kept separately. This carelessness, with others, was responsible for the irregularities cited in the section on audits, page 87. Similar conditions have existed in Clay County (see page 86).

An executive budget must be based on accurate and adequate accounts of the county in question, and unless these are available only confusion and bewilderment follow attempts to formulate programs of expenditure. Great progress has been made by the Federal government, and by the various state governments, Tennessee counties as indicated are as a rule very backward in this regard. As a result the voters in general knew almost nothing of the

internal affairs of the county's finances, and even the county officials often have nothing but approximate figures. To this lack of system in county accounting can be traced some the waste, inefficiency, corruption, and apparent stupidity in county government.

Careless and unsystematic accounting according to Paul W. Wager; "permits and encourages fraudulent entries or unreasonable charges; leaves an official uncertain as to his obligations to the county; it encourages him to overdraw and then attempt to conceal the shortage; makes an audit expensive and sometimes meaningless; prevents an effective analysis of disbursements and a study of unit costs". (5)

Some of these evils which have resulted from the system of accounting in Overton, Clay, and Pickett Counties will be shown below.

County government is more like a private business or corporation from an accounting point of view than from any other; and if it is to be put on a business basis the logical way to begin is with businesslike records and accounts.

But the services of an expert account is expensive, and this expense must be paid now; while the benefits are mostly in the future; and the most flagrant evils in the past. This tends to make the public satisfied with what they have, and balks at attempts at immediate relief.

(2) Accounting in county judge's office. The county judge keeps only one record book. This is a settlement book used in recording the expected receipts, or total revenue, and the expenditures handled by the trustee. Each fund is charged with the total revenue and credited with any cancelled warrants that have been issued against it.

The receipts charged to the trustee include the actual fees received from the various county officials and the total amount of property taxes to be collected. The credits include actual disbursements and uncollectable taxes remaining at the end of the year. All of the revenue is shown, when

it is considered as income belonging to a certain fiscal period; but all expenses are not necessarily shown. For there might be some expenses belonging to this fiscal period that remain unpaid until the following period and would not therefore be reported on the judge's settlement book. Thus from this record there is no way of determining actual expenses nor of ascertaining the current or floating indebtedness of a given fiscal year.

The amount of the unpaid warrants could be determined by checking over the warrant books of both the county court clerk and the county superintendent. In Overton County, although the county judge had no records to show this, he nor the other officials had apparently made no attempt to find out the condition from the above sources.

The only value to the judges record is that it serves as a check on the trustee's records of receipts and expenditures, and shows the cash balance in the various funds. As indicated above it provides no basis for a thorough analysis of county expenditures.

The county judge is to keep all charges against the trustee on the left hand pages of the ledger, and on the right hand pages each item of credit to which the trustee is entitled showing the amount and to whom paid. In Clay County several warrants were grouped together when credited to the trustee in the judge's settlement book. This prevented showing the amount of each warrant and to whom it was paid. This appears to be in violation of the law as set out above. In Pickett County the judge was using only one page for entries of both debits and credits.

In Overton County fees are paid by the various clerks to the trustee on an order given the latter by the county judge. In Clay County these fees are paid to the trustee without an order by the judge. So that in the former county the judge performs no real service in this respect. The system only tends to delay the payment of these fees to the trustee as the judge sometimes neglects to issue the order for payment on time. A stub of these or-

ders are kept by the judge for the current year at least. Stubs for the previous years could not be located.

(3) Accounting in the trustee's office. The trustee is the receiving and disbursing officer. As previously mentioned the trustee is charged with the tax aggregate. He is also charged with all uncollected taxes on previous tax aggregates unless he has been released from them by the county court, or has filed suit in the clerk and master's office for their collection.

When a citizen pays his taxes the trustee writes him a tax receipt in duplicate. The taxpayer receives the original and the trustee keeps the carbon copy. These receipts are numbered serially and if one is mutilated both copies are kept by the trustee and marked void.

A book known as a register of tax receipts is kept by the trustee. The tax receipts are listed in this book numerically, showing the amount collected for the county in one column, the amount collected for the state in another, and a column giving the total taxes collected. At the end of each month the total county tax collected is prorated to the various levies made by the county court such as elementary schools, high schools, roads and the like. These funds balance with the total collected for that month. The pick up taxes are kept in a separate account since the trustee is not charged with them. Also where delinquent taxes are collected a column shows the amount of interest and penalty collected. A separate register is kept for the various tax aggregates in order that one can properly check to find out the amount of uncollected taxes on each year's aggregate.

A book known as the register of warrants paid is kept. This lists the various warrants paid under their respective funds such as elementary schools, high schools, roads, and any other funds for which a levy was made by the county court.

A book known as the trustee's ledger gives the cash account of the various

funds. Accounts are kept for the elementary school fund, high school, roads, general county and any other funds set up by the county court. Each fund is charged with its prorata amount of county property taxes, fees from county officials, and state funds. Each fund is also credited with all warrants paid for that fund. At the end of each month, or any time desired, a balance is shown of the amount on hand for a particular fund.

A tax ledger is kept. Each fund is charged with the total amount of taxes for that fund and credited with all collected for the given fund. At the end of the month, or any time it is called for, the trustee can determine uncollected amount for any given fund. The account is kept separate for the different years of the tax aggregates.

A cash book is kept in which all that is placed in the bank is debited and all checks drawn upon the bank is credited.

It is the duty of the county trustee to keep all public school funds separate and apart from all other funds coming into his or her hands. It is unlawful for him to pay out any elementary school funds for high school purposes or high school funds for elementary school purposes, or either fund for any other purpose other than for which it was levied or collected. This is true of any of the other funds levied by the county court. There is a fine of from \$50 to \$500 for violation of this law.

The present trustee's records in Overton County were kept in a way that the balance on hand in each fund could be determined at any time. This has not been true with most of the previous trustees. Some failed to keep the various funds separate. It was therefore impossible to determine the condition of these funds. Such unsystematic accounting is most certain to result in some of the evils mentioned in the beginning of this section (page 97).

(4) Accounting in county court clerk's office. This clerk keeps a record of all warrants issued against the county and the special funds only. Each warrant is registered in the warrant book. The date is that of the

time registered rather than the time the expense was incurred. This makes it difficult to arrive at the expenditures within a given fiscal year. In arriving at this in Overton County it was necessary for the investigators to get the aid of the clerk and the county judge in determining the actual time the expense was incurred.

In this county the expenses were not always itemized. Some were grouped and issued in one warrant. Such entries as these were often found: "county supplies," "supplies for jail and poor house," "supplies for jail," etc. This makes it impossible to determine unit costs accurately.

There was no attempt at making classifications of expenses in the warrant book in Overton. A reclassification was necessary for arriving at the expenses for each of the various county functions. In Clay and Pickett Counties this warrant book is ruled perpendicularly for different accounts. At the top the columns are headed jail account, poor house, outside poor, and the like. A total can be taken at the end of each column and thus get the total expenditure for that item. According to Mr. Hamilton, representative of Marshall and Bruce Company of Nashville, only two counties are using this multiple column warrant book in East Tennessee.

The county court clerk issues privilege licenses to merchants, peddlars, and many other kinds of privileges. The licenses are issued in duplicate. The merchant gets the original and the clerk keeps the duplicate. These licenses are numbered serially and if one is mutilated the clerk keeps both copies and marks them void.

A revenue docket is kept to which is posted the receipts from the privilege license duplicates as they are issued. This book has columns on which to place the proper amounts under their respective columns, such as state privilege, state ad valorem, state university, state rural school, county privilege, county ad valorem, school tax, highway tax, and the like. This enables the clerk to make his report and turn in the funds to the state and

county with a small amount of accounting.

There is a possible element of risk to the state and county if the county court clerk were to keep two sets of privilege license records. Under the present system, as indicated above, each license blank is in duplicate. One is issued to the payer and the other is kept on file in the office. The fee is recorded by serial number in the clerks revenue docket. In auditing the serial number of the license, of which a copy is on file, is checked against the revenue docket. The chance for fraudulent practice occurs in the possibility of the clerk's having two books of blank license. One of these could be used for issuing license for which no entry is made on the revenue docket. The payer has the license of which there is no record, if the clerk keeps the second book concealed from the auditor. The only checks on such a practice would be the issued license in the hands of the person that received it, or the issuance of these serially numbered blanks by the state.

This is a theoretical way of practising fraud only. Insofar as is known there has been no case of such fraudulent practice.

The clerk also keeps an automobile register in which he enters all money collected from the sale of auto tags. An execution docket is kept with cases dealing with land sales, domestic and juvenile cases. This gives the amount of money received and paid out in each case with a receipt for same.

The clerk also keeps an appropriation docket in which all claims for appropriations are filed prior to the meeting of the quarterly court. According to law these claims are to be filed with the clerk 30 days before this meeting. This is generally disregarded in these counties. Appropriations for claims are made by the court although filed only a few days and sometimes the day previous to the court's meeting. This policy may result

in appropriations being made for unjust claims since there may not be time for an adequate investigation, if needed. However, these claims are sworn to; and the county court clerk of Overton says that he audits each claim to determine its justness before presenting it to the court. It seems that a more strict compliance would alleviate the possibility of fraudulent claims.

(5) Accounting in the office of county superintendent of schools.

The county superintendent of schools issues the warrants to the teachers for their salaries. The chairman of the county board of education countersigns them. Warrants for other expenses of the schools are issued in like manner.

In Grainger an account is kept with each teacher as to the number of warrants issued. This enables the superintendent to know the standing of any teacher at any time and also prevents his issuing too many warrants to any one teacher. Another warrant book is kept showing other expenses of schools, giving the amount, purpose, date, and the school for which issued. The teacher has to sign all bills for which he has made a purchase. This prevents double payment on bills in case any one should be inclined to undertake this.

The superintendent of schools in Clay County had a list of warrants that had been issued. They were checked so that one could determine which were unpaid. This method of checking would prevent any attempt to collect twice on the warrant by forging a duplicate. It also made possible a check on the amount of unpaid warrants. This amount had been determined by the superintendent in this county. In Overton County the officials concerned did not know the amount.

(6) Reporting revenue by clerks and magistrates. The clerks of all courts and justices of the peace shall make a report under oath to the county judge, giving the names of each person, in alphabetical order, from whom such clerk or justice has received revenue during the quarter. He shall give the amount of state, county, and municipal revenue received from each person,

when paid, and on what account paid. The report shall be made on the first Monday in January, April, July, and October.

The justices are to pay to the trustee all county funds and to the county court clerk all state funds within ten days after reporting same.

The various court clerks are to make payments of county funds to the trustee and state funds to the state treasurer twenty days after their quarterly report. These payments are made to the trustee only when this official presents an order from the county judge.

Failure to comply within the time prescribed subjects the justices to a fine not less than \$10.00 and clerks to a fine of not less than \$500.00. If the delay is proven to be willful the clerk or justice may be removed from office.

The grand jury has authority to examine these reports. It is a misdemeanor with a fine of \$10 to \$50 for the failure or refusal of the county chairman or judge, or the attorney general, or district attorney to call on the clerks for their receipts from the trustee.

(7) An outline of the Iowa plan of county accounting. The Iowa plan of accounting, adopted from the Indiana plan, is given below as illustrative of the way in which receipts and expenditures might well be handled in recording them. An account is kept with each of the items or group of items that are numbered separately. For instance the county treasurer's statement or receipts includes twenty three such accounts. The expenditures are classified in such detail as to make possible the determination of unit costs. For example the cost of each office can be determined, together with the net profit or net cost above fees. The various accounts that must be kept under this system are shown below.

I. County treasurer's statement of receipts for the year 19____.

1. On hand Jan. 1, 19____.
2. From current taxes 19____ tax list.
3. From delinquent taxes 19____ and previous years.
4. Penalty, interest and costs.
5. From drainage taxes.
6. From city special assessments.
7. Delinquent dog tax.
8. Dog license from auditor.
9. From cigarette license.
10. From state primary road maintenance.
11. Primary road assessments.
12. Primary road certificates.
13. Secondary road assessments.
14. Secondary road certificates.
15. Motor mileage tax.
16. Gas tax to county.
17. Gas tax to township.
18. Interest on bank deposits.
19. Sinking fund.
20. Principal of school fund.
21. Interest on school fund.
22. Teachers' examination and institute fees.
23. State appropriations for teachers institute.
24. From sale of automobile numbers and licenses.
25. Sale of bonds.
26. Fines and forfeitures from clerk.
27. From other sources.
28. Trust funds from clerk.
29. From other sources.
30. From care of patients in state institutions.
31. From care of patients in county institutions.
32. From sale of produce at county homes.
33. From sale of bridge material.
34. From sale of school books.
35. Fees from county auditor.
36. Fees from county treasurer.
37. Fees from county recorder.
38. Fees from clerk of the district court.
39. Sheriffs fees from sheriff.
40. Sheriffs fees from clerk of district court.
41. Miscellaneous receipts.
42. Transfers from funds under Code, Sec. 388 (Loans)
43. Total receipts.

II. County treasurer's statement of disbursements for the year 19____.

1. State treasurer's receipts and sight drafts.
2. County auditors warrants.
3. School fund loans.
4. Drainage bonds redeemed.
5. Interest on drainage bonds.
6. County bonds redeemed.
7. Interest on county bonds.
8. Sinking fund.
9. Primary road bonds redeemed.

(continued)

10. Interest on primary road bonds.
11. Primary road certificates redeemed.
12. Interest on primary road certificates.
13. Secondary road certificates redeemed.
14. Interest on secondary road certificates.
15. City specials (paving, sewer, etc.) certificates and bonds.
16. Orders on county treasurer by mayors of cities and towns.
17. Orders on county treasurer by presidents of school districts.
18. Township clerks' receipts.
19. Sight drafts for automobile licenses.
20. Miscellaneous payments.
21. Transfer to funds under Code, Sec. 388 (Loans)
22. Transfer to funds under Code, Sec. 387 (General business).
23. Balance on hands, Jan. 1, 19__.
24. Total disbursements.

III. Board of supervisor's per diem, mileage and expenses of office and total cost for the year.

1. Number of members.
2. Regular meetings per diem.
3. Committee work per diem.
4. Drainage work per diem.
5. Total per diem.
6. Regular meetings mileage.
7. Committee work mileage.
8. Drainage work mileage.
9. Total mileage.
10. Total per diem and mileage.
11. Miscellaneous expense.
12. Grand total cost of office.

IV. County auditor's; salaries and expenses of office and net cost for the year.

1. Salary of auditor.
2. Salaries of deputies.
3. Extra help.
4. Postage.
5. Total cost of office.
6. Less fees of office.
7. Net cost of office above fees.

V. County treasurer:

1. Salary of treasurer.
2. Salary of deputies.
3. Extra help.
4. Postage.
5. Delinquent tax collections.
6. Premiums on official bond.
7. Total cost of office.
8. Less fees of office.
9. Net cost of office.
10. Net profit of office.

VI. Clerks of the district court.

1. Salary of clerk.
2. Salary of deputies.
3. Other clerical help.
4. Postage.
5. Total cost of office.
6. Less fees of office.
7. Net cost of office.
8. Net profit of office.
9. Paid clerk as referee in probate.

VII. County sheriffs:

1. Salary of sheriff.
2. Salary of first deputy.
3. Salary of other deputies.
4. Postage.
5. Board, care and laundry of prisoners.
6. Mileage and expense paid by county.
7. Other office fees.
8. Total cost of office.
9. Net cost to county.
10. Net profit to county.

VIII. Superintendent of schools:

1. Salary of superintendent.
2. Salary of deputy.
3. Other clerical help.
4. Postage.
5. Expense visiting schools.
6. Expense of normal institute.
7. Total cost of office.
8. Less fees of office.
9. Net cost of office.

IX. County recorder:

1. Salary of recorder.
2. Salary of deputies.
3. Other clerical help.
4. Postage.
5. Total cost of office.
6. Fees collected.
7. Net cost of office.
8. Net profit to county.

X. County attorneys:

1. Salary of attorney.
2. Per cent on fines.
3. Fees on school fund and foreclosures.
4. Other fees.
5. Total compensation.
6. Assistants to attorney.
7. Postage.

(continued)

X. County attorneys (continued)

8. Amount paid assistant counsel.
9. Expense including office rent.
10. Total cost of office.

XI. County engineers and coroners:

1. Salary of engineer.
2. Automobile expense.
3. Railway, livery expense.
4. Hotel expense.
5. Supplies.
6. Miscellaneous.
7. Total.
8. Paid county for engineer's service.
9. Net cost of county engineer's service.
10. Expense and cost of drainage engineer's service.
11. County coroner's compensation and expense.

XII. County Home: expenditures for the year.

1. Number of acres.
2. Number of poor.
3. Number of insane.
4. Total number of inmates.
5. Value of land.
6. Value of buildings.
7. Total value.
8. Inventory, Jan. 1, 1927.
9. Expenditures for year, less permanent improvements.
10. Receipts above expense.
11. Total.
12. Sale of produce.
13. Inventory, Jan. 1, 1928.
14. Net cost.
15. Total.
16. Cost per week per inmate.
17. Salary of steward.
18. Paid for other help.
19. Paid for repairs.
20. Paid for light, fuel, and water.
21. Paid for provisions.
22. Paid for clothing.
23. Paid for medicine and medical attendance.
24. Paid for burial expenses.
25. Paid for furniture and fixtures.
26. Paid for machinery.
27. Paid for stock purchased.
28. Paid for grain purchased.
29. Paid for insurance.
30. Paid for other expenses.
31. Total expenditures.

(continued)

XIII. Cost of poor outside of county home.

1. Overseer.
2. Provisions.
3. Clothing.
4. Fuel.
5. Medical aid.
6. Nurses and hospital.
7. Quarantine.
8. Burial expense.
9. Rent.
10. Transportation.
11. Dependent children (widows' pensions).
12. Cash allowances.
13. Pensions for the blind.
14. Miscellaneous expense.
15. Total expenditure.

XIV. Bounties for the year 1927;

1. Wolves.
2. Gophers.
3. Other bounties.
4. Total bounties.

XV. Domestic animal fund for the year.

1. Balance on hand Jan. 1, 1927.
2. Received from dog license tax.
3. Total receipts and balance on hand.
4. Paid for damage by dogs or wolves.
5. Other expenditures authorized by law.
6. Amount transferred to general county fund.
7. Total expenditures and transfers.
8. Balance on hand Dec. 31, 1927.
9. Overdraft.

XVI. Bonded and other indebtedness of counties, 1/1/28.

1. County bonds.
2. Bridge bonds.
3. Court house bonds.
4. Road bonds.
5. Primary road bonds.
6. Total county bonds.
7. Total county warrants.
8. Primary road certificates.
9. Secondary road certificates.
10. Primary road district fund warrants.
11. Secondary road district fund warrants.
12. Drainage bonds.
13. Drainage warrants.
14. Total of all indebtedness outstanding, Jan. 1, 1928.

(continued)

XVII. Miscellaneous officers: cost of office.

1. Assessors.
2. Board of review.
3. Township trustees.
4. Township clerks.
5. Constables, miscellaneous.
6. Compensation of soldiers' relief commission.
7. Paid for soldiers relief.

XVIII. Miscellaneous court expenses, 1927.

1. District court expense including grand jury.
2. Jail expense.
3. Cost of coroner's court.
4. Cost of justice of peace court.
5. Supreme court expense.
6. Other court expense.
7. Total expense of courts.

XIX. Miscellaneous county expense.

1. Printing and stationary.
2. Court house expense.
3. Support of the insane in state hospitals, including commitment.
4. Inebriate support in state hospitals, including commitment.
5. Feeble minded support at _____.
6. Tuberculosis at _____.
7. Epileptic at _____.
8. Orphans home at _____.
9. School for deaf at _____.
10. College for blind at _____.
11. Juvenile home at _____.
12. Summer school and teachers institute.
13. Vital statistics.
14. Farm bureau.
15. Telephone rentals and tolls.
16. State examinations.
17. School books.
18. Supplies.
19. Unclaimed fees.
20. Other trust funds.
21. Preliminary drainage expense.
22. Cost of primary election, 1926, paid in 1927.
23. Cost of general election, 1926, paid in 1927.
24. Miscellaneous expense not included in previous classifications.

(8) Some needed changes in accounting. From this preliminary investigation of county accounting, as related to revenues and expenses, it is apparent that the following changes would improve county accounting system in these counties:

111.

(a) There should be a greater degree of centralization in the accounting systems. Whether the duty of central control be performed by an auditor or one of the other county officials will depend to some extent upon the volume of business handled.

(b) All revenues and expenses should be recorded strictly by fiscal periods.

(c) Expenses should be classified in such a way as to make possible a study of unit costs.

(d) The future trustees of these counties should continue to keep the various county funds separate. The present trustee of Overton County is to be commended on his record in this respect, which is a great improvement over the records of previous trustees.

It should be mentioned in this connection that no attempt has been made to thoroughly analyze county accounting systems in each of these counties. More investigation will be essential for a thorough understanding of the details of the present system. This familiarity with present conditions is necessary for any further recommendations. The above suggestions have been prompted by some evident and glaring irregularities and evils arising from the present system or rather from the failure in some cases to conform to the provisions of this system.

Preparation and Publication of Annual Financial Reports. The purpose of annual reports should be to inform the public of results secured during the year and the cost of same; show existing conditions and problems; and outline future program a report covering these points will also serve as a basis for judgement of the relative efficiency of the department head as a public official, and of the organization and methods used by him in transacting the public business.

Trustee W. A. Roberts of Overton County has issued a statistical state-

ment showing the receipts and disbursements of his office from September 4, 1928 to September 2, 1929. This statement is divided into six divisions as follows: interest account, road account (by districts), common school, high school, county general account, ^{and} building account.

This was published in the Livingston Enterprise for September 13, 1929, and occupies nearly a full page. It is not known whether this was: (1) paid for by the trustee from his own funds; (2) paid for from county funds; (3) or published by the paper as a matter of general interest.

This statement, while good in its way, is only the raw materials for what should be a complete financial analysis of the county's fiscal affairs. Probably this should be made by the county judge, under the present system of government in these counties.

This report should have the following characteristics:

(1) It should be stated in simple terms so that all voters may understand it.

(2) It should take up each topic separately and give the essential points about it.

(3) It should be made on the unit basis, as it is the only fair way of comparison. It is almost meaningless to say the road department cost \$100,000 this year as against \$125,000 last year. It is better to state the number of miles built each year with the cost per mile.

(4) Trends should be shown over a period of several years. The cost of doing any piece of work should be compared with costs for previous years and some standard arrived at for doing this job.

(5) Graphs and charts should be used wherever they will illustrate facts in a more graphic and easily understood manner.

(6) The why's and the wherefore's of changes should be explained clearly and honestly.

(7) Recommendations for improvement should be made regarding each phase of affairs.

The report should be made available to the voters either in a pamphlet; or by publication of the report in serial form in the county paper; or if money is not available about 1,000 copies could be mimeographed at small expense. The forms should be standardized, and printed on thin paper to reduce bulkiness. The report will give an impression of extravagance if it is too expensive and gaudy.

The superintendent of schools of Overton County is planning to publish a pamphlet for the year 1929, giving general information on the schools. This report is to include the financial side as well as the enrollment and attendance of pupils and the like.

Such reports may be useful in controlling expenditures in at least two ways. In the first place the taxpayers will be better informed as to the actual financial status of the county which knowledge may lead to much needed reforms. In the second place improvements will likely result from a better understanding of conditions by the officials themselves. Unfortunately some of these officials, charged with the financial control of the county, know very little about the actual financial status of the county.

Waste of Tax Money and Ability of Taxpayers to Pay.

It is but little less than criminal for county officials through incompetency and negligence or otherwise waste the tax money paid by the farmers in a county. The payment has often entailed many hardships - sometimes necessitating the family's doing without some of the bare necessities of life. That the taxpayers/cannot well afford inefficiencies in expenditures of county revenue is indicated by the following facts. Farm incomes are very low. The average cash receipts of 50 representative farmers in Overton County in 1925 amounted to only \$374.00 - 25 of these farmers averaged only \$174.00 (5). Out of these small receipts they must pay their current farm and house-

hold expenses and their taxes. The average farmer lacked \$104.00 paying their current expenses including taxes, interest on investment and depreciation on buildings and other farm equipment. Household expenses were not included. In fact only 19 of the 50 farmers had any money left for their labor after deducting these expenses.

Many taxpayers each year are unable to pay their taxes before the delinquent date. This is indicated by the relatively large percentage of taxes that are placed in the hands of collectors. After May 1, 1929, approximately \$16,000 in taxes remained uncollected. On September 1, 1929, there were approximately \$9,000 in delinquent taxes on real estate against which suits had been filed for collection in chancery court. Some of these taxes date back to 1920.

Many of the farms are small and infertile. They have a rough topography on which it is naturally difficult for farmers to compete with other agricultural areas in which there are larger farms, more fertile land and more favorable topography.

Farm buildings, according to the 1925 agricultural census of the U. S., were valued at only \$365.00 per farm. This is less than one-half the state average of \$805.00 and also less than one-third the average for Wilson County which was \$1126. The census value represents approximately the true condition. In travelling over the county one rarely finds any modern farm buildings. It is quite common, however, to find farm buildings that are little more than "shacks".

The scarcity of money is further indicated by the small amounts invested in church buildings and salaries for the ministers. The church buildings outside of Livingston are valued at less than \$1,000 each. The average rural minister received approximately \$63.00 annually from each church that he served. In one instance the pastor received only \$11.62 for his year's services as pastor of a church (6). While some could probably have contributed

G. C. E. Allred, S.W. Atkins, and G.H. Hatfield. Rural Cooperative Organizations in Overton County.

more to the church without a sacrifice, to many it would have been a hardship.

From a close observation of and association with many farm families in this county it is readily seen that their standards of living are not very high. They have very little money for the purchase of home conveniences such as modern water and lighting systems. Very few of the houses are screened. While some farmers have these conveniences and others could probably have more of them there are large numbers of them who actually do not have enough surplus money with which to buy them.

With these existing conditions how much more important is it for officials of this county to economize than those of the wealthier counties!! County officials charged with the expenditure of county funds entrusted to them should be ever watchful for ways of saving where possible, keeping in mind the sacrifices necessary for many of the taxpayers to meet their tax obligations.

Summary.

Functions of county government are increasing and expanding. These functions must be adequately provided for financially, so as not to retard the "wheel of progress," but at the same time it is highly essential that expenditures be controlled carefully -- in other words a substitution of efficiency and expansion of functions for extravagance and penuriousness is desirable.

It is essential to establish some standard of expenditures based largely on the maximum social advantage, or the greatest good to the greatest numbers of citizens -- thus the importance of a careful analysis of all proposed expenditures.

These counties, Overton, Clay, and Pickett, are not spending large amounts of money as compared with some of the wealthier counties of about the same size and population. However, a strict control over expenditures

is more important than in these wealthier counties, for, while they pay less taxes per capita, it is more difficult to get the money with which to pay them.

Expenditures may be controlled indirectly by education of the citizens to the end that they can learn to discriminate between candidates for county offices intelligently, become familiar with the needs of a good county government, and use their influence for improvements. The Millenium will likely be near when the time is reached that all citizens have become educated to this point, but it is not too much to expect some improvement provided the educational program is continuously, intelligently, and intensively followed. If this is done one might expect^a higher degree of efficiency and honesty among the county officials selected to serve their constituency.

More directly expenditures can be controlled by more centralized purchasing on a competitive basis, formulation of a systematic budget within which the expenses are strictly kept, and a more careful audit of the records of county officials who handle county finances. These are needed because purchasing of county supplies is largely decentralized and on a non-competitive basis; well planned and balanced budgets are conspicuous for their absence, resulting in numerous overdrafts particularly in the county and special funds; and the auditing is done largely by a committee of men, usually inexperienced, appointed by the county court -- exception to which is noted in the state audits of county officials charged with disbursement of state funds.

A budget must be based on accurate and adequate records if confusion is to be avoided and the greatest good derived from the use of the budget plan. The accounting in these counties is generally inadequate, with the exception of the blind trustee's records in Overton County. No record of

expenditures is kept strictly by fiscal periods. The records are in such condition as to make it impossible to determine accurately the unit cost of each of the various county functions.

Chapter V.County Indebtedness.

There has been a great increase in county indebtedness during the past fifteen years in Overton, Clay, and Pickett Counties. In fact the debts previous to that time were almost negligible. This increase has been largely due to bond issues for public improvements. Only a small percentage has been due to floating debts. These latter have been provided for, usually, by special levies the year or so following the year in which they were incurred.

The bonded debt has been due, in the first place, largely to road construction and to a lesser degree to construction of school buildings, for all of which there has been a real need. Of approximately 3/4 of a million dollar bond issues in these three counties only 50 thousand was for schools. In the second place, bonded debts are relatively new in these counties. Consequently it has been easy for the citizens to vote bond issues because the burden of paying them off had not yet fallen upon them. This is true especially of Overton County, where \$600,000 in highway bonds were issued from 1919 to 1924. Now it is said that it would be practically impossible to get any kind of a bond issue passed. The floating debt has been due largely to the failure of the county to have a well planned budget.

The people who voted these bonds and officials who encouraged their issuance can not be criticised too severely. For bond issues for public improvements cannot be condemned in a wholesale way, especially in counties that were as backward as these counties were in highway construction 15 years ago. But, criticisms are justified of (a) the wasteful methods used in spending some of this money, and (b) some of the principles followed in

issuing the bonds.

Total Bonded Indebtedness of Overton County.

Early bonded debt. As reported by the Bureau of the Census in 1890 and 1902, Overton County's bonded debt, less sinking fund assets, was \$2000 and \$547 respectively. It is not known for what purposes these bonds were issued. Neither is the original amount of the issue known.

Bonds for railroad construction. The first part of the present indebtedness was incurred in 1905. At this time \$50,000 in \$500 bonds were issued bearing 6% interest. They were to be paid at the option of the county. The funds derived from these bonds were to be used in building a railroad from Livingston to Algood, connecting with the Tennessee Central Railroad at the latter place. A levy of 10¢ per \$100 taxable property was provided to pay the interest and retire whatever part of the principal that it would. The sinking fund was levied for only two or three years. This was never invested, and, from the best information available no interest was received for it from any source. In 1925 there were \$25,000 of the original amount unpaid. By an act of the legislature in that year the county was authorized to refund these bonds at 6% interest, payable semi-annually. The refunded bonds were made payable as follows: \$2,500 in 1936 and \$2,500 each year thereafter until the entire amount is paid. In refunding this issue the county court planned to avoid having conflict with payments due on highway bonds, more recently issued.

These bonds should have been paid off long ago. Up to the time they were refunded \$31,500 had been paid in interest alone. Yet one-half of the debt remains unpaid. This shows poor business management on the part of the officials in charge.

Bonds for highway construction. From 1919 to 1923 \$300,000 of highway bonds were issued. These were issued in sums of \$50,000 at a time as they were used. All of these bear 6% interest, and are payable in 1946. However, the county has option of payment at any time. As the county was expecting the state to take over these bonds, no sinking fund was provided for payment when due. Consequently, nothing has been paid on these except the interest, which always has been paid promptly.

A second issue of highway bonds, amounting to \$300,000, was made November 1, 1923. All of this issue bears 6% interest except \$50,000 on which 5% is paid. Bond dealers made the county court believe that these bonds could not be sold at less than 6%. No sinking fund has been provided for this issue but the interest is being paid.

This makes a total bond indebtedness of \$625,000 in 1928. Of this amount \$600,000 was used for highways and none for schools. The legislature of 1929 assumed the payment of \$294,000 of the highway bonds of the first issue. This leaves a total county bonded indebtedness in 1930 of \$331,000. At the present no provisions are being made for the retirement of these bonds since no payment is due on the railroad bonds and there is some hopes among the county officials that the state highway department will assume payment of the second \$300,000 highway issue.

Interest on bonds. In 1925, 1926 and 1927 the tax levy to meet interest alone was \$1.00 per \$100 of property assessed for taxes. The 1928 and 1929 rate for interest was reduced to 60¢ per \$100, due to the state assumption of the bonds mentioned above. The interest on the bonded indebtedness during 1927 amounted to \$38,000 per year, or \$104 per day. The \$1.00 levy for the interest fund for this year lacked over \$4000 of paying the interest due to the decrease in the assessed valuation. Since the state has taken over the \$294,000 of bonds the annual interest charge will be around \$19,360, or \$53 per day.

No provisions were made for recalling the last bond issue of \$300,000 in case money could be borrowed at a lower rate of interest. The county will have to continue to pay this high rate of interest regardless of the fact that money might be borrowed sometimes at 5% or probably less. If the present bonded debt bearing 6% interest could be recalled at 5% there would be a saving of \$2,500 annually to the taxpayers of the county. This money could be used in building roads, providing for some other county activity, or in reducing the tax rate 7 cents on the \$100 assessed valuation.

Overton County's interest rate of $5\frac{1}{2}\%$ and 6% is higher than the state average of 5.2% in 1925. Some of the counties with the lowest interest rate at that time are: Sequatchie with 3.4%, Jefferson with 3.8%, and Hardin with 3.8% (1).

During the fiscal year 1926 the county spent only \$21,677 on all schools as compared with \$37,500 for interest on road bonds. It is significant that all the \$650,000 in bonds which this county has issued has been for transportation - not a cent for education, health, and the like.

Bonded Debt of Pickett County.

The first bonded debt was incurred in 1883, four years after the formation of the county. The issue, amounting to \$10,000, was used for the construction of county buildings. Bonds were issued in denominations of \$25, \$50, and \$100, bearing 6% interest. They were to mature in 15 years unless payment was authorized by the county court at any court meeting after two years from the date of issuance. A sinking fund was created to retire the bonds when due. This debt had been paid in full sometime before 1913. The Bureau of the Census reported this county as having no bonded debt at that time. But it was reported as having a debt of \$2,027 in 1902, and \$3,148 in 1890. It is probable that this represented the amount remaining unpaid on

1, C., E. Allred, S. W. Atkins, and G. H. Hatfield, "Tennessee, Economic and Social."

the issue of 1883.

During the past 15 years Pickett County has issued \$100,000 in bonds, the revenue from which has gone for road construction. Fifty thousand dollars were voted in 1915 at 5%, and \$50,000 in 1923 at 5½%. The state has not taken over any of these bonds since the construction of the highway was not under the supervision of the state highway department.

The balance on the first issue was refunded February 15, 1928, at 5% with \$360 premium payment. Serial bonds were substituted for the sinking fund plan. The total amount refunded was \$40,500, as \$9,500 had been retired. The refunded issue cannot again be refunded. One thousand dollars of the principal is to be retired each year until 1943, and \$2,000 thereafter until 1968, when it will all be paid. The 1923 bonds were issued for a twenty-year term. They were issued in denominations of \$500.

Bonded Debt in Clay County.

Information is not available concerning the early bonded debt of this county, as to the original amount and the purpose for which the funds were used. The Bureau of the Census reported a funded debt less sinking fund of \$6,105 in 1890 and \$5,703 in 1902. This had been paid in full by 1913.

The present bonded indebtedness has been incurred during the past 15 years, as was the case in Overton and Pickett Counties. The first issue of these recent bonds was dated July 1, 1918. This issue of \$98,000 bore a 5½% interest rate, was payable in 20 years, and provided for a sinking fund to liquidate it by that time. The funds were used in road construction and improvement in various parts of the county. About \$62,000 remained unpaid in 1928.

A second issue was made in 1921 for \$30,000 at 5% interest with sinking fund provision. These bonds will become due in 1936. Approximately \$18,500

remained unpaid January 1, 1930. This issue provided funds for the construction of the county high school building at Celina, and county school buildings at three other places in the county.

In April 1928 a \$25,000 bond issue was authorized for roads.

During the latter part of 1929 a bond issue of \$50,000 was made to meet current obligations of the county not provided for in the county tax levy. A large part of these obligations resulted from the purchase of rights of ways for highways, that are being constructed by the state.

The county has issued during this 15 year period a total of \$173,000 in bonds, approximately 85% of which have been used for construction and improvement of highways. In January 1930 there were \$148,500 of these bonds unpaid - \$130,000 in highway bonds and \$18,500 school bonds.

It appears that all of these highway bonds will have to be paid by the county. None have so far been taken over by the state because the funds were not spent under the supervision of the state highway department.

Summary Comparison of Amounts of Bond Issues in These Counties.

In 1890 and 1902 both Clay and Pickett Counties exceeded Overton in both total and per capita debt as shown in Table 2. This cannot be explained, however, since the writers have no available information as to the nature of these debts.

This table shows further that Overton County, since 1913, has been bonded more heavily in both total and per capita debt than either Clay or Pickett. Its largest indebtedness, reported at \$625,000, was reached in 1923. This was about 8 times the total debt and about twice the per capita debt of either of the other counties.

Table 2.

Overton, Clay, and Pickett Counties Compared as to Total and Per
Capita Outstanding Bonded Debt - 1890 to 1929.

Date	Total Outstanding Bonds			Outstanding Bonds per Capita		
	Overton	Clay	Pickett	Overton	Clay	Pickett
1890	\$2,000	\$6,105	\$3,148	\$.17	\$0.84	\$0.66
1902	547	5,703	2,027	.04	0.66	0.37
1913	35,000	0	0	2.10	0	0
1923*	625,000	128,000	100,000	35.50	14.00	19.00
1929	331,000	148,500	90,000	17.60	15.00	17.00

* These are the total amounts issued. They correspond closely to the amounts outstanding since they had not been issued but a very few years.

In 1925, twelve counties in Tennessee had a per capita bonded debt as less than \$10; and 36 counties reported less than \$20 per capita debt. Overton County ranked 64th, Pickett 32nd, and Clay 13th in this respect. Dyer and Morgan Counties had the highest per capita debt of \$69 and \$68 respectively. Gibson and Stewart ranked the highest with only \$2 per capita debt reported. The state average for 1925 was \$20. This was only about one-half the per capita in Overton but was about 30% greater than that of Pickett County and about 5% greater than that of Clay County.

Thus the data on the more recent indebtedness of these counties show that Overton County's orgy of spending increased her debt from \$35,000 to \$625,000 from 1913 to 1923, surpassing both Clay and Pickett in both total and per capita debt. However, on a per capita basis this county's debt had decreased to about the status of the other counties in 1929, due not to her efficient administration of her fiscal affairs but to the states assumption of almost one-half of her 1923 debt as previously mentioned.

Comparison of Bonded Debt Increase With Increase in
Wealth.

Since 1913 the bonded debt of each of these counties has had a tremendous increase, as previously indicated and as further shown in Table 3. The increase in wealth, as measured by the assessed value of taxable property,

has not kept pace with this increase in indebtedness. In Overton County from 1913 to 1928 the former increased 166%, as shown in Table 3, while the latter increased 1685%. As a matter of fact the actual wealth did not increase as much as is indicated by the assessed valuations. For in 1920 the assessment ratios were changed in all counties of the state by the Roberts law whereby all assessments were increased. The failure of wealth to keep pace with indebtedness is shown further in this county by the percentage the bonded debt was of the assessed value. This table shows an increase in this percentage from 2.7 in 1913 to 17.8 in 1928. This declined to 10.2% in 1929 due to the state's taking over part of the highway bonds.

Table 3.

Comparison of Bonded Debt Increase With Increase in Assessed Value
of Property in Overton, Clay, and Pickett Counties, 1913-1928

County	Year	Approximate amount of outstanding bonds.	Approximate assessed value of taxable property.	% bonded debt is of asses- sed value.
Overton	1913	\$35,000	\$1,316,375	2.7
	1918(4)	35,000	1,361,355	2.6
	1921	335,000	3,992,213	8.4
	1928	625,000	3,506,763	17.8
	1929	331,000	3,232,754 (6)	10.2
Clay	1913	0	1,409,524	0.0
	1918(4)	98,000 (5)	1,631,137	6.0
	1921	128,000 (5)	3,602,656	3.2
	1928	107,000	2,763,414	3.1
	1929	148,500	2,656,496 (6)	5.6
Pickett	1913	0	503,000	0.0
	1918(4)	50,000 (5)	563,125	8.9
	1921	50,000 (5)	1,202,500	4.1
	1928	90,000	1,092,575	8.2
	1929	90,000	1,062,975 (6)	8.5

(4) The percentage that assessments were of the true value was considerably lower in 1918 than in 1921. All assessments were increased under the Roberts Law of 1920.

(5) These figures represent the total issue. The sinking fund assets would not reduce these appreciably.

(6) Does not include assessed value of public utilities.

Clay County's bonded debt has increased from nothing in 1913 to \$148,500 in 1929, while the wealth has increased only 96%. Her bonded debt was being

reduced until the issuance of bonds in 1929 to meet outstanding debts.

The conditions in Pickett County are somewhat similar to those in Clay County. The percentage increase in wealth has been 111% while the bonded debt has increased from nothing in 1913 to approximately \$90,000 in 1929.

Comparison as to Their Ability to Pay.

How do these counties compare as to their ability to pay these debts? Using the amount of total wealth per capita assessed for taxation as the criterion it is seen that Overton County is less able to pay than either of the other counties. In 1928 its total per capita wealth was \$187, the lowest county in the state; while Clay and Pickett Counties each reported a per capita of \$297 and \$206 respectively. It is appreciated, however, that the accuracy of this method of comparing the counties in this respect will depend to some extent on whether the same ratio of assessment to real value is used in each of these counties. As a matter of fact the same ratios were not used, assuming that census values represent true values. For in 1925, Overton County's assessed value was 61.9% of the census value of land and buildings; while the percentages for Pickett and Clay Counties were 64.2% and 76.0% respectively (2). So it is evident that Clay and Pickett Counties, with a higher per capita assessed value than Overton, have their taxable properties assessed at a higher percentage of their census values. Consequently, there is probably very little difference in their ability to pay the same per capita debt using this basis as a criterion. And as shown in table 3, there was very little difference in their per capita debt in 1929.

In comparison with the state average these counties are far less able to pay their bonded debt. Comparing the per capita debt of 1925 with the per capita wealth the following facts are found: that the state average

2. Tennessee, Economic and Social, Part II, The Counties, p. 152.

per capita debt was \$20 and the per capita wealth \$710; that the per capita debt of Overton, Clay, and Pickett Counties (using 1926 population estimates) was \$33, \$13, and \$18 respectively and their per capita wealth \$187, \$287 and \$206 respectively. In other words for each dollar of bonded debt there was the following approximate amount of wealth assessed for taxation: \$35 in the counties in state as a whole, \$22 in Clay County, \$11 in Pickett County, and \$6 in Overton County.

Could Overton County Pay Its Indebtedness Without State Help?

This county's bonded debt was assumed before the state adopted the policy of taking over road bonds. It was not known in this county that this would be done when the bonds were issued. Is there any reason why, after the present bonds are assumed by the state that this county will not proceed to issue other bonds which will not be assumed by the state, and be in just the position that it was in prior to the state's assumption of the \$294,000 bond issue? Or is there any reason why some other county will not do this? It appears that there is not.

Thus the question arises as to just what hardship, if any, would have been worked on Overton County to pay off its total amount of bonds issued, which it assumed with no assurance of outside aid. The following estimates of tax levies necessary to retire this debt will give one some idea of the financial burden involved. To retire an equal part of the principal each year on this \$625,000 debt for a period of 30 years would require about a 60¢ tax levy. The interest on the total amount requires about a \$1.00 levy. This interest levy, of course, would be gradually reduced as the principal decreased. But for the first few years the total levy would need to be near \$1.50 for debt payment alone. Unless the wealth of the county in-

creased substantially the total county tax rate would be more than \$5.00 for a few years, if even the normal functions of the county were provided for. As a matter of fact the tax rate for 1927 was \$5.00, without any provision whatever for retiring any of the principal on their bonded debt. If the court had made a levy to retire one-thirtieth of this principal a ^{annual} total/tax rate of approximately \$3.60 would have been necessary. It is evident that such a tax rate would be burdensome in a county with as low per capita wealth and as low incomes of farmers as is found in Overton County, for it is upon these farmers that falls the responsibility of paying the greatest share of these taxes.

State Regulation of County Highway and School Bonds (3)

Constitutional provisions. The state constitution makes but one brief reference to county indebtedness. Section 29 of Article II provides that "the credit of no county, city, or town shall be given or loaned to or in aid of any person, company, association or corporation, except upon an election to be first held by the qualified voters of such county, city or town, and the assent of three-fourths of the votes cast at said election." Consequently the greater part of the state control has been by means of statutes enacted from time to time.

Authorizing Bond issues. A bond issue for highways must first be ordered by the county court in quarterly or special session. It can not become effective however until it has been ratified by the qualified voters of the county. Ratification requires a majority of votes cast at that election, or 2/3 of all of the votes cast if it is an election requiring a 2/3 vote. The election may be ordered upon the court's initiative, or upon a petition signed by 10% of the qualified voters of the county.

The court order calling for this election must set forth the roads
 3. Shannon's Code 1917, secs. 1442a5 - 1442a17 and Shannon's Code 1926, Supplement, secs. 1695a1 - 1695a44.

to be built or improved, naming the starting and ending points, the general course, and the approximate number of miles.

The county court has the authority to appropriate money for construction and improvements of roads without a referendum to the people, in cooperation with the state highway department. The court, however, is limited in its appropriation under these conditions to twice the amount appropriated by the state highway department for that purpose. If funds are not available in the county treasury bonds may be issued to cooperate with the state highway department in securing state or federal aid, or both. The amount is not to exceed 5% of the taxable value of the county. The same provisions as to interest rate, maturity, etc. apply to such issues ^{are} as provided for in bonds issued by a majority of the qualified voters.

As to the issuance of school bonds, Chapter 115, section 9, of the 1925 acts of the legislature states that it is the duty of the county court to submit to the voters of the county at any regular election, or at any special election called for that purpose, the proposition to issue bonds for the purpose of purchasing grounds, erecting and furnishing school buildings, and upon the affirmative vote of the majority cast in said election, to issue said bonds in accord therewith." (4)

Limitation of amount. The state legislature of 1913 passed an act limiting the amount of bonds any county could issue. This act provided that no county could issue bonds that together with the total outstanding indebtedness would exceed 10% of the taxable wealth of the county as shown by the assessment of the previous year. However with a two-thirds vote of the vote cast in the election for ratification of the bond issue the limit for indebtedness could be as much as 15% of the taxable wealth of the

4. Quoted from The Public School Laws of Tennessee to 1925.

county.

Only Overton County has exceeded any part of this legal limitation. The nearest that Clay and Pickett Counties approached the 10% limit was in 1918 with 6% and 8.9% respectively. On the other hand Overton exceeded the 10% limit in 1923 when bonds were issued amounting to 15% of the 1922 assessment. The illegality of the issue in 1923, insofar as the above restriction is concerned, depends upon whether or not the popular vote for ratification of the bond issue was as much as $\frac{2}{3}$ of the total votes cast. If the vote was less than a $\frac{2}{3}$ majority then it appears that the passage of this issue exceeded the legal limitations. It was shown in Table 3 that Overton's debt was 17.8% of the assessed value in 1928. This was not due to an increase in the bonded debt but to a decrease in the assessed value of property.

It is supposed that the framers of this statute assumed that all counties had the same assessment ratios - that is the ratio of assessment to true value. However, these ratios vary. In Overton, Clay, and Pickett Counties the assessed values represented about 62%, 76%, and 64% of the census value respectively in 1925, as previously shown. In 32 counties of the state taxable property was assessed at less than 50% of its census value. Houston County was the lowest county with 16%. With these wide variations in assessment ratios one might ask if the legal limitation of either 10% or 15% is a fair basis for limiting a county's bonded indebtedness? It appears not to be, under the present assessment policies. For would it not be as safe for a county with a 50% assessment ratio to issue bonds to 20% of its assessed value, as it would be for a county with a 100% assessment ratio to issue bonds to only 10% of its assessed value? However, the state law requires that property be assessed at its true value. If this were done this legal limitation imposed on bond issues would operate more fairly. It seems that the compliance with this statute

on assessment would be more desirable than any attempt to set up limitations based on the differences in assessment ratios.

In some counties that have the greatest commercial interest the income per \$100 property value is higher than where most of the property is farms. Could not the ratio of debts to property values be higher in these more commercial counties? But could a law be formulated that would recognize this difference in incomes per \$100 property values?

Sale of bonds - advertising, competitive bids, and interest rates.

The sale of highway bonds that have been regularly authorized must be advertised at least once in a newspaper published in the county and in a newspaper or financial journal in New York, at least 15 days before the sale. Copies of these notices must be sent to leading bond firms of the county. School bonds according to the 1911 statutes were to be advertised for a period of 30 days prior to the date of the sale. No mention is made of the method of advertising these bonds for sale.

The highway bonds must be sold by competitive bidding by sealed bids. Both the highway and the school bonds must be sold at not less than par. The price of the former must also include accrued interest. The latter are to be sold for not less than par if the county court is authorized to pay expenses of issuance and sale, according to the state law of 1911. Insofar as is known these statutes have been complied with in Overton, Clay, and Pickett Counties. Below is given the purchase price of some highway bonds purchased by Caldwell and Company of Nashville, from Overton County: (5)

<u>Date of purchase.</u>	<u>Amount of issue.</u>	<u>Purchase price.</u>
May 26, 1929	\$50,000	Par and premium of \$125. County to pay expenses.
Jan. 23, 1923	200,000	Par and premium of \$2000 and expenses.
June 11, 1923	50,000	Par and premium of \$300 & expenses.
Sept. 4, 1923	100,000	Par and prem. of \$1000 & expenses.

5. Letter of January 10, 1930 from Caldwell and Company.

The interest rate for all bonds sold must not be more than 6%. These counties have not exceeded their authority in this respect, although Overton County's bonds all bear this maximum rate except \$25,000 in refunded railroad bonds. None of the recent issues in Clay and Pickett Counties bear more than a 5 $\frac{1}{2}$ % rate. An issue in the early history of Pickett County bore 6% interest.

Sinking funds. The county court is authorized to levy a tax for sinking funds to retire highway and school bonds. In the case of the former, if the county court so elects, this levy may be omitted until 20 years before the maturity of the bonds provided they all mature at the same time. If they mature serially the levy for the principal may be deferred until two years before the first serial maturity provided the instalments can be paid by a tax levy of not more than \$1.00 per \$100 assessed valuation - the assessment to be as of the year the sinking fund was omitted.

The sinking fund for highway bonds can be loaned by the county judge or chairman and the finance or revenue committee on unencumbered real estate, with an abstract title, at not more than one-half its fair cash value; or it can be invested in bonds of the United States or of the State of Tennessee or of any Tennessee county, including the bonds for which the sinking fund was provided. These bonds must be purchased at the best market price obtainable. (6)

In the case of school bonds the statute provides that the interest obtained from the sinking fund must equal at least the rate paid on the bonds. Provisions are also made for the investment of these funds in first mortgages on real estate in amounts not to exceed 50% of its value.

Maturity. Forty years is the limit on the maturity of highway bonds. The county can determine the date of maturity within that period. School bonds have a maximum maturity period of 25 years.

Policy in Regard To Time of Payment for Improvements.

The Boston Herald says that "Civilization is the condition in which one generation pays the last generation's debts by issuing bonds for the next generation to pay." This practice of passing this generation's debts on to the next generation is altogether too commonly practiced when these debts are incurred for improvements for which the next generation will get no benefits. This seems to be true especially of indebtedness incurred for highway construction and improvement, but is also true to a lesser degree of other improvements such as the construction of public buildings, etc.

In Overton County bonds were issued for road construction in 1923, which would not ^{all} mature until about 1953. Pickett County issued bonds for the same purpose in 1915, payments for which will not be completed until 1956. Clay County's road bonds were issued payable in 20 years, a much shorter term than either of the others mentioned. Even in this case the improvements made will be used up before the final payments are made.

This "buy now and pay much later" policy is not confined to Tennessee counties only. In Virginia bonds are also issued for a longer term than the life of the improvement. For instance, bonds maturing in 30 years are issued to build roads that have an average life of only 15 years. In 1928 a certain county had refunding bonds representing a debt made in 1833. (7) In North Carolina there are counties and townships all over the state that are paying for macadamized roads that have been abandoned. A court house was built in 1907 and was torn down in 1925 just as payments on the serial bonds were beginning. A bond issue was floated to pay for the new structure. Thus it is now necessary to pay for two court houses

instead of one (8).

The question naturally arises, will these people have other wants that are unsatisfied in the future, and will they need all the money that they can raise to meet them, or when bonds are voted to build roads will this meet the wants of the people of the next generation so that all they will have to do is to maintain the roads and finish paying off the indebtedness?

It would surely be hard on the next generation to maintain roads, pay off the debt of the previous generations, and at the same time provide for new wants of any consequence, such as for aviation, unless they too pass the burden on in the form of bonded indebtedness.

From the standpoint of moral obligation, it seems that this generation is not having to pay off the debts of the past one, so far as counties are concerned - and yet we complain greatly of taxes and pass them on to the next generation! Will not progress in the next generation demand many new things, and is it fair for this generation to mortgage them so heavily that to acquire any of these new things will be unduly burdensome? Certainly it is not fair to expect them to pay for some roads that are already worn out, though there is something to be said in favor of letting them help pay for really permanent improvements. But how do we know they will be permanent? Perhaps they may be out-of-date, even if not worn out.

A fundamental policy of all indebtedness is that it should be liquidated by the time the thing purchased is worn out. This means that a road that will have to be rebuilt in a few years should not be financed by long time bonds. A steel or concrete bridge may be built on long term bonds if kept in repair. Grading may be done on long time bonds provided it is made wide enough, and straight enough, and with low enough grades. If some or all of these must likely be done later then this should be taken

into consideration. There should be a competent committee appointed to work out the above points in connection with each proposed bond issue.

North Carolina has made some progress in the control of the maturity of her counties' bonds, through the recent County Finance Act. It provides for the maturity of bonds as follows:

- (a) Funding bonds, fifteen years.
- (b) Refunding bonds, twenty years.
- (c) Bridge bonds, including retaining walls and approaches, forty years, unless constructed of wood, and in that case, ten years.
- (d) Elimination of grade crossings, thirty years.
- (e) Lands for public parks and playgrounds, including improvements, buildings, and equipment, forty years.
- (f) Highway construction or reconstruction, including bridges and culverts, if the surface, (1) is constructed of sand and gravel, five years; (2) is of waterbound macadam or penetration process, ten years; (3) is of brick, blocks, sheet asphalt, bitulithic or bituminous concrete, laid on a solid foundation, or is of concrete, twenty years.
- (g) Highway construction of other types, its approximate lifetime.
- (h) Public buildings of fireproof construction, forty years; of non-fireproof construction, thirty years. (9)

These provisions are based on this principle of retiring bonds during the lifetime of the improvements for which they are issued.

"There is one big reason," says a writer in *The Country Gentlemen*, "why taxes are high, stay high, and keep getting higher, in spite of nation-wide efforts to reduce them. It can be stated in four words: Interest on bonded indebtedness. Or, interest plus sinking-fund payments to meet debts. ----- Taxes can never be materially lowered unless we first halt the spending of money secured by levying taxes upon next year and the next generation - which is what debts and bond issues mean." (10)

9. Paul W. Wager, County Government in North Carolina, page 169.

10. *The Country Gentlemen*, October 18, 1924. Quoted from Paul W. Wager, County Government in North Carolina, page 169.

Method of Retiring Bonds In Overton, Clay, and Pickett
Counties.

Situation in these counties. A county can legally use one of two methods of retiring the principal of its bonded indebtedness. A sinking fund can be provided for, by an annual tax levy which is used for retiring the bonds at maturity, or serial bonds can be issued, in which case a levy is provided to retire some of these bonds each year as they mature.

Both plans have been used in Pickett County. The first issue dated 1883 provided for a sinking fund. The 1915 issue also originally provided for this method of repayment, but later, when the bonds were refunded, the serial bond method was substituted. Clay County's bonds are being retired by sinking funds, according to the best available information. There is a possibility that the more recent issues are serial bonds. These two counties are retiring their indebtedness. At the present time Overton County is not making any payments on the principal of its debts. Part of the railroad bonds issued in 1905 have been retired partly from a sinking fund created for that purpose. The unpaid part was recently refunded, as previously mentioned, and provisions made for the maturity of a certain amount each year after 1935. The remaining \$300,000 debt is to be retired from a sinking fund. So far no tax levy has been provided for this purpose. Neither was a sinking fund set aside for payment of the 1919 issue of highway bonds that were recently taken over ^{by} the state.

It seems that Overton County under the conditions is justified in delaying the annual levy for a sinking fund for these outstanding highway bonds, since it is highly probable that these will also be taken over by the state. In fact an act providing for this passed both houses of the state legislature in 1929 but was illegal because of the lack of a quorum in the Senate. It will be presented again for enactment during the 1931 session of the legislature.

The objection to the states assumption of this debt is largely based upon a technicality. The actual construction of the highway, for which the funds were used, was under the supervision of the state highway department - the surveying, drawing up the specifications, etc. But the disbursement of the funds was done by the county instead of by the state. Hence the states objection to its assumption.

Can the county legally fail to provide a sinking fund for this issue? The legality depends to some extent upon the time of maturity of the bonds. According to the statute mentioned on page 132 the levy for this purpose can be delayed until 20 years prior to the date of maturity provided the bonds all mature at one time. Since these bonds under consideration mature in 3 equal instalments - payable in 10 year periods - this provision does not apply. The statute further provides that if the bonds mature serially in installments the tax for the principal may be delayed two years before the first serial maturity, provided the installments can be paid by a tax rate not exceeding \$1.00 per \$100 assessed valuation the year the court elected to delay the payment, and provided the interest was also paid. Unless the bonds mentioned above could be considered as serial bonds there are no provisions for any delay in providing for a sinking fund, as is being done. Any way, the provision above would not be applicable to these bonds because an annual tax rate of about \$1.50 levied for 2 years would be necessary to retire the first installment of \$100,000 whereas a \$1.00 rate is the limit, as mentioned above.

Consequently, either one of two things is true, there is no legal provisions in the statutes for the delay in providing for a sinking fund for bonds that mature as these bonds do, or the county court is exceeding its authority by omitting levies for this purpose.

Sinking fund plan vs. serial bond plan. There is always some temptation to delay the annual levy for debt retirement under the sinking fund

plan. This is especially true in election years when it is deemed a good political policy to reduce the tax rate to a minimum. Consequently it will likely happen that the bonds will mature without adequate provisions being made for their complete retirement.

Investment of sinking funds present other difficulties. "A sinking fund has been facetiously defined as a fund which sinks out of sight when needed." (11) They might be used, unintentionally or otherwise, to pay current obligations. Or the funds might be unwisely invested to the extent that the sinking fund sustained a loss. There could be a loss due to a difference in interest rates of the bonds and of the sinking funds invested. This might be true especially of a county like Overton whose bonds bear 6% interest. It would be difficult to invest the sinking funds at that rate in 100% safe investments. If only 5% was secured for these funds there would be a loss of 1% sustained. The bonds may not be invested at all in which case there would be a loss of the interest.

In the case of the serial bond plan none of the above disadvantages exist since a definite part of the total bond issue is paid each year, the bonds having been issued to mature in this way. The tax levy for that purpose is thus applied to retire part of the principal at that time instead of being invested for later application to the principal.

Unfavorable Factors in Floating Bond Issues in Overton.

Overton suffers somewhat in selling bond issues from the following difficulties, which make the expense higher than it would otherwise be:

- (1) The county is not wealthy and there is not a large amount of wealth behind each bond issue as is the case in some counties. (2) The amount of indebtedness already incurred is so great in proportion to taxable property that the tax rate is necessarily very high. This has the effect of: (a) making investors rather skeptical of buying such bonds; (b) making further

issues more difficult to sell. (3) There is need for a codification and systematization of the legal requirements affecting such county bonds, in order to improve their marketability and hence lower the rate of interest, which would of course lower the tax burden on the people. At present it is difficult to be sure that all legal requirements have been complied with, and investors and financial middlemen find it necessary to scrutinize very carefully every feature of each issue from the original petition down to the election at which the issue was decided upon, and also the conditions under which the bonds were made and accepted, to see if in all respects they comply with the requirements which are quite complex. (4) Another unfavorable factor in borrowing in Overton County is that the wealth of the county is increasing very slowly, if at all. In fact the assessed valuation in 1860 was more than it is at present, 68 years later, being \$4,125,502 in 1860 and only \$3,507,000 in 1928 (12).

Some Things to Consider in Making Large County Appropriations in Any County.

When a road is built it takes say \$500,000 out of productive use in the hands of farmers and others and puts it into a road. It also takes that much taxable values out of the hands of the people of the county and puts it into a non-taxable form. It commits the tax payers and the county to the program of continuing to take productive funds from taxpayers and put them into maintenance of the road.

Will this road add to the welfare of the people more than the same amount of money spent in other ways - or left to be used by the tax payers privately, only the tax on it being collected to be used for public purposes? High

12. This difference is partly due to the loss of personal property when the slaves were freed, and to the decreased area of the county.

taxes in a county greatly depreciate the economic value of land in a county and should be reflected in lower assessments.

Floating Indebtedness.

In Overton County. It has become customary for the authorities in Overton County in recent years to issue some warrants for current obligations and pay later by a special tax levy. Prior to 1925 judgements to the amount of \$27,000 had been secured by holders of unpaid warrants. These judgements were paid by a special tax levy. Since that time other unpaid warrants have accumulated. Some of these warrants are being discounted. In other cases the banks are making loans holding warrants as collateral. One of the banks in Livingston has approximately \$24,000 school and other warrants on hand. The amount held by the other bank could not be obtained. However it was estimated at from \$8,000 to \$10,000. Some of these warrants bear the date 1927. Most of them were issued during the 1928-1929 fiscal year.

Some of the larger debts are given below. In 1928 the county was indebted to the Middle Tennessee Insane Asylum about \$8,000. About one-half of this has been paid by the present trustee. Recently a \$4,500 bridge warrant, issued about 1927, was presented for payment by the Nashville Bridge Company but there were no funds to pay it. This will come out of the 1929's levy of 55¢ for special indebtedness. A warrant for printing supplies was presented by a Nashville firm before taxes were collected to pay it. It could not be paid. The county judge has issued some warrants on which he had to borrow money before they could be paid. This was done to pay for repair work on the jail and court house. He claims that the amount saved by borrowing and paying cash overbalanced the interest paid for the borrowed money. The sum of \$14 was saved on the court house job. This was calculated by deducting \$13 interest, paid on the \$864 spent, from the judge's estimated saving of

\$27 by paying cash. No estimate was given for the saving made by paying cash for the expenses of the jail repair.

In Clay County. This county has recently funded her floating indebtedness to the amount of \$50,000. As previously mentioned, a large part of this debt was incurred by the necessity of purchasing right of ways for the state highway that is being constructed in the county.

In the summer of 1929 there was a total of about \$6,000 in unpaid school warrants. Information is not available as to whether or not this debt was funded with the highway debt. The superintendent of schools was planning to pay off these warrants in 2 years with the funds that had been used previously to pay for incidental school supplies, fuel, etc. This policy would make it necessary for each community to pay these expenses.

In other counties and states. Bradley County recently issued \$100,000 in bonds to pay off outstanding debts. This lacked \$15,000 to \$20,000 of paying all of them. This indebtedness has accumulated over the last six years - mostly from the operation of the road department. In Rutherford County \$120,000 in bonds have been issued to pay off its floating indebtedness. In Wayne County a \$100,000 bond issue was authorized for this purpose. In this case the bond issue was also insufficient to provide for all of the indebtedness.

Funding these floating debts has not been confined to county governmental units alone. Towns have done the same thing. To what extent it is not known. Incidentally some information was secured on a recent issue made by the town of Martin. This amounted to \$30,000. The reasons for the accumulation of the debt and the advantages of funding it is given in the following extract from an advertisement of the election for ratification, printed in the Weekley County Press:

In order that you may understand just why it is necessary that this money be had we want to call your attention to some improvements which have been made and which had to be paid for by the City. These

improvements were made, the City has and is receiving the full benefit of them and it did not have the money to pay for them and money had to be borrowed from time to time until the amount of the City's floating debt has accumulated.

When the streets were built the amount received from the bond issue was insufficient to pay for all the work and some money had to be borrowed. At that time all the work was not done that was needed. However, more work was done than there was money realized out of the bond issue, with which to pay. Then the sewer system had to be extended. The people were demanding that they have better sewer service. This improvement had to be paid for and it required that money be borrowed. In fact, this floating indebtedness has been accumulating for the last six or eight years, and it is troublesome to arrange on short time notes.

Then too, if bonds are issued with which to pay this indebtedness the City will save on the interest rate which will amount to about seven hundred and fifty dollars per year.

We are your servants, we have the City's interest to care for, and we must arrange to care for and pay the indebtedness under consideration. It must be carried as floating indebtedness as short term notes on which a higher rate of interest is paid, which is very unsatisfactory, or it must be converted into a bond issue.

It seems that in this case a bond issue is desirable if the bonds are issued to mature during the life of the improvements.

Many Virginia counties have incurred floating indebtedness according to the report of the New York Bureau of Municipal Research. In this connection they say:

Floating indebtedness represented by unpaid bills, outstanding warrants, and informal and probably illegal notes, are found in most counties. Many bonds have been issued under special acts to fund deficits and other current expenditures. In these cases the taxpayers of today have passed their legitimate burden on to the next generation. (13)

Evils of floating indebtedness. This policy of permitting debts for current expenses to occur is likely to develop into a chronic habit, later resulting in such an accumulation of these debts that bond issues are necessary to retire them. This is contrary to all economic principles of indebtedness, for the future generation is likely to be burdened with some of

the previous generation's current expenses. As indicated elsewhere, there is justification for passing debts on to the future only of those who pay them get a benefit in proportion to the amount paid. This could be true only for debts incurred for the more permanent improvements. Furthermore, this policy tends to put the purchasing of county supplies on ^a credit basis which is likely to result in higher prices paid for them. Teachers, who are paid with credit paper, have their salaries decreased to the extent of the discount if the warrants are cashed, or the amount of the interest if a loan is obtained on them as collateral.

Effect of central control of finances. Some counties in Virginia have funded their outstanding indebtedness without attempting to remedy the cause. Pittsylvania County, bonded their outstanding debts 3 times for \$200,000, \$50,000, and \$156,000 respectively, before there way any attempt to reorganize their county government, centralizing the control of expenditures.

Has this not been true of these counties under consideration in this report? Although there has been little evidence of funding their outstanding debts the practice of making them has been continued without any evident attempt to remedy the situation. The county courts continue to levy tax rates that are inadequate for all county current expenses. Warrants have been issued for which no funds were available. This has been due partly to the absence of a real budget and partly to a feeling "that the future will be a better time to pay." For the needs of more central financial control see Chapter IV on expenditures.

Summary.

There has been a rapid increase in county bonded indebtedness during the past 15 years due largely to the era of road construction that has swept over the country. This is most noticeable in Overton County which in 1925 had a total bonded debt of \$625,000.

The debts in Overton, Clay, and Pickett Counties have been increasing more rapidly than their wealth. Their per capita bonded debt averages higher than that of the state as a whole, while their per capita wealth is much lower. Payment of the principal and interest is therefore relatively more burdensome.

The state is assuming more and more of the responsibility for the construction of highways and the operation of schools. It is not therefore to be expected that these counties will need to go in debt to any great extent in the immediate future for these purposes.

The indebtedness is being reduced annually except in Overton County. The only justification for their delay is the possibility of getting the state to take over \$300,000 in highway bonds.

Each of these counties has some floating indebtedness. So far only Clay County has funded any of these such debts.

One bond issue in Overton County does not provide for refunding in case a lower interest rate could be obtained.

Bonds are generally issued for a longer term than the life of the improvements, thus passing payments on to the future generation that will get no benefits from such expenditures.

Some Recommendations.

The indebtedness of these counties should be increased very little. No future bonds should be issued for a longer term than the life of

the improvements. This will demand a more careful analysis of the purposes of the bond issues as to the duration of the improvements. A state law should be enacted, limiting the maturity of bonds which should be based upon this principle. This would necessitate a classification of improvements according to their approximate length of life, as has been done in North Carolina.

The serial bond plan is recommended as a substitute for the sinking fund plan for retiring the principal of county debts.

Overton County should make immediate provisions for retiring her \$300,000 highway bond issue after it is determined definitely that the state will not assume their payment.

All future bonds should provide for a refund at any time money can be borrowed at an interest rate less than is borne by the original bonds.

The legal requirements concerning each bond issue should be made easily accessible to prospective financial middlemen and investors in order that some of the expense for any individual investigation would be eliminated.

The counties should prevent the accumulation of current or floating debts. The formulation of and strict adherence to a well planned budget will act as preventative measures.

Chapter VI.Administration of Justice.

This function is performed by both judicial and executive officers. The judicial functions are performed by the courts- circuit, criminal, chancery, and justices of the peace; and the executive functions are performed by the sheriff and the minor officials, as deputies and constables. The judicial functions are strictly speaking functions of administering justice. The executive functions mentioned above are concerned chiefly with the maintenance of peace and the execution of the judgements of the courts.

These are functions of both the state and the county. Legally the judiciary is more nearly a part of the state system than any other branch of the county organization. Salaries of the judges are paid by the state. Court decisions are subject to appeal to a higher state court, which is an important form of control. The magistrates courts of course are local entirely, but their functions are of minor importance in comparison to those of the other courts that function in the county.

The maintenance of peace in Tennessee is more of a local function since there is no state police force other than the highway patrol. Outside of the cities the people must look to the county peace officers for protection. In Overton, Clay, and Pickett Counties it is the sheriff upon whom they must rely largely. The constables have never been important and are becoming less so in recent years.

In discussing this point of the administration of justice as a state function Gilbertson says that the county at bottom is really a piece of the state, a local agency. The prevailing practice of local election of

offices and its logical consequence, local nullification, have done much to obscure the real interests of the state at the county court houses until the average run of citizen have long forgotten that the distinction exists - that officers like the sheriff, district attorney, public administrator and coroner are not strictly local officers at all but subordinates of the general state government (1).

The Sheriff.

The sheriff's office in England in the early centuries was one of great power. The sheriff was the chief police, financial, and judicial officer of the local governmental unit. But prior to the emigration of English colonists to America his powers had been reduced to that of executive officer of the courts, conservator of peace, and returning officer of elections.

This system with some modifications was transplanted to America. In Virginia during colonial days the sheriff performed much the same duties as in England. He was the chief officer of the county as an administrative and judicial unit. He was also executive officer of the court, tax collector and county treasurer.

The functions of the present sheriff in Tennessee are modifications of those found in the earlier days. In this state this official is charged with the maintenance of peace and the custody of all prisoners, and is the executive officer of the courts. As principal police officer of the county he is responsible on his own authority for the suppression of all kinds of disorder and crime. His jurisdiction in these respects are relatively broad. His powers are elastic. For instance in case of emergencies these officials can summons a group of citizens or an individual, depending on the need, to aid in the preservation of peace.

As executive officer of the courts the sheriff attends all sessions of the courts, summons juries, serves warrants on persons indicted for infraction

of the laws and sees that they are in the court when wanted; is responsible for summoning witnesses and bringing them to court by force if necessary. He has charge of the jury; and executes the judgements of the courts whether they be to hang murderers, transfer prisoners to the penitentiary, or to sell property to satisfy the terms of certain mortgages. His functions in this capacity of executive officer are many and varied.

The sheriff may elect to turn the actual custody of the prisoners over to a jailer who may also feed them. Otherwise the sheriff has direct charge of the prisoners. In this case he will probably board them at a price per day fixed by statute. Both methods are followed in the counties under consideration. In Overton County the sheriff performs the duties of the jailer and feeds the prisoners. On the other hand the sheriff of Pickett County turns these duties over to a jailer whom he appoints and for whose acts the sheriff is civilly responsible (2).

The duties of the sheriff in this state as set out in Shannon's Code are as follows:

1. To date all official papers when they are received.
2. To execute all papers legally issued and directed to him in his county and to make due return of same.
3. To execute notices.
4. To use great degree of diligence in executing processes.
5. To give receipts, if required, for executions placed in his hands.
6. To receive nothing but money, unless otherwise instructed, in satisfying any writ of execution placed in his hands.
7. To levy every writ of execution first on the dependant's goods and chattels, if there be any; to next levy on lands if necessary, to collect.
8. To exhaust the property of a principal before he sells the property of a surety.
9. To take delivery bonds to one whose personal property he has levied an execution, if requested, one for double the amount of the judgement.
10. Notify dependant in land sales 20 days before sale of the property.
11. To advertise sales of land.
12. To pay over money collected by him to the proper authorities.
13. To indorse on papers his fees on same.

14. To return every execution issued by any justice of the peace and placed in his hands, with a sufficient response thereon, within thirty days after the issuance of same.

15. To keep courthouses in order and supplied with fire and water.

16. To maintain peace.

17. To have custody of the prisoners. (3)

The three general functions previously mentioned - executive officer of the courts, conservator of peace, and custodian of the prisoners - are evident in these detailed duties.

Method of election and term of office. The sheriff is now elected by popular vote for a term of two years. He can not be elected for more than six years out of eight. The office has been appointive. According to the constitution of 1796 the county court had the power to appoint the sheriff, and for a term of two years. In England and in colonial Virginia the office was appointive. In Virginia the appointment was made by the governor.

Compensation. In rural counties, as Overton, Clay, and Pickett, the sheriff receives his compensation from fees, and for boarding the prisoners. The sheriff may elect to turn the job of feeding the inmates over to the jailer. An act of the legislature in 1919 says that "hereafter all jailers in this state, who shall furnish good, wholesome water, diet, and bedding shall be entitled to receive 75 cents per day for keeping and feeding each prisoner in jail". The sheriff is allowed "one dollar for each turnkey provided there be but two turnkeys for each prisoner". (4)

The amount of each of the other fees was doubled by the 1929 legislature. These fees vary from 15 cents for summoning a juror, not on the regular venire, to \$4 per hundred dollars for collecting money on an execution. (See Appendix for amount of each fee).

In Overton and Clay Counties the sheriff is also the jailer. Consequently he gets all turnkeys, and profits on the board of prisoners, which sometimes

3. Shannon's Code, 1917, _____.

4. Op. cit., 1926, article 6412a1.

is received by a jailer appointed by the sheriff. This sheriff also gets a house for his family. It is part of the jail house. It is estimated that he gets about \$1200 besides the perquisitas.

In Pickett County the sheriff has a jailer, who has charge of keeping and feeding the prisoners. Consequently the sheriff receives only the fees and turnkeys of the office, which was estimated at less than \$1000 per year. It should be considerably less if the estimate of the compensation of the Overton County sheriff was approximately correct. This sheriff receives no perquisitas.

Recent sheriffs in Overton County. Mr. S. F. Johnson, the present sheriff of this county, has served since September 1, 1928. He is about 45 years old. He owns a farm in the first district which he operated before he was elected to this office. He had had no previous experience or training in the duties of this office. At present he is the Democratic nominee for the next term. It is said that he does not permit any fee grabbing in his office. Nor does he take advantage of non-residents in making arrests. For instance, two boys, about fifteen years old from Pickett County, came to Livingston drunk. Due to their youth and the fact that they were making no disturbance he permitted them to go home without making any arrests. He could have gotten about \$15.00 by making the arrests and putting them in jail.

Sheriff Johnson is opposed to the transfer of prisoners to the workhouse in Wilson County on the grounds that they are not treated properly there. The fact is that he loses his board bill on them while they are away. This undoubtedly influenced him in his opinion. However, he claims his profit on the prisoner's board together with his fees amount to only \$100.00 per month. The former contributes by far the largest part of it, without which he could not make a living from the office.

The sheriff does not go after whiskey men actively. He is not in

favor of his deputies lying out in the woods looking for whiskey violators as some have done previously. He drank some before he was elected but promised to abstain while in office. However it is said that he purchases whiskey and drinks it himself, hence he does not care much about enforcing the prohibition laws. For instance if someone will swear out a warrant for a moonshiner he will serve the warrant, but if someone writes him about such proceedings no attention is paid to it. Nearly all the deputy sheriffs are said to drink themselves and to care nothing about prohibition enforcement. Consequently so long as the sheriff and his deputies drink there is not much chance of enforcement of this law.

Tom Hargis, a deputy at Crawford, told bootleggers from that place that if they did not quit charging more for their whiskey when they brought it out there than they sold it for on Funcheon Camp that he was going to arrest them. It was made on Funcheon Camp and hence had to be carried about 8 miles to deliver it to Crawford.

Gibson, another deputy at Crawford, finally arrested J. C. L. French who was selling whiskey there, and had been for a long time. French had been at it so long that he had come to think that the officers out there would not arrest him. But some one got out a warrant for French. When he came to Crawford this party took it to Gibson and asked him to serve it. Gibson said, "I waited and waited a long time but French would not leave, and finally I just had to arrest him."

It is said that nearly every family on Funcheon Creek is engaged in "moonshining". It is estimated that there are a half dozen stills on that creek. They even go so far as to accost cars with strangers in them and try to sell them whiskey, out on the state highway which crosses the creek. One day a man stopped the sheriff and some deputies, not recognizing them, and tried to sell them some whiskey. He was not arrested.

A car loaded with a large quantity of whiskey belonging to a man named Gunnels, burned on the hill between Livingston and Alpine. Although there was ample evidence of transporting, and the guilty parties were known to the officers, no arrests were made.

Mr. Stockton, the previous sheriff, was elected on the proposition that if the people would tell where the stills were he would go after them. He pursued this policy rather mildly and played easy with them. He had very little education but has the reputation of being a clever man. He made a poor sheriff.

Emmet Conaster was the sheriff preceding Mr. Stockton. He was a World War veteran. His election on the Republican ticket was due partly to his war record. He attempted to enforce the prohibition law more strictly than his successors. He and his deputies went after the violators of this law actively. It is said that they would often lie in the woods and watch for these violators. He was probably a better peace officer than he was an executive officer of the courts in such matters as collection of debts, and similar functions.

Sheriff of Pickett County. The present sheriff has held the office for four or five terms, his principal object being to "keep the county safe for personal liberty". He owns a fairly good farm from which he derives most of his income. He does not get much compensation from the office of sheriff. Very little could be obtained from profits of feeding the few prisoners, consequently the sheriff has not considered feeding them himself. Instead he has appointed a jailer who performs that function together with that of having direct custody of the prisoners. This man gets living quarters in the jail rent free and receives 75¢ per day for feeding each prisoner. Sometimes it is difficult to get a jail keeper even under these conditions, since there are usually so few prisoners that total income per year is relatively low.

Sheriff of Clay County. Mr. Alex Spear, the present sheriff of Clay County, is serving his first term. He is about 60 years old with only a fifth or sixth grade education. His record is rather good for capturing "liquor stills". The other duties of the office are not very heavy. He can be found around Celina most any time during the day since he does his raiding at night. While taking with him about the office he told of one of the prisoners escaping and remarked that if this prisoner had escaped entirely it would have been all right but that he only went as far as Wilson County and they had to go after him. when the officials there reported his capture. This indicates that he is not always in sympathy with the strict enforcement of all the laws of the state.

Difference in opinion as to the most important duties of a sheriff. The sheriffs civil duties such as collection of debts and the like are looked upon by some persons as being of equal or even greater importance than his police duties. This is especially true of some lawyers who are interested in this type of service, and of the criminal element who oppose any strenuous effort of the sheriff to enforce the criminal laws.

The sheriff of Clay County is more of the type mentioned above. One lawyer stated that he could be depended upon to attend to all civil cases promptly and effectively but that he did not go after the criminal element vigorously. He does make some liquor raids. He is not a "wet" sympathizer but does not consider it his duty to try to keep the county "dry". Consequently some say that he is a good sheriff; while others say that he is not a good sheriff. Their opinion depends on what duties they think that a sheriff should perform most effectively.

Sheriff Gonatser of Overton County went after the bootlegger and the moonshiners vigorously but was not very efficient in the performance

of his official civil duties. Some thought him an excellent sheriff. Expressions to the contrary could also be heard.

The ideal sheriff of course would be one who performed both his civil and criminal or police duties effectively. Men of this type should be urged to seek the office; and should have the support of all good citizens regardless of political affiliations.

Charges of misconduct made against the sheriff of Knox County, 1929.

Among the charges made against Sheriff Chester R. Hackney, in the face of which he resigned, were the following:

1. He had too many deputy sheriffs.
2. Many deputy sheriffs engaged in fee grabbing.
3. Official cars were used by the deputies and others for pleasure and personal purposes.
4. Too many people were employed in operating the jail.
5. Whiskey was issued from the jail to various and sundry people.
6. Expenses of personal trips were charged to his expense account.
7. Prisoners under sentence were allowed to go about Knoxville and make trips out of town.
8. That he gave members of the Grand Jury liquor to drink at the county jail.
9. Confiscated slot machines were not destroyed but the companies owning them were allowed to take them away.
10. Failed to report captured liquor as required by law.
11. Numerous prisoners were herded into the jail, and not taken before a magistrate and given a chance to make bond.
12. A reward for a murderer was paid out of excess fees, which was unlawful.

The above is presented to show some of the possible law violations with which a sheriff might be accused. These officers in Overton, Clay, and Pickett Counties have undoubtedly had chances to violate some of these but it is not known to what extent this has been done.

Date of change in sheriff's administration. This date is September 1 in even years. Information is not available as to the exact hour of the change or whether there is an interval during which there is no one on duty. At any rate there is usually a slackening of law enforcement at this time. The new sheriff and many of his deputies often have not had previous experience in their duties. In changing the administration there will naturally be some slackening of enforcement even with experienced officials but it would be reduced to a minimum in such cases.

The inexperience of the new officials could be remedied greatly by having them sworn in as deputies and trained for a while under the retiring sheriff.

Constables.

Two constables are elected from the civil district that includes the county seat and one from each of the other districts. They are elected by popular vote for a term of two years, and until their successors qualify (5). Their compensation is derived from fees, which are the same as those for the sheriff (see Appendix).

These officers are the proper executive officers of the magistrates court -- summoning witnesses, serving warrants, etc. They are to this court what the sheriff is to the higher courts. However the sheriff or his deputies may perform any of the duties required of the constables. In addition to these duties the constables serve as peace officers in the civil districts, and collectors of delinquent property and poll taxes. They may also execute process from any court in this state whenever there is at the time neither sheriff nor coroner; or whenever both the sheriff and the coroner are incompetent, or one of said offices is vacant and the person holding the other office is incompetent in the particular case (6).

5. Shannon's Code, 1917, section 475.

6. Ibid., section 485.

The provisions of the oath required of these officers as given in Shannon's Code indicates some of their functions in more detail. This is quoted as follows:

Every constable must take an oath that he will well and truly serve the state in the office of constable; that he will cause the peace of the state to be kept, to the best of his power; that he will arrest all such persons as go in his sight armed offensively, or who commit any riot, affray, or other breach of the peace; that he will use his best endeavor, on complaint made, to apprehend all felons, rioters, or persons riotously assembled; and that if such persons flee, or make resistance, he will pursue, and make hue and cry, according to law; that he will faithfully, and without delay, execute and return all lawful process to him directed; and that he will well and truly, according to his power and ability, do and execute all other duties of his office (7).

This office has more or less fallen into disrepute in recent years. In three civil districts in Overton County there were no constables since no one esteemed the office highly enough to offer himself as a candidate. In some of the other districts the incumbents were holding the office without reelection since no one would qualify. This is permissible as the incumbent can hold the office until the successor is qualified. In some cases their bonds are no good, as some of the bondsmen have died, become insolvent, or else moved away. In such cases, the county court, as in its discretion it may deem necessary, must require constables to give new sureties (8). Information is not available as to whether or not the county court has considered these particular bonds sufficient.

It is difficult to get capable men to serve as constables in the more rural counties largely because of the small compensation, the lack of prestige, and to the fact that they do not want to take the time from their personal duties to perform the duties of the office. The result is that men are often elected to this office who have little regard for the laws

7. Shannon's Code, 1917, section 476.

8. Ibid., section 478.

of the state, are illiterate, and who seek the office largely for the few dollars' compensation to supplement their very meager income.

With the type of men serving in this capacity it is doubtful if the existence of the office is justified in the rural sections. The sheriff and his deputies can perform the duties of the office from both a legal and practical standpoint. In this case the deputies would need to be selected so that about each civil district would be represented.

Deputy Sheriffs.

According to the state law a sheriff may appoint as many regular deputies as he desires and as many special deputies as he may think are necessary for particular purposes. Thus the sheriff is given broad authority in this respect. Some take advantage of this and appoint a large number of deputies while others appoint a relatively small number.

Sheriff Johnson, of Overton County, has appointed only eight deputies. Consequently some civil districts do not have deputies. It is said that capable men could not be found in these districts who would accept the office. The ability of those appointed was not determined definitely. Friends of the sheriff stated that it was his policy to appoint only those who would enforce all laws. As previously indicated some of these deputies evidently are not strict enforcers of the prohibition law. There is no available information as to their enforcement of other laws.

Deputies have all of the powers possessed by the high sheriff. For these see pages 147 and 148.

County Workhouse System (9).

The county court of each county is given authority by the state to provide a workhouse for prisoners. Instead of having a workhouse separate from the county jail the county court may declare its jail to be such a work house. This is likely done in many of the rural counties where the number of prisoners is small. Such is the case in Overton, Clay, and Pickett Counties. The small number of prisoners would not justify a separate workhouse. As a matter of fact the prisoners kept in these jails are worked very little.

The prisoners who are given workhouse sentences are confined in these workhouses, or the jails designated as such, for the duration of the time sentence and until their fine and costs have been worked out. No credit can be given the prisoner on these fines and costs until his time sentence has expired. Then, in Overton, Clay, and Pickett Counties, a credit of \$1.00 per day is given each prisoner for the actual time necessary to pay the amounts due the county, regardless of whether or not any work is done.

The workhouse commission. The actual administration of the workhouse is in the hands of a workhouse commission, consisting of five persons one of whom is the county judge or chairman who is ex-officio chairman of the board. In Overton County the members are: County Judge L. D. Bohanon, ex-officio chairman; J. B. Dale, Jr., secretary; J. W. Henson; J. H. Estes; and S. F. Johnson, sheriff. Mr. Dale is deputy trustee and member of the county court. Mr. Estes is cashier of the Citizens Bank. Mr. Henson is a retired business man who is at present also a member of the county auditing committee and the equalization board. It seems that this board functions, but with the major portion of the work done by the secretary. There is a similar board in Pickett County. The members are J. I. Robbins, county judge and ex-officio chairman of the board; L. B. Hosler, secretary;

Joel Huddleston, jailer; W. C. Martin and Otto Grace. It is said that the county judge does most of the work.

The following men compose the Clay County commission: L. A. Webb, county judge and chairman of the board; Hugh Kyle; Hugh Williamson; M. L. Fowler; and Alex. Spears, sheriff. Judge Webb acts as secretary to the board. He is a good collector of payments of workhouse bonds. However many delinquences had occurred prior to his term of office, as will be shown below.

The members of the commission are elected by the quarterly county court for a term of two years. Two members are elected annually so that there is always two experienced members on the board.

These commissioners, according to the state law, have the following powers and duties: have charge, supervision, and control of all convicts in the workhouse; appoint or select a superintendent of the workhouse, all guards and other necessary employees; the discharge of those employed at any time in the discretion of the commission; the supervision of the parole of prisoners on bond; and determine the kind of work that the prisoners are to perform; In general they have supervision and control of this department of the county's business.

The workhouse superintendent. The prisoners are in the direct charge of the superintendent of the workhouse, who in Overton County is the county sheriff. No information is available as to whether he automatically becomes superintendent on the designation of the county jail as the county workhouse, or whether he is appointed by the workhouse commission. Nevertheless, the sheriff can not be deprived of the custody of his prisoners. According to parts of sections 7413 to 7415 of Shannon's Code this would be undertaken. These sections are quoted as follows:

The sheriff or jailer of the county whose jail has been declared a workhouse, shall deliver up the jail to said superintendent, and all prisoners therein; provided, the sheriff of any county shall have the right to the place of superintendent himself, but not by deput. If he

elect to hold the place, he shall notify the judge or chairman of the county court, in writing, on or before the day fixed in this article, for the appointment of a superintendent. In such case he shall remain in charge of the prison.

The sheriff, as such superintendent, shall be subject at all times to the orders of the court and commissioners; his salary shall be fixed by the commissioners; he shall be subject to dismissal by them, and shall have the powers and perform the same duties as any other superintendent under this article, it being the object and purpose of this article to abolish the jail system in such counties as may avail themselves of it, and establish the workhouse system instead.

After the jail of any county has been declared a workhouse, all persons liable to imprisonment for safe-keeping, whether charged with felonies or misdemeanors, shall be confined therein and be under the control of workhouse commissioners and superintendent. All such persons shall be securely kept and properly cared for.

In regard to the unconstitutionality of these statutes a note to section 7415 says:

The statute compiled in sections 7413-7415 is unconstitutional and void so far as it undertakes to deprive the sheriff of the custody of prisoners who have been committed for safe-keeping, or who are under sentence of death, or who are awaiting trial, or transfer to the state prison, or detained merely as witnesses, etc., as depriving the sheriff, who is a constitutional officer, of a substantial part of his rightful jurisdiction, functions, and powers, notwithstanding the further provision allowing him to become the superintendent of the workhouse, but subject to regulation and dismissal by the workhouse commissioners. State, ex rel., v. Cummins, 15 Pickle, 667, 668-682 (headnote 1); Judges' Cases, 18 Pickle, 545, 571; Collier v. Montgomery Co., 19 Pickle, 708, 709; Redistricting Cases, 3 Gates, 249, 250, 251; Prescott v. Duncan, 18 Gates, 141, 142; Davidson v. Gibson Co., 7 Thomp., 526, 529, 530.

The unconstitutionality of that feature of sections 7413-7415, which undertakes to trench upon the jurisdiction, functions, and powers, etc., of the sheriff's office, does not invalidate the other sections of this article, nor the other features of said sections 7413-7415. State, ex rel., v. Cummins, 15 Pickle, 667, 682 (headnote 3); Fite v. State, ex rel., 6 Gates, 659; Malone v. Williams, 10 Gates, 439; Rhinehart v. State, 13 Gates, 435.

In case the sheriff does not act as superintendent of the workhouse the superintendent is appointed by the workhouse commission for a term of two years, unless suspended or removed.

The duties of the superintendent are set out in sections 7411 and 7412 of the 1917 edition of Shannon's Code as follows:

It shall be the duty of the superintendent to discharge each prisoner as soon as his or her time is out, or upon order of the board of commissioners; to see that the prisoners are properly guarded to prevent escape; that they are kindly and humanely treated, and properly provided with clothing, wholesome food properly cooked and prepared for eating three times a day when at work; that they are warmly and comfortably housed at night and in bad weather; when sick, that they have proper medicine and medical treatment, and, in case of death, be decently buried. He shall keep the males from the females, and the blacks from the whites - except when at work the whites may be worked with the blacks.

He shall keep, or cause to be kept, in a well bound book to be furnished by the county, an account of all supplies, implements, and tools, purchased for the workhouse, keeping the account for supplies separate from implements and tools; he shall when a purchase is made, obtain an authorized (itemized) bill specifying from whom purchased, the kind and amount of the articles purchased, and the date; he shall approve the same, enter it on his books, and present it to the commissioners for their approval. Said superintendent shall make to the commissioners quarterly reports of the whole working system, the amount of the work done, and its estimated value; the amount of current expenses for supplies and for tools and implements, and any other matter deemed necessary by him, or ordered by the commissioners of (or) the county court.

In Pickett and Clay Counties each of the sheriffs has appointed a jailer, who lives in an near the jail respectively, and has charge of feeding the prisoners.

Failure to collect workhouse bonds. When a person is fined in the courts it is expected that the fine plus all court costs will be paid. If the prisoner does not have the money a bond can be made for it, and the circuit court clerk paid later. In this case his bondsmen are held responsible for the entire amount of the fine and costs, hence unless the man is fairly reliable he may have trouble in making the bonds.

When a convicted person is unable to either pay the fine or make a bond to the circuit court clerk that person may then be turned over to the workhouse commission. This commission will then give the prisoner an opportunity to make a bond, in which case an agreement is made to pay a certain amount per month on the amount due the county. If at any time

a monthly payment is not paid the bondsman can give the prisoner up. It will then be necessary for the paroled person to either pay the total amount due on the fine, make another bond, or go to jail and work it out there. In this way his bondsmen are only liable for the amount due prior to the return of the prisoner, instead of the whole amount as in the case of the Circuit Court bonds. Hence it is easier to get men to go on a bond of this kind.

The following is the form and conditions under which a prisoner may be bailed out of the workhouse:

I, _____, principal, and _____, sureties do hereby agree to pay the State of Tennessee, for the use of _____ County, the sum of _____ dollars in monthly installments of _____ dollars, to be paid on the _____ day of each month, until the whole is paid, this being the amount for which _____ is confined in the _____ County workhouse. The said _____ agrees to be bailed out of workhouse by above parties, and agree to work out or pay the amount above specified as therein stated, at the office of county judge or chairman. Should _____ fail to do so, then _____ is liable to be arrested and delivered to the superintendent of said workhouse, to work out any balance unpaid and the costs of the arrest. In case of default and arrest, the bailee is only liable for the amount falling due prior to said arrest. This _____ day of _____ 19____ (10).

As indicated above the sureties are liable for all due payments.

But of course, if the workhouse commission does not press the matter neither the debtor nor his bondsmen will always keep these payments up. This has been the situation in Clay and Pickett Counties. It was agreed by the county and circuit court clerks that probably \$4,000 is now owing to Clay County on these bonds. Some of these are allowed to drag along so long that the bondsmen die, move away, or go broke and consequently the county never gets its money.

In Pickett County in 1929 there were \$3,800 in workhouse bonds, most of which were past due. The county judge states that some bondsmen have defaulted payments. Some can not be collected. The county has judgements against some of these defaulting bondsmen.

In Overton County it is quite common for the workhouse commission to release prisoners on bond. However, delinquent bonds are not so frequent as in Clay and Pickett Counties. There are instances in which the county has lost the amount of the bond. One such instance will serve as an illustration. Some time ago a man was released from the Overton County jail on a bond signed by a brother and cousin. The terms of the bond provided for a monthly payment of \$4 to the workhouse commission. The paroled man refused to make these payments to his bondsmen, whereupon they turned him over to the county authorities after making two monthly payments. After being re-arrested and returned to the jail he was in some mysterious way relieved of the fine. He never paid a cent on it and his bondsmen had only made the two monthly payments referred to above.

The failure to collect these bonds has been due largely to the cost that would incur to the county if the bondsmen gave up the prisoner. Consequently the commission often allows all of the monthly payments to come due before payment is demanded. If payment of the monthly installments are demanded the bondsman has the right to turn the prisoner back to the county on payment of the amount due, in which case the county will be responsible for the cost of each prisoner's board which is 75¢ per day. Thus it seems that the authorities would rather lose the amount of the bond than to press the bondsmen and run the risk of having to pay a board bill.

But would it necessarily follow that the county lose the amount of bonds when all of the monthly payments have been allowed to lapse? It is probable that judgement can be secured against the bondsmen in such cases. According to section 7426 of the 1917 edition of Shannon's Code "if the bailee fails to pay the fine and costs, or costs only, according to his or her agreement, then the judge or chairman of the county court shall, in the name of the state, for the use of the county, proceed against said bailee

and the sureties before any justice of the peace or circuit court." If this statute applies to lapsed payments there is no valid reason for the authorities failing to collect if the bondsman is living and is solvent. But the fact is that no attempt is made to collect some of these bonds.

It is said that Judge Mitchell has stated that these debts and bonds never run out of date, but most such obligations do and it may be that these do also.

It should be borne in mind that this condition represents a real loss to the tax payers of the county as in cases of this kind the county has to advance the money to pay all the costs of the court, the fees, the jurors, etc.

However there is another disadvantage to the failure to collect these workhouse bonds in that the justice of the courts is thwarted. For instance, a person is convicted in the court for an offense for which he fined a certain amount and all court costs as punishment for the alleged law violation. If the fine can not be paid the convicted person is either sent to the workhouse, or released on bond. Now, if this person fails to pay his bondsmen they in turn will usually not pay the workhouse commission unless required to do so. Consequently this person never pays the legal penalty for the crime committed.

At any rate more diligence in the collection of these debts is needed. It would seem that the principal responsibility rests on the county judge, as he is the chairman of the committee and naturally the representative of the county in such matters.

In this connection let us suggest, partly as a remedial measure, that workhouse prisoners be leased to other counties when possible, or that they be worked in their home county. In this way the county can derive some benefit and at the same time the prisoner will be paying the penalty for the crime committed. This suggestion is not intended as a substitute for

for releasing prisoners on bonds but to be used when absolutely solvent bonds can be made. If these prisoners then can ^{not} be used to the benefit of the county there will be no hesitancy on the part of the workhouse commission to require prompt payment by the bondsmen. This problem of supplying work for these convicts is discussed in the following section.

Lease of prisoners to other counties. Both Clay and Pickett Counties have leased some of their prisoners to the Wilson County workhouse commission. According to section 7428 of Shannon's Code, 1917 edition, the county court has the authority to hire its workhouse prisoners to another county, to be worked, and guarded by the contracting county and subject to its workhouse rules.

From August 1, 1928, to February 15, 1929, ten Pickett County prisoners were leased to this workhouse commission. Pickett County received 50¢ per day per man for their labor. This was turned over to the county road fund in case the prisoner was serving his jail sentence. But if the jail sentence had been served the 50¢ per day was credited to the prisoner's fine. These prisoners were in the workhouse a total of 1162 days. At 75¢ per day a total of \$371.50 was saved to Pickett County on board. From this must be deducted \$613.36 in transportation costs to and from Wilson County, which leaves a saving of \$258.15 as a difference between the amount saved on board and the transportation charges. The saving to the county was probably more than the \$258.15 since some of the prisoners were working out their jail sentence for which Pickett County received the 50¢ per day. The income to the county for this item could not be determined.

The item for transportation is entirely too much. Instead of waiting for a group of prisoners two men would often take one prisoner at a time, for which they both receive pay with mileage. The cost of transportation averaged \$61.33 per prisoner to and from Wilson County.

Wilson County was unable to pay warrants to Pickett County for labor of these prisoners. In a letter dated October 25, 1929, the commissioner of Wilson County stated that ^{they} could not pay before January 1, 1930. This county has discontinued the use of labor of prisoners from other counties. The reason could not be determined.

Clay County has sent only one prisoner to this county. The county court objected to sending native men out of the county to be "ill-treated at the hands of foreigners".

Judge Bohanan of Overton County made an agreement with Wilson County whereby the Overton County Prisoners were to be sent there to work. This was done to save Overton County from paying each prisoner's board of 75¢ per day. They were not being worked. This agreement was voted on unfavorably by the county court. Their objections were (1) that prisoners would be ill-treated; (2) that they were native boys and should not therefore be sent away from the home county; (3) that the savings would come off of the sheriff's income. Two of the court members said that his fees were small any way. In other words they were more interested in the sheriff's salary than in saving the taxpayers money. Judge Bohanon stated that he was as good a friend to the sheriff as they but that he was interested in saving county tax funds.

There was some objection on the part of the prisoners from Pickett County to the food provided in the Wilson County workhouse. There is no authoritative information available. However it is likely that such objections are not justified, coming from prisoners who if kept in their home county would have been provided with board less the work.

At present there are no prospective lessees of county prisoners. But if there were it is doubtful with the present county courts if any of these counties would vote favorably on leasing them.

Based on only a brief investigation it is the opinion of the writer

that these counties should lease workhouse prisoners provided it will not be profitable to work them in their home county and that the cost of transporting prisoners is not greater than the amount of the savings on board plus the income to the county from their labor.

Working prisoners in the home county. "A sentence to the workhouse is a sentence to hard labor, whether expressly so announced or not" (11). It is the duty of the workhouse commission to prescribe the kind of labor that shall be done. Where practicable the labor must be performed on the county roads, in preference to all other kinds of labor.

Regardless of these statutes and decision the workhouse prisoners in Overton, Clay, and Pickett Counties are being worked very little. No work was being done by them in either Clay or Pickett Counties in the summer of 1929, nor had there been any done recently with the exception of the work done by prisoners leased to the Wilson County Workhouse Commission, mentioned in the previous section. At this time there were only 3 prisoners in Clay County jail and 7 in Pickett County jail. But there were 23 in Overton County, the largest number in recent years.

In Overton County in the summer of 1929 the prisoners had not been worked since the fall of 1928, when some work had been done on the public roads. Most of this was done on the Hilham road. It is said that very little improvement was made. Some of the authorities claim that it costs more than it is worth to work jail inmates. The prisoners have never been chained together. Balls and blocks of wood have been tried but not very successfully. Under the present plan it takes a guard to each two prisoners. This is too expensive.

The writer has made no thorough investigation of the work done by workhouse convicts in these counties but from all reports the results have not been satisfactory from the standpoint of road improvement in relation to the

11. Shannon's Code, 1917 edition, section 7405. Decision in case of Durham vs. State, 5 Pickle, 725.

expense. It seems that the principal difficulties have been due to the small number of prisoners, especially in Clay and Pickett Counties at present and in Overton County a few years ago. This has added to the per capita cost of transportation to work, when transporting has been necessary, and to the per capita cost of guarding when there were only one to two or three prisoners working.

The writer is not in position to make any recommendations as to the number of prisoners one person should guard. In Overton County the sheriff says that there should be a minimum of four.

Then what is to be done about it when there are only one or two prisoners? It seems to be that the logical thing to do in such cases is to consolidate workhouses so that there will be a larger number of inmates per workhouse. If such were done in these three counties the following problems would arise: (1) Elimination of the jailers or superintendents of two workhouses, (2) distribution of the convict labor to the various counties, (3) location of the workhouse, and (4) detention of persons awaiting trial who have failed to make bond. They could not be sent to the district workhouse. Probably a small detention home could be provided.

The Coroner's Office.

The coroner's office is an old one and ranks next to the sheriff's in antiquity. It is known to have been in existence as early as 1194 A.D. At first the coroners were "crowners" for the king and had general oversight of the royal interests. From 1194 to 1215 the powers of the coroner grew rapidly at the expense of the sheriff. It is thought the coroner was appointed to curb the powers of the sheriff. Edward I reduced their powers. The office exists now in every state in the Union except Massachusetts, However it is looked upon as relic with no essential functions.

The coroner in Tennessee is elected by the county court for a term of

two years. His bond is fixed at \$2500. His chief duty is to hold inquests in case of deaths where it is thought the death has been caused by violence. In case the sheriff's office becomes vacant the coroner succeeds to this office until a meeting of the county court elects some one to fill out the unexpired term. The coroner also serves any papers to be served on the sheriff or acts in cases in which the sheriff is disqualified to act.

The coroner's compensation is derived from fees altogether. He receives the same fees as the sheriff for similar services. In addition a fee of \$5 is allowed for holding inquisitions over the body of a person whose death is supposed to be due to violence.

The present coroner for Overton County is a farmer and lives about five miles out from Livingston. He has no special qualifications for the office. In most cases some justice of the peace acts in his place. There has not been but one inquest held in the county for the past twelve months. It was held by a justice of the peace.

The coroner for Clay County is a produce dealer and livestock buyer and farmer. He is about 51 years of age and has about a high school education. He has never performed any duties relating to this office. He has held this office about five or six years.

There is no coroner in Pickett County. The office is unimportant and looked upon as a joke. The last one was laughed out of office.

The coroner's inquest as usually conducted is of little value. He usually summons his jury of inquest from the bystanders and they are not always capable.

The coroner in this capacity performs two different kinds of acts. He judges the cause of the death from a medical standpoint and the method by which that cause was put into operation from a legal standpoint. Consequently the coroner for sound conclusions needs to have both medical

and legal knowledge. The coroners in none of these counties have such knowledge and one will likely be safe in assuming that there are no coroners that have knowledge in both of these directions. The coroner's lack of medical knowledge is partly corrected by the authority given this official to summon a medical man to make physical examination and to employ an expert chemist to analyze parts of the body thought necessary to determine the cause of the death. (12)

In this connection Gilbertson says: "What of the coroner? Every authority worthy of credence is agreed that this office above all others in the county has outlived its usefulness. That one small head should contain the necessary skill of criminal investigator, medical expert and magistrate is far too much to expect of any ordinary mortal." (13) The New York Tribune in an article dated February 25, 1914, concerning a proposition to abolish the office says, "The coroner as a judicial officer is a joke; and as a criminal investigator he is only less a joke."

After he has held the inquest he is not responsible for apprehending the criminal but returns the inquisition over to the circuit or criminal court. If the guilty person is present at the inquest the coroner has authority to make the arrest. Otherwise the apprehension of the criminal is placed in the hands of the sheriff who often has to make another investigation and of a more thorough nature than the first one. This gives the offender more time to seek safety and thus avoid capture. Again, the coroner through ignorance or clumsiness may destroy evidence essential to conviction. Then it is not unknown for the coroner to be in collusion with some undertaker or even he one himself. They have also been known to split fees with the jury they have selected.

This office could well be abolished. A physician could do the work

12. Shannon's Code, 1917 Edition, sections 7281 and 7282.

13. H. S. Gilbertson, The County, p. 133.

more thoroughly and much more exact and at less expense since a physician is usually called by the coroner anyway. Magistrates could perform the judicial function. Other states have taken the lead in this reform. For instance, Massachusetts, Michigan, Connecticut, and Rhode Island have abolished coroner's office. Licensed physicians are appointed as medical examiners - criminal action is done by regular prosecuting officers. In New Mexico the local magistrate performs the coroner's duties. In New Hampshire and Nevada his duties have been transferred to other officers.

Justices of Peace as Magistrates.

These officials were discussed in Chapter III as members of the quarterly county court. In addition to their duties as mentioned in that connection they function in a judicial capacity in their respective civil districts. They therefore perform administrative, quasi-legislative, and judicial functions.

Compensation. Their method of election and term of office has been referred to in Chapter III (see pages 42 and 43). However it is necessary to refer to their compensation as magistrates, as it differs from their compensation as members of the county court. As magistrates their income is derived from fees (see Appendix F). In these rural counties the annual income from these fees is likely very small per magistrate. Information as to the approximate amounts is not available.

Jurisdiction, powers and duties (14): The justices have jurisdiction over misdemeanors and cases of vagrancy. In no case can they inflict a penalty of less than \$2 or more than \$50. They have no jurisdiction over cases that merit a fine of over \$50, or of imprisonment. Such cases must be bound over to a higher court. Their jurisdiction is coextensive within the limits of their respective counties.

They have the power to summon a jury of inquest in case of death from unknown causes in which violence is suspected. This may be done in case the coroner is absent or otherwise unable to act, or at any time called upon (15). They also issue warrants; examine persons who have been arrested for a crime; to bind defendants over to circuit or criminal court if guilty of an offense outside the jurisdiction of the magistrates court; to take bail in bailable offenses brought before them; and to hold a preliminary trial and bind to circuit court the reputed father in bastard cases.

No justice is permitted to accept insufficient security for fines and cost, under the penalty of a misdemeanor. Neither is a justice permitted to knowingly try a person under a small offense in order to make it possible for that person to escape indictment for that offense by the grand jury. Each justice is required to report, at January term of county court, all moneys received during the previous year and to show a transcript of his docket which shows the cases tried and determined before him for the previous year. The justice is required to keep in the docket, each case tried, the name of the offender, the date of the trial, description and date of the offense, on whom the offense was committed, the judgment rendered, and its execution.

It is the duty of the trustee to report to the attorney general the failure of any justice to report the revenues received in his office. It is then the duty of the attorney general to proceed to punish the violator.

It appears that a failure of any of the officials to comply with the above requirements is a misdemeanor. Section 6969 of Shannon's Code, 1917 Edition, reads: "Any failure to comply with the requirements of this chapter, by the officers named, is a misdemeanor in office, and such officers are liable to judgement on their bonds, by motion, as in other cases of official bonds."

15. Shannon's Code, 1917 Edition, sections 6931, 7276, and 7277.

No thorough investigation has been made as to whether or not any of these officials in Overton, Clay, and Pickett Counties have failed to comply with these requirements. It was reported in Overton County that some justices had not made their annual report of revenues. It was thought to be because of their having no revenue to report. However, it is doubtful if any official investigation was made to determine the cause. Even if there were no revenues to report would they not be required to make a report and show a transcript of the docket? It seems that this should be required, at any rate. For, if it were not so, would there not be a chance for fraud, unless an official investigation was made?

In regard to these functions of these magistrates it should be added that they are the people's judge. They are near the people in order to furnish relief in many civil matters and to promptly administer the criminal law. They have almost every kind of criminal case coming before them for trial. And even though they have no jurisdiction in other than misdemeanors they are required to determine the question of their detention pending the action of the grand jury.

Number and ability. The number and ability of the justices has been discussed in connection with the county court system (see pages 43, 44, 45, and 46). However in regard to the number it is well to quote Mr. Gilbertson who says that the justice of the peace court "was established moreover when means of transportation were few and difficult, and districts consequently had to be made small in order to meet the convenience of the litigants who came seeking justice. But times have changed! Circumstances favor larger districts". (16) Is this not true of these counties under investigation? That highways have been greatly improved in these counties no one who is familiar with the situation can disagree. Communities that were formerly practically inaccessible have become fairly accessible. A

decrease in number of justices would not therefore greatly inconvenience the citizens. This reduction would have a distinct advantage in that the fees per justice would be increased, which would likely be the means of attracting more capable men to the office.

Chancery, Circuit and Criminal Courts.

The judges. The functions of these courts are largely state functions of these courts are largely state functions as indicated in the introduction to this chapter. The counties have absolutely no control over the judges of these courts except in their election. Even their salaries are paid by the state. Each judge of each of the courts serves a group of counties, often referred to as a district, and consequently they are elected jointly by these counties. Election is for a term of eight years. The annual salary is \$5000.

In some counties the circuit and criminal courts are combined into one court, and called the circuit court. Recently a separate criminal court was organized separate from the circuit courts in the district of which Overton, Clay, and Pickett Counties are parts. This was made necessary by the congestion of the circuit court docket when the criminal court was combined with the circuit court.

The attorney general. This officer is the state prosecutor in every court having criminal jurisdiction. He receives a salary of \$5000 paid by the state. His election is by popular vote of the counties composing the district, for a term of eight years. In the district of which Overton, Clay and Pickett are parts the attorney general has an assistant who is appointed.

Chancery court clerk. This official is appointed by the chancery judge for a period of 6 years. As the title indicates the principal duties of this official are clerical - the accounting and recording of the business

of the court. The compensation is received entirely from fees in these counties studied.

The clerk in Overton County has served approximately three terms. He is about 55 years of age, a farmer and a good business man. His services as clerk have been satisfactory. There has been some complaint of his keeping irregular office hours to the inconvenience of the citizens. During the period in which the field party was there, office hours were kept fairly regularly. The fact that a special session of circuit court was in session probably accounted for this improvement. This was not a common complaint, however. His son-in-law does most of the actual work in office. This young man is a good penman, and seems to take pride in the neatness and accuracy of his records. This was evident from an inspection of them. This is a good illustration of the efficiency one should expect from a system of appointing county officials of this nature.

The clerks in both Pickett and Clay Counties keep very irregular office hours, except during session of the court and a brief period prior and following it. Both of these officials engage in other business. Their annual compensation will average from \$500 - \$700. That of the Overton County clerk is probably greater. No estimate was obtained.

The circuit court clerks. These officials are elected by popular vote for a term of four years. These clerks serve both the circuit and criminal courts. Their duties are clerical as in the case of the chancery court clerks. Their compensation is derived from fees, which average from \$500 - \$700 in Pickett County and approximately \$1000 in Clay and Overton Counties. These are estimates made by the clerks. According to Mr. Hart, the clerk in Overton County, under the Harvey law, receives no fees when the defendants are not convicted. This law was passed to prevent the arrest and trial of innocent persons, just in order for the clerks to collect fees. Some officials were obtaining enormous fees in the city counties from this practice. Thus

these clerks now often do much work for which they get no fees.

Mr. Hart, the clerk of Overton County, is serving out his twelfth year in this office. He has given all of his time to the affairs of the office and has always kept regular and long office hours. His records have always been kept in excellent shape. There has been no complaint of inefficiency, either from citizens of the county, or from the state officials insofar as the investigators could determine. Despite these facts he was defeated in the recent Democratic primary for renomination. His long period of service was used as an argument by the opposition for his defeat.

This instance well illustrates the well known fact that experience and efficiency is not always rewarded in county government. In political campaigns the main issues are often clouded by petty personal differences and the "mudslinging" of the candidates. Under a county manager form of government Mr. Hart would probably have had a better chance of retaining his position.

Mr. Williams, the democratic nominee for circuit court clerk, is inexperienced, having never held a county office. He will likely be elected in the general election in August, 1930, and will succeed Mr. Hart. It is hoped that his services, if elected, will be as satisfactory as those of his predecessor.

The Clay County Clerk is a farmer, and the Pickett County clerk is a merchant. From all information available it seems that the former keeps his records in better shape than the latter. In fact he had been commended by the state department for their accuracy and his promptness in attending to his official duties. From the "jumbled" condition of the office in Pickett County the records are not likely in as good shape. Their office hours are kept very irregularly, except during the sessions of the court and a brief period before and after.

The Pickett County clerk was appointed by the circuit judge. The Re-

publican who had been regularly elected to this office failed to qualify at the proper time. Consequently the office was declared vacant and the judge made this appointment, which was a political one largely.

County Attorney.

The county attorney is to represent the county in cases where the county is a party. He also gives advice to other county officials in regard to their official duties. He is elected annually by the county court.

There is no county attorney for either Overton, Clay, or Pickett Counties. There is not sufficient litigation to justify the expense of one in these rural counties with a sparse population. The office was created for Overton County in 1911 but was abolished in 1913. His salary was \$300 per year at that time.

Where there is little need of a county attorney as in these counties it is better to pay one a fee when needed rather than pay him a regular salary.

Summary.

The sheriffs in general are more diligent in the performance of their executive civil duties than in law enforcement - especially the enforcement of the prohibition laws. They have relatively few deputies which is more desirable than to have a much larger number. While no thorough investigation was made as to the performance of their duties it appears from the available information that they might well have been selected with more care, as to their law enforcement policies.

It is the customary policy of the workhouse commissions to release the workhouse prisoners on bond and then fail to force collection of the monthly installments due on the bonds, largely to prevent the bondsmen from returning the paroled person to the workhouse, which they will often do

rather than pay the installments in case the prisoner defaults. Some system should be devised whereby the prisoners can be put to work with some benefit to the county. Then, if they can be worked profitably there will be no valid reason for the commission's failure to force collection of these bonds.

The prisons should be leased to other county workhouse commissions when possible. Undoubtedly some road work could be provided for them within the county which should be done when there is a sufficient number to justify the expense of guarding, etc. Since so often this number is usually too small in these counties a consolidation of workhouses in the three counties would be desirable.

The coroner, in neither of these three counties, is functioning. There is usually very little work to be done. This office should be abolished entirely as one that has outgrown its usefulness. Justices of the peace are empowered to function in this capacity and should do so when necessary. There would be some advantage in giving the sheriff this power since he is usually the officer whose job it is to apprehend the criminal, if it is found that the death was due to murder. He could be given authority to enlist the aid of a doctor or a chemist. There will probably never be much work for a coroner in these three counties, anyway.

With increased transportation facilities the need for the present number of justices of the peace is removed. This number could well be decreased to one per civil district so far as their magisterial functions are concerned. A further reduction to a maximum of seven per county would be desirable from the standpoint of their duties as members of the county court. This is discussed further in the chapter on county reorganization.

The clerks of the circuit court should be appointed rather than elected by popular vote, since their duties are clerical rather than policy determining.

Appendix A.

Fees of County Court Clerks (1).

1. For taking and certifying the probate or acknowledgment of a deed or other instrument -----	\$ 0.25
2. For taking of privy examination of feme covert -----	.25
3. For a commission to take the acknowledgment of a feme covert, and all services therein -----	.50
4. For certifying to the official character of a justice of the peace, without the county seal -----	.25
5. For a similar certificate with the seal attached -----	.50
6. For entering on the minutes the probate of a will -----	.50
7. For recording a will per 100 words -----	.10
8. For recording report of commissioner's to lay off year's provision -----	.25
9. For qualifying an executor or administrator, and entering the appointment on record -----	1.00
10. For taking and recording administration bond -----	1.00
11. For recording letters testamentary or of administration -----	.50
12. For copy of same -----	.50
13. For recording all inventories and accounts of sale, per 100 words--	.10
14. For copy of same per 100 words -----	.10
15. For marriage bond and license, registering the same and the return on license -----	1.00
16. For copy of license and bond -----	.50
17. For taking and recording each license bond -----	1.00
18. For all proceedings in a case of bastardy -----	3.00
19. For each apprentice indenture -----	1.00
20. For qualifying, taking and recording bond and entering appointment of constable -----	1.00
21. For similar services in regard to sheriff -----	2.00

22. For similar services as to other official bonds -----	\$1.00
23. For each revenue bond -----	1.00
24. For recording mark or brand and making index -----	.25
25. For issuing warrant -----	.50
26. For rendering to county trustee each year an account of fines, forfeitures, and other county revenue by him collected, to be paid by the county -----	1.00
27. For taking bond and issuing merchants license -----	1.00
28. For issuing license to exhibit shows -----	1.00
29. For issuing tippling license and taking bond -----	1.00
30. For issuing license to stand stallion or jack -----	.50
31. For issuing license to hawk and peddle -----	1.00
32. For issuing boot license to sell goods -----	1.00
33. For taking and stating accounts of guardians, executors, and administrators, \$1.00 for the 1st 100 words -----	.50
	per 100.
34. For recording same, per 100 words -----	.10
35. For copy thereof, per 100 words -----	.10
36. For filing and recording refunding bond from legatee, or distributor -----	.50
37. For receiving and filing the suggestion of the insolving of an estate, and order of publication -----	.50
38. For receiving and filing each claim against same -----	.10
39. For receiving and recording schedule of available assets per 100 words -----	.10
40. For taking and stating account, making a pro rata distribution, per 100 words -----	.10
41. For recording same, per 100 words -----	.10
42. For copy thereof, per 100 words -----	.10
43. For orders of court confirming settlement -----	.25
44. For orders on executors, administrators, or guardians to pay money into court -----	.50
45. For making out from the assessment books a tax book to be delivered to the county trustee, and receive such com- pensation as the county court shall allow.	

46. For entering in tax book the list of any person failing to return his taxables -----	\$0.10
47. For each road order to be paid by county -----	.50
48. For receiving petition, making an order for a jury of view, and recording return and the order of court thereon, in road cases -----	.50
49. For entering of record venire facias, and copy -----	.50
50. For entering an allowance for pauper, and copy -----	.50
51. For recording settlement with himself, or clerk of circuit court, for county revenue only, to be paid by the county--	1.00
52. For entering of record any allowance, and copy thereof -----	.15
53. For settling with trustees of county academies, to be paid by county -----	2.00
54. For issuing jury tickets, each -----	.05
55. For recording on minutes of court each bill of costs from circuit court -----	.15
56. For each certificate for wolf scalp -----	.15
57. For settling with county trustee for common school fund -----	2.00
58. For all other services in relation to common schools -----	5.00
59. For recording of petition for incorporation of city or town ----	2.00
60. For receiving and paying over state and county revenue $2\frac{1}{2}\%$ -----	
61. For making out abstract of each civil district's taxable property, for each district -----	.75
62. For ex officio services, the court may make him an allowance not exceeding -----	50.00
63. For the probate and acknowledgement of the charter of incorporation of each private corporation, or amendment thereto, the same as for deeds.	
64. For services touching changing names, adoption or legitimation of children -----	1.00
65. For services in formation of municipal corporation -----	3.00
66. For taking acknowledgment or probate of deed or article of limited partnership or renewal of same -----	1.00
67. For taking bond and issuing license to keeper of tobacco warehouse -----	1.50

68. For issuing license to exercise a taxable privilege and taking bond -----	\$1.00
69. For attending to prosecutions for penalties under the provisions of the inspection laws, 10% on sums collected and paid into state treasury.	
70. For services in the recovery of penalty prescribed against breach of revenue laws in relation to license, double fees.	
71. For services touching probate and acknowledgement of deeds, the fees prescribed elsewhere.	
72. For copy from original register's book deposited in his office and certificate.	
73. For copy of probate or acknowledgement of deed, and certificate, 12 $\frac{1}{2}$ %.	
74. For services touching the receipt of a legacy, distributive share, or interest in an estate (fees set out elsewhere).	
75. For services in the administration of insolvent estates	3.60
76. For services in allotment of dower -----	.25
77. For taking bond and issuing license to import, sell or manufacture playing cards.-----	1.00
78. For taking bond and issuing license for discounting securities for money, or showing notes -----	1.00
79. For furnishing commissioners list of taxpayers with amount of highway taxes due by each that may be paid in labor, reasonable compensation, to be paid by county.	
80. For taking bond against damages for floating logs over milldams -----	.50
81. For filing, recording, and making three certified copies of pedigree of any stallion, jack, or bull, claimed to be pedigreed, and used for public breeding -----	.50
82. For services in inheritance tax suits same fees as in other cases,	
83. For certificates of payment of transfer tax on land conveyances -----	.15
84. For endorsing entry on tax deed -----	.25
85. For taking acknowledgment of note for advances on tobacco ----	.25
86. For license for lending money on personal property, wages, or salary, or buying same -----	1.50

87. For services in incorporating sanitary districts -----	\$1.00
88. For services in motion cases on privilege license bonds the usual fees for such services in the circuit court ---	
89. For receiving, keeping, etc. funds derived from enforce- ment of game and fish laws, 10% of same.	
90. For license for fishing for market, with nets, in certain streams -----	2.00
91. For registering the certificate of license of a physician---	.50
92. For reregistering such certificate upon a physician's re- moval to another county -----	.50
93. For reporting registrations, deaths and removals of phy- sicians, for each name so reported -----	.10
94. For recording certificate to practice osteopathy -----	1.00
95. For recording certificate to practice optometry -----	.50
96. For recording board's certificate and issuing and re- cording the license to a trained nurse -----	.50
97. For recording license to practice veterinary medicine or surgery, or for recording same upon removal to another county -----	.50
98. For report of registrations, deaths, and removals for each name to be paid by board of examiners -----	.10
99. For services in levee and drainage district proceedings same as for similar services -----	
100. For prosecutions for penalties under tobacco inspection law 10% on the sums collected and paid into the state treasury -----	
101. For services pertaining to assignments to secure creditors the same fees as for like services in other cases.	
102. For recording inventory of surviving partner same fee as for recording inventories of administrators, per 100 words -----	.10
103. For each registration of automobile license - original, annual, and on transfer of ownership -----	.50

In addition the clerk must collect the state license tax on auto-
mobiles.

Appendix B.

Record Books in County Court Clerk's Office in Overton
County.

Appropriation Docket.
 Workman's Compensation and Juvenile Court Record and Minutes.
 Claims filed against Estates 1
 Guardian's Bonds and Letters 3
 Executors Bonds and Letters 2
 Rule Docket 1918
 Administrator's Bonds and Letters 3
 Notary Public Bonds 1
 Bond Book - Sheriffs and Deputies 1
 Constables Bonds
 Magistrates Bonds
 Minutes of Insolvent Estates
 Accounts of Insolvent Estates
 Inventory and Sale Record F
 Will Book E
 Marriage Bond and Licenses Record I
 Guardians, Administrators and Executors Settlements H
 Record of Deaths 1
 Record of Births 1
 Execution Docket 3
 Tax Duplicate
 Minutes P
 Settlements C
 Inheritance Tax
 Minutes and Insanity Record 1
 Privilege Record
 Register of County Warrants
 Merchants Application for License.
 Record of Dentists License
 Optometry Register
 Record of Physicians Certificates.
 Personal Tax Returns.

Appendix C.

Fees of Sheriff, Deputy Sheriffs, and Constables (2)

1. For the levy of an attachment -----	\$2.00
2. For the levy of a fieri facias -----	1.00
3. For serving a scire facias issued by justices -----	1.00
4. For executing each notice -----	.50
5. For summoning each defendant in forcible entry and detainer -----	.50
6. For each witness summoned in same -----	.50
7. For executing writ or replevin -----	1.50
8. For attending a grand jury or waiting on court, per day -----	3.00
9. For executing every capias or warrant and making arrests in criminal cases -----	2.00
10. For returning any of above writs not found -----	.50
11. For every bail bond -----	.25
12. For returning scire facias not found -----	.25
13. For executing writ of possession -----	2.00
14. For summoning each witness to appear before the clerk of the county court to prove deed, to be paid by party suing out subpoena -----	.50
15. For guards not exceeding two for each prisoner, each per mile going and returning -----	.05
16. For notifying road commissioners of appointment by delivering certificates -----	.25
17. For serving notice of county board of equalization of increasing assessment of property -----	.25
18. For summoning a garnishee -----	1.00
19. For keeping each head of horses, mules or jacks levied on by execution or attachment, per day -----	.50
20. For each head of cattle, per day -----	.50
21. For levying an execution on property -----	2.00
22. For serving justice warrant, each defendant -----	1.00
23. For carrying to prison and guarding defendant arrested by justice's warrant -----	2.00
24. For each prisoner per mile one way on the distance actually traveled with the prisoner -----	.20
25. For summoning jurors for regular venire -----	.25
26. For summoning jurors not on regular venire -----	.15
27. For collecting money on execution on the first hundred dollars -----	4.00
28 (a) for every hundred over \$100 and not exceeding \$300 -----	3.00
(b) For every hundred over \$300 -----	2.00
28. For serving a subpoena to testify for each witness ----	.50

Appendix D.

Fees of District Attorneys to Be Collected for the State (3).

1. For each final conviction where the punishment is death-----	\$20.00
2. For each final conviction for selling, wearing, or using bowie knife and Arkansas toothpick -----	20.00
3. For each final conviction for perjury -----	15.00
4. For each final conviction for any felony -----	10.00
5. For each final conviction for a misdemeanor -----	5.00
6. For felonies if the defendent is tried but acquitted -----	5.00
7. For misdemeanors in the like event -----	2.50
8. For each prosecution where the grand jury finds a true bill, but the cause is terminated without a trial -----	3.00
9. For motions or actions successfully prosecuted against delinquent officers and their sureties -----	10.00
10. For recovering penalty prescribed against breaches of the revenue laws in relation to licenses, double fees -----	
11. For similar motions or actions unsuccessfully prosecuted ----	5.00
12. For prosecuting forfeitures against witnesses, jurors, or overseers of roads -----	2.50
13. For professional attention to prosecutions instituted by clerk for penalties under inspection laws -----	10.00
14. For proceeding against clerk for delinquency in en- rolling cause -----	5.00
15. For proceedings successfully prosecuted against persons violating any of the provisions of the revenue laws where the penalty amounts to \$500 -----	25.00
16. For successfully prosecuting venders of lottery tickets ----	20.00
17. For all other proceedings in behalf of the state, where by the judgment of the court, the defendant pays costs --	5.00
18. For each conviction for violating the law against con- spiracies and formations of trusts, 50% of the money and a fee of -----	50.00
19. For defense of taxpayers suit for taxes paid under protest -----	10.00
20. For suit on coal oil inspector's bond, a reasonable fee.	
21. For prosecution for penalty under tobacco inspection law ----	10.00
22. For examination of office, etc., of clerk under order of court and report of same not to exceed -----	25.00
23. For prosecution of suits under inheritance tax law (set forth under that law) -----	
24. For motions or suits against delinquent county trustees the fees therein allowed.	

Appendix B.

Fees Common To All Court Clerks (4).

1. For every original process, summons or subpoena to answer	---\$0.75
2 (a) Attachment for witness	----- .75
2. For entering security of record	----- .25
3. For each prosecution bond	----- .25
4. For each attachment, replevin, or injunction, or refunding bonds in equity cases	----- .50
5. For registering prosecution, attachment, and injunction, and replevin bonds in a book to be kept for that purpose	----- .25
6. For each attachment or injunction	----- 1.00
7. For receiving filing, and entering on docket any bill, petition, declaration, plea, demurrer, or other plead- ing, each	----- .25
8. For taking and filing an affidavit to any pleading	----- .25
9. For taking and filing any other affidavit in a cause	----- .06
10. For each order or motion and order thereon	----- .25
11. For issuing subpoena for witnesses, each	----- .10
12. For issuing subpoena to bring in paper or record	----- .25
13. For taking each deposition	----- 1.00
14. For every order of publication	----- .50
15. For entering each cause upon trial docket	----- .10
16. For each continuance duly entered	----- .25
17. For issuing any notice to the parties required by law	----- .25
18. For each rule made at office and entered on docket	----- .10
19. For dismissing a cause out of term time	----- .25
20. For entering a nolle prosequi or dismissal	----- .25
21. For entering an issue of fact in an equity case, im- paneling a jury, receiving and recording verdict, and other proceedings attending trial by jury	----- 1.00
22. For entering special verdict, or judgment on demurrer, or plea in abatement	----- .50
23. For entering fine against juror	----- .25
24. For setting same aside	----- .25
25. For impaneling a jury	----- .10
26. For entering a final judgment at law and ordering execution	----- .75
27. For entering a judgment of costs only	----- .25
28. For entering a judgment of nisi	----- .50
29. For reference to arbitrators	----- .25
30. For judgments or decrees in equity cases, or actions in the nature of equity cases, for each 100 words	----- .10
31. For every fieri facias	----- .40
32. For every venditioni exponas, writ of possession, dis- tringas, or other writ in execution or enforcement of judgments or decrees	----- .75

33. For issuing order to sheriff to summons jurors or commissioners to divide land -----	\$ 0.50
34. For every scire facias -----	.40
35. For copies of any pleadings, papers, and proceedings in a cause per 100 words -----	.10
36. For enrolling as required by law, per 100 words -----	.10
37. For a transcript of record, per 100 words -----	.10
38. For affixing seal of court to a record -----	.50
39. For motion of new trial and order therein -----	.25
40. For entering an order of appeal, taking appeal bond -----	.75
41. For filing the record or papers brought up from a lower court for correction of errors -----	.75
42. For receiving and filing petition and issuing the necessary process on writ of error coram nobis -----	.75
43. For writs of error if actually issued -----	.75
44. For writs of certiorari -----	.50
45. For writs of supersedeas -----	.50
46. For prosecution bond on writ of error or certiorari -----	.50
47. For taking prosecution bond on appeal -----	.50
48. For making out and entering on execution docket each bill of cost -----	.50
49. For copying bill of costs on back of execution -----	.25
50. For receiving and paying over all taxes, fines, forfeitures and amercements, $2\frac{1}{2}$ on the dollar.	
51. For each probate of a witness -----	.05
52. For each witness ticket, to be paid by the party applying for the same -----	.05
53. For proceedings of legitimation or adoption -----	1.00
54. For proceedings to change a name -----	1.00
55. For transcript of judgment and bill of costs for controller or treasurer, per 100 words -----	.10
56. For drawing deed of conveyance under order of court, reciting all proper facts -----	2.00
57. For reports, taking and stating accounts per 100 words (4 figures to be counted as a word) -----	1.00
58. For examining a party in interrogatories -----	1.00
59. For deciding upon exceptions to answer, each -----	.10
60. For proceedings to transfer guardianship or to transfer funds to foreign guardian -----	2.00
61. For selling property under decree of court, and receiving, collecting, and paying out the proceeds, commissions at the rate of \$4.00 for the first \$100; \$3.00 for every \$100 over one and not exceeding \$300; \$2.00 for every \$100 over \$300 and under \$500, and at the rate of \$1.50 for all over \$500, until the fees amount to \$100.	
62. For tax encumbrance report and services connected therewith--	1.50
63. For receiving and recording a banks sworn statement of capital stock paid up, and its financial condition, for executing trusts -----	1.50
64. For services in allotment of dower (set out elsewhere)-----	
65. For transmitting record, on change of venire, five cents a mile, each way, tolls and ferriages.	
66. For abstracts of judgments, decrees, bills in equity, attachment bills, lis pendens, judicial attachments, attachments or executions -----	.25

67. For subpoena to answer in a city's suit for taxes, for
first name ----- \$0.50
68. For each additional name ----- .05
69. For each certificate as to tax bill, required to be made
to the county trustee in such case ----- .50
70. For proceedings under the Torrens system of registration,
etc., the same fees as in other special proceedings ---
71. Additional compensation allowable by court for accounts
and settlements of administration.

Appendix F.

Fees of Justices of Peace (5).

In Civil Cases:

1. For issuing a warrant against one defendant -----	\$0.50
2. For issuing a warrant for each additional defendant-----	.25
3. For issuing a subpoena for a single witness -----	.50
4. For issuing a subpoena for each additional witness -----	.10
5. For entering a continuance -----	.25
6. For judgment where there is no litigation -----	.75
7. For rendering judgment where there is litigations -----	1.00
8. For docketing each case, filing papers, making out bills of costs, and entering stay, if given -----	.25
9. For issuing execution and copy of costs -----	.50
10. For each scire facias -----	.50
11. For affidavit and bond in attachment cases, and issu- ance of attachment -----	1.00
12. For an order of publications -----	.50
13. For every other order required by law -----	.50
14. For entry of an appeal and taking appeal bond -----	.50
15. For taking any other bond in discharge of his official duties, for which the fee is not fixed -----	.50
16. For making out copy of costs in appeal cases -----	.25
17. For taking depositions, each -----	1.00
18. For a commission to take deposition -----	.25
19. For issuing a warrant for forcible entry and detainer ---	.50
20. For issuing a writ of replevin, with bond and affidavit--	1.00
21. For trying forcible entry and detainer case, each day ---	1.00
22. For rendering the judgment therein -----	.50
23. For probating an account -----	.25
24. For every written affidavit not included in some other service -----	.25
25. For every certificate not included in some other service--	.25
26. For recording the papers and proceeding in an action, where required by law, per hundred words -----	.10
27. For a certified copy of any paper of record in his of- fice, per hundred words -----	.10
28. For receiving petition and granting an order for discovery -----	.50
29. For services touching stallions and jackasses running at large -----	1.00
30. For issuing order to freeholders to examine partition fences and ascertaining amount to be paid for erect- ing same -----	.50
31. For each certified transcript of judgment -----	.50

(continued)

In Criminal Cases:

1. For taking written affidavit to procure a warrant -----	\$0.50
2. For issuing a warrant -----	.50
3. For each judgment -----	1.00
4. For docketing, filing papers and making out bill of costs--	.50
5. For each recognizance, bond, or mittimus -----	.50
6. For taking acknowledgment of securities for fine and costs under small offense law -----	.50
7. For each execution for fine and costs, or costs and copy of costs -----	.50
8. For any other services required by law in criminal cases the same fees allowed for similar services in civil cases.	
9. For receiving, filing, and entering on docket, any bill, petition, paper or article pertaining to said suit, each -----	.25

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