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# Land Tax Delinquency in Missouri

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## FOREWORD

Much, though not all, of the data that made possible this study on tax delinquency were gathered under a Civil Works Administration project. Funds for this project were supplied by the Federal Emergency Relief Administration, and the data were gathered cooperatively by the Bureau of Agricultural Economics of the U. S. Department of Agriculture and the Department of Agricultural Economics of the Missouri College of Agriculture. During the course of the work more than 400 people were employed in 108 Missouri's 114 counties. Mr. Glen T. Barton served as state director of the project.

To Mr. Barton and to Professor O. R. Johnson the author is greatly indebted for advice and consultation throughout the tabulation of the data and composition of the manuscript.

Two aspects of the study of delinquency have not been touched upon herein. Data on the delinquency of special levies, such for instance as those of the drainage and levee districts in Southeast Missouri, were too incomplete to permit of a satisfactory analysis. For much the same reason comments upon the effects of delinquency are only cursory, since information definitely establishing these effects, particularly with respect to the financial conditions of the fiscal subdivisions of the state, are still lacking. A forthcoming study dealing with receipts and expenditures of local rural governments in Missouri will, in part, supply the needed data so that these effects may be noted.

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## ABSTRACT

Currently unpaid property taxes for 105 of Missouri's 114 counties rose from \$3,577,610 in 1928 to \$5,827,044 in 1932, despite the fact that tax levies decreased during the same period from \$28,443,640 to \$22,762,193. The percentage of current levies delinquent in these same counties increased from 12.58% in 1928 to 25.60% in 1932. Both the volume and the percentage of current delinquency decreased in 1933 as compared to 1932.

The percentage of current delinquency was heaviest in the counties of the Southeast Lowlands and of the Ozark Center, and was least in the Ozark Border and Northern Agricultural Counties.

Acreage delinquency in 92 counties for which data were available increased from 4,514,504 acres in 1928 to 10,163,319 acres in 1932. Acreage delinquency was particularly heavy in the Central Ozark and Southeast Lowland counties. Disregarding the Southeast Lowlands where special conditions exist, delinquency was greatest upon the poorer and least fertile lands.

Delinquency has apparently been about as great in the towns and cities of the state as it has been in the rural areas, and urban delinquency was higher in 1933 than in 1932.

The acreage of lands sold for taxes in 108 of Missouri's 114 counties averaged a little less than 100,000 acres per year for the period 1928-1932. Receipts from the sale of lands foreclosed for taxes have been so small in recent years as to barely cover the cost of tax suits, and have brought in almost nothing in terms of public revenue.

# Land Tax Delinquency in Missouri

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## INTRODUCTION

Tax delinquency in the United States has become a widespread and often acute problem. While few classes of taxes apparently escape its effects, the really serious problem occurs in connection with the various forms of the property tax which, while declining in importance, still contribute approximately four-fifths of the tax receipts of American state and local governments.<sup>1</sup> Similarly, delinquency is apparently quite non-selective as to its site and appears indiscriminately in East and West, North and South and in cities, villages, on farms and in forest. Thus, a table in the Preliminary Report on Tax Delinquency of a Committee of the National Tax Association reveals widespread failure to collect taxes in cities scattered from Maine to California, and data of the U. S. Bureau of Agricultural Economics,<sup>3</sup> show an increasing number of farms transferred because of tax delinquency in the United States and in its various geographical divisions.

Data from a number of studies indicate a particularly serious delinquency situation in timbered areas recently cut-over. Thus a Minnesota investigation<sup>4</sup> reports 44 per cent of the land area of 16 northeastern counties delinquent for the taxes of one or more years as of January 1, 1931. Writing of the trend of delinquency in Minnesota the investigators making this study state:<sup>5</sup>

Judging by the acreages that are now delinquent and for which there seems little prospect of redemption or sale, the state will come into possession of about 4,000,000 acres in 1933 and 1,000,000 acres more in each succeeding year. By 1936 about 8,500,000 acres will be owned by the state. The public land will then total nearly 11,000,000 acres or 55 per cent of the entire unplatted area of the region. What the trend will be after that will depend upon the amount of delinquency in 1932 and succeeding years. If the future trend should be the same as in the few years preceding 1933, the state may, in less than a decade, come into possession of a public domain of 12,000,000 acres in the sixteen northern counties. The economic and social significance of such a large public domain in the economic life of the state would be far reaching.

Reports from Michigan and Wisconsin reveal a situation very similar to that in Minnesota. In Michigan: "Since 1927 the volume of delinquency has continued to swell. Over 2,000,000 acres of reverted

1. National Industrial Conference Board, *State and Local Taxation of Property*, New York, 1930, page 1.

2. Fairchild, Fred R., Chairman, Published in *Proceedings of National Tax Association*, 1932.

3. Stauber, B. R., *The Farm Real Estate Situation, 1930-31*, U. S. D. A. Circular 309, Table 12.

4. Cunningham, R. N. and Frank, Barnard; *Tax Delinquency and the Cut-Over Land Problem in Minnesota*, University of Minnesota Press, 1933. Reprinted from *Taxation in Minnesota* by R. G. Blakey and Associates.

5. *Ibid*, page 138.

land are now owned by the state and some 5,000,000 acres or more are held subject to forfeiture."<sup>1</sup>

In Wisconsin: "A study of tax delinquency in seventeen counties of Northern Wisconsin in 1927 disclosed a rapid increase in delinquency in the region studied, the problem having developed almost entirely since 1920. In this state delinquent land reverts to the county rather than to the state, and the county may take title if a certificate is not redeemed within three years. A county does not have to take title immediately after the expiration of three years, however, and few counties have done so consistently. Nevertheless, the Conservation Department reported in May, 1932, that counties had taken tax deeds on 2,500,000 acres."<sup>2</sup>

On the other hand, in certain of the older forest states such as New Hampshire and Maine, tax collection has been well maintained and delinquency is not serious.<sup>3</sup> These are, however, older states where a raw cut-over stage has long since given way to one in which second and third crops of timber are being harvested and where experience with the assessment and tax administration has had so long a background that a degree of stability has had time to emerge.<sup>4</sup> Furthermore, timber products are bulky and are subject to heavy transportation charges. Stumpage values have probably fallen less in New England than in the Lake States and in the far West. This fact would also tend to afford a basis for greater stability during the present depression.

The effects or significance of the widespread growth of delinquency are many and important. First, they have fixed attention on what are apparently deep-seated faults of the property tax system that is so universally the mainstay of local and state governments. Second, in many areas delinquency has added heavily to the tax burdens of those who have continued to pay taxes by making it necessary to levy higher rates to insure sufficient revenue. Third, it has been sufficient in some areas to cast much doubt on the advisability and possibility of longer financing local governments in their present form.

### EXTENT AND GROWTH OF DELINQUENCY IN MISSOURI

As in many other states tax delinquency in Missouri has become a statewide problem and the total delinquent taxes for 1932 for all periods and all kinds of taxes was recently reported as reaching about \$40,000,000. Before this total can be given much meaning, however, some attention must be paid to the various kinds and many aspects of delinquency.

1. Fairchild, Fred R., Preliminary Report of the Committee of the National Tax Association on Tax Delinquency, page 12.  
2. *Ibid.*, page 12.  
3. *Ibid.*, page 13.  
4. See also Wade DeVries, The Property Tax as an Obstacle to the Private Development of Forest Lands, *Journal of Land and Public Utility Economics*, August, 1933, for a further apparent reason for the low level of delinquency in forested areas of Maine.

### Delinquency and Kinds of Taxes

The Missouri system of collecting public revenue is complex and some thirty taxes, licenses and fees are imposed in all. However, many of these are unimportant, and on others, particularly fees and licenses, there is practically no delinquency. To secure a measure of delinquency by kinds of taxes, only four of the more important forms of taxes need be investigated. In Table 1 the percentages of delinquency for four kinds of taxes for state levies only are given. Data were obtained from the biennial report of the State Auditor and are for the year 1931, as of March 1, 1932.<sup>1</sup>

TABLE 1.—DELINQUENCY OF STATE TAXES\* FOR THE YEAR 1931 AS OF MARCH 1, 1932.

Tax	Amount of Tax	Amount Uncollected	Per cent Delinquent
Property Taxes—Total-----	\$3,835,682.73	\$775,228.36	20.2%
Real Property**-----	2,823,905.71	598,630.94	21.2
Personal Property-----	513,029.33	124,483.29	24.3
Railroad Property**-----	498,747.69	52,114.13	10.4
Income Tax-----	1,843,804.08	165,250.01	9.0

\*For 112 of the 114 counties of the State. St. Louis City County, and two others for which reports were inadequate, were excluded.

\*\*Railroad property is essentially a form of real property and is taxed as such.

For these state taxes and for the year 1931 the greatest delinquency (24.3%) occurred in case of personal property taxes. Real estate taxes, with a delinquency of 21.2 per cent, were in much the same class as personal property taxes, but for railroad property the percentage was only 10.4 per cent, and for income taxes the delinquency was lowest of all or only 9.0 per cent.

A frequency distribution of the percentages of these State taxes delinquent by counties has been arranged in Table 2.

The percentages of the various taxes collected in the different counties ranged widely. Except for one unusual and outlying instance the range was narrowest (See Table 2) in the case of the income tax. Ninety-three of 112 counties had a collection record of better than 95 per cent for income taxes. The widest range occurred in the case of the railroad taxes, despite the fact that in 70 counties over 95 per cent of such taxes were paid. In five counties 80 per cent or more of the railroad tax levy was unpaid as of March 1, 1932, and in 17 counties the percentage delinquency was 50 per cent or more.

The range of percentages of taxes uncollected is wider in the case of personal property taxes than for real estate taxes. In the case of personal property taxes in 78 counties, between 10 and 30 per cent of the current

1. Taxes become delinquent in Missouri as of January 1st for the preceding year but are not formally recorded as delinquent until the time of the Collector's settlement, which is made as of March 1st of each succeeding year. Income taxes to be paid by individuals become delinquent June 2nd of each year, and for corporations at an indefinite period, depending upon the fiscal year of the corporation.

levy remained uncollected, while for taxes on real estate 85 counties fell between these two limits. Furthermore, three counties failed to collect 65 per cent of their personal property taxes, while the greatest delinquency in the case of real estate was that of Carter county in which 53.1 per cent of the levy went uncollected.

TABLE 2.—FREQUENCY DISTRIBUTION OF PERCENTAGE DELINQUENCY FOR VARIOUS KINDS OF STATE TAXES IN MISSOURI COUNTIES.

(Delinquency as of March 1, 1932 for the Taxes of 1931)

Per Cent of Levy Uncollected	Taxes on Real Estate	Taxes on Personal Property	Taxes on Income	Taxes on Railroads
	<i>No. Counties</i>	<i>No. Counties</i>	<i>No. Counties</i>	<i>No. Counties</i>
0- 4.9%	—	4	93	70
5.0- 9.9	5	12	12	3
10.0-14.9	9	21	3	2
15.0-19.9	30	26	1	1
20.0-24.9	32	23	2	3
25.0-29.9	14	8	--	4
30.0-34.9	7	9	--	3
35.0-39.9	3	3	--	2
40.0-44.9	4	--	--	5
45.0-49.9	5	--	--	4
50.0-54.9	3	2	--	1
55.0-59.9		1	1	2
60.0-64.9		--		2
65.0-69.9		3		2
70.0-74.9				5
75.0-79.9				--
80.0-84.9				3
85.0-89.9				1
90.0-94.9				1
Total	112*	112*	112*	114**

\*Specific reports lacking for two ordinary counties and St. Louis City County.

\*\*Excluding St. Louis City County.

The apparent conclusion from these figures are (1) that collection of income taxes was excellent, and conversely the amount of delinquency small; (2) that most railroads paid their property taxes promptly and in full, but some of them apparently in financial straits, paid practically nothing; (3) that payment of real estate property taxes was somewhat more prompt than that for personal property taxes, but that the difference was not great.

### Growth of Delinquency

While a complete picture of property tax delinquency in Missouri cannot be construed from available data, a Federal C. W. A. project during the spring of 1934 provided data on most of the levies for 105 of Missouri's 114 counties. These levies include all state and county-wide levies as well as those for school and road districts and, hence, include essentially all those levied for rural purposes. The only local rural taxes not included were those levied as special assessments for drainage ditch and levee construction and the like. Completely omitted, however, are levies for incorporated villages, towns, and cities. Inasmuch as the four major cities of the state have between them approximately one and a half billion of the total assessed valuation of somewhat less than four



billion dollars, and inasmuch as none of the local levies of these municipal corporations are included among those taxes for which delinquency data are available, the picture of delinquency, as afforded in Table 3, is distinctly only a partial one. Since the interest in this study centers largely upon rural delinquency, this omission is somewhat less serious than might otherwise have been the case.

These C. W. A. data extend over a period of six years only and the 1933 figures are estimates based upon data from 68 of the 105 counties. In terms of absolute numbers of dollars, delinquency in 1932 in the 105 counties was 63% greater than in 1928. In 1933, however, the volume of currently unpaid taxes was considerably less than in 1932, and the percentage of the levy unpaid also somewhat smaller.

TABLE 3.—GROWTH OF PROPERTY TAX DELINQUENCY IN 105\* MISSOURI COUNTIES 1928-1933.

Year	Levies	% 1928	Delinquent or Currently Un- paid Taxes	% 1928	% Levy Currently Unpaid	% 1928
1928	\$28,443,640	100.0	\$3,577,610	100.0	12.58	100.0
1929	28,261,481	99.4	3,698,933	103.4	13.09	104.1
1930	27,616,785	97.1	4,615,526	129.2	16.71	132.8
1931	25,635,428	90.1	5,692,683	159.3	22.21	176.6
1932	22,762,193	80.0	5,827,044	163.1	25.60	203.5
1933**	20,694,918	72.8	4,917,480	137.6	23.81	189.3

\*Counties not included: Atchison, Barry, Bates, Greene, Jackson, Stoddard, Stone, St. Francois and St. Louis.

\*\*Estimated from data for 68 counties.

Delinquency as a per cent of tax levies grew much more rapidly than did delinquency in absolute numbers of dollars between 1928 and 1932, and declined somewhat less rapidly from 1932 to 1933. Note, also, that while delinquency increased to 163 per cent of 1928 figures, the levies themselves declined so that in 1932 they were only 80 per cent as large as in 1928, and in 1933 only 72.8 per cent as large.

#### Regional Aspects of the Growth

In Table 4 these same data are broken up into regions so as to enable a comparison of the rates of growth of current delinquency in various parts of the state. In terms of percentages of levy, delinquency in 1928 was least serious in the excellent agricultural sections of Missouri in the northern and western parts of the state. By 1932 the percentage of levy delinquent in these superior agricultural counties was approximately as great as it was in other parts of the state, the Ozark Center and Southeast Lowlands excluded. Indeed, in this year the percentage delinquency was considerably greater in these excellent agricultural counties than in the counties of the Ozark Border and slightly greater than in the four counties of the Southwest Plains Area.

Perhaps it is this low level of delinquency in 1928 that explains in part the great growth of delinquency in these northern agricultural

TABLE 4.—REGIONAL\* GROWTH OF CURRENT PROPERTY TAX DELINQUENCY IN MISSOURI 1928-1933.

Regions	1928 % of Levy	1929 % of Levy	1930 % of Levy	1931 % of Levy	1932 % of Levy	1933 % of Levy
North and West Missouri.....	7.8	8.6	11.5	18.4	22.3	20.3
Northeast Missouri.....	11.1	12.2	15.8	19.8	22.5	21.5
Ozark Border.....	8.4	9.0	10.6	13.2	16.7	17.6
Ozark Center.....	18.0	18.8	25.6	32.7	37.3	39.7
Ozark Plateau (North).....	12.0	12.5	14.9	20.3	22.5	19.8
Ozark Plateau (South).....	17.9	17.5	20.7	25.5	30.0	30.5
Southwest Corn & Small Grain.....	10.9	12.9	15.9	19.0	21.0	23.8
Southwest Fruit & Dairy.....	15.3	16.9	21.8	24.8	24.4	31.4
Southeast Lowlands.....	32.9	32.2	39.4	48.2	52.2	32.2

Regions	1928 % of 1928	1929 % of 1928	1930 % of 1928	1931 % of 1928	1932 % of 1928	1933 % of 1928
North and West Missouri.....	100.0	110.0	147.0	236.0	286.0	260.0
Northeast Missouri.....	100.0	110.0	142.0	178.0	203.0	194.0
Ozark Border.....	100.0	107.0	126.0	157.0	199.0	210.0
Ozark Center.....	100.0	104.0	143.0	182.0	207.0	221.0
Ozark Plateau (North).....	100.0	104.0	125.0	169.0	188.0	166.0
Ozark Plateau (South).....	100.0	98.0	116.0	143.0	168.0	171.0
Southwest Corn & Small Grain.....	100.0	118.0	145.0	173.0	192.0	218.0
Southwest Fruit & Dairy.....	100.0	110.0	143.0	162.0	160.0	206.0
Southeast Lowlands.....	100.0	98.0	120.0	147.0	159.0	98.0

\*For the names of counties comprising each region see Appendix.

counties where the delinquency of 1932 was approximately 286% of that of 1928. By contrast, in the Southeast Lowlands where delinquency in 1928 was already at a high level (32.9% of current levies) the growth was least and the percentage delinquent in 1932 was only 59% greater than in 1928.

In five of the regions, delinquency, as a percentage of levy, was greater in 1933 than in 1932, and in four regions less. The greatest increase between 1932 and 1933 took place in the four Southwest Fruit and Dairy counties, and the greatest decrease in the Southeast Lowlands where the higher prices for cotton, (brought about, in part at least, by the program of the Agricultural Adjustment Administration) and a reasonably good crop year brought a great increase in money incomes over the low levels of 1932.

A further aspect of the growth of delinquency is presented in Table 5. The number of properties currently delinquent in 1928 in the 92 counties<sup>1</sup> for which these data are available was almost exactly half as great as the number delinquent in 1932. That is, delinquency as far as number of properties was concerned, had almost exactly doubled during the five year period. Acreage delinquency, on the other hand, went from 4,514,507 to 10,163,319 acres, or an increase to 225 per cent. The growth in the acreage delinquent was greater than the growth in the number of properties delinquent and the size of the individual tract delinquent increased from 74.6 acres in 1928 to 83.5 acres in 1932. The delinquent

1. The fact that delinquency in these 92 counties increased somewhat more rapidly than was the case for the 105 counties, as in Table 3, arises merely from the fact that the sample of counties is different.

tax per property (as in the last column) on the other hand declined from \$26.88 in 1928 to \$22.91 in 1932.

TABLE 5.—GROWTH OF THE ACREAGE UPON WHICH THE PROPERTY TAX WAS CURRENTLY DELINQUENT. 1928-1932. (92 COUNTIES).

Year	No. Properties	% of 1928	Total Acreage	% of 1928	Delinquent Current Taxes	% of 1928	Acreage per Property	Tax per Property
1928	60,529	100	4,514,507	100	\$1,614,644	100	74.6	\$26.68
1929	63,529	105	4,838,860	107	1,636,917	101	76.3	25.81
1930	80,897	134	6,195,277	137	2,043,048	127	76.6	25.25
1931	105,736	175	8,337,408	185	2,663,689	165	78.9	25.22
1932	121,680	201	10,163,319	225	2,787,958	173	83.5	22.91

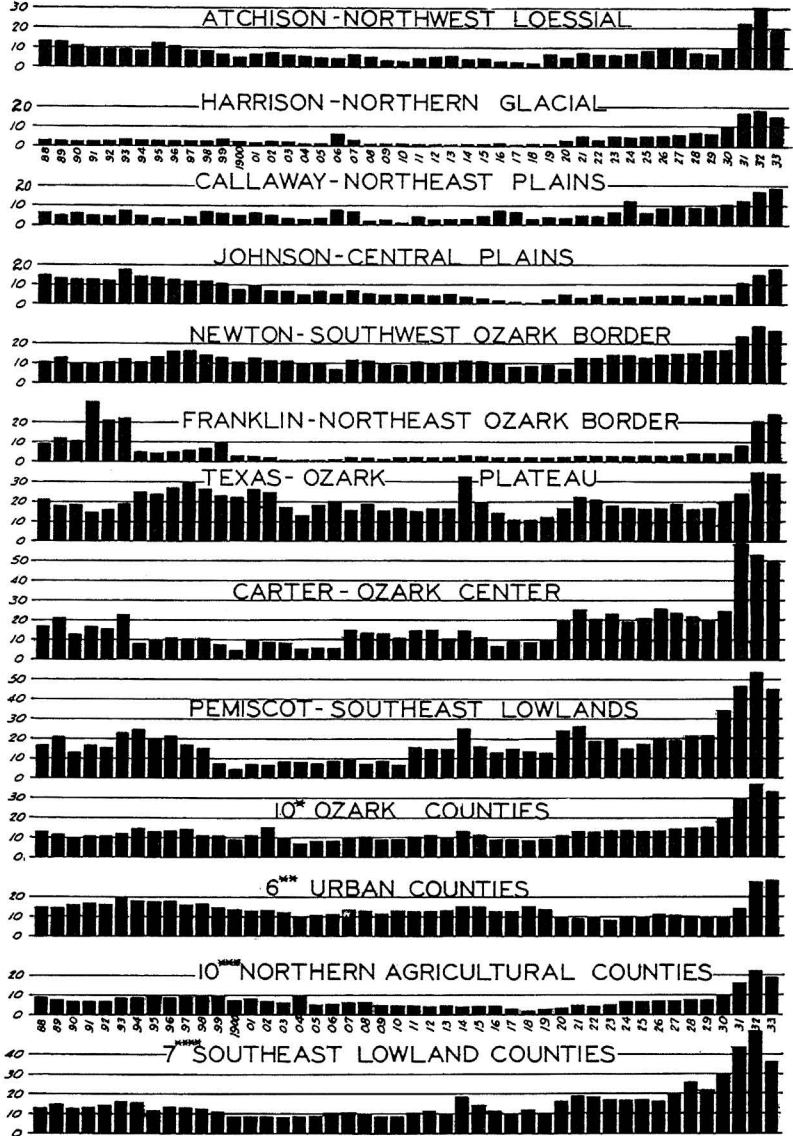
Information on delinquency of local levies is not available for a longer period than that included in the tables above, but those for state levies can be traced back to the year 1888. Fortunately, these data on uncollected state taxes are highly indicative of delinquency of local levies as well. This fact results because the tax bill, as presented to the tax payer, includes both state and local levies and a failure to pay state taxes means a failure to pay local taxes as well. Indeed, if local levies were uniform over the entire county, the percentage of delinquency or state and local levies would be exactly the same. Local levies do vary, however, chiefly because of the differences in rates in townships,<sup>1</sup> school and special road districts. Inasmuch as these variations in local levies tend to occur in all counties, opportunity for disparity in percentages of local and state tax delinquency is presumably much the same in all of them. To test this presumption, the percentages for total (local and state) delinquency were correlated with those for delinquency of state taxes only. The resulting coefficient was  $r = .94$ , indicating that failure to pay state taxes was indeed highly indicative of failure to pay local taxes as well.

In Figure 1 the percentages of uncollected state taxes for eight representative counties are given for the period 1888-1932. Included also are averages (simple) for ten Ozark, six urban, ten northern agricultural, and seven (all) Southeast Lowland counties.

Several instructive facts are apparent from data of this figure. First, is the notably low average level of delinquency in the agricultural counties (upper part of chart) including among these the two Ozark Border counties, Franklin and Newton, but excluding Texas county of the Ozark Plateau and Pemiscot of the Southeast Lowlands. Second, the average level of delinquency in Texas county is notably higher than that for the other included upland agricultural counties. The soils in Texas county are lower in fertility and productivity than are those of

1. Twenty-four of Missouri's 114 counties are organized upon a township basis.

Per cent uncollected.



\*10 Ozark Counties are Carter, Dent, Douglas, Iron, Phelps, Reynolds, Shannon, Texas, Wayne and Wright.

\*\*6 Urban Counties are Buchanan, Green, Jackson, Jasper, St. Louis, and St. Louis City.

\*\*\*10 Northern Agricultural Counties are Atchison, Boone, Callaway, Daviess, Harrison, Howard, Johnson, Macon, Ralls and Saline.

\*\*\*\*7 Southeast Lowland Counties are Butler, Dunklin, Mississippi, New Madrid, Pemiscot, Scott and Stoddard.

Figure 1.—Percentages of State Taxes Currently Uncollected or Delinquent—1888-1933.

the other agricultural counties, but not so low as to be distinctly non-able. That is, they have been good enough to attract settlement, but

apparently not good enough to support easily the fiscal burdens placed upon them. Third, delinquency in Carter county in the rugged and stony Ozark Center region averages high, and is notably more fluctuating than for most other counties in the list except, possibly, Pemiscot of the Southeast Lowlands. For the entire period Carter county delinquency has, on the average, not been greatly different from that for Texas county, but for the period 1929 to 1933 has been much higher. For Pemiscot county of the Southeast Lowlands the average level of delinquency and the percentage of variation from year to year is much like that in Carter county. The causes of delinquency in Carter and Pemiscot counties are, however, very different indeed.

A comparison of the average percentages delinquent for the ten northern agricultural, ten Ozark, and six urban counties (see lower part of chart) reveals that delinquency has been lowest, on the average, throughout the period in the agricultural, highest in the urban, and intermediate in the Ozarks. The difference in averages for the Ozark and urban counties, however, is not great and for the period since 1920 has been, indeed, much higher in the Ozarks than in the urban counties. There is notable, also an upward trend in delinquency in these Ozark counties dating back to about 1904. No such trend is notable for the urban counties. Indeed for these, if the years 1931 to 1933 are excluded, the general trend in delinquency has been downward. For the ten agricultural counties, however, the trend was downward for the period 1888 to 1918 and upward from 1918 to 1932.

The seven Southeast Lowland counties present a special case. These are, in the main, counties with fertile soils and a thriving agriculture. The high level of delinquency in them traces to three main causes (apart from depression that has been so large a factor during the last half decade). These are (1) the high costs for developing the region chiefly because of the need for elaborate drainage systems, but also because of the necessity to clear away a dense forest growth before the lands could be made available for agriculture, (2) the dependence, over much of the area, on a single crop—cotton—for cash income and all the exigencies that that carries with it, and (3) a very high level of local tax rates that the providing of roads and schools in a rapidly developing area necessitated.

On the whole, perhaps the most striking fact regarding these data on state tax delinquency is the absence of notable and indicative trends. It is true that the trend has been upward in the Ozark counties since 1904, but delinquency during the period 1921 to 1929 in these counties was approximately the same as between 1888 and 1897, and data for the last years only indicate a positive rise in the percentages. It is notable, further, that in these Ozark counties delinquency for 1933 is distinctly lower than that for 1932. To offset the upward trend of delinquency

in the northern agricultural counties from 1918 to 1932 is the fact that for 1933 delinquency in these counties also fell off. This fact may or may not be indicative that the percentages are on their way back to a level commensurate with that for the preceding decades.

In fact, a close scrutiny of these data leads to the conclusion that if, as is so often remarked, the property tax has indeed broken down (chiefly because of mounting delinquency) it has done so only recently, and that, up to and including the year 1929, it was working about as well as at any period during the preceding four decades. The period of abnormal property tax delinquency, as far as Missouri is concerned, is limited very sharply to the years from 1931 to 1933, inclusive. This fact appears uniformly from the data of all counties as is clear from Figure 1.

**Causes of Growth of Delinquency**

In order to analyze the causes of the growth of delinquency it is advisable to divide the period since 1888 into two parts. The first period, lasting from 1888 down to approximately 1918, was one of increasing tax costs but decreasing delinquency, particularly for the rural and agricultural counties. This fact is discernible from the implications of Figure 2, in which the data of percentage delinquency and of tax costs (calculated by dividing total state and county taxes by an index of purchasing power of farm products) for Atchison county are given.

Per  
Cent

1910-14 = 100.

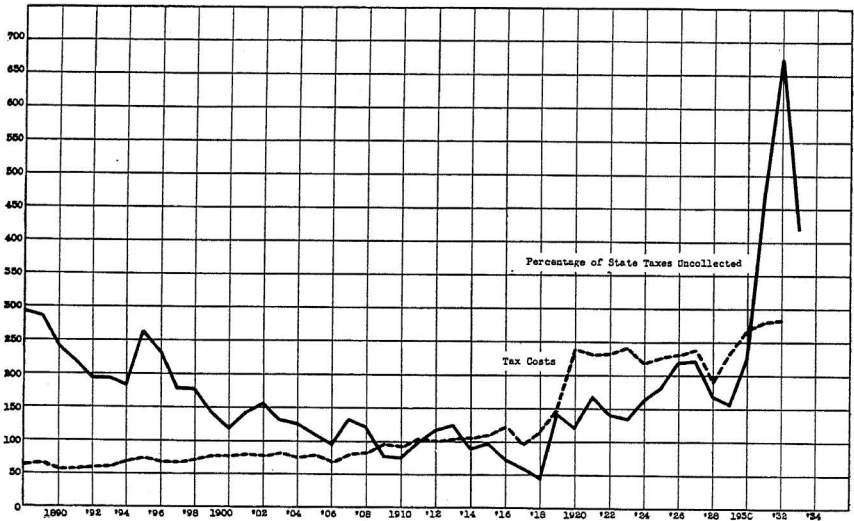


Figure 2.—For the period 1888 to about 1909, the percentage of State (and presumably, therefore, local) taxes uncollected declined in Atchison County, despite a noticeable increase in tax costs. Thereafter, that is from 1909-1933, high tax costs and a high percentage of tax delinquency are associated one with the other.

In Atchison county, which is predominantly rural, the trend of delinquency was persistently downward until 1918 and thereafter upward until 1932. The trend of tax costs, on the other hand, with minor interludes has been upward throughout essentially the whole period. The relationship of delinquency and costs during the early period (1888-1918) would, therefore, be a negative one; that is, the higher the tax costs the smaller the delinquency. For the succeeding period, indeed from 1909 on, the relationship is exactly the opposite and the higher the tax costs the higher the delinquency.

The facts of these two periods stand somewhat in opposition to one another but are in reality not conflicting. In the first period tax costs were so small that they constituted only a minor burden upon farm income. Furthermore, roads and communication were much less well developed than at present, and interest rates upon borrowed capital relatively high. All of these combined to make the farmers (the chief taxpayers in Atchison county) somewhat indifferent to the prompt payment of taxes. Penalties for failure to pay taxes promptly were a minor matter; first, because the taxes and, hence penalties for delinquency were so small, but also because there was balanced against these small penalties the much higher (than at present) costs of an extra trip to town, and the further fact that with interest rates at the high level of that period it must often have been about as cheap to extract a small loan from the government (by a failure to pay taxes promptly) as to borrow the money directly.

With the growth of tax costs, however, this situation changed and particularly since 1920 there has been a rather sensitive relationship between increasing costs and percentages of taxes currently delinquent. To test this matter still further an index of taxes delinquent in 11 rural Missouri counties<sup>1</sup> and an index of tax costs (calculated by dividing total local property taxes by an index of Missouri farm incomes) were obtained. The gross correlation between these two indexes,<sup>2</sup> using a curvilinear method, is represented by the coefficient  $\rho = .97$ .<sup>3</sup> A similar correlation for Atchison county only, and using data back to and including 1909, resulted in a coefficient  $\rho = .98$ , and corroborates the results secured for the 11 counties.

Between 1909 and 1932, therefore, farmers have been sensitive to increasing tax costs and delinquency has responded positively to such increases. That this situation is quite contrary to that existing between 1888 and 1909 probably results from the fact that taxes in the latter

1. The eleven counties were selected because a great volume of tax cost data relating to them had been obtained in connection with another study. They are Atchison, Ralls, Howard, Boone, Callaway, Johnson, Franklin, Newton, Carter, Shannon and Macon.

2. Percentages delinquent were lagged one year.

3. An index of correlation of .59 would, in this case, have been significant and the  $\rho = .97$ , therefore, is highly significant.

period have been so much higher in relation to farm incomes than they were in the earlier period that they have become a notable factor in farm costs, as contrasted to the earlier period, when they were only a small factor indeed.

It is probably true, however, that a genuine and particularly an acute sensitiveness to taxes among farmers in Missouri was delayed until the period since 1931. The collapse of the price level and of the prices of farm products from their high level of 1919-1920 to the relatively low level of 1921 actually caused only a moderate increase in delinquency, while the approximately equal decline from 1929-1932 resulted in a remarkable increase in tax delinquency. The much greater increase of delinquency during the present depression, as contrasted to that occurring in 1921 and 1922, unquestionably is to be discovered in the fact that farmers' reserves, which were large in 1921, had declined greatly by 1929 because of the relatively low level of farm incomes from 1921 to 1929 as contrasted to those from 1917 to 1920. Furthermore, the price collapse in 1921 was followed by a moderate recovery in 1922 and 1923, while that from 1929 to 1930 was followed by an even greater decline in 1931 and 1932.

The causes of growth of delinquency during this latter period are, first, the increase in tax costs, which in the 11 counties rose from 100 in the 1910 to 1914 period to 259 in 1932, and in Atchison county rose even higher to 283% of the 1910-1914 level, and second, the declines in farm income from the relatively high levels of the war period to the much lower levels of the 1921-1929 period and to the still lower levels that have existed since 1929. Indeed, the only really critical period in the history of tax delinquency in Missouri for the state as a whole, and particularly for agricultural lands, has occurred during the course of the present depression, and the decrease in delinquency in 1933, as contrasted to that of 1932 in most of the agricultural counties indicates that a return of a more nearly normal level of farm incomes would be followed by a prompt return to more normal levels of tax delinquency. In short, the really pressing cause of the high delinquency of the present depression period has been more the collapse in farm incomes than the high level of farm taxes.

### **Extent and Distribution of Delinquency**

In considering the extent of property tax delinquency, the data of Figures 3 and 4 and of Table 6 are most significant. The first of these maps gives, by counties, the percentage of the current, 1932, tax levy on rural real estate delinquent as of March 1, 1933, and the second the acreage of land delinquent one year or more as of the same date.



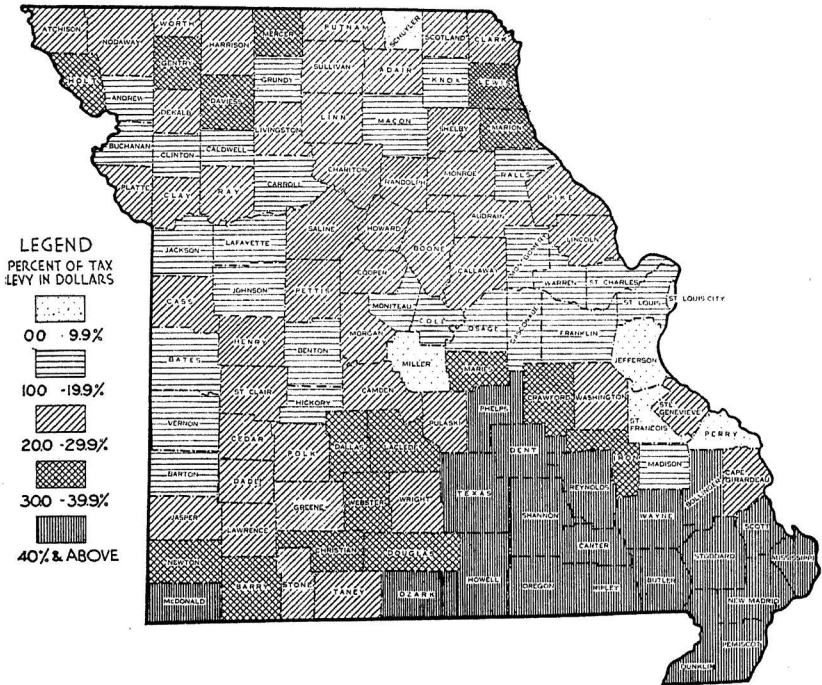


Figure 3.—Rural Land Tax Delinquency for 1932 as of March 1, 1933. Total Current Taxes Outstanding in Per Cent of Total Levy.

There is at once a considerable similarity and a significant difference in the implications of the data of these two Figures regarding the extent and distribution of delinquency. Both indicate that land tax delinquency is greatest in the region of the Ozark Highland and in the Southeast Lowlands where the percentage of the 1932 levy currently unpaid runs persistently over 40 per cent, and where the percentage of area delinquent mounts even higher. In both cases, also, there is a great lessening of delinquency in Ozark Border counties so that these become, as a group, the area in which delinquency is lowest. Lastly, the northern and western counties of the state (excluding a small group of counties in the southwestern corner which belong with the Ozark Highland) constitute an area of intermediate delinquency, in which the percentage of levy delinquent seldom reaches more than 30 and percentages of acreage delinquent seldom attain 40 per cent.

The great difference between these two sets of data, apparent from a comparison of the maps, is to be found in the fact that percentages of acreage delinquent run persistently higher than the percentages of levy delinquent. In Table 6, for 43 of the 112 counties, the percentage of area

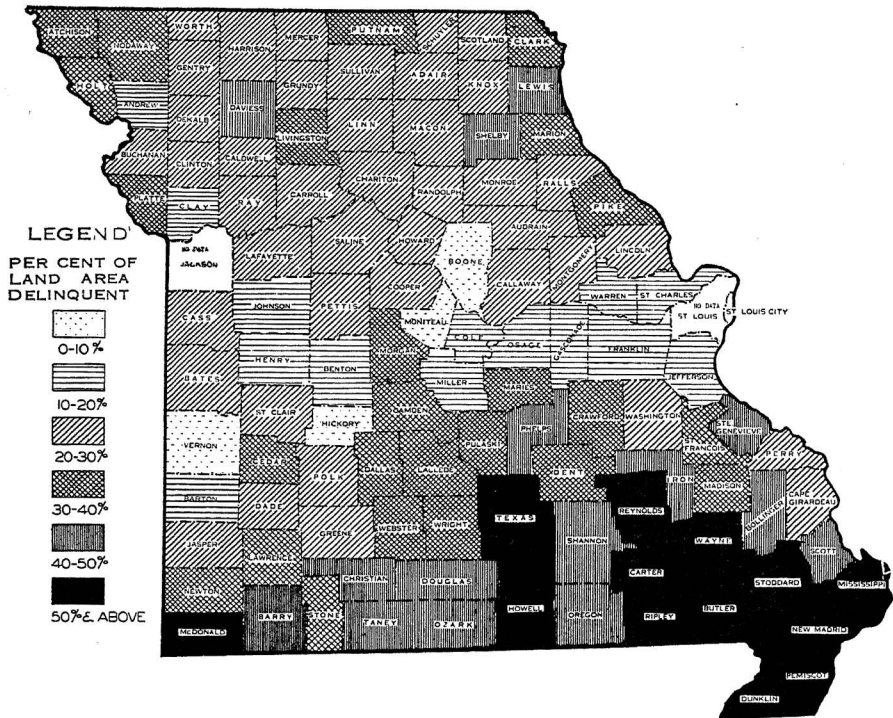


Figure 4.—Percentage of Rural Area Delinquent for One Year or More as of March 1, 1933 for the Taxes of 1932, 1931, 1930, 1929, and 1928.

TABLE 6.—RURAL REAL ESTATE TAX DELINQUENCY—PERCENTAGES OF LEVY AND PERCENTAGES OF AREA DELINQUENT FOR THE TAXES OF 1932 AS OF MARCH 1, 1933.

% Delinquent	Percentage of Levy	Percentage of Area
0-9.9	<i>No. Counties</i> 5	<i>No. Counties</i> 4
10-19.9	27	14
20-29.9	46	41
30-39.9	16	25
40-49.9	14	15
50-over	6	13
	112*	112*

\*Excluding St. Louis, St. Louis City and Jackson Counties.

delinquent was more than 30, and in 13 of these counties it was over 50%. By contrast, the number of counties with more than 30% of the levies delinquent was 36, and in only 6 of the counties did the percentage run more than 50%.

The implication of these differences in percentages is obviously that poorer, less valuable and, hence, less heavily taxed land was more often

delinquent than was land of a superior quality. Both within and between counties then it is the poorer lands that are most heavily delinquent. In the case of the Southeast Lowlands and the Northeast Ozark Border counties this statement, as will be noted below, needs some qualification.

### THE KIND AND QUALITY OF LANDS THAT ARE DELINQUENT

A comparison of the map on average surface soil nitrogen content of the major soils of Missouri (Figure 5) with Figures 3 and 4 substantiates the conclusion that poorer lands are, on the whole, more delinquent than better lands, and reveals that delinquency is high where the nitrogen content (an excellent though not perfect measure of soil fertility) is low

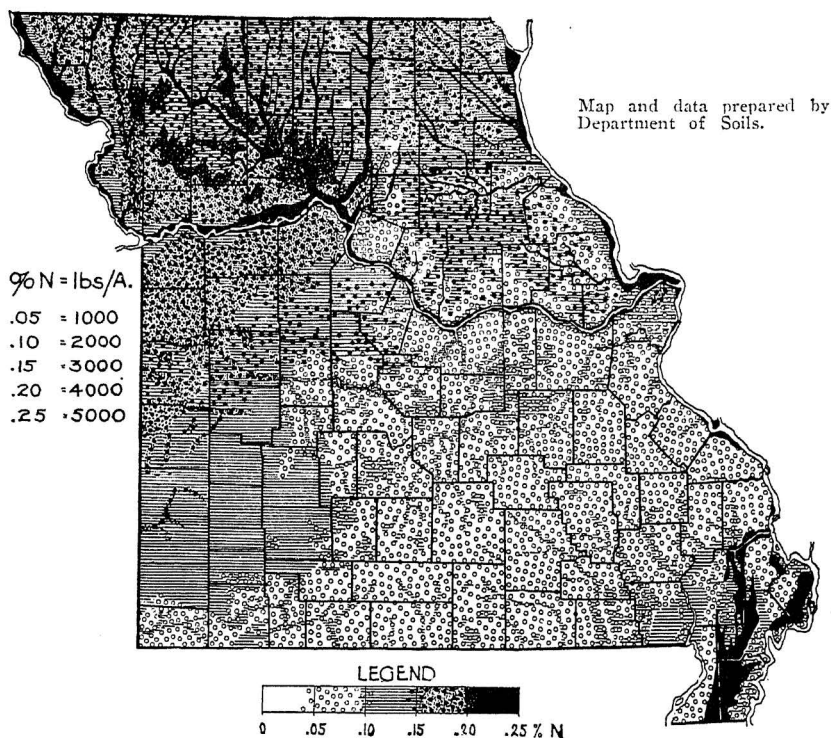


Figure 5.—Nitrogen Content of Major Soil Types in Pounds Per Acre in the Surface Seven Inches of Soil. The Nitrogen Content of the Surface Soil is an Excellent Though not Perfect Index of Soil Fertility.

and low where the nitrogen content is high. Two regions of exception to this rule are, however, noteworthy. In the first place the region of lowest delinquency, the Northeast Ozark Border from Moniteau county, along the Missouri and Mississippi Rivers to and including Cape Girardeau County, are also areas of relatively low surface soil nitrogen. In

the Southeast Lowlands, on the other hand, a high delinquency is coupled with a relatively high nitrogen content of soils.

Despite these regions of exception, however, the correlation between average nitrogen content of surface soil and percentage of current property tax delinquency was  $r = -.37$ . (A correlation of  $r = -.25$  would have been significant.)

Differences in land quality alone, however, cannot be expected to afford a good explanation of delinquency since governmental costs may and do vary widely from area to area independently of quality of land and since these variations in costs are likely to be much more conducive to delinquency than mere variations in land quality. Indeed, in Missouri low quality land and high tax costs, as measured by tax rates, tend to be associated one with the other, and the correlation between high tax rates and low nitrogen content ( $r = -.39$ ) is slightly higher than that between percentage delinquency and nitrogen content. A more satisfactory basis for explaining variations in the levels of delinquency can be had from the combination of these two factors and the net correlation between percentages delinquent, on the one hand, and nitrogen content and tax rates on the other is  $R = .81$ . (In this case a correlation of  $R = .297$  would have been significant.)<sup>1</sup>

Data upon which these correlations were based also afford, in part, an explanation of the relatively low level of delinquency in the Northeast Ozark Border counties. In these counties, with their low level of nitrogen tax rates were lower, not only than those for other Ozark counties, but lower also than those for a large proportion of the northern agricultural counties of the state. The high delinquency of the Southeast Lowland counties is also clarified in part by these same facts, since coupled with the high nitrogen content of the soils in these counties are to be found the highest tax rates for any group of rural counties in the entire state.

Might it not be possible, however, that current delinquency (used in the correlation above) may be relatively unselective as far as land is concerned as compared to delinquency of a longer period? In other words, might not land delinquent for two years or more tend to be somewhat poorer in quality than lands delinquent merely currently. In an initial attempt to answer this question the percentages of land delinquent two years or more (as of March 1, 1933) were correlated with average nitrogen content of the soil and the resulting coefficient ( $r = -.39$ ) is slightly higher than that secured above for current delinquency only. The difference, however, is small and to test the matter further the following table relating to six Missouri counties was arranged.

1. In the three correlations mentioned above, data for 106 of Missouri's 114 counties were employed. For the remaining 8 counties, St. Louis, St. Francois, Jackson, Bates, Atchison, Greene, Stoddard and Stone, data were not available.

TABLE 7.—RELATIONSHIP BETWEEN NITROGEN CONTENT OF THE SURFACE SOIL AND LAND TAX DELINQUENCY IN SIX MISSOURI COUNTIES—JOHNSON, BARTON, CALLAWAY, NEWTON, POLK AND ATCHISON. DELINQUENCY AS OF MARCH 1, 1933.

Nitrogen Content of Surface Soil <i>Pounds</i>	Distribution of Delinquent Land Acreages by Nitrogen Classes					Actual Distribution of Soils by Nitrogen Classes (Total Land Area of the Six Counties)
	<i>Delinquent</i>					<i>Per Cent</i>
	<i>1st Year</i>	<i>2nd Year</i>	<i>3rd Year</i>	<i>4th Year</i>	<i>5th Year</i>	
3000-3500*	31.40	10.54	10.50	5.24	3.78	26.56
2500-3000	15.48	17.03	17.32	2.77	4.88	28.02
2000-2500	15.54	18.46	22.87	13.26	15.23	12.80
1500-2000	30.65	45.40	37.40	65.28	56.71	25.92
1000-1500	6.93	8.57	11.91	13.45	19.40	6.70
	100.00	100.00	100.00	100.00	100.00	100.00

\*For a small acreage the average nitrogen content was more than 3500 pounds.

In order to secure the data for this table the delinquent acreages were first classified by soil types and assigned to various classes upon the basis of average nitrogen content of these soil types. After this step was completed it was possible to compare the distribution of the acreages by various nitrogen classes not only for first, second, third, fourth and fifth year delinquency, but all of these could be compared to the actual distribution of all soils within the counties when these are classified upon the same basis. In column 1, then, of Table 7, relating to first year delinquency only, the high nitrogen and, hence, highly fertile soils were about as delinquent as were the soils of low nitrogen content, and, hence, low productivity. That is, 31.40% of the acreage currently delinquent had a nitrogen content of from 3000 to 3500 pounds, while only 26.56% of the total area of the soils of the six counties (see last column Table 7) had an equally high nitrogen content. Similarly, 6.93% of the acreage currently delinquent fell in the class 1000 to 1500 pounds of nitrogen as contrasted to 6.70% of the total area of soils falling in this class. In other words, current delinquency in these six counties was, on the whole, non-selective.<sup>1</sup> By contrast, second, third, fourth and fifth year delinquency is increasingly selective. For instance, while 26.56% of all soils within the six counties fell in the highest nitrogen class, only 3.78% of the area delinquent for five years fell in this same class. On the other hand, the 6.70% of the total area having low nitrogen soils is only a little more than one-third of the 19.40% of the acreage delinquent that fell in this class of poor or unfertile lands.

Parenthetically, it may be stated that even the small acreages of fifth year delinquency of lands included in the higher nitrogen classes are chiefly to be accounted for because small areas of such lands are

1. Note, however, that for the State as a whole, as noted above page 26, the percentages of acreage delinquent ran higher than the percentages of levy delinquent indicating that the poorer lands were, on the whole, more delinquent than the better lands, even when the consideration is current delinquency only.

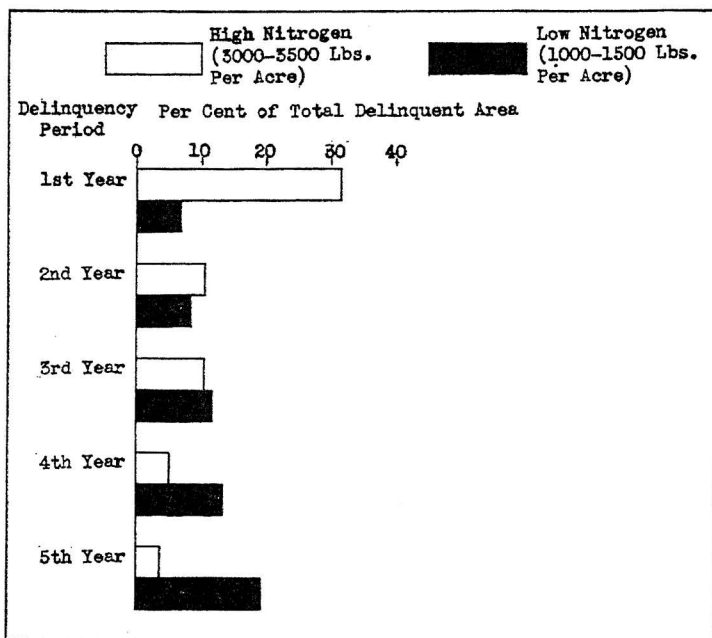


Figure 6.—Distribution of Delinquency by Land Classes as Determined by Nitrogen Content of Surface Soil—Delinquency as of March 1, 1933. Fifth Year Delinquency is Almost Wholly Concentrated upon Soils of Low Productivity, Despite the Fact that in the Six Counties for Which These Data were Available the Acreage of these Low Quality Soils was Very Small.

occasionally found closely associated with large acreages of low quality lands.

To clarify the meaning of Table 7, Figure 6 was arranged to contrast directly the delinquency of lands with high and low nitrogen content leaving out the intermediate classes. While the percentage of high nitrogen lands far overshadows the percentage of low nitrogen lands in first year delinquency (because of the overwhelming greater acreage of these lands in the actual distribution of soil types within the six counties) the poorer lands greatly overshadow the better lands, both in fourth and fifth year delinquency, despite the fact that the total acreage of these poorer lands is relatively small.

### URBAN VERSUS RURAL DELINQUENCY

The volume of urban and rural tax delinquency has, during recent years, apparently been much the same. In 104<sup>1</sup> Missouri counties, for which comparative data are available, delinquency on urban real

<sup>1</sup> Counties for which data were not available included Atchison, Barry, Bates, Dade, Jackson, Stoddard, Stone, St. Francois, St. Louis, and Texas.

estate was higher in four and lower in two of the six years (1928-1933 inclusive) than was delinquency of rural real estate. The difference in each year was, however, relatively slight and amounted in none of the six years to as much as 5 per cent.

In one respect, however, there is a significant difference in the delinquency of these two classes of real estate. That is, the peak of delinquency of rural real estate was reached in 1932, at approximately 27.5 per cent of the current levy, and the data for 1933 show a rather sharp drop to a figure smaller than those for 1931. Delinquency of urban real estate continued upward in 1933 so that the percentage delinquency for that year was 26.17 per cent of the current levy as compared to 24.79 per cent in 1932. Apparently the adverse effect of the depression on tax collections in the urban localities is in Missouri going to be prolonged somewhat as compared to that in rural areas.

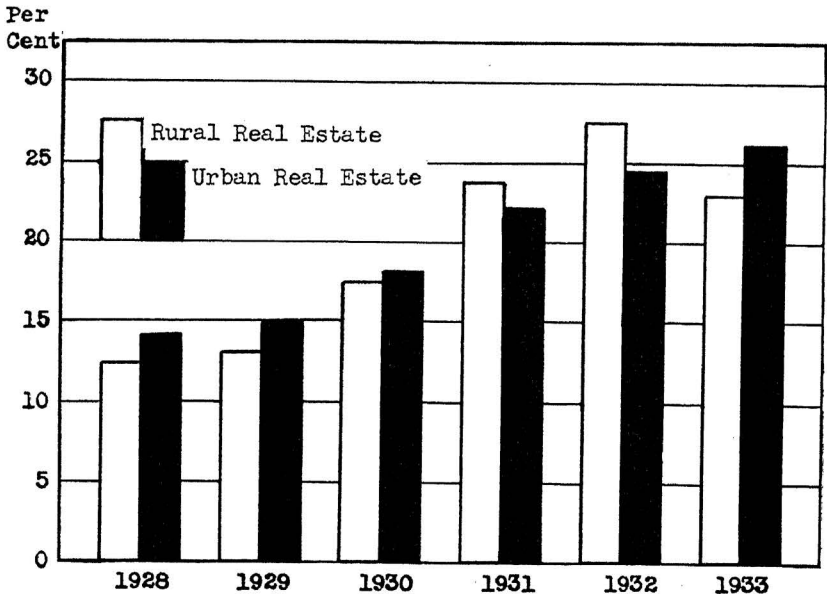


Figure 7.—Current Delinquency of Rural and Urban (Town Lots) Real Estate in Missouri—1928-1933. Includes delinquency of all county-wide school and road district levies, but not of local levies of incorporated municipalities. 1933 Figures estimated from data for 67 counties.

The data in Figure 7, however, relate to none of the genuinely urban counties with the single exception of Buchanan county with the city of St. Joseph. Data for delinquent state taxes on property provide a basis for comparing still further urban as contrasted to rural delinquency. In the six counties of the state with the greatest city populations, urban real estate values and urban property completely dominate in valuation

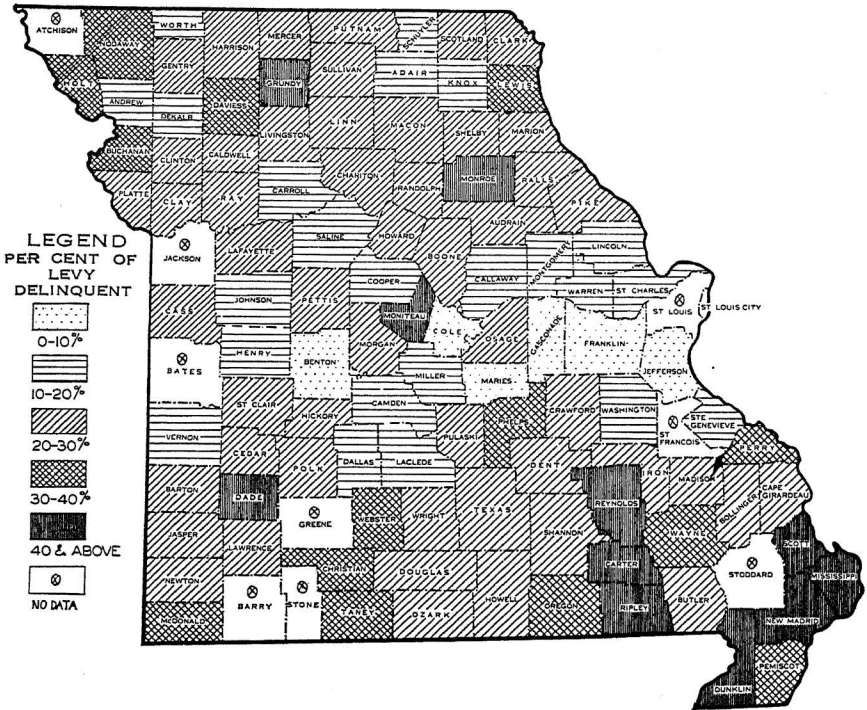


Figure 8.—Urban Real Estate Tax Delinquency for 1932 as of March 1, 1933. Expressed as a Per Cent of Tax Levy Unpaid.

all other types of property in their assessed valuations. In these six urban counties (including St. Louis City county) urban real estate constitutes at present about 94% of the assessed valuations of real estate and 73.0% of total assessed valuations of all property.

Comparative delinquency in these urban as contrasted to Agricultural and Ozark counties is illustrated in Figure 1. For the period 1888 to 1933 state property tax delinquency has been persistently higher in the 6 urban than in the 10 agricultural counties and approximately as high as in the Ozark counties except during recent years. Urban delinquency is therefore apparently about as serious a problem as rural delinquency in Missouri. However, in most cities and towns delinquency is almost surely of the depression or current variety chiefly and can be expected to yield to a revival of industrial and commercial activity in the not too distant future. In this respect it is like that encountered in agricultural counties rather than the more serious long time delinquency as found in the counties of the Ozark Highland.



The distribution of delinquency of urban real estate (expressed as per cents of the 1932 levy) is given in Figure 8. While there are areas of concentration in the Southeast Lowlands and in Reynolds, Carter and Ripley counties of the Ozark Highland, urban real estate delinquency is much more uniformly distributed over the state than is delinquency of rural real estate.

### LONG TERM VERSUS SHORT TERM LAND TAX DELINQUENCY IN MISSOURI<sup>1</sup>

A great volume of land tax delinquency in Missouri is of the current or one year variety and the acreage delinquent for more than one year declines sharply in most areas. Thus, in the northern agricultural area (as in Table 8), while first year delinquency embraced 22.3% of the area, that for the fifth year involved only 1.1%, and even in the Ozark Highlands where current delinquency is so large (41.1% of the total area of the fifteen counties as in Table 8) the fifth year delinquency is almost negligible, or only 2% of the area. In the Southeast Lowlands, however, long term delinquency, even of the fourth and fifth year, is an item of some moment and the decline in acreage delinquent in four Lowland counties was from 51.7% of the area in the first year to 10.9 in the fifth year.

TABLE 8.—PERCENTAGES OF AREA DELINQUENT FROM ONE TO FIVE YEARS  
1928-1932.

Counties, Region		1 Year	2 Year	3 Year	4 Year	5 Year
Ten Northern	Acreage	920,217	436,351	168,403	114,945	46,992
Agricultural*	Pct. Total Rural Area	22.3	10.6	4.1	2.8	1.1
Fifteen Ozark**	Acreage	2,443,571	1,314,960	632,702	279,269	121,372
	Pct. Total Rural Area	41.1	22.1	10.7	4.7	2.0
Four Southeast	Acreage	625,540	421,436	283,151	175,982	131,480
Lowlands	Pct. Total Rural Area	51.7	34.8	23.4	14.5	10.9

\*Atchison, Boone, Callaway, Daviess, Harrison, Howard, Johnson, Macon, Ralls and Saline.

\*\*As in Table 9.

\*\*\*Butler, Mississippi, Pemiscot, and Scott.

The excessive long time delinquency in the Southeast Lowlands arises out of a number of factors. Some of these have been mentioned, but one further circumstance is of particular pertinence. The area is one in which drainage benefit taxes have been particularly heavy and, during recent years, a burden that farmers have been generally unable to pay. Failure to pay drainage taxes may bring upon the delinquent farmer a foreclosure suit by the drainage district and he may lose title to and possession of his land. The effect is no less imminent if general taxes are paid. Therefore, when farmers or land owners stop paying drainage

<sup>1</sup> The volume of long-term delinquency that remains a matter of record depends in part upon the policies that counties follow in respect to their delinquent land lists. Various counties follow different policies. Shannon County, for instance, has for some time allowed no delinquency to continue beyond the third year. No county can afford to allow delinquency to go beyond the fifth year, since the statute of limitation precludes collections of delinquency of more than five years standing. Perhaps the majority of counties follow the practice of periodic clean-ups, suing out all delinquency of four and five year standing and an indefinite amount of shorter duration. Taxes may be foreclosed after they have been delinquent one year. These facts must be kept in mind in interpreting the data of the section on Long Term Versus Short Term Delinquency.

taxes they cease almost simultaneously to pay general taxes. This situation, coupled with the fact that a preponderant portion of the drainage taxes in the area have not been paid recently, constitutes in large part the reason for the exceptionally heavy volume of long period delinquency in the Southeast Lowland counties.

The distribution of long term land tax delinquency (in this case two years or more) while not unlike (See Figure 9) that for current land tax delinquency is more heavily concentrated in the Ozark Center and Ozark Plateau<sup>1</sup> areas and particularly in the Southeast Lowland counties. In fact, except in special local situations, long term delinquency in northern and western Missouri seldom was more than 10 or 15 per cent of the rural area, but in the Ozarks and in Southeast Missouri often reached 30 per cent and in some counties even higher. The high level

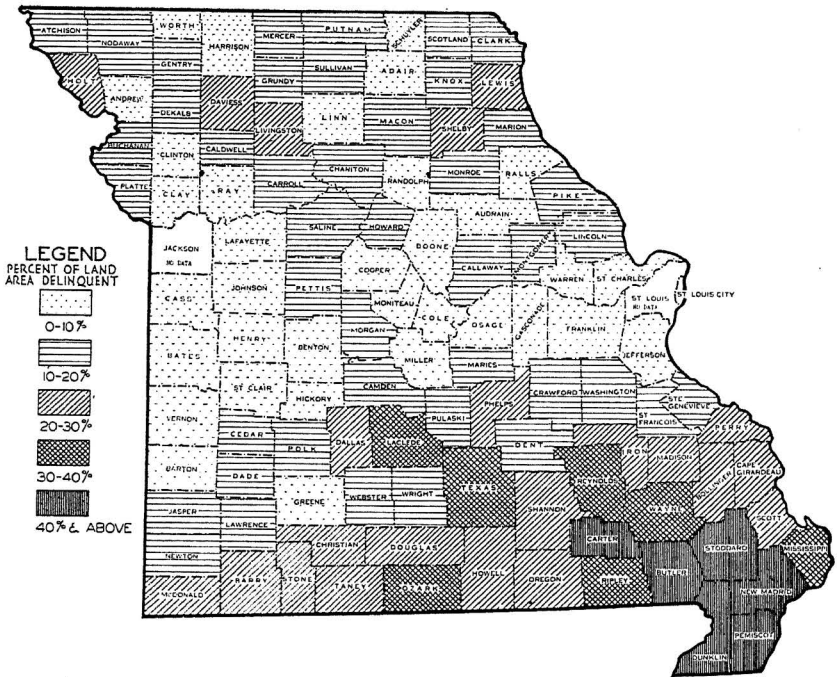


Figure 9.—Percentage of Rural Area the Taxes upon which were Delinquent for 2 Years or More—as of March 1, 1933.

of long term delinquency in Shelby county in North Missouri arises out of some fact of the local tax situation, while that in Daviess and Livingston counties in the same latitude traces quite directly to the unfortunate periodic flooding of the broad Grand River bottoms in those two counties that has arisen because of the straightening of the upper reaches of the Grand River. In Holt county in the northwestern part of the state the high percentage of long term delinquency also results in part because of an unfortunate drainage situation, this time in the Missouri River bottoms.

1 See appendix for counties in this area.

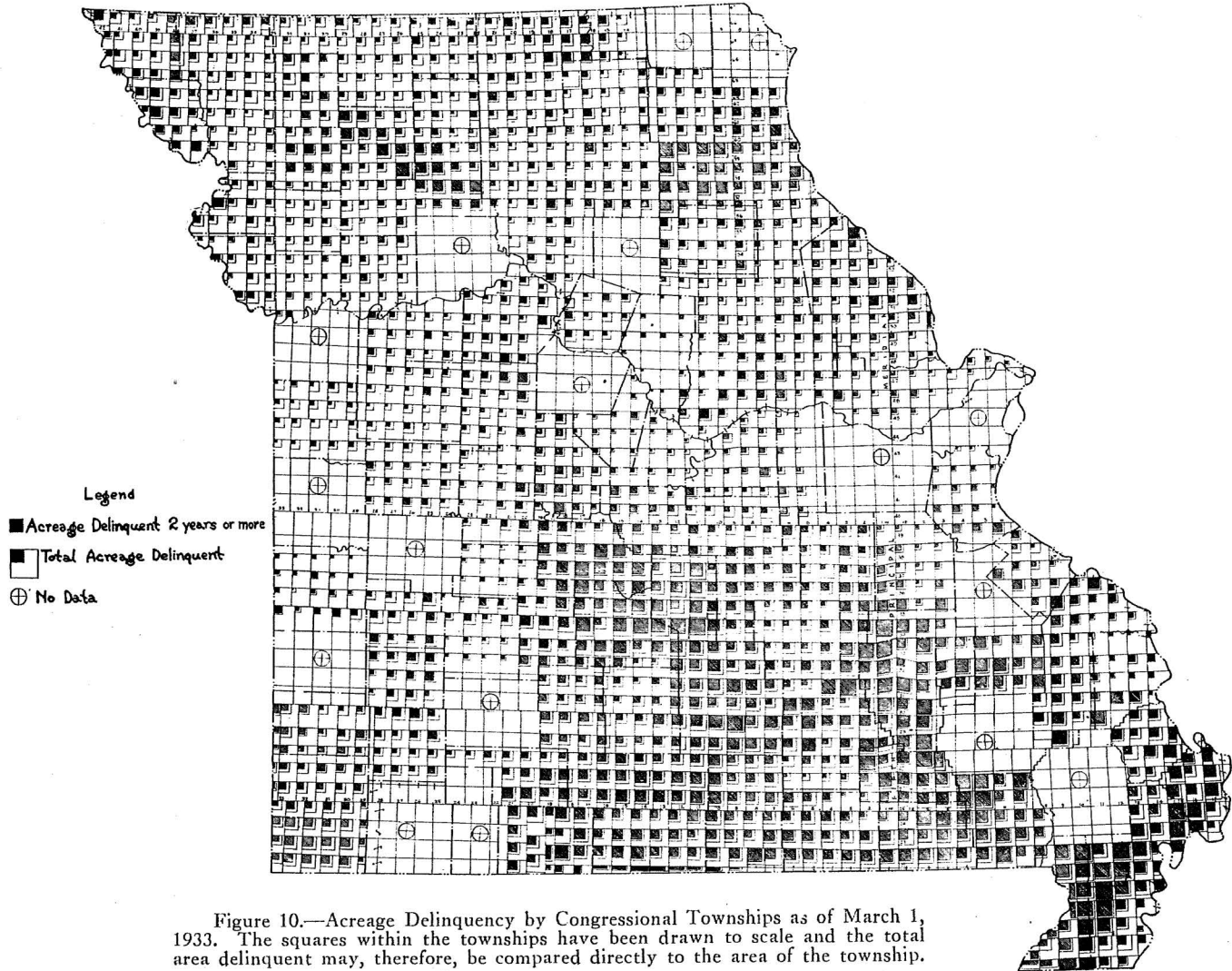


Figure 10.—Acreage Delinquency by Congressional Townships as of March 1, 1933. The squares within the townships have been drawn to scale and the total area delinquent may, therefore, be compared directly to the area of the township.

There is much reason to believe, however, that long term delinquency in both Northern Missouri and the Southeast Lowlands represents a relatively temporary situation and one that will yield to higher prices for agricultural products, on the one hand, or to an improvement in the drainage situation on the other. The high level of long term delinquency in the Ozark Center and Plateau counties, however, represents quite a different problem. In these counties not only is the percentage of long term delinquency higher than in other portions of the state, excepting only the Southeast Lowlands, but the lands that are delinquent are, for the most part, hilly and stony and, under present usage, non-productive.

In order to locate these lands more accurately Figure 10, locating both long term and current delinquency by congressional townships, has been arranged. The nature of this delinquent Ozark land can be gathered by a comparison of Figures 10 and 11. Nearly all of the townships with the largest acreages of long term delinquency fall within that class of lands that may be designated as so stony and hilly as to be definitely non-agricultural. (In the Figure, Class 4 lands). It is true,

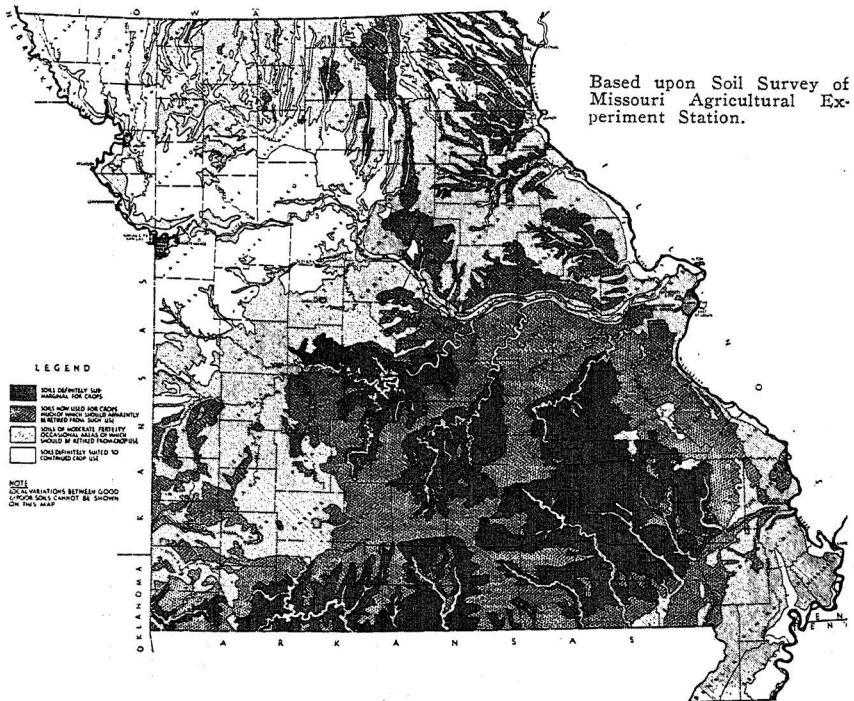


Figure 11.—Soil Classification. The Lands of Missouri have, in this map, been broken up into 4 major classes grading from excellent agricultural to definitely non-agricultural in character.

however, that these lands have had little use other than for farming and it is also true that the great acreage of long term tax delinquency in the Ozark region can be counted as excellent evidence that the attempted arable agriculture has, for the most part, failed and that these persistently delinquent lands must be shifted to some other use such as forestry if, in the future, they are to be constructively handled.

To indicate specifically the acreage of long term tax delinquent lands upon which the problem of future land use has become pressing, the following two tables have been arranged. (Tables 9 and 10). The first of these gives the acreage and percentage of rural area delinquent for 1, 2, 3, 4 and 5 years in 15 Ozark counties embracing most of the Ozark Center and Ozark Plateau area. The total acreage delinquent for one year or more in these counties amounted to approximately two and one-half million or 41.1% of the rural area; that delinquent for two years or more reached somewhat more than one million three hundred thousand acres and 22% of the rural area, and even third year delinquency in these counties amounted to 632,702 acres, or slightly more than 10% of the rural area. In individual counties the situation is even more extreme, and in Reynolds and Carter counties more than one-fifth of the rural area was delinquent three years or more.

In the second table the number and acreage of tracts lying in these same counties that have been sold for delinquent taxes during the period of 1914 to 1933 are given. In the course of the 20 year period somewhat less than 450,000 acres were sold in these counties for taxes. There was, furthermore, a great increase in the number of sales occurring in the last

TABLE 9.—ACREAGE TAX DELINQUENT IN VARIOUS OZARK COUNTIES FOR VARYING PERIODS. DELINQUENCY AS OF MARCH 1, 1933.  
Acreage Delinquent

County	1 Year Acre- age	% of Rural Area	2 Year Acre- age	% of Rural Area	3 Year Acre- age	% of Rural Area	4 Year Acre- age	% of Rural Area	5 Year Acre- age	% of Rural Area
PHELPS.....	192,623	45.8	98,914	23.5	58,977	14.0	36,614	8.7	8,763	2.08
DENT.....	170,707	37.3	82,426	18.0	38,085	8.3	10,015	2.2	6,255	1.4
MILLER.....	69,593	18.9	24,417	6.6	11,040	3.0	4,832	1.3	2,362	.6
WASHINGTON.....	120,358	26.3	69,224	15.2	39,178	8.6	14,949	3.3	4,637	1.0
PULASKI.....	117,362	34.5	55,761	16.4	20,386	8.6	9,600	2.8	4,168	1.2
SHANNON.....	299,304	47.7	149,028	23.8	51,929	8.3	-----	-----	-----	-----
MARIES.....	104,904	32.0	36,293	11.1	7,103	2.2	6,932	2.1	2,629	.8
CAMDEN.....	152,647	38.0	73,586	18.3	27,171	6.7	17,872	4.4	2,604	.6
IRON.....	152,610	43.8	89,577	25.7	31,138	8.9	11,521	3.3	5,727	1.6
RIPLY.....	214,928	54.2	120,838	30.5	66,299	16.7	35,497	8.9	13,984	3.5
OREGON.....	197,042	40.0	110,794	22.5	63,633	12.9	34,662	7.0	24,927	5.0
REYNOLDS.....	290,558	56.1	194,139	37.5	116,721	22.5	41,739	8.0	7,759	1.4
OSAGE.....	68,128	18.2	25,334	6.8	12,986	3.2	8,228	2.2	4,262	1.1
CRAWFORD.....	171,277	36.3	75,189	15.9	21,196	4.5	5,008	1.0	1,363	.28
CARTER.....	189,530	60.1	134,774	42.7	70,846	22.4	50,028	15.8	36,195	11.4
Total.....	2,511,571	39.8	1,340,294	21.2	644,788	10.2	287,497	4.6	125,634	2.0
Total without Osage .	2,443,443	41.1	1,314,960	22.1	632,702	10.7	279,269	4.7	121,372	2.0

Total Rural Acreage with Osage 6,312,506 Acres.  
Total Rural Acreage without Osage 5,940,110 Acres.

TABLE 10.—NUMBERS AND ACREAGES OF TAX DEED TRANSFERS OF LAND IN 14 MISSOURI COUNTIES\*—1914-1933, INCLUSIVE.

Year	Number of Tracts	Acreage
1914	134	6,789.48
1915	152	12,282.47
1916	177	11,283.77
1917	285	22,738.68
1918	187	15,319.34
1919	155	10,104.53
1920	116	9,304.46
1921	125	12,736.53
1922	157	12,109.99
1923	348	32,807.42
1924	258	18,446.54
1925	259	21,340.47
1926	169	15,069.42
1927	515	62,734.15
1928	184	18,263.28
1929	270	29,402.68
1930	223	24,668.51
1931	222	36,301.50
1932	158	20,612.10
1933	437	45,353.20
Total	4,531	437,668.52

\*Camden, Iron, Shannon, Oregon, Reynolds, Miller, Pulaski, Osage, Crawford, Wayne, Texas, Washington, Dent and Carter counties.

five years, as contrasted to the first five years. That is, the rate during the period 1929-1933 at which these properties were coming up for tax sale was 31,268 acres per year as contrasted to 13,683 acres per year in the 1914-1918 period. To put these facts in somewhat different terms it is perhaps worth noting that during the course of these two decades the area transferred by tax deeds has been approximately equal to that of Phelps county.

The clear indications of these two tables and the map above are that upon stony and hilly lands in the Ozarks not only has delinquency been a factor for a considerable period, but there has been an increasing tendency to cease paying taxes entirely. Presumably as the result of the present depression the volume of tax deeds to be sued out are increasing. It is notable that subsequent to the sharp depression of 1920 and '21 the number of tax deeds increased to a peak in 1927 when something more than 60,000 acres of land were foreclosed upon at tax sales. Because of the greater severity of the present depression and because of the much greater volume of current delinquency now as contrasted to that in 1920 and '21, the volume of tax sales during 1934, '35, '36, '37 will almost certainly be much greater than that of a decade earlier. It would hardly be surprising, for instance, if the average rate of turnover because of these tax sales were to rise in these counties to as much as 50,000 acres per year. Indeed, if the remaining counties in the Ozark Center and Ozark Plateau Areas are taken into consideration, it is quite possible that the tax sales for the entire Ozark area in ensuing years may rise to more than 100,000 acres per year.

By contrast, tax sales in other sections of the state have been a minor factor. In the table below are given tax sales in all but six of Missouri's

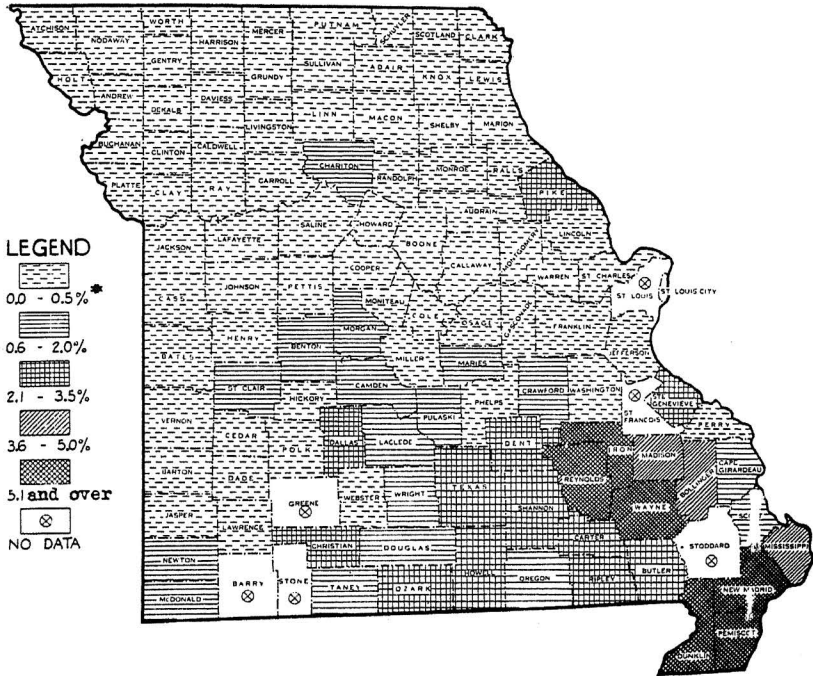


Figure 12.—Percentage of Land Area Changing Hands by Tax Foreclosures, 1928-1933.

\*The irregular initial class interval was employed because in so preponderant a share of the counties the transfer of land because of tax sales was negligible.

114 counties for the period 1928 to '33, inclusive. In 3 of the 6 years the total reached somewhat more than 100,000 acres per year, but it is noteworthy that during 1933, out of the 116,522.76 acres sold for taxes, 45,353 acres were included in the 14 Ozark counties included in Table 11.

TABLE 11.—TRANSFER OF LAND BY FORECLOSURES BECAUSE OF DELINQUENT TAXES IN 108 MISSOURI COUNTIES—1928-1933\*.

Year	No. Properties	Acreage
1928	781	96,453.54
1929	470	41,620.30
1930	795	108,417.18
1931	881	111,089.03
1932	806	97,429.23
1933	779	116,522.76

\*Counties not included—Barry, Greene, St. Francois, St. Louis, Stoddard and Stone.

In fact, tax sales are quite unimportant except in Ozark counties and in the Southeast Lowlands. (Figure 12). In only two counties north of the Missouri River did the percentage of land area involved in tax sales between 1928 and '33 amount to more than five-tenths of 1% of the

total land area, whereas in the Ozark Center counties, and particularly in the Southeast Lowlands, more than 5% of the land area was often so transferred. In fact, in the two Southeast Lowland counties the percentage rose as high as 17.

### COST AND REVENUE FEATURES OF TAX FORECLOSURES

Tax foreclosures in the 108 Missouri counties during the period 1928 to '33 averaged approximately 90,000 acres per year. They have been somewhat greater since 1930 and rose to a peak of 116,000 in 1933. In Table 12 (below) the total and per acre considerations obtained from these sales, together with the taxes and the costs, are given. The average consideration for the entire 567,430 acres was 78 cents per acre, while the average tax was \$1.01 and the average cost 43 cents per acre. Only general taxes, that is those levied for state and local governmental purposes, are included in Table 12, however, and taxes levied for special purposes, such as drainage and leveeing, were not included.

From the data of Table 12 it is clear that, in general, considerations have averaged less than the total tax though they have not been so small as to fail to cover costs. However, not all costs have been included but rather only those entered upon the tax deeds themselves and these do not include certain sheriff's fees and other minor items. No record of these additional costs for sheriff's fees and other items, and none for

TABLE 12.—CONSIDERATIONS, TAXES AND COSTS INVOLVED IN TAX FORECLOSURE TRANSFER IN 108 MISSOURI COUNTIES\*—1928-1933.

Year	Acreage	Consideration		Taxes		Acreage	Costs	
		Total	Per Acre	Total	Per Acre		Total	Per Acre
1928	96,017	\$ 64,121	\$ .67	\$ 80,540	\$ .84	92,427	\$ 37,139	\$ .40
1929	41,547	44,767	1.08	21,529	.52	35,556	18,549	.52
1930	108,304	84,385	.78	145,100	1.34	100,290	41,822	.42
1931	108,222	92,288	.85	117,210	1.08	101,504	38,774	.38
1932	96,897	80,101	.83	94,757	.98	88,719	40,130	.45
1933	116,443	76,655	.66	116,029	1.00	76,118	38,506	.51
Total	567,430	442,317	.78	575,165	1.01	494,614	214,920	.43

\*Counties not included—Barry, Greene, St. Francois, St. Louis, Stoddard and Stone.

the writing down of costs<sup>1</sup> where considerations were insufficient, were obtained, but in general it seems safe to conclude that costs, as recorded in the table above, are too low rather than too high. If this conclusion is correct, there remains out of the total proceeds of tax sales only about \$227,000 to cover \$575,000 of general taxes which constitute the prior lien, and nothing to satisfy the unknown but presumably even greater volume of special taxes charged against these tax delinquent properties. However, because each case is handled separately it sometimes does hap-

1. In instances where considerations fail to cover costs the proceeds are prorated among the various claimants involved in the tax foreclosure proceedings. Nothing remains to be applied to taxes in such circumstances since these costs are a prior lien.



TABLE 13.—CONSIDERATIONS, GENERAL AND SPECIAL TAXES AND COSTS FOR TAX DEEDS IN FIVE MISSOURI COUNTIES\* IN WHICH THERE ARE A NUMBER OF DRAINAGE AND LEVY DISTRICTS—1930-1933.

Year	Acreage	Consideration		Taxes				Cost	
		Total	Per Acre	General	Special	Total	Per Acre	Total	Per Acre
1930	41,476	\$ 28,828	\$.69	\$ 90,127	\$171,935	\$262,062	\$6.32	\$19,511	\$.47
1931	32,704	27,795	.85	68,290	117,481	185,771	5.68	13,884	.42
1932	28,034	23,711	.84	55,359	75,269	130,628	4.66	15,358	.55
1933	23,409	33,798	1.44	59,838	37,456	97,294	4.16	12,350	.53
Total	125,623	114,132	.91	273,614	402,141	675,755	5.38	61,104	.49

\*Counties Included: Daviess, Livingston, Mississippi, New Madrid and Pemiscot.

pen in certain of these transactions that the total consideration more than covers costs for general taxes, thus leaving a percentage of the consideration to be applied to the special assessments. To obtain some idea of the extent of these special taxes an added table (Table 13) relating to data in five counties, where the burden of taxes because of certain drainage developments is known to be heavy, was constructed. The situation in these five counties is even more extreme than that for the 108 counties as in Table 12. The average consideration upon 125,623 acres foreclosed was 90 cents, while the average general tax was \$2.18 and the special tax was \$3.20, or a total of \$5.38. As in the case of the 108 counties the net result has been that total considerations have not equalled the general taxes, to say nothing regarding the special taxes. The costs, however, have averaged approximately the same as for the larger number of counties above.

Certain additional data are available for a number of Ozark counties, the delinquency situation of which is particularly critical. These are given in Tables 14, 15, 16 and 17.

TABLE 14.—CONSIDERATIONS, TAXES AND COSTS FOR TAX DEED TRANSFERS IN 14 OZARK COUNTIES\*—1914-1933.

Year	Acreage	No. of Tracts	Tax	Costs	Con- sideration	Tax and Cost	No. Tracts Costs Ex- ceed Con- sideration	Con- sideration Per Acre
1914	6,749.48	82	\$858.02	\$2,485.46	\$3,168.27	\$3,343.48	32	\$.47
1915	9,135.37	116	931.75	3,616.58	6,009.88	4,974.14	28	.66
1916	9,425.70	158	1,476.67	4,684.18	8,037.46	6,160.78	50	.85
1917	22,389.65	283	2,853.40	11,008.46	18,574.82	13,861.86	91	.83
1918	14,999.34	188	1,976.20	6,832.34	12,557.42	8,805.54	52	.84
1919	10,104.53	134	1,020.10	5,011.43	12,327.08	6,031.53	38	1.22
1920	8,579.84	107	1,684.53	4,486.94	9,611.95	6,171.47	21	1.12
1921	13,216.87	133	2,294.89	4,808.70	11,898.10	7,103.59	24	.90
1922	11,589.99	157	2,485.30	5,540.63	9,999.28	8,025.93	39	.86
1923	33,567.42	320	5,674.36	14,772.60	18,156.25	20,446.96	164	.54
1924	19,832.76	281	4,475.27	10,706.24	9,625.70	15,181.51	167	.49
1925	23,823.53	288	5,091.86	12,025.86	21,297.77	17,117.72	62	.89
1926	14,168.97	165	3,199.01	7,396.49	14,032.82	10,605.50	28	.99
1927	61,523.19	506	19,276.98	18,814.22	20,274.07	27,540.09	214	.33
1928	17,838.64	177	4,755.90	7,389.03	10,403.29	12,144.93	62	.58
1929	29,228.40	270	7,205.32	10,884.72	14,860.59	18,090.04	131	.51
1930	24,326.13	225	7,550.47	8,604.95	11,449.00	16,155.42	47	.47
1931	36,643.50	225	10,168.92	9,172.22	8,138.84	19,341.14	128	.22
1932	20,338.61	159	0,254.70	6,924.26	8,110.75	17,178.96	22	.40
1933†	33,644.00	201	5,601.66	10,350.40	7,078.70	15,952.06		

\*Counties included for 1914-1932: Camden, Carter, Crawford, Dent, Iron, Miller, Oregon, Osage, Pulaski, Reynolds, Shannon, Texas, Washington and Wayne.

†Counties included for 1933 only: Crawford, Dent, Osage, Oregon, Pulaski, Reynolds, Shannon, Texas and Wayne.

In the case of these Ozark counties special taxes have been a negligible factor and can be disregarded. During the period 1914 to 1922 tax foreclosure considerations in these Ozark counties were not only greater than costs but were persistently greater than costs plus taxes. From the year 1923 on, however, considerations have been, on the whole, less than taxes plus costs and in 1931 were actually less than costs alone, leaving on the average nothing to cover delinquent taxes. In fact, since 1930 the amounts available above costs to apply upon the delinquent taxes have been painfully small and throughout the entire period upon a large number of tracts costs have exceeded consideration, as noted in the next to the last column of the table.

The changed situation with respect to the relationship of considerations to costs over the 19 year period is taken up in somewhat greater detail in Table 15. Thus, in the period 1914 to 1920 for 313 tracts costs

TABLE 15.—ANALYSIS OF RELATIONSHIP OF COSTS AND CONSIDERATIONS INVOLVED IN TAX DEEDS TRANSFERS IN 9 OZARK COUNTIES—1914-1932.

County	No. Tracts Costs Exceed Consideration			No. Tracts Consideration Exceeds Costs		
	1914-1920	1921-1926	1927-1932	1914-1920	1921-1926	1927-1932
Camden.....	39	19	19	11	43	67
Carter.....	8	146	40	13	44	34
Crawford.....	20	9	20	20	18	33
Iron.....	96	19	15	43	28	22
Pulaski.....	3	5	25	44	49	46
Reynolds.....	49	56	408	48	48	85
Texas.....	66	112	66	172	226	100
Washington.....	4	19	9	19	15	12
Wayne.....	28	98	0	171	120	
Total.....	313	483	602	541	591	399

exceeded consideration, while in 541 cases considerations exceeded cost. During the 1927 to 1932 period, however, in 672 cases cost exceeded considerations, while in only 399 did the consideration exceed costs.

Three conclusions may be drawn from these preceding tables: First, throughout the entire state, properties foreclosed upon for delinquent taxes persistently failed to sell for enough to pay both costs and taxes during the period 1930-1933. In other words, counties have not been able to enforce the full collection of taxes by these means. Second, in areas of heavy special assessments, particularly in the Southeast Lowlands, tax foreclosures failed on the whole to bring in enough revenue to satisfy the arrears in costs and general taxes. As a result, almost nothing remained to defray taxes arising out of the special assessments. Third, in the Ozark region the surpluses available above costs to be applied upon delinquent taxes has persistently declined during the period 1914 to 1932 to such a point that during 1930, 1931, and 1932 the proceeds of these sales covered little more than costs, and during the period 1927 to 1932 the number of transfers in which costs exceeded consideration was greater than those in which considerations exceeded costs.

The data included in these records of tax sales presented an opportunity to analyze still further the costs of tax foreclosure sales. These costs, as noted above, do not include the entire expense of these sales but do include the far greater part of them and an essentially uniform part of them from county to county. In Table 16 these costs are given for varying sizes of tracts sold in 11 Ozark counties. The reason that costs exceeded considerations in so many instances, as noted in Table 14 above, may have been because of the high cost of foreclosure upon relatively small properties. Indeed, the costs per foreclosed tract increases slightly as the size of the tract increases. Thus, the average for tracts of less than 20 acres was \$34.51, while those of tracts averaging approximately 400 acres was \$51.86. However, the increase in cost per tract is so moderate that the decline per acre, as noted in the last column of Table 16, is pronounced. Thus, for tracts of 20 acres or less in size the cost per acre (assuming that the average acreage occurs at the midpoint of the class interval) is \$3.54. Since there is unquestionably an upward bias in this

TABLE 16.—AVERAGE AND PER ACRE COSTS FOR TAX DEED TRANSFERS FOR 11\* MISSOURI COUNTIES—1914-1932.

Acres in Tracts	No. Tracts	Total Cost	Costs Per Tract	Costs Per Acre
0-20	450	\$15,529.75	\$34.51	\$3.54
21-60	1,562	55,590.65	35.59	.89
61-100	831	32,548.67	39.17	.49
101-140	247	9,979.54	40.40	.34
141-180	305	13,002.07	42.63	.27
181-220	95	4,321.03	45.48	.23
221-260	51	2,539.21	49.79	.21
261-300	28	1,164.75	41.60	.15
301-340	81	3,774.17	46.59	.14
341-380	17	711.83	41.87	.12
381-420	26	1,227.80	47.22	.12
421 and over	90	4,667.48	51.86	
Total	3,783	145,056.95	38.34	

\*Counties included: Camden, Carter, Crawford, Iron, Oregon, Pulaski, Reynolds, Shannon, Texas, Washington and Wayne.

particular class, this figure is perhaps too high, but even if the upper limit of the class interval (20 acres) is employed the average cost still remains \$1.73 acre. By contrast the cost for tracts from 340 to 420 acres in size was only 12c per acre.

It is perhaps safe to assume then that most of the instances where costs exceeded consideration occurred where the tracts to be sold were very small. Even for tracts between 21 and 60 acres the average cost was 89c per acre and for those between 61 and 100 acres approximately 50c per acre. Inasmuch as these tax delinquent lands are among the poorest in their respective counties, and inasmuch as the United States Forest Service over its large purchase units is securing land for approximately \$2.00 per acre, it is difficult to see how the tract of 20 acres or less can be sued out for costs so small as to return anything to the county in revenue.

However, there is a much more accurate way of determining which tracts may be sold for an average of something more than cost; that is, for an amount so great as to leave a surplus for revenue. In the last column of Table 14 the considerations per acre as realized from all tax sales are given. These considerations rise from 47c in 1914 to a peak of \$1.22 in 1918, but in the period 1930 to 1933 never amount to as much as 50c an acre. Inasmuch as the probabilities are that a large acreage of tax delinquent lands will come up for foreclosure and sale in the subsequent five years because of heavy tax delinquency, in the period 1931 to 1933, inclusive, the average price is not likely to be much more than the average for the period 1930 to 1933, inclusive, and may, indeed, be as low as that for 1933. Assuming this extreme situation, only tracts somewhat more than 200 acres in size could be sold for a sufficient consideration to cover costs and only considerably larger tracts could be sold for enough to bring in an appreciable amount of public revenue.

One item of some relevancy in this connection still remains. What has been the variation in foreclosure costs among these Ozark counties? In Table 17 some data relating to the topic are given. The average cost

TABLE 17.—VARIATION IN COSTS OF TAX FORECLOSURE SALES  
IN 11 OZARK COUNTIES.

County	Tracts of 21-60 Acres		Total	
	No. Tracts	Average Cost	No. Tracts	Average Cost
Camden.....	80	\$26.15	199	\$30.27
Carter.....	109	34.81	291	34.00
Crawford.....	56	29.23	120	32.68
Iron.....	85	41.16	223	46.22
Oregon.....	71	38.97	167	44.38
Pulaski.....	89	28.63	173	29.66
Reynolds.....	274	38.94	698	39.71
Shannon.....	88	53.31	321	55.38
Texas.....	340	32.89	743	34.76
Washington.....	32	39.97	77	43.84
Wayne.....	328	33.82	771	35.90

for all tax deeds was lowest in Pulaski county and highest in Shannon county; the range being from \$29.66 per tract in Pulaski county and \$55.38 in Shannon. However, the average size of tract in the various counties may differ somewhat and a somewhat more accurate comparison of differences in costs is afforded if the acreage is held essentially constant. Inasmuch as the largest number of foreclosure sales occurred in the 21 to 60 acre group in every county this class was selected. The average costs per tract, when the acreage is held within these narrow limits, ranges from \$26.15 in Camden county to \$53.31 in Shannon. That is, costs for tracts of approximately the same size were more than twice as great in Shannon county as in Camden county. For the majority of the counties the range was between \$30 and \$40 per tract.

## CAUSES OF DELINQUENCY

So much that has been said in the preceding pages with respect to the various aspects of delinquency has been relevant to the topic of the causes of delinquency, that perhaps all that is needed here is a few rather general comments. The two great causes of delinquency are, (1) the variable price level which brought, during the period 1909 to 1920, a rapidly rising level and from 1921 to 1933 a generally declining price level and (2), the rise in farm taxes. Thus, prices of Missouri farm products, using the period 1909 to 1914 as 100, rose to 208 as a peak in 1919 and fell to a low point of 63 in 1932. During much the same period with 1914 as 100, farm taxes per acre rose in Missouri to a peak of 325 in 1929 and were in 1933 still 223% of the 1914 level. When, however, these farm taxes are measured in terms of taxes per \$100 of value the high point in tax cost occurred in 1932 rather than in 1929 and reached the astonishing figure of 468% of the 1914 level.

Missouri farmers have, therefore, since 1920 been having to contend with generally falling prices while tax costs were climbing and the situation with respect to these two has been particularly acute since 1929. Less tangibly, but unquestionably a further factor, has been the fact that while farmers apparently had much reserves in the early years of the post-war period their reserves since 1929 have been much less. Thus, while the price declines between 1929 and 1932 were not entirely dissimilar to those between 1920 and 1921, the increase in delinquency was much greater during the later years because of the depletion of these reserves. Paradoxically, therefore, the most potent causes of tax delinquency arise because the dollar is too variable and because taxes are not variable enough.

From the long-time viewpoint and applying to particular regions, two further factors of much weight in producing delinquency in Missouri have been (1) faulty land use, and (2) heavy costs for land development. The first of these is a major factor in the Ozarks and the second in the Southeast Lowlands and upon the level bottom lands of the state generally.

The faulty use of lands in the Ozarks has been most potent in producing delinquency upon soils that are suited almost solely to forestry but have not yet, until the advent of National Forests in 1933, had any genuine forestry practiced upon them. That is, lumbering in Missouri has been a mining or extractive process which took the virgin timber and the second growth that came in of its own accord, and which made no attempt to perpetuate itself in a genetic forestry. Thus, the production of timber products in Missouri declined from a peak of approximate-

ly three quarters of a billion board feet in the late 90's of the last century to less than two hundred million board feet per year during the decade of the 1920's. In fact, in 1925, Missouri, with approximately sixteen million acres in forest cover, produced less timber products than the small state of New Hampshire with less than four million acres of timber.

In the period 1900 to 1920 there was much speculative interest in the buying and selling of lands even in the stony, hilly sections of the Ozarks. This speculative interest continued on a much reduced scale during the period 1921 to 1929. Apparently, however, the last vestige of this disappeared with the collapse of prices after 1929 and owners, particularly of small tracts of these stony Ozark hill lands, lost completely any desire to continue paying taxes upon these lands. As a consequence, most of these lands have not only been delinquent currently, but huge acreages were sold at tax sales and others are delinquent for periods of from two to five years.

In the Southeast Lowlands the cause of delinquency, as has been stated heretofore, lies in the extensive and expensive construction of drainage and levee enterprises that have been characteristic of that section. Upon a much smaller scale the experience of the Southeast Lowlands has been repeated upon other valley lands, particularly those of the Missouri and Grand Rivers. The only other area of substantial delinquency of this kind, however, is the Grand River bottoms of Livingston and Daviess counties.

Other causes of delinquency have had minor but in some cases significant effects. The task of collecting taxes has, for instance, seldom been prosecuted with genuine vigor. The relevant Missouri Statutes are such that the collectors often stand to gain rather than to lose if taxes are allowed to go delinquent instead of being collected on time. That is, a portion of the penalties levied upon these back taxes were allotted to the collector. Furthermore, in Missouri as in most other states, the tax collector is an elective officer and hardly in position to jeopardize the chance of reelection by pressing reluctant taxpayers for their arrears.

Furthermore, the collector is in Missouri paid upon a fee basis, and must out of these fees pay the cost of his office. Because of this fact it has not been the custom, particularly in rural communities, for the collector to mail out tax bills, since the cost of doing so would, for postage and stationery alone, be considerable. Unquestionably, some small part of delinquency relates to these facts.

A further factor of some importance with respect to rural delinquency arose out of an administrative movement, the effects of which were realized during the years 1920 and 1921, when the assessed valuations of rural real estate were raised from a nominal 50% of sales or

true value to a nominal 100% of such value.<sup>1</sup> The result of this movement was to bring average assessed valuations of rural real estate in Missouri in 1920 and 1921 to 386% of their 1914 level. Parenthetically, it is perhaps worth noting that the rise in urban real estate values was by no means so great. Missouri farmers, therefore, entered a period of lowered farm prices and lowered farm incomes at a time when assessed valuations were higher than they had ever been and when (because tax rates were not lowered to compensate entirely for the rise in assessed valuations) public revenues were maintained at a new high level.

The fact that assessed valuations started promptly downward after 1921 is of some but relatively moderate significance, since there has been a pronounced tendency<sup>2</sup> for assessed values to lag behind sales values during the period of the decline of both since 1921. Thus, in 1930 assessed values per acre were still 341% of their 1914 level. Indeed, during recent years there is every reason to believe that huge acreages of rural lands of Missouri have been assessed at far above their sales price. The lag of assessments or their failure to keep pace with the declining value of lands or real estate has unquestionably contributed something, though it is difficult to say how much, to the volume of delinquency, particularly during the years from 1931 to 1933.

## MEASURES TO REDUCE DELINQUENCY

A comprehensive and detailed program for the reduction of tax delinquency in Missouri is somewhat beyond the scope of this bulletin, which has been designed mainly to present the facts of the tax delinquency situation. However, certain aspects of such a program that have been and are being suggested are worthy of comment in the light of the statistical data that has heretofore been presented.

### The Jones-Munger Law

Late in the legislative session of 1933 an act relating specifically to tax delinquency and known as the Jones-Munger Law was approved. One of the most important parts of this act provides for the annual sale of tax certificates in lieu of the periodic sale of tax delinquent lands themselves. The specific provision of the law is that on the first Monday of November of each year all lands and lots upon which taxes are at the time delinquent are subject to sale after three consecutive printed notices published in some local weekly newspaper at stated intervals. Purchasers of these lands do not receive immediate title to the land but are given purchase certificates evidencing that they have paid certain

1. See, for instance, Figure 4, page 34, Missouri Agricultural Experiment Station Research Bulletin 160, Conrad H. Hammar, "Accuracy and Flexibility of Rural Real Estate Assessment in Missouri".

2. See Table 20, page 35, *ibid.*

sums which include the delinquent taxes together with the costs of sale and of printing the notices. The owner of the delinquent property is given two years in which to redeem his property and may redeem by paying all taxes and costs. However, the holder of the tax certificate is permitted to enter upon and take possession of the land one year after the date of his purchase of the certificate.

The effect of these provisions are, first, to reduce the costs of foreclosing tax delinquent property. Under previous practice a legal notice of delinquency and proposal to sell the property was required in the case of each separate tract and the expenses of sale, particularly for small tracts, were often excessive. (See, for instance, Table 16). More often than not under past methods property has been sold under such circumstances that the proceeds of sale netted practically nothing to the county. Indeed, as noted above (See Pages 32 and 33) proceeds often fell short of covering costs of sale. Under the Jones-Munger Law, not only was this cost greatly lessened but specific provision was made so that the purchaser paid for the cost of printing the notices. The second effect of the Jones-Munger Law was to make it possible to collect delinquent taxes rather promptly after their initial appearance. That is, the county officials are charged with holding the tax sales each year and may not delay the sale of these delinquent properties until the fourth or fifth year.<sup>1</sup> Furthermore, it opened payment of taxes upon delinquent lands to the public and to an extent, therefore, insured a more prompt payment of taxes even if the owner of the land was for the time being in financial difficulties.

While the Jones-Munger Law has these two important effects it cannot be said to have got at the causes of tax delinquency itself, but relates merely to methods of suing out and collecting taxes after they have become delinquent.

### Relief from Property Taxes

Leaving aside those methods of reducing tax delinquency which relate to the improving of income of farmers and land owners, matters which are largely beyond the control of the state authorities, and proceeding directly to those which relate to taxes themselves, it is unquestionable that one primary method of reducing delinquency would be to reduce property taxes. Most of the taxes that are delinquent are property taxes and all land taxes that are delinquent are of this variety. Assuming the same need for revenue, however, if property taxes are reduced other taxes must be increased. The types of taxes most prominently suggested in lieu of property taxes are (1) income tax, (2) inheritance tax and (3) sales tax. While income tax and inheritance taxes are commonly deemed

1. Delay was seldom beyond the fifth year since the statute of limitations outlawed collections if not made within five years.



as having many advantages from the viewpoint of social economic justice, they are unfortunately erratic in their revenue yields. Thus, the yield from both of them fluctuates widely from period to period. The sales tax, on the other hand, while capable of providing a relatively constant flow of revenue, is counted an undesirable tax because of its regressive nature in application.

Many believe that the sales tax is not greatly more regressive than the property tax. The tax system, these maintain, is not made appreciably less desirable than it now is by the substitution of the sales tax for the property tax. Unquestionably, however, the proposal is one of opportunism and is lacking in idealism in that it contents itself with the objective of making things no worse rather than directing effort at genuine improvement. For this reason there are many who dislike the sales tax and prefer to restrict the use of funds raised by means of such a tax solely to the financing of relief. A large group has arisen recently, however, to maintain that the use of such sales tax revenue for education is about as justifiable as their use for relief purposes.

To attempt to solve these controversies here is quite impractical, and notations relating to them are pertinent only as they relate to the problem of delinquency. Unquestionably, there would be less delinquency if the three types of taxes cited above were used largely to displace the property tax. Certain undesirable effects, from the viewpoint of the constancy of revenue in the case of greater use of inheritance and income taxes, and because of the unfortunately regressive nature of the sales tax have to be faced.

### **Broadening the Base of Support for Governmental Functions**

Closely related to the problem of the substitution of other taxes for the property tax is that of broadening the base of support for certain governmental functions. High real and personal property taxes are almost always founded upon high school and road tax rates. The distribution of local rural expenditures for 11 rural Missouri counties<sup>1</sup> for 1932 reveals that 74.4% of these were devoted to schools and roads and that 56.8% of them were devoted to schools alone. If, therefore, the local governments could be relieved largely of school and road costs, local tax rates could be sufficiently reduced so that delinquency could be sensibly lessened. In fact, in recent years there has been a marked tendency not only in Missouri but other states as well to make both roads and schools a state-wide rather than local charge. The road building program of the State Highway Department, financed in large part from the proceeds of the gasoline tax and automobile licenses, has already done much to relieve the local communities of their expenses

1. Atchison, Boone, Callaway, Carter, Franklin, Howard, Johnson, Macon, Newton, Ralls and Shannon Counties.

for roads. Similarly, the 1931 school law contemplates accomplishing much the same thing in the case of school expenses.

So far, however, the state has been unable to finance fully the provisions of the 1931 school law and proposals to carry out the state's part run directly into the problem discussed above of what taxes shall be employed in order to supply sufficient revenue to meet its presumed obligations. The alternative taxes have been suggested above. Perhaps, however, it is worth noting here also that even if the school law were financed by an increase in the state property tax, a considerable lessening of delinquency in *rural areas* might be accomplished. Since so large a share of the state's assessed valuation of property is to be found in the metropolitan and other urban areas, an increase in the state property tax to finance the 1931 school law would draw large sums from urban areas. The distribution of such funds would, on the other hand, be largely in proportion to the percentage of population of school age. The general tendency, because of the relatively larger number of children upon farms and in villages, would be for funds for the support of schools to move from cities to rural districts. One should hasten to say that there is much justification for such movement of funds from city to country since the country areas are customarily sending young men and women to the cities after the costs of educating them have been met. That is, the migration of funds from city to country would be used in great part for the education of people who will, despite their place of birth, be living during their most productive years in the cities.

It is to be noted, however, that while such movements of funds might reduce delinquency in rural areas, the total effect upon delinquency might be essentially nil, since the volume of urban delinquency during recent years has been about as high as rural delinquency. (See Figure 7.)

#### **Local Governmental Reform**

One serious proposal with respect to the program for reducing tax delinquency has been to reform the local governmental structure and procedure. So far no one has offered a comprehensive investigation for Missouri of what these savings might be under alternative organization and procedure.

However, it is possible to designate very pointedly the discrepancies in fiscal or economic strength of local rural governments. In fact, while forms of local rural government may vary somewhat from region to region in the United States, they have one great characteristic in common. That is, the units in the light of present day standards are small geographically. Counties tend to be of a size that would and did permit people in the days of horse and buggy transportation to come to the county seat and transact their business without too great travel and

inconvenience. Other units such as school districts and townships frequently recognize community lines and are still smaller.

Because of this uniformity in geographical extent, these governmental units vary greatly in economic or fiscal strength; the strongest being found in urban areas and in regions of fertile soil or in those in which some great mineral wealth is located and the weakest are found in areas of thin soils or unused land. By contrast the desire to maintain a fairly uniform standard of governmental services remains relatively constant throughout the state. As a result there are in Missouri many communities that finance easily services that other communities can afford not at all.

The discrepancies in fiscal strength in eight selected rural Missouri counties are given in the table below. These counties were selected in order to illustrate extremes of disparity, and a more complete picture would bring out additional gradations in fiscal strength. Included also (see the last column) are the average property tax rates of the counties in order to indicate the level of effort that is customarily being exerted to maintain standards of governmental services.

TABLE 18.—ASSESSED VALUATIONS AND TAX RATES IN RURAL COUNTIES OF NORTHERN MISSOURI AND THE OZARK HIGHLAND.

	Assessed Valuation (1933)	Per Capita	Average Property Tax Rate (1932)
Northern	Atchison	22,257,198	1.658
	Saline	39,212,026	1.282
	Nodaway	39,532,740	1,499
Ozark Border	Gasconade	11,334,855	931
	Laclede	9,927,641	608
Ozark Plateau	Maries	6,983,277	835
	Reynolds	2,742,953	307
Ozark Center	Shannon	5,163,616	474
			1.80
			(Per \$100 of Assessed Valuation)

Contrasts both with respect to total and per capita assessed valuations as between these counties are striking. For instance, the per capita assessed valuation of Atchison county in Northwest Missouri is approximately five and one half times that of Reynolds county in the Ozark Center region and, to select another extreme, the total assessed valuation in Nodaway county also in Northwest Missouri, is approximately fourteen and a half times as great as that for Reynolds county. Equally significant, the total property tax rate in Atchison county in 1932 was \$1.03 per \$100 of assessed valuation and that of Nodaway was \$1.22, while in Reynolds county the tax rate was approximately double these or \$2.24 per \$100 of assessed valuation. These differences are at once a plea for broadening the base of support for governmental services and for revising the pattern of the governmental structure. There is very little reason in these days of good roads and rapid transportation for continuing forms of government that have grown to be largely archaic. If the

structure of local rural government could be revised to do away with these discrepancies in fiscal strength and tax rates delinquency might be lessened somewhat.

### A Classified Tax System

A further proposal of considerable merit in the program for reducing delinquency is that which calls for a substitution of a classified tax system for the uniform system at present. The advisability of greater flexibility in the taxation of land has been brought most forcibly to the fore in connection (1) with the control of erosion and (2) with respect to reforestation. The property tax, it is rather generally conceded, is unfair to the timber grower except and until he is able to place his property upon a sustained yield basis. That is, the tree taking fifty to seventy-five years to grow is taxed from fifty to seventy-five times in its path from the seedling stage to the harvest. By contrast, corn or cotton, which are grown or harvested each year, are taxed only once. It is an extremely productive type of property that can stand taxing from fifty to seventy times for each time that it yields an income and during the period in which Missouri forests are being rejuvenated such a situation will obtain. That is, it will take a period from twenty to thirty years at best to place Missouri forest lands generally upon a sustained yield basis.

The proposal of those who advocate a classified tax system with respect to Missouri forests is, therefore, to remove forest property in part from the full impact of the property tax. It should be noted, parenthetically, that the areas which would be most largely affected are also those in which tax rates are at a very high level. (Note, for instance, Reynolds county in Table 18 above.) A number of plans of adapting the property tax to forest property have been made and for a detailed discussion of the various proposals the reader is referred to Progress Report No. 18 of the Forest Taxation Inquiry.

The proposal with respect to eroded and eroding lands is more recent and suggests that because of the great seriousness of erosion in Missouri and because erosion is unquestionably one of the factors producing tax delinquency that farmers agreeing to inaugurate a program of erosion control, either through returning crop land to pastures or seriously gullied land to timber, be allowed for a definite period, a reduction in their assessed valuation and, hence, in their taxes. The objective is to reimburse the farmer or land owner for added costs that he contracts to undertake in curbing erosion since, so serious has become the ravages of this form of land depreciation, that it has become a distinctly public

concern. The public should, it is maintained, be willing to bear some small portion of the costs of combatting these ravages.

To inaugurate either of these proposals would require, according to competent legal opinion, a constitutional amendment.<sup>1</sup> However, despite this constitutional difficulty it is very probable that some form of classified taxation must be adopted in Missouri. It is true that forest land may be moved into public ownership and, hence, be relieved of the weight of the property tax but such will hardly be the case for eroded agricultural lands, and the problem of erosion control can scarcely be said to be less serious than that of reforestation. The restoration of forests upon lands now unproductive, and the checking of erosion so as to maintain the productiveness of lands now threatened, should prove a salutary step in controlling delinquency.

### Improved Land Use

Perhaps the most comprehensive of all programs for the reduction of tax delinquency is that involved in the proposal for improving land use in Missouri. These proposals relate broadly to three great divisions of the state, viz., the northern and western agricultural regions, the Ozark Highlands and the Southeast Lowlands. In the northern and western agricultural regions the major elements of such a program involve (1) the substitution of a genetic agriculture for one that has been largely extractive up to the present time, (2) the control of erosion, and (3) a program which will involve the more intensive use of good land and the more extensive use of the poorer lands. The program for the Ozark Highland, on the other hand, leans much more heavily upon forestry and it has been proposed that not less than eight million acres of the stoniest and hillier lands of the Ozarks be placed in public ownership and under an intensive regime of forest management. Under present circumstances, in a large number of the Ozark counties, particularly those of the so-called Ozark Center, more than 75% of the land is not used for crops, plowable pasture or for urban, transportation, or mining uses. That is, the preponderant share of the land is used almost not at all, since only the smallest beginnings of a genetic forestry had appeared in Missouri prior to the advent of the National Forests in 1933. In the Southeast Lowlands, by contrast, the land use proposals involve the necessity for lowered costs of land development, particularly with respect to drainage and leveeing. Indeed, so comprehensive is the program of land use and so much more is involved in them than the mere reduction of delinquency, that the details of them must be reserved for a later report.

1. The reader is referred to an unpublished paper delivered at the November, 1934 meeting of the Missouri Academy of Science by Professor A. M. Meyer of the Missouri Law School entitled "The Feasibility of Tax Differential Methods for Land Conservation in Missouri".

## APPENDIX

## North and West Missouri

Andrew	Dekalb	Linn
Buchanan	Gentry	Livingston
Caldwell	Grundy	Mercer
Carroll	Harrison	Nodaway
Cass	Henry	Pettis
Chariton	Holt	Platte
Clay	Howard	Ray
Clinton	Jackson	Saline
Cooper	Johnson	Worth
Daviess	Lafayette	

## Northeast Missouri

Adair	Lincoln	Ralls
Audrain	Macon	Randolph
Boone	Marion	St. Charles
Callaway	Monroe	Schuyler
Clark	Montgomery	Scotland
Knox	Pike	Shelby
Lewis	Putnam	Sullivan

## Ozark Border

Bollinger	Franklin	Ste. Genevieve
Cape Girardeau	Gasconade	Perry
Cole	Moniteau	Warren
	Osage	

## Ozark Center

Carter	Ozark	Shannon
Iron	Reynolds	Taney
Madison	Ripley	Washington
Oregon		Wayne

## Ozark Plateau (North)

Benton	Dent	Morgan
Camden	Hickory	Phelps
Crawford	Maries	Pulaski
	Miller	

**Ozark Plateau (South)**

Christian	Howell	Polk
Dade	Jasper	Texas
Dallas	Laclede	Webster
Douglas		Wright

**Southwest Fruit and Dairy**

Lawrence	McDonald	Newton
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**Southwest Corn and Small Grain**

Barton	Cedar	Vernon
	St. Clair	

**Southeast Lowlands**

Butler	Mississippi	Pemiscot
Dunklin	New Madrid	Scott