

THE REVENUE LAW

Suggestions of Some Amendments Which Would Cure Patent Defects

It is idle for the present legislature to waste any time trying to enact a new law, or to patch up the present one, aiming to insure the assessment of property at its "fair cash value."

The constitutional limitation on levy for county purposes is 15 mills on the dollar valuation, and it is a notorious fact that, no matter what the law says, the grand assessment roll of any county will seldom be so large that a 15-mill levy on that will produce much more county revenue than will be needed.

Now, if property were assessed at "fair cash value" in all counties, an extravagant board in Dundy could levy only three times as much county revenue as now, but in Butler and York seven times heavier taxes could be imposed—and there seems to be no legal way of preventing such action.

Of course, it does not matter to the people of Dundy county upon what sort of valuation the people of Butler and York raise their county revenues. It is really none of their business.

But as Dundy county property must contribute \$1 of university tax and \$5 of general fund tax on each \$3,000 of "fair cash value" while Butler and York county property contributes only 45 cents for university and \$2.25 for general on each \$3,000 of "fair cash value," it is apparent that a rank injustice is done Dundy county.

Aside from the question of some better method of collecting the taxes after they are levied (which we shall not here discuss) there is, under our constitution, a way to make the levy of state taxes as fair as it seems possible for human ingenuity to devise.

The one which The Independent here proposes will be fair as between the railroads and other property interests, and fair as between counties. The railroad assessment feature is the fruit of study by Hon. M. F. Harrington and the method of fixing the levy is partially The Independent's idea.

Mr. Harrington's idea is that the state board should be empowered to ascertain the "fair cash value" of railroad property—but not to assess it. That it should certify to each county board the "fair cash value" of the railroad property in that county.

We shall take four counties through which the Republican Valley line of the Burlington runs—Dundy, Nuckolls, Jefferson, and Richardson. Suppose the property returned by the assessors to show (as actually occurred a year or so ago) as follows:

Table with 2 columns: County, Value. Dundy: \$399,490; Nuckolls: 1,692,432; Jefferson: 1,975,437; Richardson: 2,842,059.

The Republican Valley line has mileage in these counties as follows: Dundy: 41.54 miles; Nuckolls: 20.41 miles; Jefferson: 26.44 miles; Richardson: 12.70 miles.

We will suppose that the state board has certified that the "fair cash value" of this line is \$53,488 per mile,

and that the county boards assess as follows:

Table with 3 columns: County, Per mile, Total. Dundy: \$17,829.33; Nuckolls: 13,372.00; Jefferson: 10,697.60; Richardson: 6,686.00.

When returns are received by the state board, it would have no difficulty in arriving at the conclusion that property generally was assessed in Dundy at 1-3, Nuckolls at 1-4, Jefferson at 1-5, and Richardson at 1-8 of "fair cash value."

Now, to the state levy: Suppose the present legislature shall appropriate \$2,485,993.82 to be paid out of the general fund. The levy for 1903, then, should be at least \$1,242,996.92, and the same for 1904.

It is evident that by multiplying the Dundy county return by 3 we shall have approximately the "fair cash value" of all assessed property in the county. Having done similarly by the return from each county, we can arrive at the "fair cash value" of all assessed property in the state.

The rate of levy for state general fund purposes, on the four counties under consideration, would be as follows:

Table with 2 columns: County, Mills. Dundy: 2.7; Nuckolls: 3.6; Jefferson: 4.5; Richardson: 7.3.

The criticism which thoughtless people might urge against this plan, viz: that the same line of road is assessed at so widely varying valuations per mile, falls to the ground when we find that a mile in Dundy would pay \$48.14 of state general fund tax, the identical amount a mile would pay in Nuckolls and Jefferson, and only a few cents less than in Richardson.

Inasmuch as the levies for temporary university and temporary school are about equal, and as the two together ought to aggregate about one-third as much as the general fund, the levy for all three could be made consolidated and the taxes divided as received in the proportion of \$6 general to \$1 university and \$1 school.

Referring now to the assessed valuation of all property in the four counties named, exclusive of the property assessed by the state board, we find that the ascertained equitable rate of levy for general fund purposes would, on the valuation given (the figures are for 1898), give the following levy:

Table with 3 columns: County, Mills, Total. Dundy: 2.7 mills, \$1,078.62; Nuckolls: 3.6 mills, 6,092.76; Jefferson: 4.5 mills, 8,839.47; Richardson: 7.3 mills, 20,747.63.

Total: \$36,807.88. The levy as actually made was 5 mills on each county and amounted to:

Table with 3 columns: County, Mills, Total. Dundy: 5 mills, \$1,997.45; Nuckolls: 5 mills, 8,462.16; Jefferson: 5 mills, 9,877.19; Richardson: 5 mills, 14,210.50.

Hence, of every \$100 collected from Dundy, \$46 was extortion; of every \$100 from Nuckolls, \$28 was unfairly levied; Jefferson paid \$100 when \$90 was right; but Richardson should have paid \$131.50 instead of \$100.

Under either method, with no average rise in the assessment, the railroads would pay the same amount of state tax per mile. As a matter of fact the R. V. was assessed at \$4,500 a mile and paid \$21.50 state general fund tax on each mile of road in the four counties. Assuming that this \$4,500 AVERAGED high enough (which it doubtless did not), if it had been left to the local boards to make the assessment the figures should have been:

But for local taxation, Dundy, Nuckolls and Jefferson would have a greater railroad valuation to tax, while Richardson would have less—and here is where the pinch will

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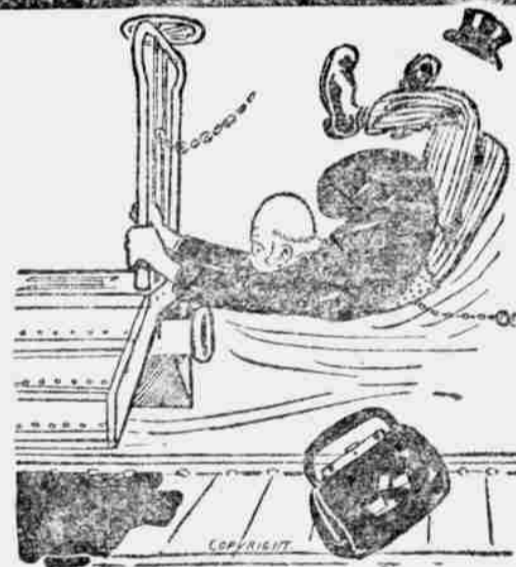
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come. The railroads will not permit local assessment if they can help it—and they surely can in this legislature—because experience has shown that they can always better escape paying their fair share by having the assessment made by a state board, not necessarily because the board may be corrupt, but because of the extreme difficulty of doing justice where a given assessment per mile is laid on a road running through counties where the standard of assessment varies widely.

It is better that the state board determine the "fair cash value" of the roads, because it can secure the ne-

cessary information more readily than the county board. But the county board knows best how much to assess a \$50,000 mile of railroad to make it on an equality with other property in the county.

Here is an opportunity to solve the question of equitable taxation. The Omaha city tax question will be settled by it. The state debt will cease, to grow and will shrink as rapidly as it is good for it to do. Justice can be done as between counties and as between the railroads and other interests. Will the legislature ever consider it? Hardly likely.