

**REPORT OF THE
STATE TAX
COMMISSION, 1903**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649371624

Report of the State tax commission, 1903 by Various

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

VARIOUS

**REPORT OF THE
STATE TAX
COMMISSION, 1903**

REPORT
OF THE
STATE TAX COMMISSION
OF
MISSOURI
1903,
INCLUDING A DIGEST OF THE REVENUE LAWS.



JEFFERSON CITY, MO.:
TRIBUNE PRINTING COMPANY, STATE PRINTERS AND BINDERS.





REPORT.

To Honorable Alexander M. Dockery,

Governor of the State of Missouri:

The Commission created by the act of the 41st General Assembly (Session Acts 1901, p. 203), approved April 17th, 1901, to revise the revenue laws of the State, was appointed on the 22nd of February, 1902, and at once entered upon the discharge of the duties assigned.

SCOPE OF THE WORK.

No one who has given any thought to the vexed problems of taxation will expect a discussion here of the various theories advanced upon that subject.

The tedious and painstaking labor necessary to a proper revision of our revenue laws and the difficulty of accomplishing satisfactory results cannot be overestimated.

The Commission soon realized that, in the time at the disposal of its members, little more could be done in this report than to call attention to the more glaring defects and to recommend improved methods of administration.

The recommendations are intended simply as the best suggestions the Commission can now offer for immediate relief from the evils in our tax system, to which reference is hereinafter made.

It was deemed best, in order to accomplish practical results, to divide the work and assign a part to each member, and to have occasional meetings for conference and comparison of views. This plan has been followed.

COMPARISON OF TAX LAWS OF THIS AND OTHER STATES.

There are many defects in *our* revenue system. It is very far from perfect. But an ideal system of taxation has not been

devised, or at least, it cannot be safely said that such a system has been put into practical operation.

A comparison of our revenue laws with those of other states will show that they have many features in common. The general provisions concerning the assessment and collection of taxes, the subjects of taxation and the method of raising revenue in a number of our sister states are not essentially different from ours.

The revenue laws of Missouri in their main provisions compare favorably with those of other states.

The reports of the various tax commissioners, however, indicate a general dissatisfaction with existing conditions.

This is true, not only in states whose general plan of taxation is similar to ours, but also in other states where the method of raising public revenue is entirely different.

The complaints are not confined to any state. Our examination of the reports of the various tax commissions show that there is dissatisfaction in every state, almost without exception, with its tax system and tax laws.

CONSTITUTIONAL LIMITATIONS.

Many changes that have been suggested, and some that seem desirable to the Commission, cannot be made on account of Constitutional provisions.

The entire article on "Revenue and Taxation" in the Constitution of 1875, or at least a large part of it, should be re-written, before there can be any deviation from the general plan outlined therein.

The Legislature is so hedged about and hemmed in by limitations in the fundamental law of the state that, as the Constitution stands, no statutory change can be made in the *general* system of taxation now in force.

Statutory amendments must therefore be confined to supplying omissions, remedying defects and providing better methods of administration.

GENERAL REVENUE MEASURE.

Many of the provisions of our statutes are well adapted to our present system, and are as satisfactory as any that could

be devised under existing conditions. Most of them have been construed by the Supreme Court and have stood the test of actual operation. The various state and county officials, as well as the tax-payers, have become familiar with them. No changes are needed in a number of sections of the revenue law.

The subject of taxation presents many problems about which thoughtful citizens differ. The General Assembly may conclude that some of the changes and additions suggested by the Commission should be adopted, while others may not meet with approval.

Hence it has seemed unwise to submit a *general* revenue measure, which could not be changed without destroying its symmetry and effect, but rather to present separate bills concerning the different subjects, and separate amendments to the various sections of the present law in which changes are recommended.

ABSENCE OF UNIFORM ASSESSMENTS.

Each citizen is a partner in the enterprise which requires the raising of public revenues. It is his *duty* to contribute his *proportion* of the expenditures, and it is his *right* to have *others* do likewise.

Our Constitution "and the laws made in pursuance thereof," measure this duty by the value of the property possessed by the tax-payer. Whether this is the best system it is not our purpose at this time to inquire. It is the plan laid down in our Constitution.

Equality in the distribution of these burdens is equity. It is guaranteed by the Constitution of Missouri, and is fundamental in any just system of taxation.

It is needless to say that in a plan of taxation based upon the value of property, this equality cannot be secured without uniformity in the assessments. It matters not that the same tax rate is levied upon all property. Unless the same ratio of value is taken as the foundation for the levy, unfair discriminations necessarily result. Where some property is over valued, and other under valued, the inequality in the tax is just as great as if the state authorities, or the county courts, should fix a different rate upon the property of different individuals. This would not be tolerated for a moment.

The command of our Constitution is that "all property subject to taxation shall be taxed in proportion to its value," and "taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax."

The difficulty in securing equality is not so much in the laws, as in the method of enforcing them.

The complaint has been general that the assessments have not been uniform in the different counties, and that discriminations are made even in the same county between different kinds of property.

The Commission addressed a letter to the Collector, Clerk of the County Court and Assessor of each county, including the proper officials of the City of St. Louis, asking information upon this subject.

Reports were received from ninety-eight counties and the City of St. Louis. These would be indeed startling if some of the facts stated therein had not been previously known. They show a condition of affairs that should no longer be permitted to continue.

It is within the bounds of truth to say that no two counties in the State have the same rule for the assessment of *all* classes of property, and, generally speaking, there is absolutely no uniformity as to the proportion of the actual cash value taken as the basis for the assessed value.

Some counties value real estate, so these reports show, as low as thirty per cent. of its selling price, while others have a ninety per cent. basis. Some assess real estate at thirty-three and one-third per cent., money and credits at one hundred per cent. and tangible personal property at fifty per cent.

There is an absolute want of equality in taxation according to the replies received from these officers, and the absence of any uniform rule throughout the State for assessing property.

It results from this condition that some counties contribute more than their part to the State's expenditures, while others are charged with less than their share.

The counties in which local conditions induce higher assessment are those which are made to pay the greatest amount of State taxes, and yet, on account of their own needs, they are less able to bear it.

The very small tax rate for State purposes makes *this* inequality less burdensome to the individual tax-payer than at first might be supposed.

The State revenue tax, as is well known, is only fifteen cents on the hundred dollars valuation, and hereafter the sum necessary to pay interest on the State certificates of indebtedness to the school and seminary funds will be only two or three cents annually on each hundred dollars valuation. So it will be readily seen that the exaction made by the *State* from the property owner is indeed a very small part of his taxes.

Still inequality between counties is wrong in principle and should be remedied as far as possible.

Then, too, where the counties have different rules for the assessment of property, or no definite and established rule, it is impossible to fix a proper basis upon which to assess property that extends through several counties.

The courts hold, and with manifest justice, that discriminations cannot be intentionally made in valuing property for taxation, without violating the constitutional right of the citizen to insist upon uniformity in such assessments. But the unintentional discriminations are equally oppressive in their practical results.

SEPARATION OF STATE AND COUNTY REVENUES.

If the State should collect its revenues from other sources than a direct levy upon real and personal property, leaving to the counties the exclusive right to tax such property for local purposes, as advocated by many citizens, each county could adopt its own basis of assessment without, at least, imposing an unfair burden of *state* taxes upon other localities—however unequal the burdens of county and municipal taxation might be among the tax-payers of such county, by reason of discriminations in the assessment of different kinds of property therein.

The aggregate taxes for county, municipal and school purposes upon railroad, street railroad, bridge, telegraph and telephone companies, and other public service corporations, together with the tax upon foreign insurance companies apportioned to the various counties, have been *practically* equal to the total taxes for the State Revenue Fund collected from real and personal

property, including the *ad valorem* tax upon merchandise, or at least there has not been any very great difference between these two amounts, and hereafter there will only be two or three cents on the hundred dollars needed for the State Interest Fund. Any loss to the State would be more than overcome by the difference in the cost of the assessment and collection of the State revenue, which now requires a bi-ennial appropriation of \$350,000 to \$375,000; but this expense would be an additional charge upon the counties.

By levying a rate upon corporate property now assessed by the State Board of Equalization, sufficient to bring into the State treasury an amount equal to the sum collected at present from these corporations for *all* purposes, and by retaining the tax upon foreign insurance companies heretofore apportioned to the different counties, the State might forego its tax upon real and personal property, including the *ad valorem* tax upon merchandise, without loss of income.

It will also be important to know how the revenues of the different counties will be affected.

The Commission has obtained a table to be printed as an appendix to this report showing these facts for the information of the General Assembly.

Our Constitution, however, stands in the way of this method of taxation.

An amendment, embodying a number of changes in the fundamental law of the State, must precede any legislation in that direction; and after the necessary constitutional changes shall have been made, the statutes must be adjusted to the new conditions.

A change of this character, however, cannot properly be made without revising many of the sections in the article concerning "Revenue and Taxation" in the present Constitution.

The Constitution of 1875 is so unsuited to a different system that to make it conform to the proposed change, and so adjust its various provisions as to avoid conflict and uncertainty, will require a remodeling, substantially, of article X thereof.

Section 5 of that article declares that "All railroad corporations in this State, or doing business therein, shall be sub-