

**THIRD ANNUAL REPORT.
KENTUCKY STATE
TAX COMMISSION**

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Third Annual Report. Kentucky state Tax Commission by Various

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1920



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KENTUCKY STATE TAX COMMISSION

JAS. A. SCOTT

Chairman

L. R. DAVIS,

RAINEY T. WELLS

Members

BEN MARSHALL,

Secretary

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Frankfort, Kentucky, January 1, 1921.

To the Honorable Edwin P. Morrow,
Governor of the Commonwealth of Kentucky:

The State Tax Commission submits herewith its report for the year 1920. This report embraces the work of the commission and a general statement of the assessed values of property in the Commonwealth based upon the assessment as of July 1, 1919. It shows the facts and results of this assessment as equalized by the commission. This report includes the assessment made by the commission of all the railroad properties in the state, telephone and telegraph properties, the property of other miscellaneous corporations, the assessment of bank deposits and building and loan associations, all of which was certified to the Auditor for collection.

We have received reports from 576 banks, and from these reports we have been able to calculate the amount of bank deposit tax due, and to verify the value of the shares of stock of these institutions which are assessed by the local authorities for state and county purposes. We find that a great number of the banks of the state have by a simple entry on their books charged off the value of real estate and furniture and fixtures against their surplus and undivided profits, thereby reducing the book value of the bank shares, and necessarily decreasing the assessed value of the bank shares. In calling for reports of banks for the year 1921 we have required them to report the amount of real estate and furniture and fixtures which they have charged off their books, and the same will be taken into consideration next year in arriving at the actual value of the shares of stock of the banks.

The commission has examined and considered more than 8,000 corporation reports for the purpose of determining the amount of corporation license tax due thereon, and has certified the amount of tax due, if any, to the Auditor of Public Accounts.

An examination of the several tables making up this report will disclose the sources from which the state revenues are received and the amount thereof.

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Table No. 1 contains a general statement and a recapitulation of the county tax commissioner's (assessor) books as finally equalized from the several counties. By comparison of the assessments shown in this table with the assessment made as of July 1, 1918, as shown in our report for the year 1919, you will discover that there has been an increase or decrease in the assessments as follows:

	Increase	Decrease
Lands _____	\$56,193,530	_____
Town lots _____	19,381,813	_____
Tangible personal property other than live stock _____	38,754,236	_____
Live stock _____	_____	\$10,964,815
Bank shares _____	2,638,741	_____
Intangibles _____	_____	88,608,270

The great loss in the assessment of intangibles is explained by the fact that the assessment of July 1, 1918, included the intangibles of the Bingham estate, amounting to \$100,335,247, which were not listed as of July 1, 1919. Excluding the Bingham estate there was an increase in the intangibles on the assessment of July 1, 1919, of \$11,726,977. The fact is that no taxes were paid on the assessment of the intangibles of the Bingham estate made as of July 1, 1918. This commission has recently approved a suit for the state revenue agent, which is filed in the Jefferson Circuit Court, for the collection of the said ad valorem tax due on the intangibles of the Bingham estate, which were omitted in the assessment of July 1, 1919. Notwithstanding the fact that there was an increase in the amount of the assessment of intangibles as of July 1, 1919, over that of July 1, 1918, this commission is thoroughly convinced that a very large percentage of the intangibles in this state subject to taxation are not assessed and are escaping their just proportion of the tax burden. This commission has given considerable thought as to the best method of securing the assessment of intangibles. Whether a law should be enacted again giving immunity to the owners of intangibles in order to secure their assessment, or some other method, should address itself to your careful consideration.

Table No. 2 shows in detail the assessed valuation of all the various classes of property, and the amount of tax received there-

from as reported by the several county tax commissioners and equalized by the county boards of supervisors.

Table No. 3 shows the assessed value of the various classes of property, and the amount of revenue derived from each, and the percentage of the total taxes paid by each class for the last three years under the old revenue laws, 1915, 1916 and 1917, and the first three years under the present revenue laws, 1918, 1919 and 1920.

Table No. 4 shows the revenue received from live stock, from all property other than live stock, bank deposits, production tax on oil, and the total revenue received from each county respectively.

Table No. 5 shows the tangible, franchise and total valuation fixed by this commission on the railroad property of the state, and in addition thereto the total amount of revenue derived therefrom.

Table No. 6 shows the tangible, franchise and total valuation of the miscellaneous corporations, together with the amount of revenue derived therefrom.

The last four pages of this report will give you a recapitulation of all the tables previously referred to.

All of which is respectfully submitted.

STATE TAX COMMISSION.

J. A. SCOTT, Chairman

L. R. DAVIS,

RAINEY T. WELLS,

Commissioners.