

**REPORT OF THE SPECIAL TAX
COMMISSION OF MAINE,
APPOINTED UNDER RESOLVE OF
THE LEGISLATURE APPROVED
MARCH 8TH, 1889**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649691999

Report of the Special Tax Commission of Maine, Appointed under Resolve of the Legislature
Approved March 8th, 1889 by Maine Special Tax Commission

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

MAINE SPECIAL TAX COMMISSION

**REPORT OF THE SPECIAL TAX
COMMISSION OF MAINE,
APPOINTED UNDER RESOLVE OF
THE LEGISLATURE APPROVED
MARCH 8TH, 1889**

REPORT

OF THE

Special Tax Commission of Maine,

APPOINTED UNDER

RESOLVE OF THE LEGISLATURE,



Approved March 8th, 1889.

AUGUSTA:

BURLEIGH & FLYNT, PRINTERS TO THE STATE.

1890.

HJ 2410
.A59
1890

DOCUMENTS
DEPT.

RESOLVE.

70407

To provide a Commission to inquire into the system of taxation of other states and this state and report to the Governor and Council.

Resolved, That the governor be and hereby is, by and with the consent of the council authorized and empowered to appoint a commission consisting of three persons whose duty it shall be to inquire into the system adopted by other states to raise revenue for state, county and municipal expenses, and to provide for a more equal, just and equitable system of taxation, of all kinds of property in this state, for the purposes of said state, county and municipal expenses, that shall be better adapted to the wants of this state and reduce the rate of taxation of the people; and to provide for a better, and more effectual system of assessment and collection of taxes, in this state; said commissioners to be paid from any money in the state treasury not otherwise appropriated, such a sum for their services as shall be allowed by the governor and council and for necessary clerk hire and incidental expenses and to report to the governor and council on or before the first day of October in the year of our Lord eighteen hundred and ninety; and that the governor shall cause their report to be printed and distributed at the state's expense, three copies of which shall be sent by mail or otherwise to each member of the present legislature to their proper residence; and one thousand copies of said report shall be provided for the use of the next legislature of this state.

Approved March 8, 1890.



REPORT.

To the Honorable Edwin C. Burleigh, Governor of the State of Maine:

The Commissioners appointed by your Excellency under the foregoing resolve of the Sixty-Fourth Legislature organized on the nineteenth of November, 1889, and at once began an examination of the general subject of taxation, within the scope of the resolve, which is sufficiently broad to allow all necessary research for improved methods. Our first endeavor was to determine what were the defects of our present system which afford just cause for complaint, and which, in the judgment of the legislature, make the inquiry necessary. The Commission selected A. M. Goddard, Esq., of Augusta, as its clerk whose services have been efficient and valuable.

To acquire the desired information, we began to hold meetings of the Commission at the State House in Augusta, in December, 1889, for the purpose of hearing parties desiring to be heard and for discussion. We invited discussions through the press of the State by notice in the leading newspapers of the several sections and sought, by correspondence and interviews with persons whom we thought to have had experience in matters of taxation and by circulars of interrogatories to boards of assessors, to inform ourselves in relation to the particular provisions of our present statute which are defective or inadequate and as to its deficiencies. After an extended investigation of this kind, we began an examination into the systems of taxation in vogue elsewhere in this country, and to do this systematically and in such way as to gain the most information in the time allotted us, we pro-

ceeded to collate and arrange in order an epitome of so much of the tax laws now in force in the several states as are materially different from those of Maine. We did not deem it essential to extend this inquiry into every one of the states, yet it was necessary to make the examination widely comprehensive, and the laws of every state which included any features which we believed it desirable to incorporate into the system of this State, we have examined with care. Having so examined the laws of the several states sufficiently to acquire a general knowledge, at least, of the several revenue systems, we visited several states, whose systems contain features radically different from ours, for the purpose of getting definite information as to the practical workings of such systems. For this purpose, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island and New York were visited, which states represent very well the more pronounced differences of method in raising revenues, as employed in the United States, both for state and local purposes. We have also studied with an anxious desire to learn of some method yet untried in this State, which contains the promise of practical efficiency, the theories of several prominent economists and writers upon social science.

SYSTEMS OF TAXATION.

The disposition to conceal property from the assessor has always prevailed. Even in the primitive days of New England, when the forms of taxable property were few, extraordinary methods had to be resorted to to bring all the taxable property under assessment. Perhaps as curious a tax law as any was that of Rhode Island passed in 1673, as follows:

"If the Assembly judge any have undervalued their estate, each shall be required to give in to the Treasurer a true form of an Inventory of all their Estates and Strength in particular, and give in writing what proportion of Estate and Strength in particular he *guesseth ten of his neighbors, naming them in particular, hath in Estate and Strength to his Estate and Strength.*"

If property should now be assessed at a valuation set by ones' neighbors, there would be plenty of revenue.

The present system of taxation in this State is substantially that borrowed from Massachusetts at the time of the separation, and is the result of an attempt to enforce the principles of the first tax law adopted by the General Court of Massachusetts Bay, whereby it was enacted:

"That every Inhabitant shall Contribute to all Charges both in Church and Common-wealth, whereof he doth or may receive benefit. And every such Inhabitant who shall not Contribute proportionably to his ability to all common Charges, both Civil and Ecclesiastical, shall be compelled thereunto, by Assessment and Distress, to be levied by the Constable or other officer of the Town."

The Commonwealth of Massachusetts embodied this rule of taxation in the Constitution of 1780 in granting the General Court "power and authority to impose and levy proportional and reasonable rates, assessments, and taxes upon all the inhabitants of and persons resident, and estates lying in said Commonwealth."

It was expressed in the original Constitution of Maine, Art. IX, Sec. 8, as follows: "All taxes upon real estate, assessed by authority of this State, shall be apportioned and assessed equally, according to the just value thereof." Although personal estate was not mentioned in the Constitution as subject to equality of taxation, the first tax laws enacted by the legislature after its adoption included as taxable "all estates real and personal" not by law exempted; and by the seventeenth amendment of the Constitution, adopted in 1875, Sec. 8 of Art. IX, equality of apportionment and assessment was made to cover personal as well as real estate. This principle of our system and many of its details remain as in 1821. They have been in vogue during the entire life of the State and were substantially the laws of our ancestors under Massachusetts from the beginning. The only alterations have been the engrafting upon the system, from time to time, of amendments which were devised to meet the altered conditions of business and business methods, mainly from the

great and multiplying interests of corporations and in the attempt to bring into the assessment lists the rapidly increasing, intangible wealth of recent years.

While we have not been unmindful of the various latter-day theories of political economists relating to this complicated subject, and confess to having been compelled to acknowledge the logical soundness of many views advanced, which are at variance with the conclusions at which we have arrived, yet, after such deliberation and study of the perplexing facts involved as we have been able to give them, we have decided that it were better to err upon the side of conservatism, in a matter so far reaching and important as this, and bear some of the ills of a time-honored system, "than fly to others that we know not of." "A system," says an able writer upon the Inequalities of Taxation in Massachusetts, "which has been thus developed by the experience of an intelligent and practical people during so long a period, and to which all social and business interests have become adapted, cannot safely be essentially changed except by a gradual and experimental process."

We have also believed it inexpedient to recommend any changes of the law which cannot be made without changes in the Constitution. Yet we have not been so conservative as to hesitate to recommend a radical change in several respects, where an antiquated method, unsatisfactory in results, could be readily altered to a method which in many states has been found to yield excellent results, and involving no constitutional objections. In other words, our veneration for the old has not prevented our acceptance and recommendation of several important changes in our system, where the practical experience of other states has shown such change to be safe and salutary. The principal changes of this kind which we have embodied in the proposed act herewith submitted, are the provisions for a permanent board of State Assessors, and a new method of State valuation and equalization. Our present system lacks a head—a central, controlling supervision of the important details so necessary to render any

financial system, and much more a system so far reaching and vital as that of raising revenue, efficient. This we have tried to remedy in the bill herewith.

The other changes, which are quite numerous, are in the nature of amendments and additions to the present system, so as to include new sources of revenue, and especially by making the listing of property more peremptory and effective.

The tendency of the theories of many able writers upon the tax problem is towards the single tax—a tax on land values. Indeed, that is the system which most European countries have now adopted, relieving all money, evidences of debt, and in some instances all personal property, from any taxation whatever. In view of the prominence this theory is assuming in this country at present, we have felt it our duty to examine it, although mindful of the instructions of the resolve under which we were acting, “to provide for a more equal, just and equitable system of taxation of *all kinds* of property.” It is by no means new. Judge Cooley, whose legal works are standard in the courts of the country, writing in 1876, after enumerating several principal objections to the assessment of personal property—that it must necessarily be inquisitorial in its operation; that it destroys privacy in business and family concerns; induces false swearing; leads to fraud; often discriminates unjustly between residents and non-residents; leads to double taxation, and requires a larger force and more frequent assessments than would otherwise be necessary—says: “These are objections which every one feels and appreciates; others, which are more obscure, need not be mentioned. A tax on land is not open to these objections. Whenever the law seeks to tax land and personalty with equality, the land pays much the greater portion of the tax, because this can all be reached and all be taxed; no inquisitorial proceedings are required to discover it, and no frauds or evasions can conceal it from view. These and other reasons have led some political economists to advocate the omission of personalty from the customary taxation by