

his estate, constitutionally may be imposed on the shares of legatees, notwithstanding that under the law of the state in effect on the date of such enactment, ownership of the property passed to the legatees upon the testator's death.⁴⁰⁰ Equally consistent with due process is a tax on an *inter vivos* transfer of property by deed intended to take effect upon the death of the grantor.⁴⁰¹

The taxation of entities that are franchises within the jurisdiction of the governing body raises few concerns. Thus, a city ordinance imposing annual license taxes on light and power companies does not violate the Due Process Clause merely because the city has entered the power business in competition with such companies.⁴⁰² Nor does a municipal charter authorizing the imposition upon a local telegraph company of a tax upon the lines of the company within its limits at the rate at which other property is taxed but upon an arbitrary valuation per mile, deprive the company of its property without due process of law, inasmuch as the tax is a mere franchise or privilege tax.⁴⁰³

States have significant discretion in how to value real property for tax purposes. Thus, assessment of properties for tax purposes over real market value is allowed as merely another way of achieving an increase in the rate of property tax, and does not violate due process.⁴⁰⁴ Likewise, land subject to mortgage may be taxed for its full value without deduction of the mortgage debt from the valuation.⁴⁰⁵

A state also has wide discretion in how to apportion real property tax burdens. Thus, a state may defray the entire expense of creating, developing, and improving a political subdivision either from funds raised by general taxation, by apportioning the burden among the municipalities in which the improvements are made, or by creating (or authorizing the creation of) tax districts to meet sanctioned outlays.⁴⁰⁶ Or, where a state statute authorizes municipal authorities to define the district to be benefitted by a street improvement and to assess the cost of the improvement upon the property within the district in proportion to benefits, their action in establishing the district and in fixing the assessments on included property, cannot, if not arbitrary or fraudulent, be reviewed under the Fourteenth

⁴⁰⁰ *Cahen v. Brewster*, 203 U.S. 543 (1906).

⁴⁰¹ *Keeney v. New York*, 222 U.S. 525 (1912).

⁴⁰² *Puget Sound Co. v. Seattle*, 291 U.S. 619 (1934).

⁴⁰³ *New York Tel. Co. v. Dolan*, 265 U.S. 96 (1924).

⁴⁰⁴ *Nashville, C. & St. L. Ry. v. Browning*, 310 U.S. 362 (1940).

⁴⁰⁵ *Paddell v. City of New York*, 211 U.S. 446 (1908).

⁴⁰⁶ *Hagar v. Reclamation Dist.*, 111 U.S. 701 (1884).