
Taxation and Finance Edited by Wade S. Smith

Baltimore Revenues Exceed Expectations

Nearly Six Million More Than Budget Estimates Collected

REVENUES of the city of Baltimore in 1947 exceeded budget estimates by nearly six million dollars and were nearly thirteen million above collections in 1946, according to a report by the budget director, Herbert Fallin.

The city's 1947 revenues amounted to \$82,866,381, compared with \$77,121,966 anticipated in the 1947 budget and \$69,517,878 collected in 1946. State aid, which was substantially increased by the legislature last year, had been estimated to produce \$15,503,923 but actually yielded \$18,104,989. In 1946 state aid amounted to about \$11,500,000.

The 1948 budget was prepared with the expectation that 1947 budgetary operations would produce a surplus of \$5,147,621 applicable to the new year. This was to be achieved by \$700,000 from underexpenditure of 1947 appropriations and \$4,477,621 from revenues in excess of 1947 anticipations. Actually, the underexpenditure of appropriations was \$696,973, but since revenues exceeded estimates by \$5,744,414 the budget carryover was \$6,441,387. The excess of \$1,293,767 will be made available as revenue for the 1949 budget.

Tax Property Sales Clear Rolls

During the year 1947 King County, Washington, which includes the city of Seattle, disposed at public sale of some 2,277 parcels of property foreclosed for taxes, selling them for \$431,311 com-

pared with \$177,522 due for back taxes. The volume of transactions was not as great as in 1946, when 6,265 parcels were disposed of for a total price of \$1,306,549 compared with back taxes due of \$560,849. Sales operations the last several years have reduced the number of parcels held on tax title lien from the post-depression peak of about 90,000 to about 15,000, according to the Seattle Municipal League.

It is interesting to note that in both 1946 and 1947 the selling price totaled more than the assessed valuation of the parcels, \$1,306,549 against \$564,069 in 1946 and \$431,311 against \$171,016 in 1947. Under Washington law, property taxes for all local governmental units are collected by the counties.

Connecticut Reduces Sales Tax

On February 26 the Connecticut legislature, in a special session called for the purpose of considering revision of the state sales tax law, enacted legislation reducing the sales tax rate.

At present 3 per cent, the tax will be reduced to one per cent beginning April 1. It will remain at 1 per cent until June 30, 1949, then rise to 2 per cent until June 30, 1951, when the present law expires.

Bond Issues for Veterans' Bonuses Establish Record

Last year the state of Illinois established a record when it marketed \$300,000,000 of bonds to pay veterans' bonuses. On March 3 of this year the state of New York tied the record by marketing an issue of similar size for the same purpose.

The \$300,000,000 New York bonus bonds were set up to mature serially in one to ten years, and were sold as a combination of 1½ per cent and 2 per cent bonds at a net interest cost to the state of 1.79 per cent.

The cost of these bonds was somewhat greater than it would have been had the bonds been sold as recently as last December prior to the Christmas eve break in bond prices, but it represented a great savings as compared with the cost of World War I bonus bonds. For the earlier bonus payments the state issued \$45,000,000 of 25-year serial bonds, on which the net interest cost was 4.1372 per cent. The difference between the two rates emphasizes the fact that despite the recent increase in borrowing costs the state and municipal borrower is still in a remarkably favorable position.

In addition to the \$300,000,000 bonus issues sold by New York and Illinois, other large World War II bonus bond issues include \$200,000,000 sold by Michigan in March 1947 and \$200,000,000 sold by Ohio on March 16, 1948.

Welfare Costs Rise to New Heights

Inflation and growing relief roles are causing a considerable increase in welfare costs of states and cities, according to the American Public Welfare Association.

Relief rolls have grown in many localities because inflation has forced some persons to augment inadequate incomes with public assistance and also because the continued return of ex-GIs to jobs has caused unemployment among marginal workers.

The Chicago general relief case load increased 20 per cent in 1947 to a total of 26,400. The Illinois Public Aid Commission has increased food budgets for the average relief family as much as nine dollars a month, costing the

state about \$300,000 additional a month.

The relief case load is heavier now than at any time since May 1942, reports California's relief director. Nearly 55,000 were given aid in December. In Texas state and federal relief costs for the aged, blind and dependent children increased \$17,200,000 last year to a total of \$76,700,000.

The state welfare commissioner of Utah has requested \$530,000 in emergency funds because of an abnormal increase in the state's case load.

The Pennsylvania Department of Public Assistance recently increased monthly general relief checks. In Philadelphia an adult on relief now receives \$50 a month, a parent and child \$75.50, and a family of three \$98.50.

Legislatures now in session are being asked for larger assistance appropriations. In New York the governor asked for \$91,600,000 in state funds—more than double this year's appropriation—to help finance local home relief for the coming fiscal year.

The governors of Kentucky, Virginia and other states are requesting larger funds for welfare. In the dependent children category alone there are now more than a million cases through the country receiving aid under state-federal welfare programs.

Cities Increase Revenues with Admissions Taxes

Cities are taking advantage of state legislation giving them permission to adopt local admissions and amusement taxes.

The Ohio legislature last year abolished the state admissions tax and turned that field of public revenue over to municipalities effective October 1. Seventy cities adopted local admissions taxes and had them all set

to go on that date, according to the Municipal Finance Officers Association. The number of cities taking similar action is still increasing.

Cleveland estimates it will get \$660,000 from its admissions tax during its first year. The levy, typical of those in the other Ohio cities, imposes a 3 per cent tax on theater and other admissions. Cincinnati expects \$300,000 a year from the new tax, Columbus \$155,000 and Dayton \$140,000.

St. Louis, Missouri, recently adopted a levy of 5 per cent on theater admissions. Chester, Pennsylvania, has approved a 10 per cent city amusement tax.

New York City's amusement tax, authorized by the state last year, is expected to increase municipal revenues \$14,900,000—making it by far the most lucrative local tax of its kind. The 5 per cent tax is levied on club dues and night club checks as well as admissions to theaters and other amusements.

Chicago also adopted an admissions tax late last year, a 3 per cent levy expected to yield about \$2,250,000 in 1948. Bloomington, Illinois, passed a 4 per cent tax recently on gross receipts of theaters. Richmond, Virginia, adopted an admissions tax of one cent for each twenty cents of admission price.

A rush to adopt admissions taxes similar to the current one in Ohio took place in Washington when the state withdrew from that tax field in 1943. In the ten months following the state action, all Washington cities over 10,000 population adopted taxes on admissions.

States Press Property Reassessment

Several states are conducting statewide real estate reassessment programs.

Over \$400,000 will be spent on such projects in Arizona, Colorado, Indiana, Utah and Virginia, according to the National Association of Assessing Officers.

Mounting costs of local government, caused by inflation and postwar improvement programs, are putting special emphasis on the need for accurate assessments to determine equitable distribution of heavier property tax burdens.

Largest state appropriation is Arizona's, where the legislature granted \$300,000 in 1947 for statewide appraisal of urban real estate. No contract for the job has yet been made, however.

Colorado's reassessment, financed by a \$100,000 appropriation, is being conducted by the State Tax Commission and will cover all real estate in each of the 63 counties. The program involves a comprehensive study of rural land productivity, with a new land classification system for agricultural areas, based on farm productivity, as one objective.

In Indiana the State Board of Tax Commissioners is conducting a statewide reassessment, ordered by the state legislature, to be completed by July 1949.

General reassessment in Virginia is being made by county assessors at the request of the legislature, which appropriated \$20,000 to the State Department of Taxation to help counties with the job if they seek aid.

Real estate reassessment by Utah county assessors will cover three major categories: (1) land converted from farm to business use; (2) urban land materially changed in value by new development; (3) agricultural land brought under cultivation since the last general assessment.