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A SURVEY OF THE REVENUE SYSTEM
OF DELAWARE COUNTY, PENNSYL-
VANIA, WITH ESPECIAL REFER-
ENCE TO THE METHODS OF
ASSESSMENT AND COL-
LECTION OF TAXES

BY

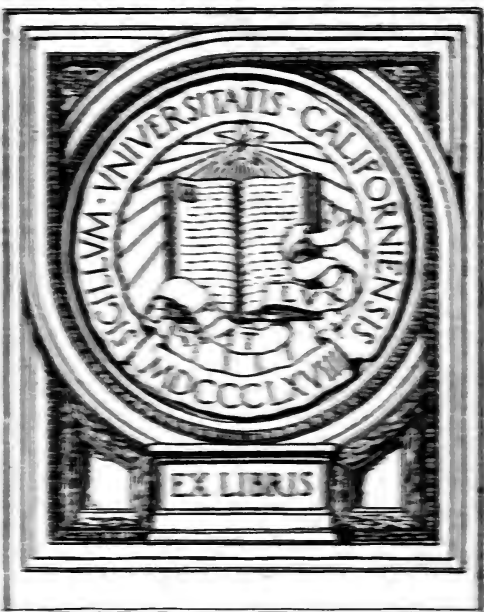
GORDON WATKINS

A THESIS

PRESENTED TO THE FACULTY OF THE GRADUATE SCHOOL IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

FLANIGAN-PEARSON Co.
Champaign, Illinois
1918

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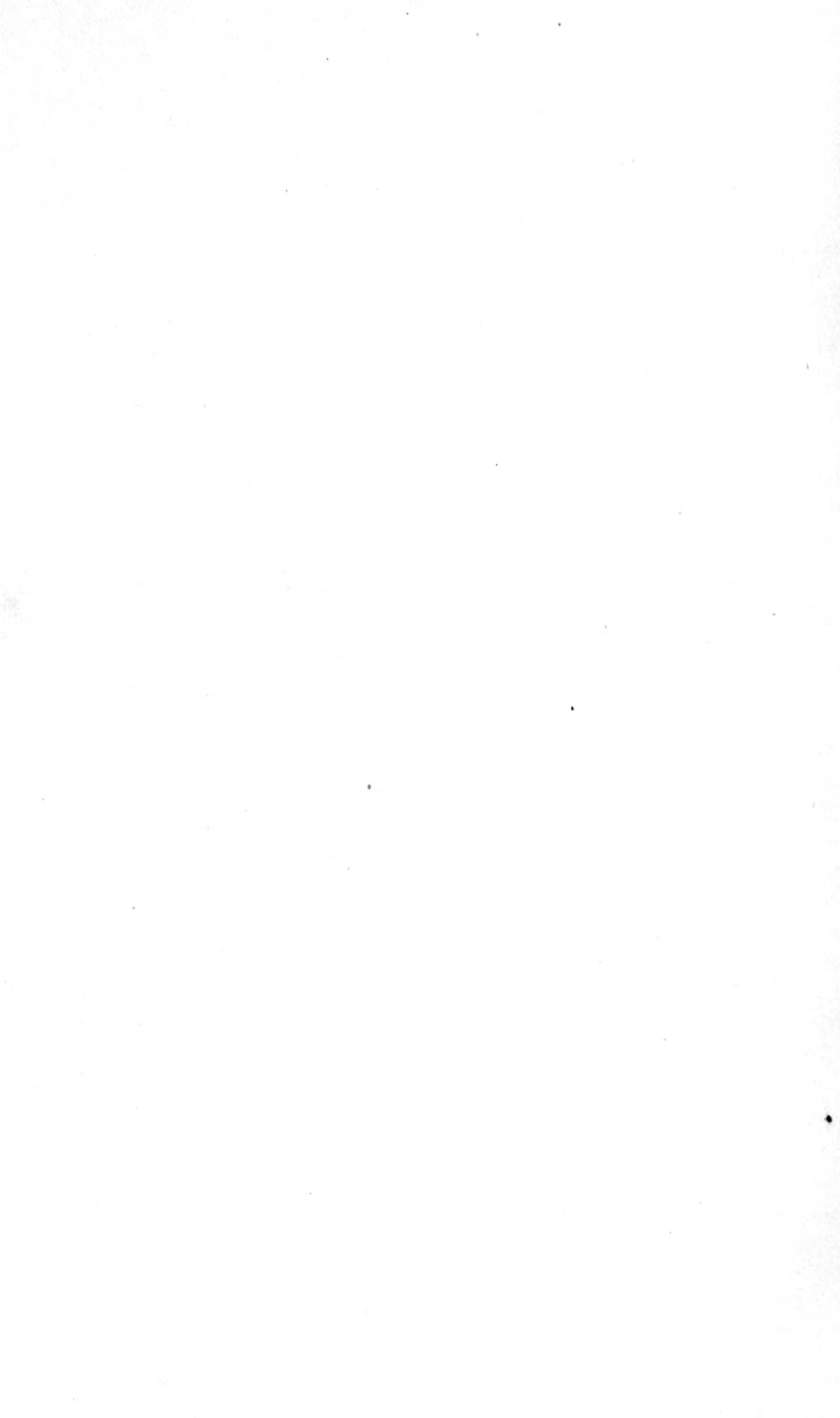
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CHAPTER I

INTRODUCTORY

1. Purpose and scope of the investigation.

In the following pages are set forth the results of a study of the system of assessment and collection of taxes in Delaware County, Pennsylvania. The investigation was made with a view of finding out (1) The method of assessing both real and personal property; (2) The exact procedure followed in the collection of taxes; (3) The the other counties of the state. No plan of reorganization has been relation that exists between the tax problems of Delaware County and proposed, but some improvements which seem desirable and necessary have been suggested. If it were possible to study conditions in other counties of the state, some general or even detailed scheme of reform might be outlined. In the absence of such information, however, we do not feel that a suitable remedy can yet be devised.

In an investigation of this kind questions arise as to whether each resident of the community is contributing his just share to the public treasury; whether there exist inequality and injustice in assessment, and whether the taxes are being efficiently collected. These and questions of a similar nature we sought to answer by a personal investigation of the conditions in Delaware County.

The problem was approached almost wholly from the side of county revenue, and our discussion of taxable property includes only that which is subject to taxation for both county and local¹ purposes. Within these limits our specific aim was to find out what is taxed, and how well the machinery of taxation operates. This study has nothing to do with the amounts and direction of county and local expenditures and has no discussion of the purposes for which the revenue is expended.

2. Sources of information.

We gleaned most of our information from the annual assessment books covering the period 1906 to 1916 inclusive; the reports of the county controller for the years 1914, 1915, 1916; the records of tax collectors, and some minor sources. The remainder of our data was secured by interviews with the many officials who are directly con-

¹The term "local" as here used refers to cities, townships, and boroughs.

nected with the tax system of the county—the controller, the chief and assistant clerks in the county commissioners' office, the assessors and the tax collectors. We found very little conflict of opinion on most of the points in question, and in almost every case tangible evidence supported these opinions.

Much of the data relative to the assessment and collection of taxes was difficult to obtain, because of the reluctance of officials—especially assessors and collectors—to discuss the methods and results of their work. Other important information was not available as, for example, definite statistics concerning the value of corporation property exempt from local taxation. This lack of information has made difficult a well rounded study of the revenue system, especially in regard to assessment and the collection of taxes.

A great deal of the data was secured under the promise that the names of those giving the information would not be disclosed, and for this reason we have given no citation of authorities for certain statements and opinions.

3. Method of presenting the information in this study.

In presenting the results of our investigation we have kept in mind the probability that the information gathered may be of some value to those citizens of Delaware County who are interested in civic reform, and who wish to know in particular some facts regarding the working of the tax machinery. We have tried to be very careful in restating the opinions of officials whom we interviewed, so as to give them the meaning which originally they were meant to convey.

After careful consideration of the results of our investigation we feel that the methods of assessing property and collecting taxes in Delaware County are inefficient and inadequate to meet the county's increasing need of revenue and that, if the county's future revenue receipts are to balance its growing expenditures, these deficiencies in the financial system should be remedied. We have tried to justify this position in the following study.

CHAPTER II

THE ASSESSORS

1. Election of assessors.

The assessors are elected by the people for a term of four years and may be reelected indefinitely. There are no specific requirements for election to the office of assessor, and the primary condition for nomination seems to be that of good standing in one or the other political party, especially that one which happens to be in power at the time of election. No secret is made of the fact that assessors are chosen for their fidelity to a political party rather than for any especial fitness for the office. A noted politician expressed an opinion which is generally held by county officials, namely, that in choosing assessors no attention is paid to their ability to do the work, because the office is considered a compensation to minor individuals who render service to the party. While this seems to be generally true, in many cases very competent assessors have been elected to office and their work is evidence of the intelligence and care with which they execute their duties.

2. The duties of assessors.

Upon entering office the assessors are required to take an oath¹ of office, swearing to support the Constitution of the United States and the Constitution of the State of Pennsylvania, and to fulfill all the obligations that pertain to the office.

The duties of the assessors are: (1) To assess all real and personal property at their actual value—the price at which a property would sell if offered at a public sale, well advertised; (2) To assess all occupations within their districts according to the schedule of assessments for such occupations; (3) To assess all dogs in their districts, and collect the dog tax in exchange for license tags which are furnished them by the county commissioners; (4) To enroll all able-bodied male citizens between the ages of twenty-one and forty-five who are liable to be enrolled in the militia of the State of Pennsylvania²; (5) To administer the oath in the declarations of the value of personal property; (6) To serve notice of the time for hold-

¹This oath may be administered either by the prothonotary or the county judge.

²In each county in the State this enrollment is a part of the assessor's duty.

ing appeals from dissatisfied property owners; (7) To report to the county commissioners full description and value of all assessed property within their districts.

3. Time allowed for the work of assessment.

Each assessor is allowed sixty, seventy, or ninety days in which to complete the work of assessment. The time varies with the size of the tax district—the borough, township or ward, as the case may be.

The actual work of assessment begins about September 10th or 12th, at which time the assessors take out their assessment books. About the last of November or the first of December the books are returned to the office of the county commissioners, at Media. Later, usually about the end of December or the first of January, the assessors' books are again taken out for the purpose of adjusting the appeals made by dissatisfied property owners.

4. Compensation of assessors.

In the State of Pennsylvania assessors are paid on the following scale: In first class cities, ten dollars per diem; in second class cities, five dollars per diem; in townships and boroughs, two dollars and fifty cents per diem.³ Inasmuch as Chester⁴ is the only city in Delaware County, the majority of assessors received two dollars and fifty cents a day. Once in three years there takes place what is known as the Triennial Assessment, at which time property is valued anew. In case of additions and other improvements the property is given a higher valuation which stands for the subsequent three years, provided no further improvements are made that enhance the actual value of the property. The Triennial Assessment involves much heavier work than the annual assessment, and necessitates the employment of assistant assessors in the larger tax districts. For this reason the assessors in first class or largest townships are allowed additional help of two assistants who are paid at the same rate as themselves. The assessor in any district may present a bill for payment of salary on any or each day of the week, except Sundays and holidays, during the period of assessment. While some assessors take advantage of this privilege, the majority do not present

³Laws of Pa., 1913, pp. 264-65, and p. 559; 1907, pp. 232-33. In third class cities \$2.50 a day.

⁴Population of Chester 38, 537—Abstract of Thirteenth Census of U. S. 1910, p. 64. Since then the population has grown considerably.

their bills until the assessment is completed and all returns are in the hands of the county commissioners.

With a few exceptions, all of the assessors whom we interviewed are dissatisfied with the present rate of pay for the work of assessing property and collecting the dog tax in boroughs and townships. So general is this dissatisfaction with the pay for the work of assessment, that the primary aim of the recently organized Assessors' Association is to increase the compensation. The few who seek no increase in salary point to the fact that the assessors in most cases do not deserve such an increase, for much of the assessment work is done at home and involves only a few hours of labor each day during the period of assessment. This is, unfortunately, a true indictment of many assessors in the county, and for this reason many county officials are not in sympathy with this aim of the Association. On the other hand, many assessors do their work very faithfully and there is no doubt that these more than earn their compensation.

5. Equipment and instructions furnished assessors.

When the assessors enter upon their duties they are given the following equipment: an assessment book, which is blank; the military enrollment blanks, for the purpose of enrolling all able-bodied men between the ages of twenty-one and forty-five who are subject to enrollment in the state militia; personal property blanks, used for the declaration of the value of personal property; a copy of the classification and basis of assessment for occupations; a copy of the new act (1915) relative to the assessment and collection of the dog tax, which delegates to the assessor the additional duty of collecting the dog tax. From time to time, as occasion arises, the Recorder of Deeds at Media, the county seat, sends to each assessor the records of property transfers in the latter's district in order that the assessor may know the latest sale and valuation of a property and assess it accordingly. Besides the above equipment the assessors are given a copy of instructions known as the "Precept of the Commissioners of Delaware County to the Assessors for the Triennial Assessment", and a smaller sheet of instructions. Although the former copy of instructions is intended especially for the assessors of the Triennial Assessment, it is issued annually to all assessors. These instructions point out to the assessor that he must: (1) assess all property at its true value, by which is meant the price a property would bring at a public sale well advertised. This is stated to be necessary because

“real estate is assessed too low in Delaware County”; (2) after subscribing to oath of office, “to proceed to the place of abode of each and every taxable person” residing within the township and district, and make out and return to the commissioners of Delaware County, at Media “a just and perfect list of the names of all taxable persons in the ward, township or district, arranging them in alphabetical order as ‘owners of real property’, ‘tenants’, or ‘single men’, as the case may be”; and all property taxable by law with a description of the property, real and personal, together with a just valuation of the same, in the manner prescribed in the instructions; (3) to “assess all real estate, all personal property and all dogs”; (4) to assess all occupations within the district; (5) to enroll all able-bodied male citizens between the ages of twenty-one and forty-five who are liable to be enrolled in the state militia by the laws of Pennsylvania; (6) when township or borough lines divide a tract of land, the assessor is to make the assessment on that part of the premises only which lies within his own district.⁵

6. The Assessors' Association.

The Assessors' Association of Delaware County was organized only a few months ago and up to this time (September 30, 1917) there have been held only a few meetings. As is the case with most organizations of this kind, there has been considerable difficulty in getting the members interested in its possibilities. The plans and purposes of the Association are as yet but vaguely and indefinitely formulated. The most prominent leaders of the Association, however, state that its chief purposes are: (1) to increase the efficiency of the individual members by exchange of ideas and comparison of methods and results of each assessor's work; (2) to raise the compensation of township and borough assessors, and (3) to bring the assessors together in a social way at bi-weekly or monthly meetings.

Although the men who organized the Association emphasize the necessity of improving the efficiency of each member, we found that the majority of the assessors believe its primary objective should be to increase their compensation. It is due to this fact that a large number of county officials are as yet not very enthusiastic about the aims of the Association. It should not be implied that these officials

⁵Precept of the Commissioners of Delaware County to Assessors for the Triennial Assessment, 1915, pp. 1-3.

are opposed to the organization of the assessors, but that they fear too much emphasis is being placed on increased pay and too little on increased efficiency.

7. Conclusions.

(1) As to the method of choosing assessors. The choosing of assessors for their allegiance to a political party rather than for their fitness to execute the duties of the office is partly responsible for the inefficiency of the assessment system in Delaware County. This has become a fact of so common knowledge that everywhere we went the same complaint of inefficient and ill-prepared assessors was made. There is no doubt that many of the assessors are well fitted for their work, but most of them are either unprepared or not interested, holding the office only because, as one assessor stated, it was thrust upon them by the political machine. This is one of the fundamental weaknesses in the revenue system of the county and should be remedied.

(2) As to qualifications for office. Present requirements for election to the office of assessor are inadequate. Some test of ability should be prescribed by law, such as a knowledge of real estate values and proper methods of assessment, a knowledge of the laws governing the assessment of property, et cetera. Some of the recently elected assessors frankly stated that they knew nothing of real estate values and proper methods of assessment. Under these conditions it cannot be expected that property will be assessed accurately or justly.

(3) As to the time allowed for making assessments. Without a single exception the assessors complained of the brevity of time allowed for completing the work of assessment, and they stated that it is impossible to do the work efficiently in so short a period. The county controller and commissioners concur in this opinion. An extension of time for making the assessments in the larger districts is quite necessary if slipshod and careless valuations are to be prevented.

(4) As to compensation of assessors. As stated above, assessors are generally dissatisfied with the present rate of pay for the work of assessment in boroughs and townships. This meagre salary (\$2.50 per diem) is doubtless responsible for much of the inefficiency that characterizes the assessment system. Many capable men throughout the county cannot afford to leave a lucrative business or position to

assume the duties of assessor at the rate of two dollars and fifty cents a day. There is reason to believe that higher remuneration would attract more capable men to the office of assessor, and so result in a marked improvement of the revenue system.

(5) As to equipment and instructions furnished assessors. The instructions given assessors are fairly complete, otherwise their equipment is very inadequate. They should be furnished with land maps showing location of units of property, a table of selling values obtained from the latest records of property transfers, and a filing system for recording and classifying their assessments. A few enterprising assessors already have such a system of classification, installed by themselves and at their own expense. The county might very profitably introduce this system throughout all of the tax districts.

(6) As to the Assessors' Association. As stated above, the assessors place primary emphasis upon the possibility of raising their compensation through cooperative effort in the Association. It would seem that they might better and more easily accomplish this by first endeavoring to raise the standard of efficiency of their group and so justify an increase in compensation. Some assessors have this point of view and are already working toward this end

CHAPTER III

ASSESSMENT AND TAXATION OF REAL ESTATE

1. Kinds of property taxed.

Pursuant to the several acts of the Assembly of Pennsylvania, the following real estate and improvements are taxed for purposes of county revenue¹: all real estate, including all houses, land, lots of ground, and ground rents, mills and manufactories of all descriptions, furnaces, forges, bloomeries, distilleries, sugar-houses, malt-houses, breweries, tan yards, fisheries, and ferries, wharves and all other real estate, not exempt by law from taxation.²

2. Methods of assessment.

In dealing with the method, or methods, of assessment of real estate, we touch a very important part of the revenue system of Delaware County. Naturally the data which furnish the grounds for our conclusions on this subject were secured largely from the assessors themselves, for it is they who are in a position to speak on questions concerning the methods used in assessing real estate.

Every assessor possesses a great degree of freedom in the method of assessing realty, and for this reason it was necessary for us to interview the assessors themselves in order to find out what method or methods prevail. We sought to learn (1) whether land and improvements are assessed separately or jointly, and whether they are reported as separate assessments; (2) what particular means are used in ascertaining the value of property; and (3) what degree of uniformity obtains in the method of assessment.

The larger number of assessors whom we interviewed assess both land and improvements together, relying entirely upon their individual judgments in determining what should be the assessed valuation of both. The remainder of the assessors—a very small minority—assess land and improvements separately. The method of separating land and improvements for purposes of assessment is used in the city of Chester, and is gaining favor throughout the county, espe-

¹The kinds of property listed are taxable also for local—township and borough—purposes, but we are concerned with them here only as they furnish a source of county revenue.

²Precept of the Commissioners of Delaware County to the Assessors for the Triennial Assessment, 1915, p. 1.

cially among those who are concerned with and interested in the tax system. An examination of the books of the assessors who use the method of assessing land and improvements separately revealed a remarkable clearness of procedure. Full description of property is given and the assessed valuations of land and of improvements are listed in separate columns, thus: land \$2,000.00; improvements, consisting of house, garage, etc., \$5,000.00. Under this system there seems to be a nearer approach to accuracy than where land and improvements are assessed jointly. In one tax district the predecessor of the present assessor for fifteen years had assessed land and improvements jointly and all the property on the same street had been placed in the same class and assessed at the same valuation, regardless of advantages of location and the nature and quality of improvements. Under such a system of assessment the poor man who can afford a very humble residence and few improvements is assessed at a valuation equal to that of his wealthier neighbor who possesses a much better location and the best possible improvements. In the case of the former it is comparatively easy to ascertain the true value of the entire property, while valuation of the larger property is a more difficult task.

Except in the few cases where land and improvements are assessed separately, no particular means is used and no extreme care is exercised in the valuation of property. While many assessors appear to follow the assessed valuations fixed by their predecessors, others venture their own judgments and assess property at what they think it would bring at a forced public sale, which in the majority of cases is believed to be about fifty per cent of the original cost of construction, but frequently amounts to only twenty per cent. An opinion current among assessors is that no property would bring at a forced public sale more than half of its actual value,³ and in each case the actual value is arbitrarily determined according to the judgment of the assessor.

It is hardly necessary to point out the fact that due to the conditions cited above there obtains in Delaware County not a semblance of uniformity in the method of assessment. The method varies with the individual assessor. Some assess land and improve-

³By actual value here is meant the price a property would bring at a voluntary public sale, well advertised.

ments separately, others assess them jointly and by means of careful classification of property and constant observation of real estate transfers in the community succeed in doing their work very thoroughly. On the other hand, there are assessors who are content to follow the assessed valuations made by their predecessors, making no effort at new valuations. This lack of uniformity has led to widespread injustice and inequality, as will be shown later in the present chapter.

3. Basis of assessment.⁴

(1) Percentage basis of assessment used by the assessors. Legally, all property should be assessed at its true value, which is interpreted as the price that such property would bring at a voluntary public sale, well advertised. In practice, however, this rule does not always hold good. At this point in our investigation we interviewed personally the assessors in each of fourteen representative tax districts of the county, and in every case received a statement of the percentage basis which the assessor uses in making his valuations. These statements were verified by examining assessments and real estate transfers in the district, and by interviewing persons other than assessors who were acquainted with the assessors' valuations. The results of the interviews with assessors are given in the table below.

⁴The term "basis of assessment" as here used refers to the percentage of selling value at which property is assessed. The percentage basis required by law is 100% or the actual value of the property, i. e. the price it would bring at a public sale well advertised. Assessors, however, set an arbitrary percentage of their own which varies with the individual assessor.

Table I.—Showing at what percentage of its selling value property is assessed in fourteen representative tax districts.⁵

Name of Assessor	Tax District	Percentage Basis Used ⁶
A	1	50% to 60%
B	2	50% to 70%
C	3	70%
D	4	50% to 60%
E	5	60%
F	6	60% to 70%
G	7	70%
H	8	50%
I	9	70%
J	10	60% to 70%
K	11	60% to 70%
L	12	70%
M	13	70%
N	14	50% to 60%

Assessors arbitrarily determine what is the selling value of property and then proceed to make what seems to them a fair assessment on the percentage basis which they are accustomed to use. The following are some of the examples which assessors pointed out:

Selling Value of Property	Assessment
\$2,000	\$1,200
3,000	1,500
1,800	1,000
1,000	500
2,500	1,200
2,000	1,000
1,000	500
5,000	2,500
6,000	3,500

⁵Because the information here presented was received under promise of confidence, the names of assessors and tax districts are not given, letters and figures being substituted for them respectively.

⁶Where more than one percentage is given it indicates that the assessor does not know exactly what percentage basis he uses, therefore gave the writer an indefinite statement, as for example, in District 1, 50%-60%. Percentages in all cases apply to realty, whether improved or unimproved.

Precaution must be taken in drawing conclusions from Table I. Many assessors do not hesitate to state that they believe much property is assessed as low as 18% and 20% in districts other than their own. This is also the opinion of many other persons whom we interviewed, and many cases can be cited to substantiate these statements. Even where assessors claim to assess at from 70% to 100% of what they believe to be the selling value of property, an examination of their assessments showed they actually assessed at not higher than 50%. For example, in district No. 3, where the assessor claims to assess at 70% of the selling value of property, a piece of realty which was recently sold at \$50,000 is assessed at \$24,000, or approximately 50%.⁷

From Table I it is seen (a) that in fifty per cent of the districts studied the assessments are made on an indefinite basis, ranging from 50% to 70%; (b) that if we take the lowest percentages claimed to be used by assessors, the average basis of assessment is 60%, and if we take the highest percentage basis claimed, the average basis is 65%.

In order to ascertain whether assessors actually assess property at the percentages to which they make claim in the above table (Table I), we examined the assessment books to find out assessments of specific pieces of property in various districts, and compared these with the selling values set by the owners of such property. The results are incorporated in the following table:

⁷For additional illustrations of this fact see Table II, page 14.

Table II. Showing the selling value of certain selected parcels of real estate, the assessed value of the same property, and a comparison of the basis of assessment actually used with those which assessors claim to follow.

Aggregate Selling Value of Property Examined	Total Assessed Value of Same Property	Percentage Basis Said to be Used	Percentage Basis Actually Used
\$12,300	\$ 8,000	50% to 60%	65%
17,000	10,500	50% to 70%	61%
50,000	25,000	70%	50%
10,000	4,000	50% to 60%	40%
30,400	10,000	60%	32%
15,000	7,300	60% to 70%	48%
12,000	10,000	70%	83%
10,600	5,300	50%	50%
12,000	5,000	70%	41%
20,000	8,000	60% to 70%	40%
14,000	6,000	60% to 70%	42%
16,000	7,500	70%	46%
17,000	8,200	70%	48%
12,500	6,100	70%	48%

It will be observed that (1) In seventy-eight per cent of the cases selected the actual assessment basis is lower than the percentage basis which assessors claim to follow; that in only one case is it the same, and in only two is it above; (2) The average actual percentage basis of assessment is forty-nine per cent of the selling value of property; (3) That if we take the highest average percentage basis claimed by assessors, which is 65.4%, the average actual assessment is 16.7% less than it, and if we take the lowest average percentage basis claimed to be used, the average percentage basis actually used is 11% less.

The foregoing statistics (in Tables I and II) clearly show that there obtains no uniformity in the percentage basis of assessment, but that the general tendency is toward a basis ranging from 60% to 70% of the value which the assessors think a property would bring at a voluntary public sale, well advertised. In a few cases the as-

assessors take as their basis of valuation what they believe the property would bring at a forced sale, i. e. a sale for mortgage or tax lien. Although the latter class of assessors are only few in number they defend their method as a just one, and contend that no property should be assessed at more than it would bring at a compulsory public sale, for at such a sale no property ever sells for more than fifty per cent of the price it would bring at a voluntary sale. For us at least, it is difficult to understand the logic of this position, for forced sales are the exception not the rule, and as such should not be the standard of assessment for all property.

4. Inequality in assessments.

As a consequence of the lack of intelligent procedure in the method of assessment in the various tax districts, and the conspicuous absence of a uniform percentage basis of assessing property throughout the county, there is prevalent a great deal of dissatisfaction with property valuations. Not only is this true as between the different tax districts, but equally true as between property owners within the same district for, as shown above, very few assessors have a definite percentage basis of assessment. Many cases of inequality in assessment were found throughout the county, among which the following are notable:⁸

⁸Examples cited in the table are only a few of the many that were collected from the several districts. Properties compared in each example are situated close to each other.

These cases were cited by assessors who wished to show the defects of their predecessors' assessments. They plan to correct the inequalities as soon as possible. Selling values cited were estimated by assessors.

Table III. Showing Inequalities in Assessments.^s

No. of Example	Dimensions of Real Estate	Description of Improvements	Total Selling Value	Total Assessed Value
1	{ A— 20 x 150	Small house	\$2,750	\$1,600
	{ B— 50 x 150	Large house, etc.	5,000	1,500
2	{ C— 25 x 100	Small house	3,000	2,500
	{ D— 300 x 600	Very large house, etc.	70,000	30,000
3	{ E— 60 x 200	Factory building	10,000	100
	{ F— 60 x 275	Mill building	10,000	3,000
4	{ G— 20 x 50	Small house	2,700	1,600
	{ H— 50 x 75	Mod. large house.	5,000	1,500
5	{ I— 70 x 110	Two small houses	6,000	2,900
	{ J— 25 x 60	Small house	3,000	2,500
6	{ K— 25 x 75	Mod. sized house.	3,000	1,200
	{ L— 25 x 80	Mod. sized house.	3,000	1,700
7	{ M— 20 x 140	No improvements		3,000
	{ N— 300 x 468	No improvements		3,000
8	{ O— 50 x 90	Small hotel.	3,000	1,000
	{ P— 40 x 80	Small drug store	1,600	2,000
9	{ Q— 25 x 50	Small house	1,800	1,200
	{ R— 30 x 60	Mod. sized house.	2,500	900
10	{ S— 40 x 70	Mod. sized house.	3,000	1,200
	{ T— 20 x 45	Very small house.	1,000	800
11	{ U— 50 x 75	Mod. sized house.	5,000	2,000
	{ V— 35 x 60	Small house	2,500	1,800
12	{ W— 25 x 50	Small house	1,500	800
	{ X— 30 x 55	Small house	1,800	900

The above cases were selected from a great number which were called to our attention in the several tax districts. In each example cited the properties compared are situated near each other. It is clear that inequality in assessment is not a condition peculiar to one but to the several localities. Dissatisfied property owners who believe their assessments too high may appeal to the Board of Equalization—the Commissioners of Delaware County. In most of the cases that came under our observation we found no trace of appeal because of over-assessment, even where inequality was apparent. The only explanation for this is that the owners of such property either did not know they were over-assessed or that, knowing their own property to be assessed much below its real value, feared to complain against their neighbor's assessment lest their own be raised.

What are the causes of this prevailing inequality in assessments? Careful observation of conditions leads to the conclusion that these causes are : (1) Favoritism, which induces assessors to assess the property of their friends at a lower valuation than that of other persons; (2) Inability of assessors to make correct valuation of large property. Small property is much more easily assessed. Many assessors are frank to admit that when they come to the larger real estate and improvements they lack the knowledge of real estate values necessary to make a fair assessment, and consequently their valuations are haphazard; (3) As between districts the cause of inequality is found in the unwillingness of assessors to assess property higher for county purposes than the valuations in other districts for the same end. Several assessors stated that they were cognizant of the fact that in neighboring tax districts assessed valuations were purposely low, in some as low as twenty per cent of the selling value, in order to lighten the burden of county taxation falling on them. A low assessed valuation of realty and a high local tax rate result in a smaller contribution to the county treasury and a larger amount for local expenditures. The county tax rate tends to remain constant—at present two and four-fifths mills—while the local tax rate fluctuates to meet rising or falling local expenditures. Each assessor is anxious that his district shall pay no more than its proportionate share into the county treasury and so adopts a low assessment basis.

5. The tax rate.

In choosing between a low assessed valuation of property and a high tax rate, and a high valuation of property and a low tax rate,

the prevailing practice in the tax districts of Delaware County is to accept the former. In speaking with county and local⁹ officials we learned that the people in the different wards, townships and boroughs prefer a low assessment and a high tax rate. The reason given for this condition is the one mentioned above, namely, that the people are perfectly willing to pay a high tax rate for local purposes because they are compensated through low assessment which results in a lighter county tax. In other words, the people are somewhat willing to pay for local improvements but are much less willing to share the general obligations resulting from county expenditures. Evidence of this antagonism between local and county units of government has been found by the Board of Revision of Taxes in the city of Chester where the assessed valuation of property for local purposes was much higher than the assessed valuation of the same property for county purposes. The difference is due largely to the fact that Chester has two sets of assessors, city and county. This conflict between the interests of the different localities and the county is a source of perplexity to county officials, for it has a marked effect on county revenue.

The county tax rate is two and four-fifths mills on each dollar's worth of land and improvements. The rate is not fixed and permanent, but is determined by the county commissioners at their own discretion, except that a rate once set remains unchanged for one year. Previous to 1914 the county tax rate was three mills on the dollar, but in that year the poor tax was instituted as a separate means of providing for the county's dependents. Before that time the poor had been cared for by a special annual appropriation made by the county commissioners, and taken out of the general revenue fund. When the poor tax was introduced, the county tax rate on land and improvements was reduced to two and four-fifths mills. Although the county rate may be changed annually, it does not undergo frequent alterations.

Although a discussion of the local tax rate is not within the intended scope of this survey, it is worth while to note in passing the difference that obtains in these rates throughout the county. The difference between the financial burdens of the several tax districts results in a marked variation in their tax rates. Through the

⁹The word "local" here applies to townships and boroughs.

courtesy of a county official we secured a list of local tax rates. Fractions of a mill are omitted. The rates are expressed in terms of mills, and include local and county taxes.¹⁰

Tax Rate in the Various Boroughs and Townships and the
City of Chester.

Place	Rate	Place	Rate
Aston	22	Millbourne	14
Aldon	15	Newtown	14
Bethel	12	Norwood	24
Birmingham	11	Nether Providence	18
Concord	14	Upper Providence	14
Clifton Heights	15	Prospect Park	24
Upper Chichester	16	Ridley Park	25
Lower Chichester	16	Ridley Township	17
Chester Township	15	Ruthledge	24
Collingdale	20	Sharon Hill	21
Colwyn	22	Springfield	14
Darby	21	Swarthmore	24
Darby Township	19	Thornbury	13
Upper Darby	20	Tinicum	19
Eddystone	14	Upland	24
Edgmont	12	East Lansdowne	21
Glenolden	22	Lansdowne	22
Haverford	17	Yeaden	15
Marple	14	Radnor	15
Morton	27	Chester City	20
Media	20	Middleton	15

It will be observed from the above list that the tax rates in Delaware County vary from eleven to twenty-seven mills on the dollar. We were told that the very high rate which prevails in some boroughs and townships, as compared with that which obtains in others, is due to a difference in the percentage basis of assessment; a low assessment necessitating a high rate and a high assessment allowing a low rate of taxation. A second reason for this variation in the tax rate is that which was set forth above, namely, the difference which exists in the financial burdens of the various communities.

6. Assessed valuation of real estate for alternate years covering the period 1906 to 1916 inclusive.

Real estate bears the heaviest end of the tax burden in Delaware

¹⁰These rates were secured in 1916, and were the same for that and the preceding year.

County and its contribution to the revenue fund of the county has increased steadily during the period which we have covered in our investigation. In order that it may be seen what actual increase there has been we have listed below the assessed valuation of real estate for alternate years from 1906 to 1916 inclusive. In drawing conclusions from these statistics it must be kept in mind that they represent the assessed valuation of realty and not revenue receipts from this source. Since these data were collected long after all appeals had been adjusted, and consequent changes in assessment made, there is every reason to believe they convey an accurate idea of the proportion of the revenue which falls on real estate.

Table IV. Showing the total assessed valuation of all taxable property, the assessed valuation of real estate and the percentage which the assessed valuation of realty bears to the total assessed valuations, for alternate years from 1906 to 1916 inclusive.

Year	Total Assessed Value of all Taxable Property	Assessed Value of Real Estate	Percentage Assessed Valuation of Real Estate Bears to Total Assessed Valuations
1906	\$64,665,418.33	\$51,247,534.00	79.10
1908	78,199,001.75	63,918,694.00	81.80
1910	91,724,977.89	70,543,091.00	76.90
1912	92,135,974.50	69,305,277.00	75.30
1914	110,203,611.42	82,423,442.00	74.70
1916	119,730,329.28	94,300,330.00	78.80

It is seen from the above table that the total assessed valuation of all taxable property steadily increased from 1906 to 1916. Real estate, however, suffered a decrease in valuation in 1912. In the four year period subsequent to 1912 there was a rapid increase in assessed valuation of real property, jumping to \$82,423,442.00 in 1914, an increase of \$13,118,165.00 over 1912, and reaching the high mark of \$94,300,330.00 in 1916, or an increase of \$24,995,053.00 over 1912. In other words, in the brief period of four years the assessed valuation of real estate in Delaware County increased \$24,995,053.00. The principal causes of this increase are: (1) Extensive development of real estate and quickened building activity, and

(2) Improvement in many districts of the method of fixing the valuation of taxable property. During the last four years Delaware County is said to have experienced the most prosperous period of its history. This augmented prosperity is due largely to the extensive business done by the many industrial plants which are located in the county and which have been engaged in making munitions and other supplies and accessories for the belligerent nations in the present world conflict. This quickened industrial activity has caused a great influx of workers and a great deal of building has taken place to house the growing population. Whereas in 1910 the population of the county was 117,906,¹¹ it is now estimated to be over 150,000.¹²

As stated above, a second cause of the increase in assessed valuation of real estate during the last four years is found in the improved methods of assessing all taxable property. Many assessors have introduced more scientific means of making valuations of property, real and personal, and since 1913 the assessors have been empowered to administer the oath in the declarations of values by owners of personal property. This power enables the more scrupulous assessors to emphasize the necessity and expediency of honest valuations, for false declarations are punishable by law. Whatever improvements there may have been along this line, however, have been introduced only within the past year or so, for in his annual report for 1914 the county controller complained of a decided lack of uniformity in the method of fixing the values of real estate, and the consequent effect upon the revenue of the county. He states that: "Many of these officers (real estate assessors) seem to make a fair and equitable assessment, while in a great many cases there does not appear to be any uniformity in the method adopted by them in fixing the values of real estate. The revenue which eventually finds its way into the public treasury is derived for the most part by taxation, and it seems to me very important that some uniform system of fixing valuations more equitable than the present system, should be adopted."¹³

In his report for 1915, however, the controller was able to state

¹¹Smull's, Handbook, 1914, p. 351-2.

¹²Estimate made by County Controller, Orion L. Davis, and other county officials.

¹³First Annual Report of the Controller of Delaware County, Pennsylvania, 1914, p. 4.

that: "By the adoption of some modern methods, and the accepting of several suggestions we have made, the various assessors have been able to complete their duties during the past year in a manner much more satisfactory to themselves and the county. . . . A more uniform and equitable manner of reaching values has been adopted by the majority of assessors, and I personally feel that we have reached a plan which is as nearly correct and fair as can possibly be had when the work has to be done by so many men, each operating under different local conditions."¹⁴

It is doubtful whether the controller possessed sufficient grounds for optimism. If such improved methods have been introduced we were unable to discover them in the course of our investigation. Furthermore the tax receipts do not reveal any striking improvement, for in 1914 they amounted to \$416,623.10¹⁵ and in 1915 to \$418,885.85,¹⁶ or an increase of only \$2,262.75 in one year. The controller's statement for 1916¹⁷ appears to have more solid foundation, for he shows that cash receipts for that year amounted to \$473,305.03, as against \$438,730.39 for 1915, showing an increase of \$34,574.64 for 1916. On the other hand, the expenditures for 1915 amounted to \$406,987.69, while those of 1916 amounted to \$423,670.28, showing an increase of \$16,682.59 in 1916.¹⁸ This leaves an absolute increase in cash receipts of \$17,892.06 for 1916.

It will be seen from the statistics in Table IV that the assessed valuation of real estate decreased in 1912, being \$69,305,277.00 or \$1,237,814.00 less than for 1910, and \$13,118,165.00 less than for 1914. It is highly improbable that there should be so great decrease in the value of real estate in so short a period. The only explanation that we can give for this decrease is that there was some depreciation in the value of real estate in the county, accompanied by an extremely

¹⁴Second Annual Report of the Controller of Delaware County, Pennsylvania, 1915, p. 3.

¹⁵First Annual Report of the Controller of Delaware County, Pennsylvania, 1914, p. 30.

¹⁶Second Annual Report of the Controller of Delaware County, Pennsylvania, 1915, p. 38.

¹⁷Third Annual Report of the Controller of Delaware County, Pennsylvania, 1916, p. 4.

¹⁸Third Annual Report of the Controller of Delaware County, Pennsylvania, 1916, p. 4.

careless and low assessment of taxable property. Officials with whom we talked offered no explanation. The assessed valuation of all taxable property in Delaware County was \$2,161,010.00 less in 1912 than in 1910.

In regard to the statistics presented in Table IV it should be pointed out that they include the assessed valuation of moneys at interest and other evidences of wealth which previous to 1913 were taxable only for state purposes.¹⁹ If we deduct this state tax from the totals, there will result a great increase in the share of the local²⁰ burden borne by real estate relative to the share which fall on other taxable property. This we have done in the table below, which gives the assessed valuation of all property subject to taxation for county purposes and the percentage of the total which falls on real estate.

Table V. Showing the total assessed valuation of all property taxable for local purposes, the assessed valuation of real estate, and the percentage which the assessed valuation of real estate bears to the total assessed valuations, for alternate years from 1906 to 1916 inclusive.

Year	Total Assessed Value of all Prop. Taxable for Local Purposes	Assessed Value of Real Estate	Percentage Assessed Valuation of Real Estate Bears to Total Assessed Valuations
1906	\$54,888,123.00	\$51,247,534.00	93.4
1908	67,334,747.00	63,918,694.00	95.1
1910	75,440,332.00	70,543,091.00	93.6
1912	73,279,322.00	69,305,277.00	94.7
1914	110,203,611.42	82,423,442.00	74.8
1916	119,739,329.28	94,300,330.00	78.7

According to the above statistics the relative shares of the tax burden borne by real estate did not vary much until 1914. The marked decrease in the percentage shown for 1914 and 1916 is due to the fact that since 1913 the tax on intangible personalty—moneys at interest, et cetera—has been levied for local purposes. Intangible

¹⁹Previous to 1913, the state tax on personal property was four mills on the dollar.

²⁰The word "local" as here used applies to the county.

personalty constituted twenty-one per cent of the total assessed valuation of all taxable property in 1914, and eighteen and four-tenths per cent in 1916.

7. Property exempt from taxation.

(1) Kinds of property exempted. Pursuant to the Constitution and under the Act of May 14, 1874, the following property is exempt from taxation: All public property, churches, cemeteries not used for private or corporate profit, hospitals, colleges and other institutions of learning, benevolence or charity, public libraries, and endowments thereof and property used for public museums and art galleries. In their instructions to assessors the county commissioners state that the kinds of property exempt from taxation are: "Public property used for public purposes, actual places of religious worship, places of burial not used or held for private or corporate profit, and institutions of purely public charity."²¹ In such exemptions, however, there is included only the land necessary for convenient use of the building or buildings erected or hereafter to be erected thereon, occupied, and used for the purposes above described, and provided also "that all property, real and personal, in actual use and occupation for purposes aforesaid shall be subject to taxation, unless the person or persons, associations or corporations so using and occupying the same shall be seized of the legal or equitable title in the realty and possessor of the personal property absolutely."²²

The exemption from taxation of so extensive a list of property as described above is a source of great perplexity to the various boroughs and townships of Delaware County, for in some localities the amount of property exempted is such as to inflict a heavy burden on taxable real estate, as will be shown later. Before examining the lists and amounts of exempted property as set forth in each of the assessors' books, we discussed the question with county and local officials and learned that the problem of exemption is one of much concern to county and local authorities. The concensus of opinion

²¹Precept of the Commissioners of Delaware County to Assessors for the Triennial Assessment, 1913, p. 4. See also Laws of Pa., 1874, p. 158, Act of May 14; Laws of Pa., 1901, pp. 319-20, Act of May 29; Laws of Pa., 1901, p. 244, Act of May 29; Constitution of Pa., Art. IX, Secs. 1 and 2, printed in Laws of Pa., 1874, p. 19.

²²Pennsylvania Statutes, 1901, pp. 319-20.

among these men was that the time has come when much of the property which now contributes nothing to the public treasury should be made to do so. Our attention was directed to several tax districts which suffer because of the large amounts of property exempt from taxation. These cases are cited later as illustrations of effects of exemption.

The assessed valuation of land and improvements in Delaware County for 1916 was \$94,300,330.00. The statistics on exemption given in the assessors' books for 1916 show a total assessed valuation of exempted property amounting to \$11,265,281.00. In other words, the assessed valuation of exempted property in Delaware County in 1916 was approximately twelve per cent of the assessed valuation of taxable land and improvements for the same year. In considering these statistics, however, care should be taken to recall the data presented earlier in the survey, which showed that all property in Delaware County, exempted property included, is assessed extremely low, never exceeding seventy per cent of its selling value and frequently falling to twenty per cent. If a truer valuation were made there is no doubt that the assessed valuation of property exempt from taxation, like all other property, would be much higher. Furthermore, we were unable to secure statistics on the amount of railroad property exempt from taxation. In all probability this would swell the totals considerably. Before giving a general tabulation of amounts of property exempt from taxation in the various districts it might be of value to give in detail the nature and extent of exempted property in a few localities. The following are perhaps the most extreme cases of the possible bad effects of exemption:

Assessed valuation of property exempt from taxation compared with the assessed valuation of taxable real estate and the total assessed valuation of all property in Thornbury Borough for 1916.

Description of Property	Assessed Valuation of Exempted Property	Assessed Valuation of Real Estate	Total Assessed Valuation of all Taxable Property
Glen Mills School.....	\$ 900,000	\$685,808	\$824,819
Thornbury Eastern School....	7,000		
Thornbury Central School....	3,000		
Thornbury Western School....	4,000		
Bethlehem M. E. Church.....	5,000		
Glen Mills M. E. Church.....	1,000		
Stoney Bank M. E. Church....	1,000		
Thornbury M. E. Church.....	800		
Wayside M. E. Church.....	2,000		
Bldgs. Cheyney Tr. School....	120,000		
Assn. Care of Colored Persons	15,000		
Totals.....	\$1,059,300	\$685,808	\$824,819

Assessed valuation of real estate exempt from taxation compared with the assessed valuation of taxable real estate and the total assessed valuation of all property in Middletown Township for 1916.

Description of Property	Assessed Valuation of Exempted Property	Assessed Valuation of Real Estate	Total Assessed Valuation of all Taxable Property
Lima M. E. Church.....	\$ 2,500	\$1,271,660	\$1,384,370
Glenkiddle M. E. Church.....	500		
Middletown Presby. Church...	2,800		
Hicksite Friends Meet'g Hs...	1,500		
Orthodox Friends Meet'g Hs...	1,500		
N. A. M. E. Church.....	1,500		
Delaware County Home.....	36,000		
Williamson Trade School.....	80,000		
House of Refuge for Girls.....	50,000		
Penn. Training School.....	195,000		
Darling School.....	2,000		
Lima School.....	8,000		
Parkmount School.....	2,800		
Elwyn School No. 1.....	1,500		
Elwyn School No. 2.....	1,500		
Burence School.....	600		
Media Water Wks. and Mach..	75,000		
Totals.....	\$462,701	\$1,271,660	\$1,384,370

The above tabulations show in detail the problem of exemption as it obtains in a few communities. In the table below the problem is stated in more general form, but will show in what districts and to what extent exemption of property from taxation constitutes a burden.

Table VI. Showing the amounts of property exempt from taxation and the percentage which these bear to the assessed valuation of real estate and the total assessed valuation of all taxable property in each district of Delaware County for 1916.

Name of District	Assessed Valuation Exempted Property	Assessed Valuation Realty	Percent. Ex. Prop. Bears to Real Estate	Total Assessed Valuation All Property	Percent. As. Val. of Ex. Property Bears to Total As. Val.
Aston.....	\$ 582,000	\$ 972,925	59.8	\$ 1,239,107	47.4
Aldon.....	36,600	756,675	4.7	837,121	4.3
Bethel.....	14,000	286,571	4.9	371,425	3.7
Birmingham.....	10,950	545,638	1.8	745,477	1.4
Chester Twnshp..	152,800	467,430	32.7	538,582	28.2
Upper Chichester	9,500	460,356	2.1	785,156	1.2
Lower Chichester	31,600	1,009,545	3.1	1,133,945	2.8
Clifton Heights (all wards).....	82,200	1,234,885	6.6	1,429,868	5.8
Collingdale.....	82,500	1,618,875	5.1	1,790,966	4.6
Chester City (all wards).....	2,229,000	19,509,399	11.4	24,715,219	9.0
Colwyn.....	55,000	638,115	8.6	793,844	6.9
Concord.....	33,800	848,004	3.9	1,136,178	2.9
Darby (all wards)	316,700	2,922,400	10.7	3,696,297	8.5
Darby Township	21,000	989,312	2.1	1,061,157	1.9
Upper Darby....	319,000	6,000,100	5.3	7,086,104	4.5
East Lansdowne	20,500	604,400	3.4	701,835	2.9
Eddystone.....	77,000	3,197,540	2.4	3,287,950	2.3
Edgmont.....	3,600	614,040	.5	700,557	.5
Glenolden.....	69,000	1,177,804	5.8	1,311,461	5.2
Haverford.....	358,750	6,923,939	5.1	8,584,899	4.1
Lansdowne.....	455,000	3,623,285	12.5	4,071,211	11.2
Marcus Hook (all wards).....	142,000	2,175,025	6.3	2,296,835	6.2
Marple.....	31,520	1,098,732	2.8	1,317,080	2.4
Media.....	819,000	2,486,880	33.0	3,796,717	21.6
Middletown.....	462,701	1,271,660	36.4	1,882,004	24.6
Millbourne.....	5,000	505,000	.9	595,830	.8
Morton.....	35,000	426,710	8.2	519,640	6.8
Newtown.....	69,000	1,262,340	5.4	3,998,795	1.7
Norwood.....	171,500	1,171,975	14.6	1,376,325	12.5
Nether Provi- dence.....	50,000	1,967,935	2.5	3,019,996	1.6
Upper Providence	68,000	1,075,836	6.3	1,580,356	4.3

Table VI (continued)

Name of District	Assessed Valuation Exempted Property	Assessed Valuation Realty	Percent. Ex. Prop. Bears to Real Estate	Total Assessed Valuation All Property	Percent. As. Val. of Ex. Property Bears to Total As. Vals.
Radnor	1,768,250	11,336,010	15.6	15,081,530	11.7
Prospect Park	56,500	1,152,640	4.9	1,402,650	4.0
Ridley Township	116,780	2,493,130	4.7	2,772,339	4.1
Ridley Park	261,800	1,936,840	13.4	2,486,026	10.5
Ruthledge	25,900	423,525	6.1	528,250	4.9
Springfield	83,500	1,220,207	6.8	1,374,502	6.1
Sharon Hill	100,000	1,007,182	9.9	1,312,469	7.6
Swarthmore	591,000	2,184,373	27.0	3,622,764	16.3
Thornbury	1,059,300	685,808	154.6	814,819	130.0
Tinicum	24,000	873,815	2.7	970,351	2.4
Upland	278,700	668,230	41.6	1,843,890	15.1
Yeadon	7,000	1,170,215	.6	1,715,099	.4
Totals	\$11,938,451	\$94,300,330	12.6	\$120,017,626	9.9

It will be observed from the above table that (1) the percentage which the assessed valuation of property exempt from taxation bears to the assessed valuation of realty is less than one per cent in three districts, between one and five per cent in fourteen districts, between five and ten per cent in twelve districts, between ten and fifteen per cent in six districts, between fifteen and fifty per cent in six districts, and above fifty per cent in two districts; (2) the relative percentage that the assessed valuation of exempted property bears to the total assessed valuation of all property, real and personal, is less than one per cent in three districts, from one to five per cent in twenty districts, from five to ten per cent in nine districts, from ten to fifteen per cent in four districts, from fifteen to twenty-five per cent in four districts, from twenty-five to fifty per cent in two districts, and above fifty per cent in one district.

The total assessed valuation of exempted property for 1916 was \$11,938,451; the total assessed valuation of real estate was \$94,300,-

330; the total assessed valuation of all taxable property, real and personal was \$120,017,626. This means that the value of exempted property was 12.62 of the value of real estate and 9.92 of the value of all taxable property.

The communities suffering most as a result of excessive exemption are Upland, in which the value of exempted property is 41.6 the value of real estate and 15.1 the value of all taxable property; Aston, in which the value of exempted property is 59.8 the value of real estate, and 47.4 the value of all taxable property; Thornbury, in which the value of exempted property is 154.6 or more than one and one-half times the value of real estate, and 130 or one and one-third times the value of all taxable property.²³

We found a marked difference of opinion among officials as to what is the best remedy for this apparent difficulty of exemption from taxation. Some maintained very decisively that all exempt public property should be subject to taxation for local purposes; others doubted the wisdom and feasibility of taxing such non-profit-making institutions as churches, colleges, and other institutions of charity and learning, houses of refuge, hospitals, orphanages, etc. It is very obvious that to tax schools and other public property, as one official suggested should be done, would be but to rob Peter to pay Paul, for in so doing the public would be taxing itself. Some suggest the taxation of property used in state purposes. This, too, seems to us to be inexpedient. Since the State in 1913 turned over to the counties the tax on moneys at interest, etc. to be in the future solely a county tax, it would seem unfair for the counties to turn around and tax property used in state purposes. Might not the State retaliate by regaining the power to tax intangible personalty as a source of state revenue, thus depriving the counties of this desirable local tax? However, it seems but just that railroads and other corporations at present exempt from local taxation should be made to pay some tax for local purposes on their real estate,²⁴ stations, railroad tracks, freight

²³Aston has \$561,000 worth of church property; Upland, \$275,200; Thornbury has churches and charitable schools assessed at \$1,044,800.

²⁴Except in a few cases we were unable to find in the assessors' books the valuation of property of railroads and other corporations exempt from taxation. This rendered impossible a very desirable study of this particular phase of the problem of exemption, and means, consequently, that the statistics in Table VI are too low, rather than too high.

houses and the like, which are used in the operation of their business. Such a tax, even though small, would add materially to the revenue of the many localities and to the county and would by no means result in undesirable taxation.

8. Revenue receipts from real estate.

In an earlier part of this chapter there was pointed out the relative percentage of the tax burden borne by real estate during alternate years from 1906 to 1916 inclusive. This fact is again revealed by the statistics of the following table.

Table VII. Showing county revenue receipts from real estate and percentage these bear to the total receipts from all taxable property, real and personal, from 1906 to 1916 inclusive.²⁵

Year	Revenue Receipts from Real Estate	Revenue Receipts from All Taxables ²⁶	Percentage of the Total Which Falls on Realty
1906	\$153,742.60	\$204,249.50	75.2
1908	191,756.08	245,481.29	78.2
1910	211,629.27	291,383.68	72.6
1912	207,915.83	293,141.63	70.9
1914	313,209.07	418,768.50	74.8
1916	358,341.25	460,857.19	77.9

It is seen from the above table that the revenue receipts from real estate increased quite rapidly from 1906 to 1916, but that the relative share of the tax burden remained more or less constant. At first glance this may appear inconsistent, but is plausible when one considers the very rapid increase in the share of the tax burden which has

²⁵It should be remembered that this is a survey of the county tax system, and that consequently all receipts herein cited are those of the county, except in case of intangible personalty which previous to 1913 was taxable for state purposes, the county receiving from the state a return of three-fourths of the total collected from this source. Revenue receipts given in this survey are our own estimates, based on assessed valuations. Official statistics on receipts were not available.

²⁶The term "taxables" is used throughout this study as referring to taxable property, including occupations.

fallen on intangible personalty, as moneys at interest, etc., during the period of ten years. The increase in intangible personal property during recent years is recognized as a world phenomenon, and Delaware County has not been without its proportional increase.

9. Conclusions.

(1) Relative to the method of assessment the results of our investigation warrant the conclusion that the old system of assessing land and improvements jointly has proved a failure, and as a consequence it is necessary to introduce throughout the county the method, now used in only a few districts, of assessing them separately.

(2) As to the basis of assessment, the facts brought out on this subject in the foregoing pages show the great need for the introduction of a uniform percentage basis of assessment in order to avoid the inequalities in the burden of county taxation that now fall on the respective tax districts due to the different assessment bases. At present a locality with a high percentage basis of assessment pays a larger sum into the county treasury than does a district with a low percentage basis. A uniform basis would eliminate this inequality.

(3) Closely related to the last mentioned difficulty is the conflict between local and county units of government. A situation in which the localities tolerate a very low assessment basis and a very high local tax rate in order to escape their just share of county taxation is obviously undesirable in a progressive community where county authorities are striving to introduce desired improvements.

(4) From the discussion of the assessed valuation of real estate it must be concluded that although realty bears the greater burden of taxation in Delaware County its assessed valuation is far below its selling value, in some districts falling to twenty per cent and rarely, if ever, in any district rising above seventy per cent of its real value.

(5) The amount of exempted property constitutes, as pointed out above, a very vital problem for some tax districts like Aston, Thornbury, and Upland, while in other districts it is not so pressing a difficulty. It is quite necessary, however, that something be done to lighten the burden which now falls on some communities as a result of numerous exemptions. What constitutes the most desirable and effective reform it is difficult to determine. County investigation of private institutions of learning and other supposedly charitable enterprises should be made to find out whether any of these are mak-

ing profits. If it should be discovered that these institutions are being run for profit, there is no reason why they should not contribute to the public treasury. As stated above, the law exempts only those enterprises which are purely charitable and non-profit-making in character and purpose.

(6) Revenue receipts. Our study of revenue receipts shows that these have grown steadily from 1906 to 1916 inclusive, but that the relative share of the tax burden falling on real estate remained more or less constant, due to the great increase in intangible wealth and the relative increase of the tax burden falling on personal property. Due to inadequate and inefficient methods of assessment real estate, like all other kinds of taxable property, is not bearing its full proportion of taxation.²⁷

²⁷It is a matter of opinion what proportion of the tax burden should fall on real estate. Our judgment is that this proportion should be eighty per cent, for it is apparent that real estate benefits most from improvements—in roads, bridges, drainage, creeks, etc.—provided for out of county funds.

CHAPTER IV.

TAXATION OF PERSONAL PROPERTY

1. Kinds of property taxed and exempt.

The kinds of personal property subject to taxation for county and local purposes are clearly set forth in the Precept of the Commissioners of Delaware County to the assessors for the Triennial Assessment,¹ and includes "The following personal property, to-wit:— All horses, mares, geldings, mules and neat cattle over the age of four years; also all mortgages and moneys owing by solvent debtors, whether by promissory note, penal or single bill, bond or judgment; also all articles of agreement, and accounts bearing interest, owned or possessed by any person or persons whatsoever, except notes or bills for work and labor done, and bank notes, all shares of stock in any institution or company incorporated by or in pursuance of any law of this Commonwealth, or of any other state or government; and all shares of stock or weekly deposits in any unincorporated saving fund institution, and all public loans or stock whatsoever except those issued by this Commonwealth. All money loaned or invested at interest in any other state. . . . All salaries and emoluments of office, all offices and posts of profit, professions, trades, and occupations (except the occupation of farmer); and also all single men above the age of twenty-one years, who do not follow any occupation or calling. All dogs, male and female, over four months of age,² owned, possessed, kept or permitted to remain about the house of any person in your township, ward or district All stages, omnibuses, hacks, cabs, and other vehicles used for transporting passengers for hire All salaries or emoluments of office created by or held under the Constitution or laws of this Commonwealth or created or held under any corporation, institution or company incorporated by this Commonwealth where such salaries or emoluments exceed two hundred dollars. All annuities over two hundred dollars, except those granted by this Commonwealth or by the United States, and upon all property, real

¹Precept of the Commissioners of Delaware County to the Assessors for the Triennial Assessment, 1915, p. 1.

²The Act of June 3d, 1915, changed the age of taxable dogs from four to eight months. *Laws of Pennsylvania, 1915, p. 793.*

or personal (not taxed under existing laws) held, owned, used or invested by any person, company or corporation in trust for the use, benefit or advantage of any other person, company or corporation, excepting always such property as shall be held in trust for religious purposes.”

The above classification of personal property includes occupations and dogs, both of which we shall discuss under the head “Miscellaneous Sources of Revenue” in a later division of this survey.

2. Method of Assessment.

The valuation and assessment of tangible personalty such as horses and cattle, omnibuses and other vehicles for hire, are made by the assessors in person at the same time in which they make the assessment of real estate.

The valuation and assessment of what is commonly called intangible personal property such as moneys at interest and other evidences of wealth enumerated in the classification given above are made by declaration on the part of the real owners of such property. For the purpose of this valuation a large blank which contains the list of taxable personalty is furnished to property owners. This blank contains also instructions for filling out the same, together with definitions of the various terms used in describing personal property subject to taxation. Vehicles for hire are included in the list of taxable personalty, but in practice these seem to be assessed by the assessors and not by the declaration of the owners.

Regarding the valuation and assessment of intangible personalty, the county commissioners instruct the assessors as follows: “You will deliver to each taxable person one of the blanks furnished you by this office, upon which blank the taxable person shall make return of the aggregate amount of moneys owned by him or her, and made taxable as hereinbefore enumerated and described, as well as all other property taxable for state purposes. It is the duty of every taxable person to make the return as hereinbefore prescribed, within ten days, with his or her affidavit hereto attached, made and subscribed to before you, and in case any taxable person shall fail or refuse to make return as herein required, it shall be your duty to make a return for such taxable person, estimating the amount from the best information

at your command,"³ and add to this a penalty of fifty per cent. The making of a false or fraudulent return subjects the taxable person to "a fine of \$500.00, imprisonment not exceeding seven years and perpetual disqualification of the party making the same from being a witness."⁴ Any person making a false return is declared by law to be "guilty of willful and corrupt perjury" who upon conviction "shall be sentenced to pay a fine not exceeding \$500.00, and undergo an imprisonment by separation and solitary confinement of labor, not exceeding seven years, and thereupon be forever disqualified from being a witness in any matter or controversy."⁵ Assessors are authorized by law to administer the oath in such declarations of valuation of intangible personal property.

Inasmuch as the method for assessment of personal property is prescribed by law, and specific forms are furnished for the declaration of the value of such property by its owners, there is left no room for the introduction of divers methods by the assessors, as in the case of the assessment of real estate. For this reason there prevails uniformity of method in the valuation and assessment of personal property. The only possibility of departure from uniformity is in the degree of exactness and accuracy of declaration which the different assessors require. What we here say regarding uniformity of method applies only to intangible personalty, and not to tangible personal property like horses and cattle. With the latter, as in the case of real estate, the method of assessment varies with the individual assessor, some making careful valuations and others being content with a slipshod assessment.

3. The basis⁶ of assessment.

Tangible personalty is assessed on a basis of from less than fifty to seventy per cent of the true or exchange value. That is, a horse which would bring two hundred dollars at a public sale is assessed usually at from one hundred to one hundred and fifty dollars, and

³Precept of the Commissioners of Delaware County to the Assessors of the Triennial Assessment, 1915, p. 1.

⁴Laws of Pennsylvania, Act of June 17, 1913, p. 510.

⁵Laws of Pennsylvania, Act of June 17, 1913, p. 510.

⁶The term "basis" is used here in the same sense as throughout this survey, namely, as referring to the percentage of real or selling value at which property is assessed.

a cow which would sell at forty dollars is assessed at twenty or twenty-five dollars. This is brought out more in detail a little later.

Intangible personalty⁷ is required, like all other property, to be assessed at full valuation, but the actual valuations are made by the owners of such property, and there is abundant proof that many persons assess themselves far below the true value of their property. The generally recognized weakness of the personal property tax—the difficulty in securing a fair and full assessment—is prevalent in Delaware County. Some assessors are endeavoring to enforce a more just and complete assessment of intangible personalty. Among these are Mr. A of X township and Mr. B of Y district.⁸ At the time this information was gathered Mr. A had just been chosen assessor, so no definite information can be given as to his success. He plans, however, to find out what amounts of intangible personalty are owned in his district and how much of it has escaped taxation. Mr. B has successfully carried out his plans by reading very carefully the mortgage and bond book in the county court house located in Media. By diligent investigation and strict enforcement of the law, Mr. B. in a few years has increased the assessment of intangible personalty in his district from \$13,000.00 to \$180,000.00. In telling of his method this assessor related an incident which is typical of many that occur. One man declared that he had no moneys at interest and no other evidences of wealth to be taxed. When requested to state this under affidavit the person in question admitted he had a little, and by successive admissions it was revealed that he owned money at interest and mortgages to the value of \$40,000.00. These cases are mentioned merely to show that much intangible personalty escapes taxation altogether. The work of Mr. B shows also the possibility of enforcing the law and increasing the assessment of personal property.

4. The tax rate.

In accordance with the Act of June 17, 1913, which made taxable for county purposes intangible personal property previously taxed for state purposes, the tax rate on such evidences of wealth as moneys

⁷The term "Intangible Personal Property" as used throughout this discussion refers to moneys at interest, mortgages, and similar evidences of wealth. See above, p. 34.

⁸As stated above, p. 2, real names of persons are not given because information was received in confidence.

at interest, bonds, stocks, etc., and upon tangible personalty such as omnibuses, cabs, and other vehicles for hire is "four mills on each dollar of the value thereof."⁹ Horses and cattle in Delaware County are assessed separately from the foregoing forms of personalty and are taxed at the same rates that obtain in the various boroughs, townships and wards on taxable real estate. The county tax rate, with which we are chiefly concerned here, is two and four-fifths mills on the dollar, and this applies to horses and cattle as well as to real estate.

5. Assessed valuation of all personal property for alternate years, covering the period from 1906 to 1916, inclusive.

(1) The tax on horses. The assessment books show that horses in Delaware County are assessed anywhere from \$25.00 to \$100.00. It is difficult to ascertain the exact average but this may safely be put at approximately \$59.00. The assessment of course varies with the value of the horse. As a source of revenue horses have been of very little importance in the revenue system of the county and the assessed valuation of horses has decreased during the last ten years. This is made evident in the following table, which shows the assessed valuation of horses for alternate years, covering the period 1906 to 1916 inclusive, and the percentage which the assessed valuation bears to the total assessed valuation of all taxable property.

Table VIII. Showing the assessed valuation of horses, the total assessed valuation of all property, the percentage which the assessed valuation of horses bears to total assessed valuations, from 1906 to 1916 inclusive.

Year	Assessed Valuation of Horses	Total Assessed Valuation of All Taxable Property	Percent. Assessed Val. of Horses Bears to Total Assessed Vals.
1906	\$367,096.00	\$64,665,418.33	.57
1908	349,476.00	78,199,001.75	.51
1910	398,660.00	91,724,977.89	.44
1912	387,620.00	92,135,974.50	.42
1914	477,840.00	110,203,611.42	.43
1916	414,998.00	119,730,329.28	.35

⁹Laws of Pennsylvania, Act of June 17, 1913, p. 508.

The statistics in the above table show that although the actual assessed valuation of horses has increased quite steadily since 1906, the relative percentage of assessed valuation of horses has decreased, except in 1914 when it advanced slightly beyond the percentage for 1912. Assessors seem quite lenient in the assessment of horses, and it is doubtful whether they are ever assessed at their true value. As far as we are able to ascertain from the assessors themselves, and from the data found in the assessment books, horses are usually assessed at fifty per cent of their true value, i. e. the price they would bring at a public sale well advertised. A horse worth \$50.00 is assessed at \$25.00 and a horse worth \$100.00 is assessed at \$50.00. Many of the more scrupulous assessors, however, assess horses and cattle on the same percentage basis as real estate, namely, seventy per cent of what they believe to be the true value. In 1906 there were 7,230 horses in Delaware County assessed at \$367,496.00 or approximately \$50.00 each, and in 1916 the number of horses was 6,509 and their assessed valuation amounted to \$414,998.00 or an average of about \$63.00.¹⁰

The amount of revenue received from taxation of horses is shown in the following table.

Table IX. Showing county revenue receipts from the tax on horses, and the percentage which these bear to the total revenue receipts from all taxables for alternate years from 1906 to 1916 inclusive.

Year	Revenue Receipts from Tax on Horses	Total Revenue Receipts from All Taxable Property	Percent. which Receipts from Horse Tax Bears to the Total As. Vals.
1906	\$1,101.28	\$204,249.00	.54
1908	1,048.42	245,481.29	.43
1910	1,195.98	291,383.68	.41
1912	1,162.86	293,141.63	.40
1914	1,337.95	418,768.50	.32
1916	1,161.99	460,857.19	.25

¹⁰For complete statistics on this subject see Table XII, p. 42.

It will be seen that the statistics of the above table lead to the same conclusion as those on assessed valuation of horses, namely, that since 1906 there has been more or less constancy in the amounts received from taxation of horses, but a gradual decrease in the percentage of the tax burden borne by this source. In 1906 the tax on horses amounted to .54 per cent of the total receipts, while in 1916 it was only .25 per cent of the total.

(2) The tax on cattle. Whereas Delaware County was once quite agricultural it is now predominantly industrial. This transition from agriculture to industry constitutes the natural cause of the decrease in the number of cattle kept throughout the county. The basis of assessment for cattle is very similar to that for horses and ranges between fifty and seventy per cent of the actual value. In 1906 the number of cattle assessed was 10,762 and their assessed valuation amounted to \$265,085.00, or approximately \$25.00 each, and in 1916 there were 7,128 cattle, assessed at \$220,700.00, or an average of \$31.00.¹¹ The assessed valuation of cattle for alternate years during the period 1906 to 1916 is given in the table below, together with the percentage which the assessed valuation of cattle bears to the total assessed valuations.

Table X. Showing the assessed valuation of cattle, the total assessed valuation of all taxable property, and the percentage which the assessed valuation of cattle bears to the total assessed valuations, for alternate years 1906 to 1916 inclusive.

Year	Assessed Valuation of Cattle	Total Assessed Valuation of All Taxable Property	Percent. Assessed Val. of Cattle Bears to Total Assessed Vals.
1906	\$265,085.00	\$64,665,418.33	.41
1908	221,860.00	78,199,001.75	.48
1910	243,505.00	91,724,977.89	.27
1912	215,914.00	92,135,974.50	.23
¹ 914	216,095.00	110,203,611.42	.20
916	220,700.00	119,730,329.28	.18

¹¹For complete statistics on average assessed valuation see Table XIII, p. 43.

It will be seen that there has been a steady decrease in the assessed valuation of cattle from 1906 to 1916, also that this decrease has been actual, being \$265,085.00 in 1906, or .41 of the total assessed valuation of taxable property for that year, while in 1916 the assessed valuation of cattle was only \$220,700.00, or .18 of the total for the year. The actual number of assessed cattle decreased from 10,762 in 1906 to 7,128 in 1916, while the average assessed valuation increased from \$25.00 in 1906 to \$31.00 in 1916. This increase in the average assessed valuation of cattle is due in all probability to the fact that there has been a rapid increase in the actual price of cattle throughout the United States during the past ten or fifteen years. In 1900 there were 67,719,410 cattle in the United States valued at \$1,475,204,633.00, or an average value of \$21.78, while in 1910 the number of cattle was only 61,803,866 valued at \$1,499,523,607.00 or an average value of \$24.26.¹²

The actual amounts of revenue received from taxation of cattle are presented in the table below.

Table XI. Showing county revenue receipts from taxation of cattle, and the percentage these bear to the total receipts from all taxables, for alternate years during the period 1906 to 1916 inclusive.

Year	Revenue Receipts from Tax on Cattle	Total Revenue Receipts from All Taxable Property	Percent. which Receipts from Cattle Tax Bears to the Total As. Vals.
1906	\$795.25	\$204,249.50	.39
1908	665.58	245,481.29	.27
1910	730.51	291,383.68	.25
1912	647.74	293,141.63	.22
1914	605.06	418,768.50	.14
1916	617.96	460,857.19	.13

The statistics of the above table show that the revenue received from taxation of cattle for alternate years covering the period 1906 to 1916 gradually decreased, so that in 1916 the revenue receipts were

¹²Abstract of the Thirteenth Census of the United States, 1910, p. 314.

less by \$177.29 than those of 1906. We have already pointed out the conditions responsible for this decline. They are, (a) the general increase of manufacturing industries and decrease of agriculture throughout the county during the past decade and, (b) the carelessness that characterizes the assessment of cattle and other tangible personal property.

(3) Assessed valuation of horses and cattle further considered.

Table XII. Showing the number of horses assessed, the total assessed valuation and the average assessed valuation for Delaware County, and the price per head for horses in the United States, for alternate years 1906 to 1916 inclusive.

Year	Number of Horses Assessed	Total Assessed Valuation of Horses	Average Assessed Valuation	Price per Head for Horses in the United States ¹³
1906	7,230	\$367,096.00	\$50.77	\$ 80.72
1908	6,793	349,476.00	51.43	93.41
1910	7,409	398,660.00	53.80	108.03
1912	6,672	387,620.00	58.09	105.94
1914	7,325	477,840.00	65.23	109.32
1916	6,509	414,998.00	63.75	101.60

It will be seen from the above statistics that the number of horses assessed in Delaware County has not varied much in ten years; that both the total assessed valuation and the average assessed valuation increased steadily, except for 1916 when they showed a decrease. The number of horses assessed likewise decreased in that year. The advance in the average assessed valuation of horses in the county may be accounted for by the increase in the selling price for the United States, or, by a higher percentage basis of assessment in the county, or both. Knowing the inefficiency of the assessment system of Delaware County, we believe the increase is due largely to the former cause.

¹³Statistics in this column are taken from the Yearbook of the U. S. Dept. of Agriculture, 1916, p. 666.

Table XIII. Showing the number of cattle assessed, total assessed valuation and the average assessed valuation for Delaware County, and the price per head for cattle in the United States, for alternate years 1906 to 1916 inclusive.

Year	Number of Cattle Assessed	Total Assessed Valuation of Cattle	Average Assessed Valuation	Price per Head for Cattle in the United States ¹⁴
1906	10,762	\$265,085.00	\$24.63	\$29.44
1908	10,966	221,860.00	20.23	30.67
1910	9,744	243,505.00	24.99	35.29
1912	8,435	215,914.00	25.59	39.39
1914	7,737	216,095.00	27.93	53.94
1916	7,128	220,700.00	30.96	53.92

It will be seen that the number of cattle assessed has decreased steadily since 1908; that the total assessed valuation has fluctuated; that the average assessed valuation has increased gradually. The explanation of the gradual increase in the average assessed valuation of cattle, with which we are chiefly concerned here, may be found either in the fact of rapid increase in the selling price in the United States or in a higher percentage basis of assessment in Delaware County, or both. We are of the opinion that the first of these two causes has contributed more largely to this result.¹⁵

(4) Tax on vehicles for hire. It might be expected in this day of increasing use of the means of transportation such as the "jitney bus" and "taxi" that considerable revenue should be drawn from this source. Such is not the case, however, in Delaware County, where this source of revenue is so insignificant that it is scarcely thought of as a means of augmenting the revenue fund. As one county official stated, "We derive very little financial aid from this source."

The lack of revenue from vehicles for hire may be due to the fact that the county is well supplied with railroads and electric

¹⁴Statistics in this column are taken from the Yearbook of the U. S. Dept. of Agriculture, 1916, p. 671.

¹⁵This opinion is based on our knowledge of the inefficiency of the assessment system in Delaware County. See Chapters II and III.

trolley lines that make possible easy and frequent transportation from any part of the county to another. Some assessors, however, stated that they paid little or no attention to this source of revenue because they believed it so insignificant.¹⁶ Just how much revenue has accrued from this source may be seen from the table below, which gives the assessed valuation of all such vehicles for hire for the alternate years covering the period 1906 to 1916 inclusive.

Table XIV. Showing the assessed valuation of omnibuses, hacks, cabs, and other vehicles for hire for alternate years during the period 1906 to 1916 inclusive.

Year	Assessed Valuation of Vehicles for Hire
1906.....	\$8,450.00
1908.....	4,800.00
1910.....	9,675.00
1912.....	4,700.00
1914.....	7,450.00
1916.....	1,875.00

It is quite apparent from the above table that vehicles for hire yield very little revenue. In 1916, according to the assessors' books, the following were the only districts to show returns for this class of taxable property: City of Chester, \$500; Darby borough, \$600; Lansdowne borough, \$500; Morton borough, \$75; and Swarthmore borough, \$500, making a total valuation of only \$1875.

(5) Taxation of moneys at interest and other evidences of wealth.

Previous to the year 1913 such intangible personal property as money at interest, mortgages, bonds, articles of agreement, stocks, etc. were subject to taxation for state purposes, although three-fourths of the revenue derived therefrom was returned to the counties to relieve the burden of local taxation.¹⁷ But pursuant to the Act of June 17, 1913, these forms of intangible personalty are now taxed solely for county purposes. Under section 17 of this Act there is still taxed for state purposes certain scrip, bonds, certificates of indebtedness issued by private corporations incorporated or created under the laws

¹⁶We were unable to find any statistics, except the few given in the assessment books, as to the number of vehicles for hire operating in Delaware County.

¹⁷Laws of Pennsylvania, 1913, Act of June 17, 1913, p. 507.

of Pennsylvania or any other state, and those issued by any county, city, borough, township, school district or incorporated district of the Commonwealth of Pennsylvania, but all of the revenue derived from taxation of all other intangible personalty now goes to the counties.

Although intangible personalty was previous to 1913 a source of state revenue, with which we are not primarily concerned here, it will, nevertheless, be interesting to note for comparative purposes what share of the assessments fall upon this class of property. This we have done for the alternate years of the last decade. In order that a comparison of intangible personalty may be made with other kinds of property as a source of revenue we give below statistics which show the proportion of assessments that have fallen upon moneys at interest and other evidences of wealth.

Table XV. Showing the assessed valuation of intangible personal property and the percentage which this bears to the total assessed valuation of all taxable property for alternate years from 1906 to 1916 inclusive.

Year	Assessed Valuation of Intangible Personalty	Total Assessed Valuation of All Taxable Property	Percent. which Intangible Personalty Bears to Total Assessed Valuations
1906	\$ 9,804,795.33	\$ 64,665,418.33	15.1
1908	10,870,254.75	78,199,001.75	13.9
1910	16,266,501.89	91,724,977.89	17.7
1912	18,327,245.20	92,135,979.50	19.9
1914	23,124,084.42	110,203,611.42	20.9
1916	22,245,310.28	119,730,329.28	18.6

The above statistics indicate that the percentage of the assessed valuation of intangible personal property has increased in proportion to the assessed valuation of all other taxable property. It should be noted that for the alternate years given since this became a source of county revenue—1914 and 1916—the assessed valuation of intangible personalty was \$23,124,084.42 and \$22,245,310.38 respectively, showing an increase of \$5,796,839.22 in 1914 over 1912, but a decrease of

\$874,774.14 in 1916 from that of 1914. The increase of approximately six million dollars in the valuation of intangible personalty within a period of four years may be due to one or two causes. There is, first, the probability that there was an actual increase in the amount of the various evidences of wealth from 1912 to 1916, and, second, the fact cited in the previous pages, that when the revenue from this source was in 1913 turned over entirely to the counties the assessors became more diligent and exacting in demanding true valuations.

That the tax on intangible personal property is a source of large amounts of revenue, and promises to yield even greater returns, may be seen by the annual receipts presented in the table below.

Table XVI. Showing revenue receipts from intangible personal property, and the percentage these bear to the total receipts from all taxables for alternate years during the period 1906 to 1916 inclusive.

Year	Revenue Receipts from Tax on Intangible Personalty	Total Receipts from All Taxable Property	Percent. which Tax on In- tangible Personalty Bears to Total Tax Receipts
1906	\$39,219.18	\$204,249.50	19.2
1908	43,481.01	245,481.29	17.7
1910	65,066.00	291,388.68	22.3
1912	73,308.98	293,141.63	25.0
1914	92,496.33	418,768.50	22.0
1916	88,981.24	460,857.19	19.3

These statistics show that the tax on money at interest and other evidences of wealth more than doubled its yield of revenue during ten years, increasing from \$39,219.18 in 1906 to \$88,981.24 in 1916, while the relative share of the burden of taxation borne by this source of revenue jumped from 19.2 in 1906 to 22.0 in 1914. As stated before, the personal property tax became completely a county tax in 1913. Since that year the annual revenue from this source has increased about nineteen thousand dollars. In 1916, the actual amount received dropped approximately four thousand dollars. The cause of this decrease is found, in all probability, in the declaration of false valuations by the owners of intangible personalty. The care-

lessness of some assessors may be partly to blame for this decline, but many assessors are making greater rather than less effort to secure correct and full valuations.

6. Conclusions.

(1) As to the method and basis of assessment. There is no doubt that a closer assessment of horses and cattle should and could be made and a higher percentage basis of valuation used. There is no reason why these forms of personal property should be assessed at less than one-half their true value. The suggestion which we offered earlier regarding real estate applies with equal emphasis to tangible personalty, namely, that every assessor should be required to assess such property at its true valuation, or one hundred per cent. Although a large increase in revenue from taxation of horses and cattle can hardly be expected because of the increasing industrial and decreasing agricultural life of the county, nevertheless a greater revenue than is now being received could be derived from this source if closer assessments were made.

(2) In the limited time allowed them for making their assessments many assessors find it impossible to engage in any independent and careful investigation into the ownership of intangible personalty among the constituents of their districts.

(3) It was seen that the actual number of horses and cattle assessed in Delaware County has decreased during the last ten years, the decrease being more accentuated in the case of cattle; that while the total assessed valuations for the alternate years showed a steady decline the average assessed valuations of cattle increased; in the case of horses both the total assessed valuations and the average assessed valuations increased. These increases were due, in our opinion, more to the fact of the general increase in value of horses and cattle in the United States than to any improvement in methods of assessment.

(4) It is doubtful if the tax on vehicles for hire can be made to yield a much larger return than at present. Although observation warrants the conclusion that much of this kind of personalty escapes taxation, the need for vehicles for hire in Delaware County is almost negligible, due to the network of electric lines. For this reason the business of transferring passengers by means of taxicabs, etc. promises no rapid development.

(5) Intangible personalty constitutes a more difficult problem, due to the necessity of relying upon the honesty of the owners for a truthful and complete valuation. It can hardly be hoped that owners of intangible personalty will assess themselves justly unless the people of Delaware County are of a different type from those in other communities. So there is need for very rigid enforcement of the law and careful examination of returned personal property blanks. Where there is any doubt of the accuracy of such valuations, the assessor should bring to bear upon the property owner the full pressure of the law. All of the assessors, by following the example of those mentioned in the earlier pages of this chapter, in making a very careful search into the ownership of money at interest, mortgages, bonds, stocks, et cetera, in their districts might increase the revenue receipts considerably. That this can be done is clearly demonstrated by the success of the assessor formerly mentioned who increased his receipts from this source appreciably during the first few years of the tenure of his office.¹⁸

¹⁸See p. 37.

CHAPTER V.

MISCELLANEOUS SOURCES OF REVENUE

1. The occupation tax.

(1) Occupations subject to taxation. Besides the real and personal property described in the earlier part of this survey, there are subject to taxation in the state of Pennsylvania "all salaries and emoluments of office; all offices and posts of profit, professions, trades and occupations (except the occupation of farmer); and also all single men above the age of twenty-one years who do not follow any calling or occupation."¹⁹ In Delaware County at least it is the general practice not to tax occupations of women, although there is current a belief that women who own property are taxed on a higher percentage basis than men, because they are unable to injure the assessors at the polls. The tax is generally known as the "occupation tax" and, although commonly condemned as a failure, has the virtue of reaching those citizens who own no property.

(2) Schedule of assessments and classes of occupations. There is issued to the assessors upon entering the duties of assessment a schedule of assessments for the various classes of occupations. While this schedule by no means indicates the great number of minor callings which are subject to taxation, it nevertheless outlines in a general way what professions and occupations are required to pay the tax. The official list given by the commissioners to the assessors reads as follows:

Schedule of Assessments and Classes of Occupations.

Laborers, including mill operatives, assessed at.....	\$100.
Mechanics, including foremen in mill, assessed at.....	150
Clergymen, assessed at	200
Lawyers, assessed at	300.
Doctors, including veterinary surgeons, assessed at.....	300
Bankers and Brokers, assessed at.....	300
Clerks, including salesmen, assessed at.....	150
Teachers, assessed at	200
Merchants, assessed at	200
Manufacturers, assessed at	500

¹⁹Precept of the Commissioners of Delaware County to the Assessors: for the Triennial Assessment, 1915, p. 1.

Schedule of Assessments and Classes of Occupations (continued)

Offices of Profit, assessed at.....	200
Editors, assessed at	200
Civil Engineers and Surveyors, assessed at.....	200
Gentlemen (persons who are taxable but without occupation), assessed at	100

Many persons are taxed and returned as "Retired," "Invalid," and "Gent," all of whom are assessed on the basis of one hundred dollars.

(3) Inequality in assessment. There are many evidences of inequality and lack of uniformity in the method and basis of assessment followed by the various assessors throughout the county. This absence of uniformity is true not only of the different townships, boroughs and wards but often obtains in the same district, each assessor using a different basis of assessment for the same occupations. This is made clear in the following schedule of assessments as listed in the assessment books for 1916.

Schedule of assessments required by law, and the assessment bases followed by the various assessors, showing a lack of uniformity in basis for the same occupations.

Occupations	Legal Assessment Basis	Actual Assessment Basis
Teacher	\$200	\$150, \$150, \$200, \$150, etc.
Engineer	200	150, 150, 200, 200, etc.
Merchant.....	200	300, 200, 200, 300, etc.
Manufacturer.....	500	500, 200, 300, 500, etc.
Conductor	100	100, 200, 200, 100, etc.
Student.....	100	150, 150, 150, 100, etc.
Chauffeur	100	150, 100, 150, 150, etc.
Contractor	150	150, 200, 300, 300, etc.

The above list could be extended to a great many other occupations, but those given are sufficient to show that the same vocations are assessed on different bases in the various parts of the county.

(4) The tax rate. The county tax rate on occupations is the same as that on real estate, namely, two and four-fifths mills on the

dollar. This means that the general average county tax on occupations amounts to twenty-eight cents on each one hundred dollars. Inasmuch as the majority of persons paying the occupation tax are classified as laborers, who are taxed on the basis of \$100, the county derives small revenue from this source. Local tax rates are higher, ranging from eleven to twenty-seven mills,²⁰ so that localities derive considerable revenue from taxation of occupations, when complete and accurate assessments are made.

(5) The occupation tax as a source of revenue. As in the case of other sources of revenue, we made a study of occupations with regard to their share in the county tax burden during the past ten years. Our results are incorporated in the following tables.

Table XVII. Showing the assessed valuation of occupations, and the percentage which this bears to the total assessed valuation of all taxable property, for alternate years covering the period 1906 to 1916 inclusive.

Year	Assessed Valuation of Occupations	Total Assessed Valuation of All Taxable Property	Percent. Assessed Val. of Occupations Bears to Total Assessed Vals.
1906	\$3,119,130.00	\$ 64,665,418.33	4.8
1908	2,837,000.00	78,199,001.75	3.6
1910	4,241,075.00	91,724,977.89	4.6
1912	3,362,475.00	92,135,974.50	3.6
1914	3,960,820.00	110,203,611.42	3.6
1916	4,195,450.00	119,730,329.28	3.5

²⁰See p. 19.

Table XVIII. Showing revenue receipts from occupation tax, the total receipts from all taxable property, and the percentage which occupation tax receipts bear to the total assessed valuations for alternate years from 1906 to 1916 inclusive.

Year	Revenue Receipts from Occupation Tax	Total Revenue Receipts from All Taxable Property	Percent. which Occupation Tax Bears to the Total Assessed Vals.
1906	\$ 9,357.39	\$204,249.50	4.6
1908	8,511.00	245,481.29	3.5
1910	12,723.22	291,383.68	4.4
1912	10,087.42	293,141.63	3.4
1914	11,090.29	418,768.50	2.6
1916	11,747.26	460,857.19	2.5

As in the case of other taxes it will be observed that the tax on occupations tends to fluctuate, but that the percentage which assessed valuation of occupations bears to the aggregate assessed valuation of all taxable property has remained more or less constant, being 4.8 at the beginning of the ten year period and 3.5 at its close. The assessed valuation of occupations advanced from \$3,119,130.00 in 1906 to \$4,195,450.00 in 1916, or an increase of only \$1,076,320.00 in ten years. The year 1910 shows a greater assessed valuation of occupations than any alternate year since then. This is difficult to understand or explain in view of the increasing industrialism and the rapidly growing population of the county.²¹ With an increasing number of occupations one would naturally expect an increase in revenue from this source. The only explanation we were given by persons connected with the tax machinery was that of carelessness and indifference in assessments.

Revenue receipts from the occupation tax increased from \$9,357.39 in 1906 to \$11,747.26 in 1916, or only \$2,389.87 in ten years. In 1906 the revenue from this source constituted 4.6 of the total receipts from all taxable property, while in 1916 it was only 2.5 of the total. The latter fact is due not to any decline in receipts from occupations,

²¹See p. 21.

but to the change which took place in 1913 when intangible personal property became entirely a source of county revenue. Nevertheless, the relative burden of taxation borne by occupations was one per cent less in 1912, before the above change was introduced, than it was in 1910, which shows that the tendency of occupations is to yield a relatively decreasing return of revenue.

(6) Defects of the occupation tax. Many of the assessors and officials whom we interviewed were of the opinion that the occupation tax is in many respects a failure. It is estimated by those who are in close touch with the county tax returns that about fifty per cent of the occupation tax in the city of Chester is returned as uncollectable, and about thirty-five per cent is so returned from the other tax districts of the county. Several assessors emphatically declared that "the trouble with the occupation tax is that people will not pay it, and the tax collectors take the easiest way out by reporting delinquents as 'exonerated' ".²² It should be understood, however, that the tax collector has no such power to grant exoneration or exemption from the payment of taxes, but that he requests the county commissioners to relieve him of the responsibility of collecting these delinquent taxes. There is apparently no very great difficulty in securing compliance with this request, for the commissioners realize that the collectors have attempted to collect the tax before submitting the cases for exoneration.

As explained above, the county tax on occupations amounts to only twenty-eight cents on each one-hundred dollars of assessed valuation of any occupation or profession, and is therefore hardly worth dodging, yet a great many persons seek to evade it. The penalty for such evasion is the loss of the privilege of voting. It is a matter of indifference to most foreigners and negroes²³ as well as to the large

²²The term "exoneration" is applied to the practice of freeing persons from payment of taxes. When it proves difficult or impossible to collect a tax the collectors request to be freed from the responsibility for its collection. Exoneration is granted only by the county commissioners. For a discussion of the subject of exoneration see p. 66 ff.

²³Foreigners and negroes tend to constitute a growing percentage of the population. The establishment of munition factories throughout the county has caused a marked increase in the immigration of negroes from southern states. This immigration is so pronounced that bitter race prejudice is evidenced, and race rioting has resulted.

number of native whites whether or not they enjoy the right of franchise, so the penalty provided by the law does not really stimulate the payment of the tax. Thanks to the vigilance of the predominant political parties, however, the law is strictly enforced at this point, for on the day of election these party enthusiasts watch the voters very closely and do not hesitate to question the legality of the votes cast by their opponents. Frequent reference is made to the list of those who are reported delinquent in tax payments. The efficacy of this vigilance is more apparent than real, according to a belief current among assessors and officials, for on the approach of election many delinquent taxes are paid, in all probability not by the assessed person but by those interested in his vote.²⁴ Those who oppose the occupation tax because of its failure wish to substitute for it a direct poll tax of one dollar levied on each citizen entitled to the right of suffrage. It is interesting to note at this point that the dissatisfaction with the occupation tax which is so apparent in Delaware County prevails throughout the state, and "there appears to be a tendency to change these taxes into a uniform poll tax, more especially for school purposes."²⁵

2. The dog tax.

(1) Method of assessment and collection. Previous to the year 1915 all dogs subject to taxation were assessed by the real estate assessors in the various wards, boroughs, and townships of the county and the tax was collected by the several tax collectors in these districts. The State Legislature in 1915, however, amended previous laws relative to the taxation of dogs, and pursuant to these amendments the duty of assessing and collecting the dog tax was transferred from the tax collector to the assessors.²⁶

Under the provisions of the new law the county commissioners furnish annually to the several assessors of the county metal tags

²⁴Frequent expression of this opinion led us to search for evidence of its validity, but we were unsuccessful in getting anything more than opinions. Inasmuch, however, as these statements were made by persons who are striving to enhance the efficiency of the tax system we attach a great deal of importance to them.

²⁵United States Census Special Report on Wealth, Debt, and Taxation, 1913, Vol. I, p. 635.

²⁶Laws of Pa., 1915, Act of June 3, pp. 719-796.

which the assessors give to the owners of taxed dogs when the license fee is paid. At the time of payment of this license fee the assessors also furnish the dog owners a "license receipt" which bears the serial number corresponding with the metal tag. The license tag is stamped for the calendar year for which it is issued and its shape must be changed from year to year. In case the owner of the dog loses said tag the county commissioners furnish a new one free of charge.²⁷ In all cases the law requires that the metal tag be attached to the collar worn by the dog.

During their assessment of other forms of property, the assessors inquire as to the number of dogs owned, or kept by each assessed person, and if any dogs are found on the premises the owners must pay immediately to the assessor the license fee which has been fixed by the county commissioners. The assessors publish a list of the assessed dogs in one or more county papers of general circulation. The name and address of the owner, the sex of the dog and the number of the tag are the details published. If, after examining the list, any reputable citizen knowing any dogs not assessed can complain to the county commissioners who investigate the validity of the complaint and carry out the penalty provided by law. We learned from the assessors that such complaints are frequent. When the assessors have completed their reports the commissioners call on the constables to kill all dogs not wearing the license tag after the termination of thirty days' notice in one or more newspapers. The killing of dogs without notice has often resulted in litigation, according to the statements of assessors and tax collectors. The constable is paid \$1.00 for each dog he kills and if he fails to carry out his duty in this respect he is fined \$2.00 for each dog which he neglects to kill. No dog, however, is killed if any authorized agent of a humane society offers to dispense with it in some other way. Like the constables, the assessors who fail in their duty of assessing dogs are required to pay for each dog not taxed the sum of \$2.00. There seems to be a general tendency among assessors to follow the above procedure, and we find that it accords with the requirements of the law.²⁸

(2) The tax rate. In accordance with the Act of June 3, 1915, the "said fee for each male dog or spayed female dog shall not exceed

²⁷Laws of Pa., 1915, Act of June 3, pp. 791-793.

²⁸Laws of Pa., 1915, Act of June 3, pp. 791-796.

\$2.00, the fee for the female dog shall not exceed \$4.00; and the said sum shall be paid on all dogs over eight months of age."²⁹ We found that in practice the fee rarely ever reaches \$4.00, but in the majority of cases is \$1.00, and in quite a few instances \$2.00 or \$3.00.

(3) The dog tax as a source of revenue. As a source of revenue the dog tax is of very little importance. In fact it is not regarded by many county officials as of any value as a means of augmenting the county funds. So large a proportion of the license fee goes to defray the cost of furnishing license slips, metal tags, replacement of lost tags, publishing lists of assessed dogs and delinquent owners, and shooting non-licensed dogs, together with the compensation of owners of sheep killed by dogs,³⁰ that there is scarcely any revenue left for the purpose for which the surplus is to be expended, namely, the aid of school funds.

To clearly set forth the dog tax as a source of revenue, we give below a table of receipts from this source.

Table XIX. Showing the revenue receipts from taxation of dogs for alternate years from 1906 to 1916 inclusive.

Year	Assessed Valuation of Dogs
1906	\$3,128.00
1908	2,927.00
1910	4,326.00
1912	3,346.00
1914	5,199.00
1916	7,700.45

It will be seen that as a source of revenue the dog tax is of no great consequence, although it shows a tendency to increase gradually. If most of the revenue collected from taxation of dogs were a net addition to the county funds it might not be so justly condemned as a negligible tax. But this is not the case, for the larger proportion of the tax is expended in collection and other necessary measures to enforce the law. This fact may be seen by glancing at the statistics of the following table.

²⁹Laws of Pa., 1915, Act of June 3, p. 793.

³⁰See p. 57.

DOG FUNDS³¹

1. Receipts	
Cash balance January 3, 1916.....	\$5,118.83
Dog tax collected	7,700.45
	<hr/>
Total.....	\$12,819.28
2. Expenditures	
Damage to sheep	312.00
Damage to goats	16.00
Printing, advertising and supplies	1,546.74
Assessors making returns	41.82
Dog registration	153.34
Killing dogs	1,458.00
Clerk hire	1,300.00
Dog tags and notices	72.65
Com. vs. Thompson	25.00
Com. vs. Thompson	15.00
Selling dog tags in city of Chester	73.40
Affidavits	3.00
Auditors	8.00
Justice fees	1.00
Incidentals	8.00
Transfer of Dog Funds to General Cash Account.....	5,118.83
	<hr/>
	\$10,152.78
Cash Balance, January 1, 1917.....	2,666.50
	<hr/>
	\$12,819.28

From the above statistics it is seen that on January 3, 1916, the cash balance in the dog fund was \$5,118.83 and, at the end of the year this same amount was transferred to the general cash accounts. This leaves \$7,700.45 actually collected from the dog tax in 1916, while the expenditures for the enforcement of the law amounted to \$5,043.95, leaving a cash balance of \$2,666.50 on January 1, 1917. These statistics bear out the statement of the controller that most of the revenue received from taxation of dogs is expended in the collection and other obligations connected with it.

The opinion obtains among the assessors that the dog tax should be abolished. In support of their opinion they cite the facts that the dog tax yields very little revenue and is no longer necessary because

³¹Third Annual Report of the Controller of Delaware County, Pa., 1916, p. 8.

the original purpose of the act has vanished with the passing of the sheep industry from the county. The original purpose of the tax on dogs, it seems, was to provide compensation to the owners of those sheep which were killed by dogs. This compensation is still paid for such losses. The township auditor secures affidavits in the case of destruction of sheep by dogs, and presents the same to the county commissioners. If the claim for damages is approved by the commissioners then the county controller pays the damages to the owner of the sheep. These claims amounted to only \$43.00 in 1914,³² \$36.00 in 1915,³³ and to \$328.00 in 1917.³⁴ Although these facts constitute a reason in the minds of some assessors for the abolition of the tax on dogs, other assessors maintain that the tax should be retained on the principle that dogs are often a neighborhood nuisance and owners should be taxed for the privilege of keeping them. On the other hand a novel argument against payment of the dog tax which one assessor says the people in his district make is that dogs are a means of protection and a tax on them is unjust for that reason.

3. The poor tax.

Inasmuch as the poor tax is nothing but a levy on the general basis of assessed valuation of real property, there was very little room for investigation at this point. We obtained what facts were available as to its history, purpose, and rate.

The care of that part of its population which is not in possession of the wherewithal to purchase the ordinary necessities of subsistence and maintain an independent existence Delaware County has fully recognized to be a public duty, and a special fund has been set aside for that purpose. Previous to 1914 the poor were cared for out of a fund appropriated by the county commissioners from the general revenue of the county. This appropriation was made possible by a higher tax rate than the one which is now in vogue. Complaints were made, however, that the poor were not faring as well as they should under this system and there arose a demand for the introduction of a separate tax to provide definite revenue for the maintenance of dependents. Prior to 1914 the appropriations for this purpose amounted to sixty or seventy thousand dollars. Since 1914, however,

³²Report of the County Controller of Delaware Co., 1914, p. 12.

³³Report of the County Controller of Delaware Co., 1915. p. 10.

³⁴Report of the County Controller of Delaware Co., 1917, p. 8.

there has been in existence a new tax known as the "poor tax." The rate is one mill on the dollar, i. e., each dollar of assessed valuation of all real estate ascribed to any person or persons in the county. At the present time approximately one hundred thousand dollars is thus derived in revenue for the care of the county's indigent population. The poor tax in 1914 amounted to \$86,131.00 and in 1916 it was \$84,608.12. In 1916 there was also received \$1,594.20 delinquent poor taxes for 1914, and \$6,425.91 for 1915, making a total poor tax of \$92,628.23 collected in 1916.³⁵

4. Other sources of revenue.

Besides real estate, personal property, occupations, and dogs, there are various other sources of revenue which are of a minor character. Some of these are: liquor licenses, bridge rentals, excess receipts from the office of the recorder of deeds and the office of the prothonotary, fines from justices of the peace, peddlers' licenses, and sundry incidentals. Regarding these minor sources of revenue it was learned that the annual receipts run as follows: county liquor tax, \$4,980.00; bridge rentals, about \$470.00; \$489.57 from the office of recorder of deeds by way of excess receipts after deducting office expenses and the sum of \$2,000.00 for salary; \$297.47 from the office of prothonotary by way of excess receipts after deducting office expenses and \$2,000.00 in salary;³⁶ incidental receipts, \$5,000.00, or thereabout, the amount varying as in case of all minor sources, from year to year; peddlers' licenses, \$804.25; fines from justices of the peace, \$491.00.³⁷

³⁵Report of the Controller of Delaware Co., 1917, p. 9.

³⁶The county receives fifty per cent of excess receipts from the offices of the recorder of deeds and the prothonotary, after deducting office expenses and the stipulated salary, which in each case is \$2,000.00.

³⁷The statistics are those for 1917.

CHAPTER VI.

RECAPITULATION OF THE ASSESSED VALUATION OF PROPERTY, AND A STATEMENT OF THE TAX LEVY FOR THE PERIOD 1906 TO 1916.

1. Recapitulation of assessed valuation of property.

For the sake of convenience in comparison of the several sources of revenue, we have included in the following table the percentage of the total assessed valuation of property borne by each class of taxable property for alternate years covering the period 1906 to 1916. The table will show the exact distribution of the tax burden for the past ten years and will emphasize the relative importance of some taxes and the relative insignificance of others presented in the previous pages of this survey.

Table XX. Showing the percentage of the tax burden borne by each class of taxable property for alternate years, covering the period 1906 to 1916 inclusive.¹

Taxable Property	1906	1908	1910	1912	1914	1916
Real Estate.....	75.20	78.20	72.60	70.90	74.80	77.90
Horses.....	.54	.43	.41	.40	.32	.25
Cattle.....	.36	.27	.25	.22	.14	.13
Vehicles for hire.....	.00	.00	.04	.00	.00	.00
Money at interest....	19.20	17.70	22.30	25.00	22.00	19.30
Occupations.....	4.50	3.40	4.40	3.40	2.60	2.40
Dogs.....	.00	.00	.04	.08	.10	.02
Totals.....	100.00	100.00	100.00	100.00	100.00	100.00

2. The tax levy.

Having now completed our survey of the various sources of revenue and the place of each in the tax system for the past decade, it will be of interest to note the amounts of the tax levy for the

¹The percentages presented in this table are taken from the statistics on revenue receipts given in the foregoing pages.

several purposes—county, state, poor,—during that period. The statistics which we collected on this subject were secured from the recapitulation sheets of the assessment books for each ward, township, and borough, and are given in the following table.

Table XXI. Showing the tax levy for county and state purposes and for the maintenance of the poor, covering alternate years for the period 1906 to 1916 inclusive.²

Year	County	Per cent Total Levy	State	Per cent Total Levy	Poor	Per cent Total Levy	Total
1906	\$199,521.14	82.8	\$ 41,685.88	17.2			\$241,207.02
1908	238,804.13	84.5	43,366.21	15.5			282,170.34
1910	261,482.34	81.0	64,278.32	19.0			325,760.66
1912	224,205.41	79.0	59,502.17	21.0			283,707.58
1914	278,424.66	59.9	100,815.05	21.6	\$86,131.85	18.5	465,371.56
1916	266,925.52	59.4	87,529.86	19.4	95,110.11	21.2	449,565.49

It should be noted that although intangible personalty is still listed in the recapitulation sheets of the assessment books as a "state tax" it has been a county tax since 1913. For the years 1914 and 1916 we must therefore add together what are separately given as county and state levies and designate both as county levy. If we include the tax for the maintenance of the poor, we shall see that the tax levy for county purposes has increased from \$241,207.02 in 1906 to \$449,565.49 in 1916, almost doubling itself in ten years.³ Provided the entire amount were collected and the revenue from miscellaneous sources included, the county income would be much higher than the above statistics indicate. This leads us to the next division of our investigation which deals with the collection of taxes.

²The tax levies here given are taken from the annual assessment books from 1906 to 1916.

³Including the payment of back or delinquent taxes, the tax receipts for 1916 amounted to \$453,339.62. Report of the County Controller for 1916, p. 9.

CHAPTER VII.

THE COLLECTION OF TAXES

Thus far our survey of the revenue system of Delaware County has been presented from the assessment side. The next logical step in our investigation is a study of the system of tax collection, for it is clear that the assessment work is wasted energy unless followed up by a successful collection of taxes. Realizing that assessment of property and collection of taxes are complementary parts of the revenue system and that if the one is deficient the other is thereby weakened, we deemed it necessary to ascertain some facts relative to the collection of taxes. The data at this point were not so accessible as in the case of assessment, because the tax collectors' books are not on file in the office of the county commissioners as are the assessors' books. Our information on this phase of the survey was gleaned from the statements of exonerations, interviews with collectors and other officials in close touch with tax returns, and the statistics of the county controller's reports for the past three years.

1. Election of tax collectors.

Tax collectors are elected by the people for a term of four years and may be reelected indefinitely. Like the office of assessor, it is a political one and therefore subject to the evils that tend to surround such an office. No specific qualifications are necessary to become a collector of taxes and the primary consideration seems to be that of active affiliation with one or the other of the dominant political parties. As far as we were able to learn the tax collectors in Delaware County, except in a few cases in which the collectors are men of marked ability, are not chosen because of any special fitness or preparation for office.

2. Duties of tax collectors.

State, county, borough, and township taxes are collected by the local tax collectors of the various townships, wards, and boroughs. In townships of the first class tax collections are made by the township treasurer. When the collector receives from the county commissioners the tax duplicate he sends notice to the assessed property owners specifying the amount of each owner's tax for the current year. All

persons who make payment within sixty days are entitled to a reduction of five per cent. Warrants for collection are in effect for a period of two years. A remarkable amount of power is given to tax collectors. They may levy by distress and sale of chattels and if necessary may imprison any person who refuses to pay taxes. Not knowing the limitations of the law, many tax collectors in Delaware County have unconsciously over-stepped their legal power in this respect, and a great deal of litigation has resulted. As a prominent member of the Tax Collectors' Association stated to the writer: "Before our association was formed and collectors were given opportunity of exchanging views and asking questions on points of law regarding collection, many of them were constantly in need of an attorney." As we shall point out later, the association of tax collectors has done much to eliminate these unnecessary law suits. Lands may be sold in lieu of county and township taxes which are two years overdue. The taxes on unseated lands must be paid within a year, and all taxes—county, township, poor, school, or municipal (except in cities of the first or second class) are a lien on real estate from the date of levy for three years and, if recorded, for five years. It is obvious that the duties of the tax collector are wide in scope and his power to enforce the law is quite extensive.

3. Compensation of tax collectors.

At the final settlement of his duplicate each collector is entitled to retain the sum of five per cent on all moneys collected by him. This compensation of five per cent is allowed to the collector by the treasurer of the county or township, as the case may be, and constitutes his full compensation for services rendered in the capacity of tax collector.¹

4. Operation of the system of tax collection.

Due to the fact that each collector is held responsible for his entire tax duplicate and is required to give a bond covering the amount specified by the commissioners, there is not the same indifference to the obligations of the office as that which characterizes the office of assessor. This does not mean that the system of collection in Delaware County operates perfectly. It means merely that due to the requirements of the law there is a tendency to attempt to collect

¹County tax. The compensation for borough and school tax collection is determined by the local council and school board respectively.

the full amount of the tax duplicate, although this does not necessarily follow.

As in the case of assessment, there is current a great deal of criticism of the methods of tax collection in the various districts of the county. It is pointed out that many of the collectors are not so efficient as they should be and their indifference to the duties of the office results in a very inadequate collection of revenue. This is evidenced in the large amount of delinquent taxes, which constitutes a question of much concern to the county officials who are directly interested in the revenue system. An examination of the reports of the county controller will show that this perplexity regarding unpaid taxes is not unfounded and that the collection of taxes, like the assessment of property, is in great need of improvement.

In his report for 1914, the county controller has the following to say about delinquent or unpaid taxes:

This is a legacy handed down from one year to the other, and it is hoped that the time is not far distant when some means will be found to compel a closer collection of taxes. My statement shows unpaid taxes for the year 1914, amounting to \$55,156.45, or more than one-eighth of the total amount of the duplicate for that year. It seems to me that some method should be adopted that would materially cut down this balance in the following year.²

The controller's hope that improvement might be made in the following year was not very happily realized, for in his report for 1915 he says:

After considerable effort we have been able to reduce the amount of uncollected taxes a little. Several plans have been tried with the idea of compelling closer collection, but because of the length of time allowed the collectors in which to make their returns, it has been a difficult task to make any decided improvement along this line, up to the present time.³

Relative to the collection of taxes in 1916, the controller was able to say the following: "In the matter of the collection of these taxes,

²Report of the Controller of Delaware County, 1914, p. 4.

³Report of the Controller of Delaware County, 1915, p. 1.

I am sure that we have been able to accomplish considerable good.”⁴ After stating that improved methods of collection had been introduced, the controller continues:

It will be interesting to note here that the amount of the duplicate for 1915 was \$418,885.85. The duplicate for 1916 was \$462,881.62, showing an increase in revenue of \$43,995.77. Thus with a larger tax to collect the balance due the county at the beginning of the year was only \$50,978.97 as against a balance due for 1915 of \$54,753.58.

We feel, however, that there is still room for improvement along this line, and during the coming year we shall endeavor to put into practice plans which we think will enable us to very materially reduce the balance of unpaid taxes at the beginning of the next fiscal year.⁵

A summary of the statistics on tax collection is given in the table below. Among the facts revealed by the following data are: (a) the difference between the total face value of all tax duplicates and the total amount of uncollected taxes for each of the years given, and, (b) the cost of collection each year is between \$17,000.00 and \$21,000.00.

Table XXII. A recapitulation of the tax collectors' statement, covering the period of three years—1914, 1915, and 1916 inclusive.

Account	1914 ⁶	1915 ⁷	1916 ⁸
Total face of all tax duplicates	\$ 416,623.10	\$ 418,885.85	\$ 462,881.62
Discounts allowed	16,056.93	16,391.04	18,302.23
Commissions allowed	17,270.49	17,386.90	21,785.05
Total amount of cash collected	328,139.23	330,353.73	411,902.65
Total amount of uncollected taxes	51,156.45	54,753.58	50,978.97

⁴Report of the Controller of Delaware County, 1916, p. 3.

⁵Report of the Controller of Delaware County, 1916, p. 4.

⁶Report of the Controller of Delaware County, 1914, p. 30.

⁷Report of the Controller of Delaware County, 1915, p. 38.

⁸Report of the Controller of Delaware County, 1916, p. 11.

The discounts and commissions allowed in 1916 include those on the collections for that year and also on payments of delinquent taxes. During the last three years the county has paid the sum of \$56,080.70 for assessment and \$56,442.44 for the collection of taxes, making a total of \$112,523.14. The combined cost of assessment and collection for the years 1914, 1915, and 1916 was \$34,421.57, \$36,580.93, and \$41,521.64, respectively. This means that one-twentieth or 5 per cent of the tax receipts is expended in assessment and collection.

5. Exonerations.

When for any reason the tax collector is unable to collect any taxes he presents to the county commissioners a statement of the uncollectable revenue and requests to be exonerated from the responsibility of its collection. If this request is granted the collector is relieved of all further responsibility for the collection of the specified taxes. A careful examination of the statements of exoneration submitted to the county commissioners by the tax collectors and later approved by the commissioners shows very clearly that the road to exoneration is not a difficult one. The lists of exonerations for the various wards, boroughs and townships of the county, are extremely long and the phrases "Can't Collect" and "Moved" appear in almost incredible frequency.

Because it illustrates both the attitude of some collectors toward the duty of their office and the ease with which exoneration from the collection of delinquent taxes may be obtained, we give below an exact copy of a tax collector's statement of exonerations. A similar report was made by the same collector in 1913, and is typical of the reasons advanced in support of the failure to collect revenue.

Exonerations in Township of _____ for 1914.⁹

Name ¹⁰	P	C
1. _____, drunken, beat, liar, degenerate.....	.14	.42
2. _____, idiot, lick, self-abuse.....	.09	.28
3. _____, drunken beat, liar, sneaked off.....	.09	.28
4. _____, swears was under age when assessed.....	.09	.28
5. _____, Maryland nigger, here only short time.....	.09	.28
6. _____, gone, spring '14.....	.09	.28
7. _____, died.....	.13	.39
8. _____, died.....	.09	.28
9. _____, nigger, died of election whiskey.....	.09	.28
10. _____, a good nigger, gone, spring '14.....	.09	.28
11. _____, Maryland nigger, here only short time.....	.09	.28
12. _____, Swede, gone, spring '14.....	.09	.28
13. _____, Chester resident, did not live here.....	.14	.42
14. _____, invalid, sick, poor.....	.09	.28
15. _____, gone, drunk, beat.....	.09	.28
16. _____, degenerate, sneak, gone, thief, stole blanket.....	.09	.28
17. _____, swears was not of age in '14.....	.09	.28
18. _____, drunk, beat, gone last year, no good.....	.09	.28
19. _____, a poor nigger idiot, too poor to be taxed.....	.09	.28
20. _____, nigger, drunk, sneaked off late'y, died.....	.09	.28
21. _____, never found.....	.09	.28
	<hr/>	<hr/>
	2.39	7.31

Co.	Poor
7.31	2.39
.37	.12 pen

7.68 3.51 \$10.19

Dogs died. Friends meeting house property.....	1.05
1 Est. Jas. Stevenson, ran off.....	1.05
1 Est. Geo. Ennis, who died, dog taken away.....	1.05
	<hr/>
	3.15

Liens Co.	Poor	
10.33	3.37	14.30
.52 pen	.17	27.73
<hr/>	<hr/>	
10.85	3.54	

⁹Letter C designates county tax, letter P designates poor tax.

¹⁰Numbers are substituted for names of persons because the information was received in confidence.

Apart from its crudeness and contradictions the above document is characteristic of some of the reports that pass without much criticism through the office of the county commissioners. The report was badly written in pencil and the general form in which it was drawn up was sufficient to arouse suspicion and invite rejection. This and similar documents have been approved and accepted by the commissioners, a fact which does not speak favorably for the exactness with which such reports are reviewed. If a closer collection of taxes is to be assured, the commissioners must make a more careful examination of the validity of such requests for exonerations as the above, and the tax collectors should be impressed with the fact that henceforth it will be difficult to secure unlimited exemption from the responsibility of collecting "bad taxes."

As stated in an earlier part of this survey,¹¹ it is estimated by some persons that fifty per cent of the occupation tax in Chester is returned as "Exonerations" and thirty-five per cent is so returned from the remainder of the county. Although we were unable to verify the above statement statistically, a glance at the data on delinquent taxes presented above¹² will reveal the fact that many of the tax collectors of Delaware County are not putting forth the strongest efforts in the collection of county revenue.

As was previously shown¹³ delinquent or unpaid taxes in Delaware County amount to one-eighth of the total tax duplicate or levy. From this it might be seen that the tax system is weak not only as to assessment but also as to collection. Just what constitutes the best remedy is difficult to say. Some persons interested in the question urge very strongly a unification of the state laws which deal with tax collection. In 1915 a codification of such laws was attempted for the State Legislature, but no simplification or unification resulted. It is pointed out by the advocates of tax reform that the laws dealing with the collection of taxes are still very contradictory and it is difficult for the collectors to learn what are the legal requirements of the office. Other persons approach the problem from a different point of view and urge the necessity for passing a law requiring all lists of

¹¹See p. 53.

¹²See pp. 64-65.

¹³See p. 64.

exonerations to be submitted under affidavit. Such a law, it is contended, would assure a closer collection of revenue since the collectors would hesitate to return unreasonable lists of exonerations before doing their best to collect the taxes from delinquent individuals. Still other persons believe that reform must come by electing to office more intelligent and public-spirited tax collectors. At this juncture, however, it should be stated that the tax collectors of Delaware County are a fairly representative body of men.

An opinion current throughout the county is that the office of tax collector, like that of assessor, is likely to be a political football. In many cases, therefore, collectors are chosen, not because of their fitness for office, but for allegiance to a political party. The confession of the assessors who told the writer that they cared nothing and knew less about the work of assessment and took it only because invited to do so by political leaders might justly have been made by many tax collectors. Reform, it seems to us, must come both from the statutory side by way of unification of numerous acts dealing with tax collection, and from the political side in the election to office of men who are fitted for the work it entails and who are interested in the welfare of the community.

6. The Tax Collectors' Association.

Much is being done to better the system of tax collection by the Tax Collectors' Association of Delaware County, of which Mr. J. B. Simpson, a public-spirited and intelligent man, is president. The aims of the Association are: (1) to increase the efficiency of the tax collectors and to generally improve the collection system, (2) to increase when necessary the compensation of the collectors, and (3) to bring the collectors together in a social way. The meetings of the Association offer opportunity for free exchange of ideas and general discussion of the difficulties and problems that confront the collectors. In this way, as was pointed out above, the tax collectors get light upon many legal technicalities, ignorance of which has in the past resulted in unnecessary litigation. Many helpful suggestions are received from the discussions and there is no doubt that the work of tax collection is greatly improved by the activities of the Association.

7. Conclusions.

(1) As to the election and qualification of tax collectors, there is great need for the selection of men who are better qualified for the duties of the office. Although the collectors in Delaware County are a fairly efficient body of men, there is room for improvement.

(2) As to compensation, there is current among collectors the opinion that they are underpaid and, perhaps, as in the case of assessors, an increase in pay would induce more competent men to accept the office.

(3) As to delinquent taxes, there is much room for improvement. The statements of the county controller and the statistics on unpaid taxes quoted in the foregoing pages¹⁴ show that it is imperative that something be done to compel a closer collection of taxes. Some suggestions for reform have been set forth in this study,¹⁵ and they constitute what seem to us to be the most promising lines of procedure.

(4) As to exonerations or exemption from responsibility of collecting taxes from persons who seek to escape them, greater care should be exercised by the commissioners in granting the requests for exemption. At present the laxity in the method of examining such requests encourages collectors to make unreasonable pleas for exoneration. One official attributed the abuses arising in this connection to the fact that the tax collectors are permitted to submit lists of exonerations without an affidavit. He thinks that if an affidavit were required the collectors would not be so apt to make unreasonable requests for exonerations before making a strenuous effort to collect the total amount of the tax duplicate. It has been demonstrated repeatedly that the requirement of a sworn statement has been responsible for the increased revenue from intangible property. For example, one assessor, by impressing upon the minds of owners of intangible personalty the penalty for perjury or refusal to declare its true valuation, and by the rigid requirement of an affidavit, has increased his assessment of such property from \$17,000.00 to \$180,000.00. The requirement of an affidavit might have the same effect in stimulating a closer collection of taxes.

¹⁴See pp. 64-65.

¹⁵See p. 71.

Besides the necessity of compelling tax collectors to submit exonerations under affidavit, we would call attention to the possibility of eliminating some of the undesirable consequences of exoneration by urging the county commissioners to make a more careful and stringent examination of the tax collectors' reports, especially as to unpaid taxes. With the introduction of these two improvements there would doubtless follow a closer collection of all taxes.

(5) As to the Tax Collectors' Association. If the Association maintains the aim set by its leaders to increase the efficiency of its members and not to make increased compensation the primary objective of its efforts, there is no question but that it will serve as one of the best agencies for the reform of the tax collection system.

CHAPTER VIII.

SUMMARY AND CONCLUSIONS

The salient points which have been presented in the foregoing pages regarding the revenue system of Delaware County, Pennsylvania, may be summarized briefly as follows:

1. The equipment and compensation of the assessors are inadequate to assure efficiency. There is little doubt that an increase in pay would induce more capable men to run for the office of assessor.

2. The basis of assessment varies between townships, boroughs and wards, and even between different parts of the same district. The valuation ranges from less than twenty to seventy per cent of the selling value of the property.

3. There is a marked conflict between local—township and borough—and county interests, the localities preferring a low assessment and a high tax rate in order to bear as little as possible of the burden of county taxes.

4. There are many evidences in almost every locality of gross inequality in assessments, the tendency being for smaller properties to be assessed at almost their true value while larger properties are assessed at much less than their true value.

5. Land and improvements are assessed jointly, except in a few localities where the method of assessing them separately has been adopted. The latter method is proving the more successful and just.

6. The heaviest end of the county tax burden during the last ten years has been borne by realty, although realty has borne a decreasing proportionate share of the burden during that time.

7. During the last ten years intangible personal property has borne an increasing share of the tax burden, while tangible personalty has shown a decreasing proportionate share.

8. The occupation tax is of no great value as a source of revenue, is difficult to collect, and in the opinion of those connected with and interested in the revenue system it should be abolished, and in its stead a uniform poll tax of \$1.00 should be established.

9. The tax on dogs is an insignificant source of revenue, involves a heavy cost of collection, and its abolition is advocated.

10. Except the tax on liquors, the minor sources of revenue add very little to the county treasury.

11. There has been rapid growth in the county income from 1906 to 1916,—an advance from \$204,249.50 to \$460,857.19 in that period.

12. The system of tax collection, like the system of assessment, is deficient at many points, and immediate reform is necessary.

13. The Tax Collectors' Association and the Assessors' Association are endeavoring to increase the efficiency of their respective members, but as yet there has been no marked development due, we believe, to the tendency of both organizations to place emphasis upon increased pay as the primary objective of their efforts.

A careful examination of the data presented in the foregoing pages will, we believe, warrant the conclusion that the method of assessment and valuation of property and the system of tax collection in Delaware County are defective, and that if the growing expenditures of the county are to be met without deficit and consequent accumulation of debt it is very necessary that some plan of reorganization and reform be introduced immediately.

Just what constitutes the most adaptable and effective remedy it is difficult to determine until facts similar to those given in the foregoing pages are collected for the other counties of the state. The problems of the several counties are in all probability very much alike, and for the sake of uniformity there should be introduced by means of a state law a general plan of reorganization that will bring the necessary improvements for all of the counties.

Throughout this discussion it has been stated that the great defect in the revenue system of Delaware County is the lack of uniformity in the method of assessment and a corresponding lack of unification in the laws under which the revenue is collected. Inasmuch as these conditions are not peculiar to Delaware County we are of the opinion that if the necessary uniformity were introduced in the revenue system much would be accomplished thereby toward a satisfactory solution of the difficult problems that confront the several counties of the state. Fortunately the desired changes could be effected without the trouble that ordinarily accompanies constitutional amendment, for the state legislature in Pennsylvania is singularly free from constitutional restriction on its taxing power. As a tax expert

has observed, "The constitutions of Massachusetts, Connecticut and Pennsylvania contain almost nothing to limit the power of the legislature. All these states have profited by this freedom from constitutional restraint."¹⁶ The truth of this observation is shown in the following quotation of the constitutional provisions for raising revenue in Pennsylvania.¹⁷

Article IX.

Section 1. All taxes shall be uniform upon the same class of subjects, within the territorial limits of the authority levying the tax, and shall be levied and collected under the general laws; but the legislative assembly may, by general laws, exempt from taxation public property used for public purposes, actual places of religious worship, places of burial not used or held for private or corporate profit, and institutions of purely public charity.

Sec. 2. All laws exempting property from taxation, other than the property above enumerated, shall be void.

Sec. 3. The power to tax corporations and incorporate property shall not be surrendered or suspended by any contract or grant to which the state shall be a party.

Sec. 9. Any county, township, school district, or other municipality incurring any indebtedness, shall, at or before the time of so doing, provide for the collection of an annual tax sufficient to pay the interest, and also the principal thereof, within thirty days.

Article III.

Section 1. The general assembly shall not pass any local or special laws exempting property from taxation.

Another factor which tends to simplify the introduction of necessary improvements in county revenue systems in Pennsylvania is the well defined separation of the sources of state and local revenue.¹⁸ This separation became quite complete as a result of the Act of June 8, 1913. Pursuant to this Act moneys at interest, mortgages, agreements, and other evidences of wealth were made subject to tax-

¹⁶Mr. Lawson Purdy, *State and Local Taxation*, 1907, p. 55.

¹⁷Purdon's Digest, 13th Ed. p. 111.

¹⁸Property taxable for local purposes has been enumerated in the foregoing pages. Space does not permit enumeration of kinds of property taxable for state purposes.

ation for county purposes. Previous to the enactment of this measure these several kinds of intangible personal property were taxed for purposes of state revenue, although three-fourths of the receipts was refunded to the counties to help them meet their expenditures. This change in legislation made the counties quite independent units of government as regards sources of revenue and consequently the state is no longer deeply involved in the problems that arise in the revenue systems of the various counties.

The difficulties that now exist are intra-county and arise chiefly out of the practice that obtains in the several boroughs and townships of trying to escape a just share of the burden of county taxation. Whereas previous to 1913 the counties endeavored to escape their just share of state taxation, now the localities within the county try to evade the county tax. This is done, as previously pointed out, by having a low valuation and a high tax rate. The earnest efforts of assessors to save their constituents from a fair proportion of county taxes, by undervaluation of property in their respective districts have led to widespread inequalities as between townships, boroughs, and wards. To secure equality in assessment and a just distribution of the burden of county revenue some means must be devised of assessing all property on the same legal basis, namely, one-hundred per cent or its selling value. Such true valuation, however, seems a remote possibility until more capable assessors are chosen.

The question now arises as to the possible solutions of the many problems of county taxation. It might be suggested that state control and centralization are the necessary remedies. Such control could be exercised by the Auditor-General or some other official, or even a state tax commission. In view of the complete separation of the sources of state and local revenue state control and state centralization seem hardly necessary in Pennsylvania. The alternative, therefore, would seem to lie either in improvement of the present system of many local assessors, or, in the introduction of county boards of assessment. The great need of improvement in the present system lies in the fitness of assessors for the office.* Although, as is generally agreed, the work of assessment is the most important phase of a tax system, it is entrusted in the counties of Pennsylvania, as in other states, to men who possess little or no knowledge of real estate values and who in most cases either guess at valuations or take those set by their predecessors. As a writer on taxation has put it, "They

represent neither the worst nor the best abilities of the communities they serve and are not usually elected because of their special fitness for the task entrusted to them."¹⁹ If the present system is to be retained, therefore, it would seem that more capable assessors must be elected.

The second possibility of reform under a system of local control lies in the introduction of boards of assessment for the several counties. Already such a solution has been tried in the larger counties and municipalities of the state.²⁰ Public officials do not agree as to the success of such centralization in the hands of boards of assessment. The system, however, has never been tested in the smaller counties and the writer believes that it might be more successful than the present methods of assessment. As already stated, the introduction of a general reform measure would be unwise, if not impracticable, until the conditions that obtain in other counties of the state are ascertained. For this reason the writer is unwilling to suggest any innovations other than the election to office of more capable assessors, the elimination of the evil that arises from the desire of boroughs, townships and wards to escape a just share of the burden of county taxation, and unification of the laws under which revenue is collected.

¹⁹Professor M. B. Hammond, *State and Local Taxation*, 1908, p. 113.

²⁰Laws of Pennsylvania, Act of June 13, 1911, pp. 893-894.

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