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Some phases of the history and administration of the general property tax in Iowa

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SOME PHASES
OF THE
HISTORY AND ADMINISTRATION
OF THE
GENERAL PROPERTY TAX IN IOWA

BY
JOHN E. BRINDLEY

SUBMITTED IN PARTIAL FULFILLMENT OF THE
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AUTHOR'S PREFACE

The subject of taxation as presented in these volumes has been treated essentially from the standpoint of historical research; and for that reason, the work is logically included in the publications of The State Historical Society of Iowa. While the facts outlined in the narrative constitute a study in public administration, the monograph considered as a unit is first of all a contribution to Iowa history.

It has seemed logical and desirable to arrange the work in four divisions or parts. Part I deals exclusively with the so-called general property tax, it being presumed that an historical survey of the machinery of administration for the work of assessment and equalization on the one hand and the levy and collection of taxes on the other is a necessary introduction to a thorough study of the many complex questions which arise in the field of State and local taxation. Parts II and III comprise an historical and critical review of certain special problems in taxation. In most, if not all, cases these problems are directly or indirectly connected with the general property tax; and in fact, some chapters are simply more specific statements concerning certain elements of that important tax. Part IV gives, first, an historical analysis of the Iowa revenue system, and second, a brief comparative study of the experience in other States, which, taken together, form the corner-stone of scientific tax reform, based as it should be upon the laws of fiscal evolution.
The History of Taxation in Iowa thus outlined, and embracing twenty-five chapters of text, twelve hundred and forty-eight notes and references, and four appendices, has been written primarily for the benefit of the people of Iowa in the hope that it may be of service to them in the gradual solution of the great problem of equal and uniform taxation. At the same time, an earnest effort has been made to make the work complete and accurate from the standpoint of historical research as well as scientific from the standpoint of public administration and public finance.

Manifestly an historical study of taxation may be made according to two essentially distinct methods of investigation. On the one hand, a few leading and generally accepted ideas, having the stamp of age and authority — such as the unqualified condemnation of the general property tax, the contention that the personal property tax is the greatest of all "fiscal abominations", the imperative necessity of an elaborate classification of property for purposes of taxation, the separation of revenue sources, "home rule" in taxation or distribution on the basis of expenditures — may be woven into a more or less hasty review of tax laws, including perhaps an occasional executive document or court decision, and the product called a financial or tax history.

On the other hand, the facts of revenue history may be diligently collected and impartially sifted without being colored and warped out of their true relationship by preconceived opinions or approved economic theories, the motives of men and perhaps sections or economic groups fearlessly examined, arguments for and against a particular reform carefully weighed, in fact a thorough historical and comparative study made in order to distinguish between
those elements of the present revenue system which are outworn and useless and those which are permanent and vital. In other words, one may endeavor to make the facts harmonize with orthodox opinions, or adopt the scientific but more arduous task of frankly recognizing all the facts and reshaping theory itself, when it becomes necessary, in an effort to formulate a more accurate and comprehensive expression of the truth.

In these two volumes on the History of Taxation in Iowa an earnest effort has been made to follow the latter course and thus meet the first requirement of The State Historical Society of Iowa that whatever is published under its auspices should be the product of genuine scientific historical research.

These considerations explain the length of the monograph; the numerous quotations in the text from laws, executive documents, newspaper files, court decisions, and other sources; the extensive notes and references; and finally, the extensive appendix. While the author has some ideas of his own, which he has not hesitated to express in Chapters XXIV and XXV of Volume II, he has aimed to avoid even the appearance of dogmatism, and for that reason has made the references to source material fairly complete so as to enable the reader to verify the statements in the text and to form independent judgments.

It will be generally conceded that the true solution of any great political, social, or economic question must be evolutionary and not revolutionary—in other words, it should be judiciously approached from the standpoint of the historical method. For example, scientific tax legislation in Iowa is possible only on the basis of a true history of the revenue system coupled with a critical study of the ex-
perience of other States. But while this truth will be almost universally recognized, especially by the so-called historical school of economists, the reformer or even the trained economist seldom takes the trouble to make a thorough and impartial investigation of facts.

The author desires to state, however, that the preparation of this monograph was not undertaken for the purpose of advocating any particular plan of reform. On the contrary, he began work more than two years ago reasonably convinced that the general property tax is a miserable failure, that the personal property tax should be abolished, that moneys and credits should be entirely exempted from taxation, and finally, and that the principle of the separation of revenue sources is a necessary asset in any successful program of State tax reform. In the course of the investigation, fundamental changes in these views have been imperative in order to make them harmonize with conditions as they are in a real not a fictitious environment.

Among other things it has been discovered (1) that the breakdown of the general property tax is primarily from the standpoint of administration, the logical and only remedy for the same being a permanent tax commission and the gradual evolution of a more centralized and efficient system of assessment; (2) that while substitutes should gradually be found to take the place of the worn-out personal property tax, it is necessary to approach this task with great caution and make haste slowly; (3) that the underlying principle of general property taxation (assessment at full value) is sound from an historical, legal, and economic standpoint, and therefore may reasonably be expected to endure; and (4) that the principle of segregation as generally advocated has no logical place in a system of central-
ized assessment, but that in lieu of this principle a clear line of demarcation should be drawn between local and non-local property or business for purposes of taxation in order to insure equality and uniformity of taxation as between the various taxing districts of the State.

It will be observed that public expenditures and public debts, also special assessments and the fee system, are not treated in these volumes. These are proper subjects for separate historical monographs which may be published at some future time by The State Historical Society of Iowa. In fact public revenues, public expenditures, and public debts, are the distinct and logical subdivisions of a general work on public finance. As to fees and special assessments, they are not taxes in either a legal or an economic sense, and for that reason should not be included in a history of taxation.

In the preparation of the manuscript, recognition should first be made of the able and helpful services of Professor Benj. F. Shambaugh, Superintendent of The State Historical Society of Iowa. On the one hand, the amount of routine work required has been materially decreased by the efficient laboratory of historical research created by years of patient and careful labor on the part of Professor Shambaugh; and, on the other hand, through numerous conferences, the author has received valuable suggestions as to the arrangement of material and form of presentation. Any research worker by cooperating with The State Historical Society of Iowa can at least double the efficiency of his labor, thus saving his own time while the expense to the State through wise correlation of effort is reduced to a minimum.

Professor B. H. Hibbard, Head of the Department of Economics and Political Science at the Iowa State College of
AUTHOR'S PREFACE

Agriculture and Mechanic Arts, made the original suggestion regarding the present system of unjust railway tax distribution in the rural districts, stating that the same would be a fruitful and important field of investigation. Professor Hibbard and Professor L. B. Schmidt have also kindly read the proof sheets and made a number of helpful criticisms.

The author is likewise under obligation to former Governor William Larrabee of Clermont, who has supplied valuable source material from his own private collection and has given helpful advice as to certain parts of the manuscript. Much original data has also been obtained through the courtesy of Mr. A. H. Davison, Secretary of the Executive Council. The Iowa Tax Revision Association, and the Association of Iowa Tax Ferrets have also contributed much valuable information. For a careful reading of the proof sheets and for the compilation of the index the author is indebted to Dr. Dan E. Clark, Assistant Editor in The State Historical Society of Iowa.

JOHN E. BRINDLEY

THE IOWA STATE COLLEGE OF
AGRICULTURE AND MECHANIC ARTS
AMES 1910
THE TERRITORIAL PERIOD
1838–1846

The present State of Iowa was a part of the Territory of Michigan from 1834 to 1836 and of the original Territory of Wisconsin from 1836 to 1838, the separate Territory of Iowa being set apart by the provisions of an act of Congress approved June 12, 1838. Accordingly, the system of taxation which prevailed in early Iowa was, first, that of the Territory of Michigan, and second, that of the original Territory of Wisconsin. This system, dating back to the beginning of the Michigan Territory in 1805 and borrowed for the most part from the older States, especially Ohio and Virginia, embraced such important elements as license taxes, the general property tax, county assessment, and a fiscal administration which was almost entirely ex officio in its personnel. These elements, moreover, clearly characterize the revenue acts passed by the original Territory of Wisconsin and copied almost verbatim by the first Legislative Assembly of the Territory of Iowa, the general revenue for the Territory in both cases consisting of five percent of the gross amount of taxes received in the various counties.

When the separate Territory of Iowa was established the legislative power, which embraced direct control of taxation, was vested in the Governor and a Legislative Assembly. The Assembly was composed of a Council of thirteen members and a House of Representatives of twenty-six members, elected by the people. Congress, however,
retained the power to veto Territorial legislation by providing that "all the laws of the Governor and Legislative Assembly shall be submitted to, and if disapproved by, the Congress of the United States, the same shall be null and of no effect."

According to the provisions of the Organic Act the legislative power of the Territory was made to include "all rightful subjects of legislation". In matters of taxation only two restrictions were placed on the Legislative Assembly: first, "no tax shall be imposed upon the property of the United States;" and second, "nor shall the lands or other property of non-residents be taxed higher than the lands or other property of residents." The first restriction is still universally imposed upon all States and Territories, it being held by the Supreme Court of the United States that no State, Territory, or minor political unit can tax the instrumentalities of the general government. The second restriction, however, as we shall note later has been so loosely interpreted as to violate practically all rules of interstate comity in taxation.

Pursuant to the call of Governor Lucas the first Legislative Assembly of the Territory of Iowa met at Burlington in November, 1838. Among other acts provision was made by this Assembly for a county and Territorial revenue system. While much of the Territorial budget was provided for by appropriations from the Federal treasury, the burdens of local administration and a portion of the Territorial expenses were borne by the resident taxpayers. Machinery for the levy and collection of taxes had, therefore, to be provided by Territorial enactment. The result was the passage of two acts: first, "An Act for assessing and collecting county revenue", approved January 24, 1839; and second, "An Act to provide for a Territorial Revenue", approved January 25, 1839. These acts, moreover, were almost exact copies of acts which had been passed one year
earlier by the Legislative Assembly of the original Territory of Wisconsin.

The measure entitled “An Act for assessing and collecting county revenue” is basic and fundamental, and should, therefore, be carefully studied. By the provisions of this act the county was made the unit for the levy and collection of the general property tax — a function which it still performs. The act declares “that for the purpose of raising a revenue for county purposes, the board of county commissioners shall levy a tax on all lands, town lots, and out lots, with the improvements thereon”. Following this are provisions concerning exemptions, license taxes, and a poll tax, all of which will be discussed in separate chapters. Provision is made also for one county assessor to be elected annually at the time and place of holding the election for county commissioners. He is required to give bond and take an oath to be administered by the clerk of the board of county commissioners, said board being given power to fill all vacancies which may occur. The assessor so elected and qualified is required to deliver to the board of commissioners on or before the first Monday in July thereafter a full and complete assessment roll. The description of property contained in the assessment roll and the duties of all officials are carefully outlined.

On the last Monday in June the assessor is required to attend at the office of the clerk of the board of county commissioners, and with the aid of said clerk to correct any errors or omissions in the assessment roll. The roll thus corrected is accepted and filed in the clerk’s office to remain on record as a guide to future assessors. The compensation of assessors is fixed by the boards of county commissioners in their respective counties at such sums “as to them shall seem just and reasonable”. The law, however, provides that deductions may be made from the sums thus paid on account of taxes collected from unassessed property.
From the assessment roll as corrected and filed, the board of county commissioners proceed to determine the tax rate at their session in July of each year. The total amount of property and rate of tax being determined, it becomes the duty of the clerk to calculate and carry out the amount of taxes opposite to the specified property, lots, or lands charged with tax. The tax roll being completed in duplicate, one copy is filed with the county treasurer and the other, together with a precept in the name of the Territory, is delivered to the county collector. The sheriff who is made the county collector by the terms of the act is required to pay over all moneys collected by him and return the precept, together with the transcript of the tax roll and a full account of his official acts, to the clerk of the board of commissioners on or before the first Monday in January. Collection of taxes must, therefore, take place between some time in July and the first Monday of the following January.

The remaining provisions of the act outline the method of selling property for delinquent taxes, the redemption of such property, tax deeds, and various other allied subjects. Taxes are made "a lien on the lands, or town lots, on which they may be due, in whosesoever hands such lands, or town lots, may come". The collector is authorized to receive orders regularly drawn upon the treasury of his county in payment of taxes. He is also entitled to certain fees stipulated in the act, and is given the right to appoint as many deputies as he may think necessary or proper, who are in turn given full power and authority, the collector being held responsible for their acts. The concluding sections outline in detail the subject of licenses.

The second act under consideration, entitled "An Act to provide for a Territorial Revenue", is composed of only four short sections. The act is what the title indicates and provides that five per cent of the gross amount of taxes
charged on the assessment roll shall be set apart by the county commissioners as a debt due the Territory. Each county is required to furnish the Treasurer of the Territory with a statement of such debt together with a duplicate assessment roll. In conclusion the act specifies that the amount due the Territory shall be retained by the treasurer of each county and paid from "the first moneys which may be returned by the collector". The various county treasurers and their securities are made liable for any losses which may accrue.

A brief study of these companion acts will convince the reader that they are still in a very real sense the basis of the present revenue system of Iowa. While many changes have been made to meet new conditions, the fundamental outlines of our revenue system have remained much the same. To make this point clear it is only necessary to recall the distinctive features of the acts. Taxes were levied by a county board of commissioners, assessed by a county assessor, and collected by a county collector and his deputies, a portion thereof being paid into the treasury of the Territory. From a fiscal standpoint the county was thus made the important unit of government by the first Legislative Assembly, and in the levy and collection of taxes it has so remained to the present time. While the county plan of assessment has been supplanted by that of the township or precinct, the county still has in charge the collection of taxes, and through its board of equalization exercises a certain supervision over assessment.

At the next session of the Legislative Assembly (1839-1840) an act was passed providing for the annual election of a county treasurer. It is made his duty "to receive all moneys due and accruing to the county, to pay and disburse the same on orders drawn by the board of county commissioners . . . and not otherwise". In addition he is required to make an annual settlement of his accounts
with the board of county commissioners and to collect delinquent taxes.

By the provisions of an act approved January 14, 1840, important changes were made in the revenue system of the Territory. The taxation of improvements on land had met with criticism from the actual settlers who held that such taxes did not fall on the non-residents who, it was claimed, were holding lands for purposes of speculation. The sentiment against this form of speculation was strong enough to control the Legislative Assembly. Accordingly, an act was passed providing that assessment be made on the value of the land without taking into consideration the improvements thereon. The county commissioners were also given power to extend the time granted the collector for filing his report “to such period as they may deem requisite”. That part of the earlier act which required the sheriff or collector to make his report on the first Monday in January was repealed, it being enacted in lieu thereof “that it shall be the duty of said sheriff or collector to pay over to the county treasurer the sums collected for taxes as fast as he shall receive the same”. The assessor was given the power, when deemed necessary, to appoint a deputy assessor upon the approval of the county board.

In conclusion this important act contains a provision of special interest to the student of fiscal administration. If an assessor had reason to believe that any person was not making a true statement of his or her property subject to taxation, he was empowered at his discretion “to swear such person to give a true account of the quality and quantity of such property, according to the best of his or her knowledge and belief”. In case of refusal thus to testify the assessor had the authority to ascertain the amount of taxable property from the best information to be derived from other sources.

The revenue system established by the first Legislative
Assembly and amended as above indicated soon proved, however, to be defective. Governor Robert Lucas in his third annual message called attention to the necessity of adopting a regular financial system for the Territory, and recommended the creation of such a system as would distribute the burdens and benefits of taxation "upon principles of exact justice to all."¹⁹ A few days after this message was submitted the Auditor placed before the Legislative Assembly a very intelligent discussion of the subject of revenue reform. After referring to the many expenses not borne by the Federal government, he says: "It certainly cannot be deemed otherwise than correct policy to levy upon correct principles, a Territorial Tax, the burthen of which shall be equal upon all classes of citizens."²⁰

Two important criticisms were made of the existing revenue law. First, it was held that the Territorial tax of five per cent, being levied on the gross tax receipts of the various counties, was "regulated entirely by the necessities of the respective counties", and was, therefore, not equally distributed. In some counties a heavy tax might be found necessary, while in others, a comparatively light tax would be sufficient for county purposes. The discussion of these provisions recalls to mind the method of "distribution by expenditures" now being advocated by a number of tax reformers. In the second place, it was claimed that many of the counties would not be able to pay the per cent of tax for Territorial purposes for the reason that county orders outstanding and receivable in payment of taxes were frequently greater in amount than the actual tax assessed. This the Auditor alleged could be remedied by levying a Territorial tax directly on property as such and requiring the same to be paid in money.²¹

In the act which passed the Legislative Assembly and was approved January 15, 1841, at least one important
change was made. The agitation in favor of a regular mil-
lage tax for the Territory resulted in the enactment of the
provision: "that there shall hereafter be levied and col-
lected on all taxable property within this Territory, one
quarter mill’s per cent. on the value thereof, for Territory
purposes." This meant the repeal of that part of the
act of 1839 which set apart five per cent of the gross taxes
levied in each county as revenue for the Territory. The
change thus made has remained a permanent part of our
fiscal system.

The agitation for reform, however, continued. While
the rate of taxation was low in pioneer Iowa, it was fre-
quently impossible to obtain ready cash, and the payment
of a small tax was thus made a serious burden. An exami-
nation of early documents reveals this condition. The
Territorial Agent reported in 1841 that the only resources
he had for continuing work on the Capitol consisted of
notes given in payment for lots in Iowa City amounting to
$18,282.75. The excess of expenditures over receipts was
$4,385.60; and arrearages incurred on the Capitol amounted
to $5,214.91 in outstanding certificates and $5,500 in loans.

In his report of December 1, 1842, the Territorial Agent
again complains in terms more emphatic. It was neces-
sary to contract debts in anticipation of collections and to
keep supplies on hand to meet daily wants because the scrip
made payable to the bearer and based exclusively upon
unsold lots in Iowa City would neither pass with the mer-
chants for goods nor be received by the farmers for pro-
visions. The Agent refers to a draft of $507 as "more
than one half of the actual cash handled by me through the
season". Governor John Chambers, speaking of a pro-
posed Territorial tax for building a penitentiary, in his
message of December 7, 1842, declares that "such a tax, in
addition to the contributions demanded of them for indis-
pendable county purposes, would operate with a degree of

HISTORY OF TAXATION IN IOWA
severity which, it is feared, the Representatives of the States in Congress do not justly appreciate”. These details are mentioned in order to impress upon the reader the actual economic conditions existing in pioneer Iowa when the historical foundations of our present revenue system were being laid.

Early in January, 1843, the Legislative Assembly, in response to urgent public demands, began in earnest the work of redrafting the revenue laws. Mr. Hackleman of the Revision Committee introduced into the House of Representatives a bill for levying and collecting county and Territorial revenue. That the work of the Revision Committee was careless and imperfect is apparent from the content of the law itself and from editorials in *The Iowa Standard*. When the bill was introduced, an editorial appeared giving a digest of its chief provisions. Among other provisions the gross amount of tax levied for the county and Territory was to be five mills — ‘‘one fourth mill for the use of the Territory’’. In other words the Territorial revenue was not to be a percentage of gross tax receipts, but was to be levied on a strict property basis. Land was valued at rates running from one dollar and twenty-five cents to eight dollars per acre. Finally, certain classes of personal property were to be assessed at a fixed arbitrary standard good for five years unless changed by the legislature.

The Revision Committee was searching for a proper method of determining the value of real estate and personal property. The problem seemed to puzzle them, as it has continued to puzzle all other legislative committees in Iowa since that time. Had the original bill passed, a rigid, arbitrary, and unjust scale of valuations would have been enacted into law. A second *Standard* editorial, appearing one week later, informs us that “the Revenue bill has been greatly modified in many particulars”.28
Four distinct changes of vital importance are mentioned in the editorial. Taxable property is made to include money, capital of all descriptions, and also all descriptions of stock or corporation shares. The manner of valuing real estate is also entirely changed, lands being valued at rates proportioned to their proximity to navigable streams, water privileges, towns, villages, etc., and their intrinsic worth in other respects and not by an arbitrary scale of valuations as previously proposed. Again all personal property is made taxable at its value in cash. Finally, it was provided that collectors should receive two dollars per day instead of a percentage. With these changes the bill was placed in the hands of a select committee, with instructions “to amend in such manner that ‘it shall establish the principle of assessing all real and personal property at what it shall be worth in cash, including the improvements on claim land, to be assessed as personal property.’ ”

But few changes were made by the select committee in the act as approved February 13, 1843. Nevertheless, the law should be remembered especially for the change from a county assessor to township or precinct assessors. “At the time and place of holding township elections, for township officers, there shall be elected one assessor for each and every organized township, who shall be a qualified voter, whose term of office shall be one year”, and in counties not organized into townships “there shall be one assessor elected in each election precinct”. Provision is also made for the appointment, when necessary, of a deputy assessor, whose appointment shall be approved by the township board of trustees.

The second point worthy of special attention is the method of valuation of taxable property. It is therein provided that “lands and all town lots shall be valued at their true value, in cash, with all the improvements thereon, by the present assessors . . . . with two other persons of good
qualifications, to be appointed by the board of county commissioners.... and when said appraisers are so appointed and qualified as aforesaid, it shall be their duty to attend with said assessor, on the second Monday in June next, at the county seat of said county, then and there to make said valuation as nearly equal as may be, which valuation, when examined and corrected by the board of county commissioners, shall be recorded in the clerk’s office of said board, and remain as a fixed value for five years.”31 Again, it is specified that all personal property shall be taxed according to its true value in cash, as determined by the assessor.32 Respecting the subject of property valuations it will be noted that the act itself is very different from the bill as originally drafted and reported.

The law further provides that appraisers are to receive two dollars a day, assessors the same compensation, and a collector the following fees for his services: five per cent on all taxes by him collected, except by distress, then ten per cent in addition, and on real estate sold, twenty-five cents for each certificate.33 The collector is required to make monthly payments to the county treasurer and may arrange to receive taxes either in the respective townships and precincts or at the county seat.34

Regarding the subject of Territorial revenue the act is inconsistent and in fact contradictory in its terms. Section 51 provides a tax of one quarter mill on all taxable property for Territorial purposes,35 while section 15 makes the rate half of a mill on the dollar.36 Attention is called to this careless defect by an editorial in The Iowa Standard.37

An effort was made, however, to secure more cash for the Territorial treasury by prohibiting the receipt of warrants in lieu of money. To remedy the difficulties of obtaining money it was enacted that no collector “shall hereafter be allowed to purchase any warrant issued by the auditor, or any draft heretofore issued by the territorial treasurer
upon any county treasurer in this Territory, with a view of paying the same into the territorial treasury in lieu of money collected or received on account of the Territory".38 In short, three important objects were accomplished by the act: first, a township system of assessment was established; second, a Territorial tax was levied on the basis of property in the respective counties; and finally, the payment of Territorial revenue in cash was required.

It is needless to say that this law was unpopular and unsatisfactory from the beginning. The people at once demanded its repeal. At the opening of the next session of the Legislative Assembly (1843-1844) an editorial appeared in The Iowa Standard condemning the measure.39 The Assembly at once took up the work of drafting a new law, and a bill relating to revenue was reported to the House from the Judiciary Committee.40 A later issue of the Standard contains a lengthy discussion of the bill, in which reference is made to the "complicated and almost incomprehensible provisions" of the old law. "The bill now before us", says the writer, "is well drawn up, and is less than half the length of the present law"41 — the truth of which is at once apparent from an examination of the law itself which is systematic, clear, and arranged in six logical subdivisions.

On the subject of property valuations the committee was divided. Some of the members held that all real and personal property should be assessed "at the cash value thereof at the time of Assessment." The remainder took a different view, affirming that "'All lands shall be valued at the true value thereof in ready money, taking into consideration the fertility and quality of the soil, the vicinity to roads, towns, villages and navigable waters; water privileges on the same, and all other local advantages, having no reference to improvements thereon.'"42 The measure as finally passed represented the views of both elements in the committee. The section relating to property valuations
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provided that the "assessment shall be made at the cash value thereof at the time of assessment, taking into consideration the fertility and quality of the soil, the vicinity to roads, towns, villages, and navigable waters, water privileges on the same, and all other local advantages." It would seem, however, that the difference between "the cash value thereof" and "the true value thereof in ready money" when reduced to its lowest terms was one of words rather than of revenue principles.

Aside from the general form and structure of the new act but few real changes were made from the old law which was so much condemned. The machinery and practical working of our revenue system were left essentially the same. The old law was stripped of much of its verbiage and a number of contradictory statements were eliminated. A few real changes, however, merit special attention. Personal property under mortgage was, for purposes of taxation, deemed to be the property of the party having possession. It was further provided that "money at interest and stocks in any corporation or association, shall be deemed and taken to be personal property and shall be taxed at their true value." Territorial orders or warrants were to be received for Territorial taxes; county orders, for county taxes; and township orders, warrants, or scrip, for township taxes. Such in brief was the act referred to by The Iowa Standard as "probably the best and most consistent act of the kind that has ever found a place upon our statute book". Many unnecessary words had been removed, something definite had been enacted regarding the taxation of credits, and provision was made for receiving Territorial taxes either in cash or in Territorial orders or warrants — a rule also applied to the county and township. Finally, the township system of assessment was continued, a half mill was levied for Territorial revenue, and property was assessed at its cash value.
But the Territorial period continued to be one of agitation and change in fiscal affairs. A large element in the population had been accustomed to the county organization as a form of local government; and accordingly, they were opposed to a system of township or precinct assessors. It will be recalled that the early acts provided for a county assessor. In 1843 the township or precinct system was established, and in the following year it was confirmed by the Legislative Assembly. This change in fiscal administration from the county to the township is indicative of the strife which existed in pioneer Iowa between the two forms of local government.

At the regular session of the Legislative Assembly which convened on May 5, 1845, the administration of the tax system was again considered and an act was passed providing for a return to the county plan of assessment. It was enacted that "there shall be elected on the first Monday of August in each year, by the qualified voters in each county in this Territory, one county Assessor who shall hold his office for the term of one year from the day of his election, and until his successor is duly elected and qualified, and shall perform all the duties that are or may hereafter be required of him by law", and when he "shall deem it necessary, he may appoint a deputy Assessor, to be approved of by the board of county commissioners." A few months later, by the provisions of the last tax measure passed during the Territorial period, the duties of the county assessor were clearly defined.

The history of taxation in Iowa during the Territorial period would be incomplete, however, without a brief reference to the long struggle for Statehood and the condition of the public mind which was disclosed by this contest. In his message of November 5, 1839, Governor Lucas said that the Territory "may, in my opinion, with propriety proceed to measures preparatory to the formation of a Constitu-
tion and State Government, and for our admission into the Union as an independent State." This recommendation was taken up and considered by the Committee on Territorial Affairs, which reported that it was inexpedient to take any preparatory steps for admission into the Union "at the present session of the Legislative Assembly." Moreover, the report contained these significant lines:

Your committee have also taken into consideration the subject of our Territorial expenses being now defrayed by the General Government, and our whole system of affairs both civil and military being sustained at little or no cost to the people — while on the other hand there is but one of two alternatives for defraying the expenses contingent upon our commencement of a State Government. The one an immediate contraction of a heavy public debt by negotiating loans from abroad, which must keep us long under embarrassment in our State affairs: The other an immediate assessment of heavy rates upon personal property, or a levy of a heavy poll tax upon individuals; which must render the new State Government burthensome as well as odious to the people.

Agitation for Statehood continued. The question of calling a constitutional convention was submitted to the people in 1840 and again in 1842; but in each case the proposition was rejected by a decisive majority. The demand for Statehood was voiced by the Iowa Capitol Reporter in these words:

Who that has been absent from the Territory since he has resided in it, has not felt that he would rather hail as the citizen of an Independent State, than of a Territory kept in leading strings by the Federal Government, and supported by its bounty? And would not prefer paying a small additional tax for the maintainance of a State Government, should it become necessary, than subject himself to any such humiliation?

Little was accomplished until 1844, when a vote was returned by the people in favor of State government. The first constitutional convention met at Iowa City in October,
1844. The constitution adopted by this convention was twice submitted to the people in 1845, and twice rejected by them. The debates of the Convention of 1844 are instructive along many lines of research, including the subject of taxation.56

When the subject of calling a convention was up for consideration the two Iowa City papers took opposite sides. *The Iowa Standard* maintained that "when the people had a fair opportunity of investigating the matter, they would never decide in favor of a State Government. Instead of receiving over $60,000 they would have to pay over $40,000. We could not reasonably calculate upon our government costing us less than that".57 It was further estimated that the total expense of Des Moines County under Statehood would be $9,706 as compared with only $3,190 under the Territorial system—an increase of $6,516.

In opposition to this statement the following able and instructive editorial, entitled *State Government*, appeared in the *Reporter*:

So far as the taxes are concerned, we very much doubt whether they would be any greater than they are at present.—Every one must be aware that has lived in the Territory for any length of time, that the laws for the collection of taxes are not so strictly enforced under a Territorial as under the State Governments.—True, in some few counties they may be, but as a general rule a rigid system of collecting the taxes, would soon lighten the burden of taxation in most of the counties of the Territory, and under a State organization this would inevitably be the case. All the officers under a State Government, being elected by the people, would be immediately accountable to them for a dereliction of duty; and the fear of the popular will would make the accounting officers require those whose duty it would be to collect the revenue to give a strict account of the manner in which they had performed the duty entrusted to them;—the consequence would be that the list of delinquent tax payers in the different counties would soon dwindle to little or nothing; and not be, as at present, in some of the counties nearly one half of the tax roll.58
The convention which was called began its labors at Iowa City in October, 1844. The argument of the increased financial burdens of Statehood was advanced with much force. *The Standard* declared that "the introduction of nearly $100,000 annually into our Territory by the U. S. — being about $1 for every man, woman, and child in the country — should not be hastily thrown aside; but on the contrary, should be allowed to flow in as long as possible. We complain that our taxes are already heavy and almost unbearable. Will this taxation become lighter by drawing on the robes of State sovereignty? . . . . Now, if our fellow-citizens believe that they can pay $50,000 annually without inflicting upon themselves serious injury, they will of course, adopt the constitution; but if, on the contrary, they conclude that it is better to receive $80,000 than to pay out $50,000, they will certainly continue their present form of government." 59

The press of the Territory was much divided on the issue of the adoption of the Constitution; nor did the discussion follow party lines. Democratic and Whig politicians were active on both sides, although each accused the other of being enemies of the Constitution. It may be said, however, that the Whigs in the main were inclined to oppose and the Democrats to favor the Constitution. That efforts were made to make it a party issue is clear from the following:

We were not surprised to find in that most violent and wreckless of the whig prints, the Standard of last week, a declaration in favor of remaining a territory, based upon the most short-sighted, narrow, penurious, and degrading arguments; and this, notwithstanding that during the canvass, it roundly denied our charge that the whig press and leaders were secret enemies of admission into the Union. 60

The *Davenport Gazette*, the *Bloomington Herald*, the *Dubuque Transcript*, and the *Burlington Hawk-Eye* were disposed to criticism, if not to open opposition. The *Bur-
linton Gazette, the Territorial Gazette, the County Demo­
crat, and the Iowa Capitol Reporter favored the idea of Statehood. The second constitutional convention met at Iowa City in May, 1846. The constitution drafted by this convention was ratified by the people, and Iowa became a State on December 28, 1846.

In the light of this review of some of the leading facts in the history of taxation in Iowa from 1838 to 1846, the Territorial period may be defined as one of experiment and constant change in the tax laws. In almost every ses­sion of the eighth Legislative Assemblies a new patch was added to our revenue system, or at least some verbal changes were made in the laws. It was a period of tax leg­islation, not of thorough fiscal administration. Neverthe­less, the general outlines of a revenue system, both local and central, were created and became the heritage of the State government.

The point to be especially noted by the student of tax­ation is that the revenue system from 1838 to 1846 can not be understood by simply mentioning the details of the statutes. Laws which look well on paper are frequently worthless in point of fact because they are not enforced. This was largely the case with the tax laws during the pe­riod under consideration. Complaints were frequently made of the delinquent tax list, the difficulty of obtaining the full quota of taxes from each county and, what logically follows, the high tax rate and the piling up of debts.

The practical working of the tax system and the condi­tion of the treasury are revealed in the legislative and executive documents of the time. In his fourth annual mes­sage of May 5, 1845, Governor Chambers says that “the cre­ation of demands against the Territory, for the payment of which the Treasury affords no means, under the expecta­tion, (which may be disappointed,) that Congress will pro-
vide for them, is productive of great inconvenience to those to whom they are payable, and ought to be avoided.” The Territorial Treasurer in his report of December 8, 1845, says that “Territorial Warrants are worth but fifty cents on the dollar — a depreciation that is scarcely to be found in any county in this Territory”, and he recommends that the Territorial tax be increased to one mill on the dollar. In the Auditor’s report of the same year the total amount of resources is found to be $6,871.72, the amount of liabilities outstanding, $17,650.60, or an excess of liabilities above resources amounting to $10,778.88.

Such were the fiscal conditions one year before Iowa was admitted as a State. In his second message of December 2, 1846, Governor Clarke says that “it cannot be denied that under the Territorial organization, with all our legislative, executive and judicial expenses borne by the General Government, a system of taxation exceeded for severity by but few of the States of the Union has prevailed. While these excessive levies have been submitted to, the necessity for their imposition has been denied. The time is believed to be at hand when the reform in this particular, looked for in vain for so long a period, is imperiously demanded by public opinion; and I confidently anticipate the adoption of such measures, by the Legislature, as will correct the evil in [the] future.”

Thus the Territorial period closed with a fiscal system, which, according to the language of the chief executive, was unable to produce sufficient revenue to meet the limited demands incident to a Territorial form of government.
thing definite, however, had been accomplished. Though the beginnings of our revenue system were necessarily crude, having evolved from the actual conditions of pioneer Iowa, the fact remains that real foundations were laid for future development.

What these foundations were must now be apparent to the critical reader. The period began with the county system of assessment. In 1843 a change was made to the township system; but before admission into the Union the county plan was reintroduced. The basis of assessment also became a serious problem. Was property both personal and real to be valued according to arbitrary rules, or should it be assessed on the basis of true value or actual cash value? If so, how should such value be measured? In estimating the value of land, should improvements thereon be included or excluded? After much debate in the Legislative Assembly it was finally decided that property should be assessed at its cash value, taking into consideration certain factors definitely outlined by law, and that improvements on land should be included in the valuation for purposes of assessment. Again, it has been noted that the plan of apportioning Territorial revenue according to the gross tax receipts of the various counties was changed to the more equitable millage rate on property.

Finally, it should always be borne in mind that the county, judged from the standpoint of administration, was the real seat of fiscal authority, having in charge both the assessment of property and the levy and collection of taxes. Manifestly this authority, if exercised at all, could be diminished in only two ways. It could pass over to the State, on the one hand, or be absorbed by the lesser units of government on the other. To trace this development will be one of the instructive subjects of future chapters.
II

THE PERIOD OF THE FIRST CONSTITUTION
1846-1857

The Constitution under which Iowa was admitted into the Union provides that "all laws of a general nature shall have a uniform operation," and that each house "shall have all other powers necessary for a branch of the General Assembly of a free and independent State." Aside from these provisions there is almost nothing in the Constitution of 1846 affecting the general subject of taxation, the regulation of which was left to the people through their chosen representatives.

That the revenue system at the close of the Territorial period was defective and demanded reform, has been clearly pointed out in the foregoing chapter. If it had not been able to supply adequate revenue when all legislative, executive, and judicial expenses of the Territorial government were borne by the Federal government it would surely not be capable of meeting the larger demands of the State government. Governor James Clarke, the retiring Territorial executive, stated that one of the most important subjects demanding legislation would be that of revenue for the support of the State. For the realization of a satisfactory system of State taxation temporary measures would not prove adequate. A permanent revenue system, the Governor declared, should be established and in fact was demanded by considerations of sound policy and the larger duties of Statehood.

Some of the facts which the Governor had in mind when he made his recommendations are disclosed by an examina-
tion of the reports of the Auditor and the Treasurer. In November, 1846, the Treasurer submitted a statement of finances as follows:

1845. Amount in the Treasury, Dec. 10, 1845, $33.50
1846. Amount received since 10th Dec., 1845, and up to the 16th, Nov. 1846, from counties, 3,716.23

Total amount of receipts, $3,749.73
Disbursements from 10th Dec. 1845, to 16th Nov.,
1846, $3,765.09
Excess of disbursements, $15.36

With so small a revenue and an excess of disbursements the fiscal outlook was, to say the least, not encouraging. But to make conditions worse, many counties were delinquent in the payment of taxes. A list of such counties is furnished in the Auditor’s report. There it appears that for the fiscal year ending in November, 1846, the amount of delinquent taxes was $8,167.50 as compared with a revenue for the same period of only $3,716.23. In other words less than one-third of the Territorial revenue had been actually collected on account of careless and inefficient administration.

But, while the Treasury was empty and the tax system weak and defective from the standpoint of administration, another and very different problem seemed to attract public attention — the problem of non-resident landholders and the taxation of improvements on land. The problem of developing adequate machinery for the collection of taxes was temporarily lost sight of in the popular mind through a discussion of “land monopoly” and non-resident speculators. It will be remembered that in 1839 an act was passed which prohibited the taxation of improvements on land. This act was soon repealed because the majority held that it was contrary to the Organic Law of the Territory, which limited the legislative power by the words: “nor shall the
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lands or other property of non-residents be taxed higher than the lands or other property of residents."76 This prohibition of the Organic Law, or at least apparent prohibition, tended to check the discussion of the exemption of the improvements on land during the Territorial period.

But when Iowa was admitted into the Union and the Constitution made the basis of government, a strong minority demanded the exemption of improvements on land and became very outspoken in the criticism of non-resident speculators. A second class of citizens, however, believed in ad valorem taxation; and they held that were all values taxed the burdens of taxation would be more equitably distributed and the rate correspondingly reduced. The whole problem was freely discussed during the closing weeks of the Territorial period and for a number of years after the Constitution was adopted.

Space will permit only a brief presentation of the arguments advanced. The Bloomington Herald was an advocate of exemption and published a strong series of articles relative thereto. On October 23, 1846, an editorial appeared giving an admirable summary of the claims of those who advocated the exemption of improvements. It was claimed that "non-residents who have had capital to spare have invested largely in Iowa land on speculation only"; that "the evil of the present system of land monopoly is multiform and ruinous in its effects upon the country"; that "it [land monopoly] prevents the dense settlement of the country, and interferes with the establishment of schools in neighborhoods by forcing settlers so far asunder that they cannot maintain teachers"; and that "it establishes the idea that every one has a right to make all the money he can off the labor of others".77 The sturdy pioneers of Iowa did not propose to have their labor serve as the means of indirectly creating unearned increments for the benefit of non-residents who allowed their lands to lie vacant and
accumulate commercial value from the general development of the country. Such investments for speculative purposes only were regarded by the man of the frontier as savings banks wherein the deposits were necessarily made by the toil of actual settlers.

As a remedy for these evils it was proposed to place all the taxes on real estate, making no distinction save that for different grades of land. This proposed tax, which in a disguised form was in reality to be levied on the unearned increment of land, it was alleged, would place the non-resident on terms of equality with the resident. In reaching this conclusion the pioneer did not stop to formulate any definite theory of land values, still less of taxation. Those who opened up the Territory of Iowa were not men of fine distinctions, on the one hand, or of broad generalizations on the other. They were for the most part men of plain honesty and hard common sense. In thinking about this problem they came to the very obvious conclusion that improvements made on one piece of land not only enhanced the value of that land but also the farm across the road—and in fact all the land of the surrounding country. For this reason it seemed to them just and expedient to tax such enhanced value (unearned increment) of the farm across the road belonging to the non-resident and held for purposes of speculation, and thereby relieve the improvements created by their own labor. Such a fiscal program, in their judgment, was founded on considerations of both expediency and justice—just, because it meant the taxation of speculative or unearned value; and expedient, because it would encourage better and more beautiful improvements, open up all the land to actual settlers at reasonable prices, stimulate education, and in fact promote the general progress and prosperity of the country.

The same general line of arguments were repeated and enlarged upon in later articles in *The Bloomington Herald*. 
PERIOD OF THE FIRST CONSTITUTION

For example, it was declared that “the present system of Taxes in the State of Iowa is incompatible with the rights, equality, and progress of the many. . . . No folly can be more blind, no madness can be more ruinous, than the policy of taxing the improvements of the country for the benefit of the Land Speculators — men who simply invest the surplus of overgrown fortunes in the soil of a country for the most unjust purpose of accumulating wealth at the expense of the industrious classes — those classes who make the country all that it is, or can be.”

An especially strong and clear statement was made in a communication signed “Plowman”. “This, then,” Plowman writes, “strikes at the very root of Equality of Rights, and tends most effectually to make the rich richer and the poor poorer, and confers an exclusive privilege upon the speculating monopolist, directly at variance with the fundamental principles of the institutions of our country.”

“I rejoice”, continues Plowman, “that the subject of taxation is being presented to the citizens of our infant State . . . . I am opposed to monopolies, of all sorts, more especially to monopolizing the public domain, or lands, and I hope our Representatives who are soon to convene in General Assembly, will early take this subject into consideration, irrespective of partizan considerations, and pass such laws as will secure Equal and Exact Justice to all the citizens of our infant State.”

In these later days, when so much is heard of the various forms of monopoly, it is interesting to learn that to the first settlers of Iowa the question of “land monopoly” presented a real danger. Fortunately, in the case of agricultural land, these fears have not been realized; but the whole subject is none the less instructive from the standpoint of the social and industrial history of the State.

On the other hand the advocates of the so-called ad valorem system of taxation were not without arguments. To
exempt so large an amount of property, it was claimed, would vitiate every principle of equality of taxation. Again, if the United States owned the land held by non-residents no taxes would be received from it. In another communication signed "Chips", appearing in The Bloomington Herald two weeks later, it was said that "the question at issue is — shall we levy a higher tax upon land in consequence of its being owned by non-residents, than upon other property. . . . When we break this rule of equal taxation, it leads to incalculable and endless difficulties. If it be so great an evil as to require the interposition of law, the government should not sell to non-residents, but let all the lands be entered by preemption."\textsuperscript{80}

In reply to "Chips" the opposition, advocating the exemption of the improvements, became more extreme in their denunciation of non-resident landholders. The creation of a land monopoly was again made the point of attack. "The greatest curse that can befall any country," said one writer, "is the monopoly of land. Other monopolies have, comparatively, but an ephemeral existence — but Land Monopoly extends from generation to generation,— from century to century — and its stringent evils are the curse of ages."\textsuperscript{81} Obviously these views were extreme; but they indicate the temper of the early settlers of this Commonwealth.

On January 2, 1847, while the first General Assembly was in session a convention of citizens of Muscatine County passed a number of resolutions in which it was declared "that the value of improvements on such lands or town lots should not be included in the assessments unless it should be for corporation purposes in towns."\textsuperscript{82} These resolutions were presented to the General Assembly, and contain a complete resumé of the subject under consideration.\textsuperscript{83} The idea of social or unearned value was clearly stated and the principle of allowing it to go untaxed vigorously con-
were it not for the labor of the settler and the protection afforded by the government supported by him, it was alleged, such value would not exist; therefore, what could be more obvious or just than that in formulating a scheme of taxation "the Legislature should aim to secure an equality of its burdens, proportioning the same to the benefits which the non-resident receives from the labor of the resident, as well as what each receives on the score of protection from the government."

In the new revenue measure as approved February 25, 1847, these demands were not granted: the views of the party favoring what was termed ad valorem taxation prevailed. Among other provisions of the act, each person is required to give in to the assessor "all town lots or lands with improvements thereon." 84 The property liable to taxation was also made to include "every annuity, together with all moneys invested in property, of any kind, and secured by deed, mortgage, or other evidence of claim: Provided, That each person giving in his list may deduct from the amount of money due him at interest the amount which he may owe, and on which he pays interest, so as to pay taxes only on the excess. The valuation of the property shall be its real worth in money, and not what it would bring at auction or a forced sale." 85

It is significant that by the terms of the same act which rejected the plan of exempting improvements, provision was definitely made for the deduction of just debts from the amount of credits listed for taxation. The meaning of this is clear. The actual settler after all his agitation, speeches, and editorials was not only compelled to pay taxes on his land and improvements but was granted no deduction from the assessed valuation of the same. All tangible property, the law declared, must be assessed in order to realize what was supposed to be an equitable plan of ad valorem taxation. On the other hand, the money loaner who held mort-
gages against such land and improvements was permitted to make a deduction of just debts. To some minds the handwriting on the wall was evident. It should not be forgotten that even in pioneer Iowa the capitalist had something to do with determining the course of "practical legislation".

The reader will recall that, under the provisions of the act approved January 24, 1839, the sheriff was made collector of county taxes — a position later occupied by the county treasurer. In the act under consideration it was provided that the sheriff be made the ex-officio assessor and the recorder the ex-officio treasurer of the county. During the early years of the government there seemed to be no settled policy regarding the officials charged with the administration of the fiscal system. The salary of the assessor was reduced to one dollar a day, but he was still given the privilege of appointing a deputy when necessary "to be approved by the Board of Commissioners." It was further provided that "partners in mercantile or other business may be jointly taxed under their partnership name, for all capital, personal and real property, employed in such business; and in case of being so jointly taxed, each partner shall be liable for the whole tax."

Regarding the inefficient collection of State revenue from the counties, about which so much complaint had been made, the act, now being considered, represents little if any real improvement. It was stipulated that "one half of the State revenue shall be paid in cash and the remainder in cash or Auditor's warrants," and the treasurer of each county "shall pay into the State Treasury the amount of money collected by him, on or before the 15th day of February of each year." There is nothing definite or compulsory in these provisions, the State Treasurer not being clothed with power to compel the county treasurers to pay their full quota of State tax.
From the standpoint of tax administration the same defect continued to prevail. In fact, almost nothing was done to clothe the State with any real fiscal authority. The few administrative duties it had to perform were perfunctory and not vital.

Two years later a more definite step was taken along this line. An act was passed providing that "it shall be the duty of the clerks of the boards of county commissioners, assessors and prosecuting attorneys, of the several counties, to furnish such information in reference to the State revenue as shall be required by the Auditor of State, and a failure by any such officers, to furnish the information, if in their possession, as required by the Auditor of State, shall be liable to a fine of twenty-five dollars, which shall be collected by an action of debt in the name of the State, before any competent tribunal, and the boards of county commissioners shall make such compensation for said services as they may deem just and reasonable." In this measure is noted the first serious effort to correct the evil of lax administration.

The next changes in our revenue system came with the Code of 1851. In his biennial message of December 3, 1850, Governor Ansel Briggs makes only a brief statement regarding taxation. "The assessment of 1850" he says, "shows an increase of the revenue from taxable property within the State, of $20,409.28. Should the revenue continue to increase in the same proportion, we may reasonably expect that our State will, in a few years, be freed from all incumbrances."
amount of property had been greatly augmented. The low assessment of moneys and credits receives special attention. Some of the older counties, he states, make no report of moneys and credits.

"It will be observed, from the foregoing statement," continues the Auditor, "that some of the counties are in arrears to a large amount, which will be reduced the present month, in all probability, several thousand dollars; still there will be a considerable sum unpaid, which is of long standing, and ought to have been liquidated years ago, and every exertion has been used on my part to bring about such a result. In some cases I have succeeded, but in others I have been unable to bring prosecution against the delinquents from a defect in our system.

"Our Prosecuting Attorneys are the legal officers of the counties and of the county officers, and cannot be employed by the State against them, yet our law seems to indicate that they shall act for the State when called upon. The State should have an Attorney General, to bring suits in all cases in which the State is interested, and to give legal advice to the State officers when necessary; by this means the State's interest would be more carefully guarded, and delinquents would know that they could be made accountable.

"It is useless to levy a uniform tax throughout the State, if a portion can pay or not, as they please. It is believed that an efficient and punctual set of collectors can collect and pay into the Treasury nearly every dollar of tax levied. It is done in some few of the counties, and if it can be done by a little extra exertion in some, it can be done much better than it has been in others.

"Our system of collecting is very imperfect, and it is desirable that the present session will not pass without something better being adopted. A prompt collection and payment of the revenue into the Treasury, would enable the State to meet all her liabilities at the per cent. now levied,
The subject of non-resident landholders and the taxation of improvements on land again came up at this time in connection with the granting of a new charter to the city of Muscatine. Under the old act of incorporation a large amount of improvements had been exempt from bearing a share of the public burdens. An effort was made to continue this exemption under the new charter. A communication appearing in the *Iowa Democratic Enquirer* signed "B" contains a statement of the subject quite similar to that already presented. The article is filled with much sentiment and some eloquence. Among other things the writer says that "labor is the oil by which our state light burns; and that labor should not be discouraged by legislation. Not that we do not want capital — we need it badly — but not to be locked up in land or lots to the exclusion of productive immigrants. Thus far the most improvement has been made by those that had the least money — often on borrowed money at high interest, what none but a hopeful and energetic people, determined to have a home of their own could stand. As a remedy, in the absence of better, I would say, exempt from taxation all improvement on land and lots, where the aggregate value of the buildings, fencing, &c., does not exceed one thousand dollars in value. And when the improvement amounts to more than the sum named, tax the excess only, and throw the tax mainly on land or lots in their naked state." 

This was by no means the only plan of reform. A petition was circulated in the city of Muscatine favoring the ad valorem system of taxation, and this was presented to the local representative in the General Assembly. It has already been noted that this system as it was then understood and advocated was supposed to guarantee the equal taxation of all forms of taxable property. A third class
maintained that personal property should pay one-fourth of one per cent upon its value; that ground or lots should pay an amount not exceeding two per cent upon their value; and that improvements upon real estate, houses, stores, etc., should be entirely exempt from taxation.98

Other plans of fiscal reform were also being advanced. At a public meeting held soon after the above petition was circulated, the ad valorem system was repudiated by a large majority. It appears, however, that the two leading parties were quite equally divided—if so many reform elements with as many indefinite programs can be classified into parties.

The views of the party opposed to exempting improvements were clearly stated in an article by "Justicia", who says that there had been assessed in Muscatine about $200,000 worth of personal property and $300,000 worth of lots making a total of $500,000 upon which a levy of one per cent had been made. He further estimates that $400,000 worth of improvements on buildings had been entirely exempted from taxation. "Thus it will be seen, that, out of $900,000 worth of property, there are $400,000, or nearly one-half the entire amount which pays no tax. The consequence is, that a tax of one per cent. must be levied on the $500,000 in order to raise the amount of tax necessary, whereas, if the whole amount was taxed one-half per cent., or thereabouts would be sufficient to raise the amount of tax required."99

Finally, it was maintained that the act admitting Iowa and Florida into the Union prohibited discrimination against non-resident landholders such as had been practiced in the city of Muscatine under the old act of incorporation. The act of Congress referred to provided that "in no case shall non-resident proprietors be taxed higher than residents".100

By the provisions of "An Act to incorporate the City of Muscatine" (formerly the town of Muscatine and earlier the town of Bloomington), improvements on real property
are declared taxable. The friends of ad valorem taxation had a majority in the General Assembly; and placed the following clause in the charter: "The city council is further authorized to levy and collect taxes not exceeding one-half of one per cent. on the value of all property within the city which is liable for state and county taxes, including improvements on real property." An editorial in the Iowa Democratic Enquirer entitled "The Charter of Muscatine" commends the action of the General Assembly, declaring that "by the charter we are allowed the control of the Ferry, but the discretion to exempt improvements on lots is denied, as we always believed it would be;... Property is the proper basis of taxation, no matter in what it consists; and you cannot make discriminations without favoring one class and oppressing another.... The argument in favor of discriminating taxation, based on the selfishness of non-resident lot owners, is one which has never had weight with us."102

Thus in the long controversy concerning non-resident speculators and the taxation of the improvements on land some of the basic elements of our revenue system were considered and firmly established in law. All tangible property including improvements, save that specifically exempted by statute, was to be taxed, no deduction for debts being granted. Provision was made, however, for the deduction of just debts from the amount of moneys and credits listed for taxation. And finally, the plan of taxing the unearned increment resulting from improvements was rejected.

The new Code of 1851 which was approved by the General Assembly on February 5, 1851, provided for the most complete machinery for levying and collecting taxes (especially State taxes) which had been evolved up to that time. Among other important changes a more logical and detailed classification of taxable property and also of property ex-
empt from taxation was made; and for the first time the State had in the Census Board a central body clothed with some authority for the correction of assessments and the equalization of taxes. The chapter on Revenue contains these logical subdivisions: rate of tax, State, county, and local, fixed by law; property exempt from taxation; taxable property; by whom, where, and in what manner property is listed and assessed; the assessment roll; the tax list; and finally, the collection of taxes. This classification, which was the result of twelve years of almost constant agitation and change, afforded something approaching a logical system. The fiscal machinery therein provided may be briefly defined under the headings of levy, assessment, equalization, and collection of taxes.

At the outset it should be noted that the levy was no longer made by the board of county commissioners but by the county court at a session held for that purpose on the fourth Monday of July annually. The rate was fixed by this court within the following specified limitations: for State revenue, three mills on the dollar, where no rate was directed by the Census Board; for ordinary county revenue, including the support of the poor, not more than six mills on a dollar and a poll tax of fifty cents; for the support of schools, not less than one-half mill nor more than one mill and a half on a dollar; for roads and bridges, not less than one nor more than three mills on the dollar on the amount of county assessment, unless a higher rate was established by a vote of the people of the county upon the question being submitted to them in the usual manner. The levy was made on all taxable property as follows: "lands, and lots in towns, including lands bought from the United States and from this state, and whether bought on a credit or otherwise; ferry franchises, which for the purposes of this chapter are to be considered as real property; horses and neat cattle; mules and asses; sheep and swine; money,
whether in possession or on deposite and including bank bills; money, property, or labor due from solvent debtors on contract or on judgment, and whether within this state or not; mortgages and other like securities, and accounts bearing interest; stock or shares in any bank or company incorporated or otherwise, and whether incorporated by this or any other state, and whether situate in this state or not; public stock, or loans; household furniture, including gold and silver plate, musical instruments, watches, and jewelry; private libraries for their value over one hundred dollars; pleasure carriages, stages, hacks, and other vehicles for transporting passengers, wagons, carts, drays, sleds, and every other description of vehicle or carriage; boats and vessels of every description wherever registered or licensed and whether navigating the waters of this state or not, if owned either wholly or in part by persons who are inhabitants of this state; annuities, but not including pensions from the United States or any of them, nor salaries or payments expected for services to be rendered. And all other property not above exempted although not herein specified.”

The term “credit” is defined; corporations are to be taxed on the shares of the stockholders; and insurance companies are to be taxed on the amount of the premiums taken by them during the year previous to the listing. And it is further stipulated that any person is entitled to deduct all bona fide debts owing by him from the gross amount of his moneys and credits. In addition, it is provided that in listing his property for taxation the merchant “shall take the average value of such property in his possession or control during the year next previous to the time of the listing.” A manufacturer is to list his property in the same manner.

The work of assessment remained in the hands of the sheriff, who was given power to appoint an assistant as-
It was made the duty of the Census Board to furnish blank forms to the assessors before the first of March annually, together with "such instructions as to secure full and uniform assessments and returns". The assessor was required to leave with all taxpayers these blank forms, which were to be filled out and returned by the twentieth day of March. After the blank was filled out, the person listing was required to sign the same and take an oath that he had to the best of his knowledge listed all his property required by law to be listed.

On or before the first day of June annually the assessor delivered the completed assessment roll to the county judge. That the work of accurate assessment might be doubly secure, in addition to the oath taken by the person listing, the assessor himself was required to swear "that in no case have I knowingly omitted to demand of any person of whom I was required to make it a statement of the amount and the value of his property which he was required by law to list, nor in any way connived at any violation or evasion of any of the requirements of the law in relation to the assessment of property for taxation."

The work of assessment is always logically followed by that of equalization which, as stipulated in the Code of 1851, is an improvement over the old system. The first step in this work is made by the county judge, clerk, and treasurer, who were made to constitute a board for the correction of the assessment roll, and who between the first day of June and the second Monday in July, were to act as a county board of equalization. The work of State equalization was placed in the hands of the Census Board — composed of the Governor, Treasurer, Auditor and Secretary of State, or any three of them. The duties of this board relative to the equalization of assessment are thus outlined:

"The census board constitutes a board for the equalization of taxes for the state, and is authorized and required to
examine the various assessments so far as regards the state
tax and equalize the rate of assessment on real estate in the
different counties whenever they are satisfied that the scale
of valuation has not been adjusted with reasonable uniform­
ity by the different assessors.

"Such equalization may be made either by changing any
of the assessments or by varying the rate of taxation in
any of the counties as may be found most convenient, but
in either case the board is directed to preserve unchanged
as far as practicable what would have been the aggregate
amount of valuation had no such equalization been made."

With county and State equalization completed, it becomes
the duty of the Auditor of State to transmit to the judge
of each county a statement of the change (if any) which
has been made in the assessment and the rate of State tax
which is to be levied and collected within his county. The
assessment roll thus corrected, equalized, and transmitted is
made the basis for the collection of taxes.

The county treasurer (who was also recorder) after re­
ceiving the tax list and warrant is required to be at his
office during the months of September, October, November,
and December to receive taxes. He is further required to
collect delinquent taxes, as far as practicable. Auditor's
warrants are made receivable for three-fourths of the
amount payable into the State treasury; county warrants
are receivable at the treasury of the proper county for
county revenue; but actual money must be paid for the
school tax. When taxes become delinquent they are made
to draw interest at the rate of twenty-five per cent per
annum. The provisions relative to delinquent taxes are
more clear and definite than under the old laws. The pur­
chaser is protected by receiving a deed which "shall run
in the name of the state of Iowa and be signed by the treas­
urer in his official name and will convey the title to the land
and shall be presumptive evidence of the regularity of all
prior proceedings."
The system of taxation outlined in the Code of 1851, embracing as it did a plan of county assessment and collection, a combination of State and local levy made within certain well defined statutory limitations, and finally a dual scheme of local and central equalization, forms a close approximation to the revenue laws now in force. When we add to this the evolution of specific methods of taxing insurance companies and certain other corporations, it appears that more than half a century ago something like a modern system of taxation was being created — that is to say, it was about as modern as anything that has thus far been developed in Iowa.

The Code of 1851 did represent a long step in advance — especially from the standpoint of fiscal administration. The complaints that had been made for years concerning delinquent taxes at last bore some fruit. The question at once arises, what is the secret of the more efficient administration that followed? Why were State taxes collected with more success? In the reply to these queries one discovers the essence of the revenue provisions of the Code of 1851. The State was clothed with more fiscal authority. The fiscal center of gravity was moved one step away from the county, and therefore one step nearer the State. We should remember, however, that it was only a step in this direction, since the transfer of power from county to State was in the main nominal, that it was largely a transfer on paper as will be disclosed in later pages.

Following the enactment of the Code of 1851 the condition of the State treasury was rapidly improved. In his message of December 7, 1852, Governor Stephen Hempstead estimated that in the coming biennial period there would be “a balance of receipts over expenditures, fully sufficient to extinguish all that part of the funded debt of the State, which is payable at option”\textsuperscript{114}. The Auditor also makes an encouraging report, saying that “the present prosperous con-
CONDITION OF OUR FINANCIAL AffAIRS, AND THE PROMPTNESS WITH WHICH THE REVENUE IS COLLECTED AND PAID OVER UNDER THE PRESENT LAW, ADMONISHES THAT BUT FEW, IF ANY ALTERATIONS ARE NECESSARY OR CALLED FOR."

Changes of much importance were, however, made by the General Assembly. By an act approved January 22, 1853, a system of township assessors was reestablished, to take the place of the county assessor. Such township assessors were to be elected annually on the first Monday in April and must give bond to the township trustees or, in counties not organized into townships, to the county judge. They were further required to meet at the office of the county judge on the third Monday of April annually and classify the several descriptions of property to be assessed, and to meet also at the same place on the first Monday in July in each year and in conjunction with the county judge form a county board for the equalization of assessments. Finally, the act stipulates that in January and September of each year county treasurers shall pay into the State treasury all moneys in their hands belonging to the State, except when otherwise directed by the Auditor of State.

But the system of township assessment was destined to be short lived. In his report of November 1, 1854, the Auditor submitted that "the only alteration in the present revenue law, which it is deemed advisable or necessary to make, is from the present system of township to county assessors. The experience of the past two years, it is thought has proved the latter to be best, as being more likely to ensure uniformity and correctness in the assessments."

Governor Stephen Hempstead made a similar recommendation.

"At the last session of the General Assembly," he said, "it was thought advisable to so amend the revenue law, as to require the assessment of taxable property to be made by a township instead of a county officer. This system, as I
have been informed, has proven much more expensive than the former one, and leads to errors and inequalities which have been injurious to the public revenue, and unjust to individuals."

"To secure uniformity in the assessment of property," continued the Governor, "and remedy, as far as practicable, the evils complained of, I would recommend that the present law be so amended as to require the election of a county assessor for each county, with such other regulations as may be thought necessary to secure a faithful discharge of his duty."119

The new act as approved January 28, 1857, again returned to the former system of county assessment. According to its provisions the assessor was to be elected for two years, holding his office until his successor was duly elected and qualified.120 One or more deputies might be appointed by the county judge under certain conditions, provided, "that no deputy shall be appointed where the population of the county shall not exceed ten thousand, except in case of vacancy or inability of the assessor to act."121 The Census Board was retained as a State Board of Equalization, being required to meet at the seat of government on the first Monday of September, 1857, and every two years thereafter for the purpose of equalizing the valuation of real property among the several counties and towns in the State.

The period which closed with the adoption of the second constitution in 1857 was an important one in the history of Iowa taxation. It was essentially a period of transition on the one hand, and of origins on the other. A revenue system capable of meeting the demands of independent Statehood had to be created. How the administration of this system should be distributed between the various units of government had to be determined. Should fiscal authority be placed with the township, the county, or the State was
one of the leading questions before the General Assembly.

Like the Territorial period, the decade following admission into the Union began and closed with county assessment, the sheriff being the ex-officio assessor. In the meantime, however, the township system was re-introduced (1853) and continued until the session of 1856-1857. During this period the correction of county assessment was in the hands of a board composed of the county judge and the township assessors. Formerly this same work had been done by the county board of supervisors and later by a county board composed of the county judge, clerk and treasurer — a fact in itself indicative of the rapid transition then taking place in our financial administration. While these changes were going on in the effort to secure a balance of fiscal authority as between the local units of government an important step in the way of centralization was taken by the creation of a regular state board of equalization — the Census Board.

A second problem which received much attention, especially from tax officials, during the years from 1846 to 1857 was that of delinquent taxes. It was discussed in the documents of 1846, and after numerous efforts to tighten the fiscal bond between the State and the counties the same complaints were again made in 1857. The problem of efficient collection of the State revenue remained to be solved.

Finally, the agitation concerning non-resident speculators resulted in two definite and very opposite types of legislation: first, an ad valorem scheme of taxation framed so as to include improvements on land; and second, the principle of deducting just debts from the amount of monies and credits listed for taxation. On the one hand, the actual settlers, or debtor class, were not only compelled to pay taxes on their improvements but were denied the privilege of deducting debts from the value of their real estate. On the other hand, the non-resident was merely re-
quired to pay taxes on the value of his unimproved land as such, and the creditor class as a whole was given the right to deduct debts from the amount of moneys and credits listed for taxation. The proper basis of taxation, tax exemptions, land monopoly, the economic rights of non-residents, the taxation of moneys and credits and other allied questions were all a part of the great fiscal problem then under consideration.

Thus more than sixty years ago the underlying principles of taxation in their relation to improvements on land and the status of moneys and credits were thoroughly debated, and the arguments then presented are similar to those advanced at the present time. From the standpoint of fiscal administration, both State and local, the equalization of assessments, specific methods of taxation, the listing of moneys and credits, etc., there is outlined in the *Code of 1851* a revenue system about as modern as any that has thus far been developed by the General Assembly of Iowa.
The Constitution of Iowa as ratified in August, 1857, contains a number of important provisions relating to the exercise of the taxing power. In this respect it is more detailed and specific than the Constitution of 1846. The provision that "all laws of a general nature shall have a uniform operation", which is taken from the earlier document, has always been construed to cover the taxing power. It is further provided by the Constitution that "the General Assembly shall not pass local or special laws... for the assessment and collection of taxes for State, County, or road purposes". This section, which is in reality a negative statement of the proposition that laws of a general nature shall have a uniform operation, has had an important bearing upon the judicial construction of our revenue system. The prohibition against enacting local and special tax laws is another way of affirming that such laws should be general in scope and therefore uniform in operation.

But the clause of the Constitution of 1857 most frequently quoted in judicial opinions, and the one which has had the greatest influence on the history of taxation in Iowa, is the section which provides that "the property of all corporations for pecuniary profit, shall be subject to taxation, the same as that of individuals." Frequent reference will be made to this important constitutional limitation on the taxing power, which is always advanced and frequently misunderstood.
Other provisions of the Constitution of 1857 limit the power of a county or other political or municipal corporation in contracting debts to an amount in the aggregate not exceeding five per centum on the value of the taxable property within such county or corporation. Again "the credit of the State shall not, in any manner, be given or loaned to, or in aid of, any individual association, or corporation." Nor shall the State contract debts in excess of two hundred and fifty thousand dollars.

It will be recalled that in discussing the provisions of the Code of 1851 attention was called to the fact that the transfer of fiscal authority to the State was largely nominal. The whole period of the first Constitution, as already suggested, had been one of transition and compromise. How were law-makers to strike a proper balance as between the township, county, and State in the administration of the public finance? This question had to be answered not only for the levy and collection of taxes but for that far more important and basic task, the assessment, including the equalization of property. In a word, if the county was to lose some of the fiscal power which it had received from the Territorial period, would this power be further centralized or would it be dissipated among the lesser units of government? Judged from the standpoint of administration this had been a vital question even before Iowa was admitted into the Union.

The term "Administrative Decentralization" clearly defines the dominant characteristic of that period of our revenue history now under consideration. While the exigencies of war and the strong hand of Governor Kirkwood developed a more efficient system for the collection of State taxes, the all important task of assessment, including equalization as between individual property holders, was soon to be transferred to hundreds of local units of government, each a law unto itself — being subject only to meaningless
ex-officio supervision — thus paving the way for the administrative failure of the general property tax. So strong was the sentiment of the time for decentralization that even Governor Kirkwood, was more than willing to test the experiment of township collection.

That the State was still powerless to collect all of its revenue is apparent from a study of numerous documents in the period now under consideration. The Auditor of State in his report for 1857 complains of delinquent taxes and depreciated warrants. Among other things he says that “one of the greatest discouragements with which this office has to contend is the slowness of County Treasurers in collecting and paying in the revenues due the State. I would not charge these difficulties entirely to that officer, for in many or most instances the Treasurers have used their best exertions in this behalf. On the other hand, some of the counties have been culpably negligent in making their semi-annual payments, on the 15th of January and September as required by law — the treasurers frequently holding in their hands large amounts — used, if used at all, in violation of law and duty, and thereby causing injury to the State in the loss of interest and credits, and to the holders of warrants in the sacrifices which they have to make in getting them cashed.”

“While this is true of but few, I trust,” continues the Auditor, “the main difficulty to prompt payment lies with the tax-payer. It is a matter of universal remark, that where money commands higher usury, than the interest which is affixed to delinquent taxes, tax payers will not pay till the last moment, and sometimes escape all together. The interest, too, which is chargeable upon delinquent taxes, is seldom collected — or if collected is not always and all of it reported to this office. To remedy this, is the duty of the Legislature.”

He suggests also that the revenue laws be so amended
as to give non-residents the privilege of paying their taxes at the capital of the State. He thought that this plan, which was followed in some of the other States, if adopted in Iowa, would reduce the delinquent tax list — a good share of the delinquent taxes being found among non-resident taxpayers. Interesting also is his pertinent criticism that the revenue laws of the State were certainly confused and in many respects very defective, and that therefore legislation upon the subject should be the result of careful investigation and deliberation.  

In the second biennial message of Governor Grimes some valuable suggestions are made in regard to the revenue laws. It was the opinion of the Governor that the system should be wholly changed as far as it related to State taxes. The county treasurers were to some extent State officers, and in case of default the State could not recover, but was obliged to sustain the loss. The transactions of the State ought to be with the counties, not with county officials. The amount of delinquent taxes, it was alleged, had reached the large sum of $62,401.94 — a very small per cent of which would ever be recovered. The operation of such a system placed a premium on fraud and delinquency and was a serious injury to those counties that paid their share of the revenue promptly. The one remedy for this condition was more efficient administration, requiring the payment of the quota of the State by a fixed day under suitable penalties.

In regard to the merits of county versus township assessment, the Governor said: "It is much doubted whether the law of last session, substituting county for township assessor, was any improvement upon the former method of assessment. Judging from my own observation, I do not hesitate to conclude, that many millions of dollars worth of property was overlooked at the last assessment, and is this year untaxed. I recommend the old law, in this par-
ticular, to be restored. Sound policy requires that administra-
tion as well as legislation should be brought as directly
home to people as possible. There must ultimately be a
thorough township organization throughout the State, and
the sooner the people become accustomed to it, the less dif-
ficult and burdensome it will become, and the more perfect
and satisfactory will be the transaction of public affairs.”

This clear statement by the Governor reflects the public
opinion of the time on the question of township govern-
ment. “Administration as well as legislation” ought to be
placed as much as possible directly in the hands of the peo-
ple. Such was the trend of statesmanship in the decade
from 1850 to 1860. The people of Iowa have been painfully
slow in their efforts to differentiate between legislation and
mere administration, and to unlearn the wasteful and un-
scientific lesson of decentralization in the case of the latter.

In the *Weekly Express and Herald* (Dubuque), the cap-
tal correspondent made some pertinent comments relative
to the assessment of real estate, the work of the Census
Board, and the proper distribution of State taxes. He
claimed that real estate was greatly undervalued in many
of the counties; that Dubuque County paid one-thirteenth
of the State tax and had little more than one-thirtieth of
the population of the whole State. Speaking of equaliza-
tion he considered the Census Board to be nothing more
than a farce, and held that something should be done to
equalize taxes by legislative enactment. He said that to
carry out this policy a bill had been introduced by a member
of the Dubuque delegation which provided, first, that State
taxes should be made a direct charge upon the counties in
their corporate capacity, and second, that the taxes should
be apportioned to the counties on the basis of their respec-
tive population.

“Anc Act in relation to Revenues” was approved March
23, 1858. A study of this measure makes it apparent that
some of the criticism noted above was heeded. While the revenue law as a whole was much the same as before, a few changes are worthy of attention. The effort to secure a valuation of real estate for the year 1858 was, however, not successful, it being provided that "real property shall be listed and valued in the year 1859 and each second year thereafter, and shall be assessed at its true value in money at private sale, having regard to its quality, location, natural advantages, the general improvement in the vicinity, and all other elements of its value. In each year in which real estate is not regularly assessed, it shall be the duty of the assessor to list and value any real property not included in the previous assessment."\textsuperscript{135}

A permanent change was made in the machinery of assessment. The township system was for the third time re-introduced.\textsuperscript{136} The assessor was to be elected annually and receive a compensation of two dollars for each day employed in the discharge of the duties of his office; and the several assessors of each county were required to meet at the office of the county judge on the second Monday of January and classify the property to be assessed for the purpose of equalizing such assessments. From the standpoint of administration the act of 1858 was perhaps the most important revenue law ever passed by the General Assembly of Iowa. It was, indeed, the fatal and decisive step toward fiscal decentralization which explains the administrative failure of general property taxation revealed in the two following chapters.

In order to prevent the duplicate assessment of real property, it was further stipulated in the act of 1858 that all the real property held by a taxpayer in any one county might be assessed in the township where he resided—the assessor of said township being required to furnish duplicates of realty owned in other townships. In order to complete the several township assessment books the sev-
eral assessors were required to meet at the county seat on the last Saturday of March in each year.\(^{137}\) The powers of the county boards of equalization and the Census Board remain practically the same as under the former act.\(^{138}\)

Other features of the act relate to the protection of county and State funds and define the fiscal relationship between the counties and the State. The recommendation that the counties and not the county officials be made responsible was noted above.\(^{139}\) Following these recommendations it was enacted that each county should be made responsible to the State for the full amount of tax levied for State purposes, excepting amounts certified to be unavailable, together with double or erroneous assessments. In case any county treasurer proved to be a defaulter to any amount for State revenue, provision was made for making up said amount within the next three years, by additional levies in a manner to be directed by the county judge.\(^{140}\)

Finally, in order to strengthen still further the machinery for the collection of State taxes and prevent so many cases of defaulting a rather unique provision was enacted. The State Treasurer was required to keep each distinct fund in a separate apartment of his safe, and at each quarterly settlement with the State Auditor it was provided that "he shall count each fund in the presence of the Auditor, to see if the same agrees with the balance found on the books. The total amount acknowledged to belong to each fund shall be exhibited before the count, and the County Treasurer shall account with the County Judge in like manner."\(^{141}\)

The tendency to amend the revenue laws continued. In his report for 1859 the Auditor of State maintained that county clerks should be required to certify to his office the total amount of taxable property as the same appeared on their tax books when completed. Such a plan would prevent differences existing between his books and those
of the county officers. He also stated that the penalty for non-payment of taxes was not sufficiently heavy to secure promptness of payment for the reason that people frequently believed they could use their funds so as to lose nothing by paying the twenty-five per cent interest required by law. It is further alleged that the State tax levied in the counties for the year 1857 had varied from one and one-fourth to three mills on the dollar—a condition of affairs which should be remedied by legislation.

The subject of delinquent taxes and how to remedy the same was much discussed at this time. The uncertainty of tax titles was one of the chief causes of delinquency according to the Iowa State Journal. "Especially do non-residents pay little heed to the prompt payment of taxes, for it is understood that the whole legal fraternity hold themselves in readiness to insure the recovery of lands sold for taxes." The result was a loss to the counties and State of from ten to fifty per cent—the sum being measured by the large depreciation of county and State warrants. Many felt that the remedy for such a condition of affairs was to make tax titles more secure by definitely providing that at the end of a certain period of years the fee simple be vested in the purchaser.

If additional proof is needed at this time to convince the reader that the administrative centralization of our revenue system secured by previous acts was largely verbal, he should read the able messages of Governor Kirkwood. These State papers are filled with practical wisdom along many lines, including the subject of taxation. The Governor recommended a law "requiring the Judge of each Judicial District, to appoint once in each year a skillful accountant in each county of his district, whose duty it shall be to examine carefully the books of each county officer, and to state and record an account between such officer and his county, and when necessary, between officer
and officer.” When it is remembered that even at the present time only two or three States (Indiana and Washington now have such a law) provide for an efficient system of uniform public accounts, the statesmanship of Governor Kirkwood along this line will be duly appreciated.

The Governor complains of a vagueness of the laws which introduces among officials a laxity of morals highly dangerous to the public interest. Furthermore, he suggests “the propriety of a careful examination of our revenue system, with a view to ascertain if it cannot be made more certain and efficient. Any system of revenue which permits large amounts of taxes to become delinquent and to be ultimately lost to the State, must be defective, and must operate unjustly and unfairly upon our people. The deficiencies thus created in the revenue must be provided for by additional taxation upon those who have already discharged their duty as citizens, by paying the taxes assessed upon them, and they are thus compelled to bear more than their due proportion of the public burden. The laws should provide for the most rigid and exact accountability of all officers charged with the collection, control or disbursement of the public money.”

The next important revenue act was passed April 3, 1860, and appears as Chapter 45 of the Revision of 1860. This act was largely a reproduction of Chapter 152 of the Laws of 1858, with, however, a few amendments. The county board of supervisors, as provided for in an act approved March 22, 1860, was given the power to levy taxes and also authorized to act as the county board of equalization. "The board of supervisors of each county," reads the act, "shall constitute a board for the equalization of the assessment, and have power to equalize the assessments of the several persons and townships of the county, substantially in the same manner as is required of the state board of equalization to equalize among the several counties of the
state so far as applicable, at their regular meetings in June and next succeeding the general election in each and every year; and at such meetings they shall add to said assessment any taxable property in the county not included in the assessment as returned by the assessors, placing the same in the list of the proper township, and shall assess the value thereof."

This amendment was in fact significant. The question was, should township and precinct assessors hold a meeting at the county seat and proceed to equalize the assessments made by themselves, or should this task be placed in the hands of a regular county board? The adherents of the township system of local government naturally advocated the former plan: those accustomed to the county plan of local government were inclined to favor the latter. The equalization of assessments by the county board of supervisors destined to be largely nominal, was, therefore, a point gained for the county system.

Complying with the recommendations of the Auditor, it was further enacted that the clerks of the county boards of supervisors be required to make out and transmit to the Auditor of State by mail or otherwise, an abstract of real property setting forth (1) the number of acres of land in his county, and the aggregate value of the same, exclusive of town lots, returned by the assessors, as corrected by the county board of equalization at their first meeting, (2) the aggregate value of real property in each town in the county, returned by the assessor as corrected at their first meeting by the county board of equalization, and (3) the aggregate value of personal property in his county.

It is, however, from the standpoint of tax titles that the provisions of the Revision of 1860 are especially important. The agitation for reform along this line for many years, followed by the strong recommendations of the Auditor of State and of Governor Kirkwood, resulted at last in fairly
specific legislation. Fully seven pages of the *Revision* deal with the sale of lands, town lots, etc., for unpaid taxes, and the deeds given in the event of such sale. Among other things it was provided that the tax title deed should be signed by the treasurer in his official capacity, and acknowledged in a legal way; and that when so executed and recorded, it should become "*prima facie* evidence in all courts of this state, in all controversies, and suits in relation to the rights of the purchaser, his heirs or assigns".\(^\text{151}\)

But the problem of delinquent taxes was not solved by this legislation. Complaints again become frequent—especially after the outbreak of the war. The Auditor in his report for 1861 states that "the aggregate amount of delinquent taxes is yearly increasing", and he suggests that the penalty be increased and a uniform system of accounts be established.\(^\text{152}\) Governor Kirkwood in his special message also regrets that the tax laws are not "sufficiently stringent to compel the prompt payment of taxes."\(^\text{153}\)

It is, however, in the first biennial message of Governor Kirkwood that we find the most thorough and comprehensive treatment of the revenue system. Delinquent taxes, the elements of a good revenue system, the duty of the citizen to pay his taxes promptly, the relative importance of local as compared with State taxes, the necessity of careful administration and strict economy, these and many other important points receive careful consideration. From a table prepared by the Auditor of State the Governor informs us that, of the total tax of $1,700,000 for 1861, only $300,000 was expended from the State Treasury for State purposes, the remaining $1,400,000 being expended for county and other purposes. In other words, of every $5.66 paid by the people of the State as taxes only one dollar reached the State Treasury or was used for State purposes\(^\text{154}\)—a fact which indicated the necessity of careful
economy in local as well as State finances. By rigid economy in both State and local expenditures it was suggested that the entire amount of the tax required by the general government for war purposes might be raised without increasing the rate of taxation.

Referring to the collection of State taxes from the counties, Governor Kirkwood further recommended that county treasurers be required to pay the whole sum at fixed times, whether they had received the entire amount of State tax or not. This he believed would stimulate county officials to a more strict performance of their duty. The law making each county liable to the State for the amount of tax assessed in it was declared to be useless because there was no means of enforcing it. In this recommendation, it should be noted, the chief executive was again far in advance of his time. The fact is that the amount of State supervision of taxation outlined or at least suggested in the messages of this statesman has not yet been realized in Iowa and may not be for years to come. To appreciate the worth of the document under consideration from a fiscal standpoint, it is only necessary to read the following suggestions and recommendations:

But while this is true, it is equally true that our finances are not in a healthy condition. The Report of the Auditor of State discloses the somewhat startling fact that of the State tax for 1860 and preceding years, there was, at the date of his Report (the 4th day of November, 1861) delinquent and unpaid the large sum of about $400,000 — a sum more than sufficient to cover the entire expenses of our State Government for one year. This large delinquency has occurred mainly within the last four years, and the same Report shows there were at the same date warrants drawn on the Treasury to the amount of $103,645, which were unpaid for want of funds, most of which were drawing interest at the rate of eight per cent. per annum.

From these facts the following conclusions are inevitable: 1st,
That during the last four years there has been levied a State tax larger by about $300,000 than the necessities of the State required.

2d, That this was rendered necessary by the fact that only a portion of our people paid the tax due the State. 3d, That the State has been compelled yearly to pay large sums by way of interest on warrants, which need not have been paid had the taxes been collected promptly, and the Treasury kept supplied with funds to meet all demands upon it. 4th, That the State being compelled to purchase its supplies with warrants has had to pay higher prices than if it had had the cash to pay. 5th, That the tax-paying portion of our people have thus been compelled to pay not only their proper share of the public burthens, but also the share of those who did not pay their taxes, increased by interest and high prices. These things should not be so. They reflect discredit not only on those of our citizens who seek to avoid their just share of those burdens which are imposed upon all for the benefit of all, but also upon the laws which permit them to do so with impunity. I, therefore, very earnestly recommend to your attention a careful examination of our revenue laws for the purpose of ascertaining if they can be made more effective in enforcing the prompt payment of taxes.

The leading features of a good revenue law, in my judgment, are:

1st, The imposition of such penalty for the non-payment of taxes when due, as will make it unmistakably the interest of every taxpayer to pay promptly. 2d, The assurance to the purchaser of property at a tax sale, of a valid title at the expiration of a fixed time. There is, in my opinion, much misapprehension in the minds of many persons on this subject. Some seem to think they receive no value for the money paid by them as taxes, and that they are, therefore, not culpable in avoiding payment if they can. Others, whilst they admit there is some kind of doubtful obligation upon them to pay their taxes, if convenient, yet insist that any stringency in the laws to compel payment would be unjust and oppressive, and that no greater penalty should be imposed for non-payment than the interest allowed by law between citizens. These are radical errors. Every citizen is protected by the State, in life, liberty, and property, in all he has, and all he may acquire; and in
all his honest efforts for further acquisition; and in return, he is bound as a good citizen, to render obedience to the laws; to pay promptly his share of the taxes necessary for the support of government; and, in time of war, if need be, to defend the government with his life. If he fails to perform either of these duties of a good citizen, he is liable to punishment, and the amount added to his taxes for failure of payment at the time fixed by law, is not the interest due upon a debt, but a fine or penalty for the non-performance of a duty. Nor can any one justly complain of this. Why should any one of our people claim that he should enjoy all the benefits of civil government and be exempt from its burthens; that he should have all these advantages at the expense of his neighbors?

It may be said that some are unable to pay their taxes. This, it seems to me is erroneous. The amount of tax each one has to pay is in proportion to the property he has, the greater the tax the greater the amount of property from which to raise means of payment. I am well convinced that taxes are paid most promptly by our farmers, and by men of comparatively small means, and that there are very few of us who do not spend yearly for articles of luxury which do not promote either our health, our prosperity, or our happiness, more than the sum required from us as taxes for the support of the government that protects us. The subject of revenue and taxation assumes a graver interest and importance at this time, for the reason that our State is called upon, for the first time since its admission, to pay a direct tax for the support of the General Government. We may expect to be called on to pay, during the present year, a Federal tax of from $600,000 to $700,000. This is rendered necessary by the heavy expenditures incurred by the General Government in preparing to put down the Rebellion in certain States of the Union. A resort to loans has been, and must continue to be, necessary to meet these expenses, and prudence and sound economy require that the General Government shall not be compelled to borrow money to pay the interest accruing upon its loans. The interest upon loans made, and to be made, must be met by actual payment, and not by incurring further indebtedness.
Words like these require no comment or explanation. They have been quoted in full because they are thought to represent the clearest and most sane presentation of what a revenue system should be that can be found in all the documentary material and State papers dealing with the history of taxation in Iowa.

The legislative session of 1862 was a stormy and eventful one. The war was making extraordinary demands both on the Federal government and the loyal States. These demands had to be met in addition to the ordinary expenses of government. It required both money and men to preserve the Union. One of the first acts passed by the General Assembly provided for the payment of taxes in treasury demand notes issued by the authority of the general government, and the notes issued by the several branches of the State Bank of Iowa. A similar measure had been passed in other States. Much objection had been raised to the payment of taxes in coin. In a contemporary editorial the writer declares that "tax-payers are at the mercy of the brokers. In this anomalous crisis is it not the duty of the State to relax, somewhat, the rigidity of a financial rule which would be perhaps well enough in times of peaceful prosperity? Outside of Iowa, we are not aware of a State which requires coin, exclusively, of its people in payment of taxes."[157]

It soon became manifest that, if taxes were to be promptly paid, some other currency than gold must be provided. Would it not be wise to follow the policy already inaugurated by the general government? The act granting these demands was approved February 17, 1862. It authorized and required the county treasurer and State treasurer to receive United States demand notes and notes of the State Bank of Iowa and pay them out again in the redemption of outstanding warrants. But this rule was not to apply to the branches of the State Bank of Iowa after any
of the said branches had suspended specie payments.\textsuperscript{158}

The second act of importance passed during this session was entitled "An Act for the assessment, levy and collection of the quota of this State, of the tax laid on the United States, by the act of Congress, approved August 5th, 1861, or any subsequent acts, and the payment of Auditors' warrants on the war and defense fund."\textsuperscript{159} This bill brought forth considerable discussion in the General Assembly, chiefly concerning the question of rate. Some members thought that one mill was sufficient; others believed that one and one half mills would be required; and still others held that a two mill levy was absolutely necessary. Mr. Ainsworth favored the object of the bill, but considered that "the amount proposed to be raised was larger than necessary."\textsuperscript{160} Mr. Dunlavy thought that one mill was enough. But Mr. Bowdoin spoke with much earnestness in favor of the two mills levy in order to keep up the credit of the State. Many other shades of opinion were expressed relative to the measure. The act as approved March 10, 1862, provided for a levy of two mills on the assessment of 1861. It was made the duty of county treasurers to enter the Federal tax in separate columns and proceed to collect it in the same manner as other taxes, and they were also required to give additional bonds.

Among the most interesting features of the session were the House income tax bill and the Senate reduction of salaries substitute. The question of income taxation was much discussed, and a measure providing for this form of tax passed the House but was defeated in the Senate.\textsuperscript{161} A bill to change and fix the salaries of the judges of the Supreme Court and district courts and of certain State officers passed the General Assembly on April 7; but a veto was recorded with the Secretary of State by Governor Kirkwood on the ground that the measure was unconstitutional.\textsuperscript{162}
The last important act relating to revenue passed by the Ninth General Assembly was an act amendatory of Chapter 45 of the *Revision of 1860*. By its provisions a few changes were effected. The boards of supervisors were required to levy annually the per cent of taxation of the Federal tax according to the provisions of the act outlined above. In addition to one township assessor in each township of the State, it was further provided that there should be elected in each city and incorporated town a separate city or town assessor. Where city or town assessors were thus elected, the township assessor was logically restricted in his duties “to the persons and property of his township exclusive of the territory of such city or incorporated town” a provision which meant further decentralization of the important work of assessment. Finally, the clerk of the county board of supervisors was required to furnish the State Auditor an abstract of the aggregate value and number of cattle, (2) the aggregate value and number of mules, (3) the aggregate value and number of sheep, and (4) the aggregate value and number of swine over six months of age, as the same were returned to the clerk of the board of supervisors by the assessor of his county. A system of taxing railway corporations on the basis of gross receipts was established; and some minor changes were made relative to the sale of real property for delinquent taxes.

In his second biennial message of January 12, 1864, Governor Kirkwood renewed many of his former recommendations relative to the tax system — especially the payment by the county treasurers of their full quota of State tax whether the same had been received or not, the suggestion favoring a percentage to county treasurers on the amount of money collected and disbursed, and the creation of a new system of township collection.

In marked contrast to the vigorous and constructive recommendations of the retiring executive, a policy of opti-
mistic conservatism characterized the attitude of Governor Stone. In his first inaugural the new Governor, speaking of the subjects of finance and revenue, says: "I would recommend extreme caution in their consideration, and advise no change in any of them, unless demanded by obvious utility and sound experience." He did, however, recommend the consideration of a possible change from the supervisor system to the commissioner system of county government.

Little was done by the Tenth General Assembly along the line of tax legislation. An act was passed providing for the payment of taxes and the interest and principal of the school fund in treasury notes issued as legal tender by the United States government, notes of national banks as created by act of Congress, and notes of the State Bank of Iowa. Aside from this no fiscal legislation of importance was enacted; and the supervisor system of county government was not changed. In his first biennial message of January 8, 1866, Governor Stone again made an optimistic report on the subject of finance and revenue. "Our financial affairs", he said, "were never in a sounder condition. During the entire period of the war we have levied but two mills on the dollar for State purposes; and have incurred an indebtedness of only $300,000, which was for military expenditures during the first year of the war... Careful observation has satisfied me that any attempt to improve the present revenue system by additional legislation would be an experiment of doubtful expediency." The following sums had been expended for military purposes:

May, 1861, to November 4, 1861 .........................$233,568.43
November 4, 1861, to November 2, 1863 ............... 639,163.85
November 2, 1863, to November 4, 1865 ............... 169,231.00
November 4, 1865, to January 1, 1866 ...............  4,047.71

Most of these expenditures had been made during the
period which closed with the fiscal year 1863, and were in­
curred to facilitate the military operations of the Federal
government and to defray a large part of the expense in­
curred in enlisting, transporting, quartering, and paying the
volunteer forces organized in the State. These sums thus
expended had merely been advanced to the United States
and the State would in time be reimbursed under acts of
Congress.

Two years later, following the suggestions made by Gov­
ernor Kirkwood in each of his biennial messages, the
Eleventh General Assembly made an earnest effort to enact
a law providing for the collection of public moneys by
township collectors. A bill was introduced by Senator Hil­
singer of Jackson County to create such a system. Space
will not permit any lengthy examination of the arguments
which were advanced for and against this bill in both the
Senate and the House. Senator J. H. Smith said that
“his county desired the system of Township Collectors.
Under this system the taxes were closely collected. New
England had adopted this system, and New England had the
reputation of knowing how to make money, and how to
keep it.”

Some members felt that the measure was unconstitu­
tional because it did not provide a uniform system for all
the counties, but made the adoption of the plan optional
with the county board of supervisors, the question to be
determined by a two-thirds vote. Still other members com­
plained of the expense and trouble of going to the county
seat in order to pay taxes. Senator Paulk claimed that “it
costs the people of the State of Iowa more to go up to Jeru­
salem to pay their taxes than the taxes are in the first
place.” Senator Ross believed a system of township col­
collection would not be practicable “in this young state”, es­
pecially in the sparsely settled districts. The Senate was
closely divided on the merits of the bill. The first vote,
taken January 30th, was a tie — twenty votes being cast for and twenty against the measure.\(^{174}\) Not having received a constitutional majority, the bill was declared lost. On the following day, however, upon reconsideration it passed the Senate by a vote of twenty-seven for and seventeen against.\(^{175}\)

In the House a similar bill had been introduced by Mr. Bolter on January 19th.\(^{176}\) Both bills were referred to the Committee on Ways and Means and reported back without recommendation.\(^{177}\) A long and animated debate followed, in which the arguments were, for the most part, quite similar to those already advanced in the Senate. Mr. Hale opposed the system because “under the provisions of the bill the money would pass through too many hands. The taxes would not be collected more readily. The stringent law in regard to delinquent taxes had secured prompt payment more effectually than any other provision could. He was opposed to delegating too much power to the separate counties. Only in extraordinary cases would he favor this kind of legislation which breaks up the uniformity.”\(^{178}\)

Much objection was raised against the idea of having two different systems throughout the State. Mr. Sapp said that wherever the township system was adopted it was general throughout the State. Here it was proposed to have two systems in operation. This he could not favor.\(^{179}\) On the other hand, many members favored the measure because they believed that it would secure a closer collection of taxes. The majority, however, finally lined up against the bill and it was defeated on March 12, the vote being forty-three yeas and fifty nays.\(^{180}\)

At the following session of the General Assembly (1868) a bill along similar lines was introduced by Senator Fairall; and this bill became a law.\(^{181}\) By its provisions the introduction of the township system was made optional with the board of supervisors of each county having a population
ADMINISTRATIVE DECENTRALIZATION

exceeding seven thousand inhabitants. It was provided that the resolution creating such a system should be passed by a two-thirds vote at their regular June meeting; and, in the event of adopting such a resolution, a collector was to be elected annually for such organized township, save the one in which the county seat was located.\(^{182}\)

In the counties thus providing for the township system it was made the duty of the county auditor to prepare a duplicate tax list of each township, which list was to be delivered, with the original to the county treasurer, who in turn was required to deliver the duplicates to the several township collectors. The provisions regarding monthly statements to the county treasurer and compensation of collectors recall to mind the recommendations of Governor Kirkwood.

The compensation of township collectors was (1) two per cent of all sums collected on the first two thousand dollars and one per cent on all sums in excess thereof collected otherwise than by distress and sale, to be paid out of the county treasury, and (2) five per cent upon all taxes collected by distress and sale, to be paid by the delinquent taxpayer, and the same fees in addition to the said five per cent as constables were entitled to receive for the sale of property on execution.\(^{183}\) In counties not availing themselves of the township system, or where the population was seven thousand or less, the county treasurer was given the power to appoint one or more deputies to aid him in the work.

In his first biennial message of January 11, 1870, Governor Merrill called attention to the observations and suggestions of the Auditor of State in reference to double assessments and the cumbersome mode of keeping tax-books, and suggested that the plan outlined might afford a remedy "for an evil of great magnitude."\(^{184}\)
careful discussion of a number of important fiscal questions. The Auditor speaks of double and erroneous assessments, points out the advantages of the geographical or congressional as opposed to the alphabetical system of assessment for taxation, and recommends the semi-annual payment of taxes into the State treasury. “In place of our present system of assessing and listing lands alphabetically,” he writes, “I would recommend assessing and listing in geographical order, and in making out the tax lists would recommend having nothing more on the list than the description, number of acres, valuation and total tax, instead of the owners’ name, description, number of acres, valuation, and the tax divided into from ten to a dozen different funds, as it now is.”

According to this instructive report it appears that during the preceding biennial period $40,808.65 had been remitted on the ground that it represented double and erroneous assessment. Larger sums had been remitted in earlier periods—a condition of affairs vexatious to county officers, owners, and purchasers of tax titles and expensive to the State and counties. The remedy, he alleged, was to place nothing more on the list than the description, number of acres, valuation, and total tax, instead of the owner’s name, description, number of acres, valuation; and the tax divided into ten or a dozen different funds. Such a plan, it was claimed, would be simple, clear, accurate, and less expensive than the old system.

These recommendations of the Auditor were in a measure made the basis of legislation. A law was passed by the Thirteenth General Assembly (1870) providing for the consolidation of certain taxes by which it was enacted that uniform taxes be placed on the tax list in a single column and denominated a consolidated tax, and that tax receipts be printed to show the per cent levied for each separate fund. This act has remained a permanent feature of
ADMINISTRATIVE DECENTRALIZATION

our revenue laws and has done much to simplify the assessment roll.

The important period of our tax history outlined in this chapter closed with the second biennial message of Governor Merrill. The views of the Governor regarding a high tax rate, under-valuation, and the necessity of imposing statutory limitations on the taxing power may best be told in his own words.

"The total valuation", wrote the Governor, "upon which this taxation ($9,371,685.76) was based was in the neighborhood of $300,000,000, making the levy some 3½ per cent. This is a heavy — not to say oppressive — rate of taxation. To be sure, it is based on a great undervaluation of property; upon actual value it would probably be about one and a quarter per cent — certainly not more than one and a half. But this rate, it will be remembered, is an average one throughout the State, and implies, of course, a higher rate in some localities. In fact, a rate twice as high does actually prevail in some parts of the State. It is true that much the larger part of this amount of taxation is levied by the people themselves, or by their immediate representatives in city, township, and school boards. Nevertheless, I suggest to the legislature the propriety of adopting a maximum limit of taxation to which any property may be subjected in one year".¹⁸⁷

When these statements were made the following maximum rates of taxation were provided by law:

<table>
<thead>
<tr>
<th>County or Purpose</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>2 mills</td>
</tr>
<tr>
<td>County, for ordinary revenue</td>
<td>4 mills</td>
</tr>
<tr>
<td>County, for schools</td>
<td>2½ mills</td>
</tr>
<tr>
<td>County, for bridges</td>
<td>3 mills</td>
</tr>
<tr>
<td>Township, for roads</td>
<td>5 mills</td>
</tr>
</tbody>
</table>

Total .................................. 16½ mills

In addition, school boards were authorized to levy a tax
for a contingent fund and one for a teachers' fund sufficient, with the annual apportionment, to sustain school twenty-four weeks in each year, and longer if desired by the sub-districts.

The period of our revenue history from 1857 to 1872 as considered in this chapter may be briefly reviewed. The existence of war and the imposition of a direct Federal tax for that purpose had a marked effect both directly and indirectly on the revenue system of the State. The gross receipts tax on railroads, one-half of the proceeds of which passed into the State treasury, was indirectly a war measure. The profound messages of Governor Kirkwood, revealing the defects of the tax system and pointing out the leading features of a good revenue law, had much to do with strengthening the fiscal power of the State. Tax titles were made more secure and the fiscal reports submitted by the counties to the State were required to be more accurate and complete. Much progress was also made in the solution of the delinquent tax problem. In a word, the administration of Governor Kirkwood, accompanied as it was by the exigencies of civil war, developed a far more efficient system of collecting State taxes than had previously obtained.

Regarding the division of fiscal authority as between the county and lesser units of government, considerable additional legislation was enacted. The county board of supervisors was given power to levy taxes and was made the county board of equalization. In 1862 an act was passed providing for city and town assessors, which was supplementary to the earlier act definitely establishing the township system of assessment. As already indicated these measures resulted in the complete decentralization of the machinery of assessment, and for that reason they might with propriety be entitled "A series of acts to guarantee
Finally a law was enacted in 1868 making township collection of taxes optional in counties having a certain population. Thus in optional township collection, but especially in township, city, or town assessment, we note the passing of fiscal authority from the county to the lesser units of government. On the other hand, the strengthening of the fiscal power of the State meant a passing of authority away from the county in the opposite direction. When, however, the question was asked, should local assessors be granted the power to meet at the county seat and equalize the results of their own labors, it was answered in the negative by the creation of a regular county board of equalization. Briefly stated, the period was a mixture of centralization in name and decentralization in fact, some nominal power being transferred to the State while the real substance of fiscal authority was absorbed by the local units of government.

In conclusion, the enactment of a law providing for a consolidated tax list, the recommendation of Governor Merrill for the semi-annual payment of taxes, the arguments in favor of the geographical or congressional system of assessment, and especially the necessity of imposing statutory limitations on the taxing power should be remembered for the important bearing which they have on later developments.
IV
ADMINISTRATIVE FAILURE OF THE GENERAL PROPERTY TAX
1873–1910

When the Code of 1873 was adopted much of Iowa was no longer a pioneer section. In fact the Commonwealth had just passed through a period of great industrial expansion — an index of future development. Corporations were being rapidly organized, which meant consolidation on the one hand, and the rapid growth of intangible wealth on the other. In striking contrast with the industrial centralization, which even at that time was becoming a serious problem, should be noted the administrative decentralization which characterized the field of public finance. How this system operated, or in other words the administrative failure of the general property tax, is clearly revealed by an impartial examination of the facts of our revenue history.

In 1873 the tax levy for the State was made by the Census Board, and for the local units by the county boards of supervisors — the levies in each case being fixed within certain specific statutory limitations. The assessment was made by township assessors chosen annually by popular election. Attention has also been called to the growth of a more complete system of statutory equalization, consisting of (1) the township board of equalization, composed of township trustees or the city council, (2) the county board of equalization, composed of the board of supervisors, and (3) the State board of equalization or Census Board. Finally, the collection of taxes was made by the county treasurer assisted by deputies, or under certain conditions in coöpera-
FAILURE OF THE GENERAL PROPERTY TAX

The fact that this revenue system had been gradually developed at the cost of much printer’s ink is evident when we compare the Code of 1873 with the Revision of 1860. The powers of the county board of supervisors were essentially the same. The few changes which were made may be briefly summarized.

The clerk of the county board of supervisors was superseded by the county auditor. A township board of equalization had been created with power to increase or diminish the valuation of any piece of property, or the entire assessment of any taxpayer, in case such action was deemed necessary for an equitable distribution of the burden of taxation upon all the property of the township. The time of making reports was changed in some cases. Under the Code of 1873 classifications of property were made by the boards of supervisors at their annual meeting in January, while by the terms of the Revision such classifications had been made by the assessors at an annual meeting held in the office of the clerk of the county board of supervisors on the second Monday in January. It was further provided in 1873 that a certificate of such classifications be furnished each assessor by the county auditor on or before the fifteenth day of January, and that the assessor be required to enter upon the discharge of his duties on the third Monday in January and on or before the first Monday in April of each year deliver to the clerk of his township one of the assessment books to be used by the trustees for
the equalization of assessments and the levy of taxes for township purposes. Under the Revision of 1860, the assessor had been required to enter upon the discharge of his duties on the second Monday in January, and to make his report to the clerk of the county board of supervisors on or before the third Monday in May.

The powers of the county and State boards of equalization remained the same. Moreover, it should be noted that these boards deal with the "aggregate valuation" of property and not with inequalities as between individual taxpayers. The Census Board was superseded by a similar board known as the Executive Council, consisting of the Governor, Secretary, Auditor, and Treasurer of State, which was required to meet on the second Monday in July to determine the State tax rate and equalize the valuation of real property among the several counties of the State, the equalization to be completed on or before the first Monday in August.

By the provision of the Code of 1873 the time of making the tax levy by the county board of supervisors was changed from their regular meeting in June to their regular meeting in September — thus giving more time to make returns and complete the assessment roll and tax list. No demand for taxes was deemed necessary, it being made the duty of the taxpayer to call at the office of the treasurer and pay his taxes some time between the second Monday of November and the first day of February. The work of collection was placed in the hands of the county treasurer, assisted by deputies or in cooperation with township collectors as already noted. The provisions regarding delinquent taxes were made more elaborate and the penalties somewhat more severe than under the Revision of 1860; but when a careful analysis has been made the changes along this line prove to be more nominal than real.

The question naturally arises, what had been accom-
plished? The old evil of grossly unequal assessments (that is, of unjust taxation) continued to exist and, indeed, became a very serious problem. From the standpoint of fiscal administration the State seemed to have no definite, well-conceived policy. While it may be affirmed that some fiscal authority had passed from the county to the State during the period from 1857 to 1872, it is a recognized fact that the township, town, and city had become the all important units of fiscal administration. It is interesting, indeed, to note how a small measure of fiscal centralization (a centralization largely on paper) was accompanied by fiscal decentralization (a decentralization in fact). The fiscal authority of the county decreased both in form and in substance — the form going to the State and the substance passing to the township, town, or city. The revenue system, which had its inception in pioneer days, was destined to be less and less adapted to the conditions of a wealthy industrial Commonwealth.

It would be erroneous to say, however, that no progress had been made during the period from 1857 to 1872. For certain corporations special forms of taxation with more or less merit had been developed. A more complete classification of taxable property had been made. Many gaps in the law relative to delinquent taxes, the manner of making financial reports, the security of public funds, and equalization, had been bridged over. In short, some effort had been made to adapt the general property tax to the rapidly changing conditions of the economic life of the people. The General Assembly from time to time had diligently endeavored to add new cloth to an old fiscal garment, leaving it the same garment still. It will be the purpose of this chapter to record the history of the failure of this system of general property taxation, which as early as 1872 was the result of a generation of almost constant legislative enactment in Iowa.
In his report for 1873 the Auditor of State suggested the propriety of making a change in the mode of reporting and collecting the State revenue. The amount of taxable property for each county, appearing on his books as reported by county auditors, he alleged, was subject to constant change from additional assessments, erroneous assessments, or taxes declared to be unavailable. "It would very much simplify the mode of doing the business", he writes, "if the counties were made responsible at once for the full amount of tax, as shown by the tax levy in each year, without allowing any change to be made by any of those deductions or additions, provided for under our present law." This recommendation was endorsed by Governor Carpenter who suggested also that it might be well to collect the taxes semi-annually instead of annually, as then required by law.

The Fifteenth General Assembly (1874) added practically nothing to the revenue laws of the State. Two years later the Auditor of State endorsed the recommendation of his predecessor that each county be held absolutely responsible for the full payment of the annual State tax. "I believe", says the Auditor, "in the practicability of the method proposed, and altogether the plan commends itself to my unqualified approval." To compensate for this advantage, it was further suggested that all the interest collected upon State tax levies, together with the amount received from peddler licenses and certain additional assessments, be surrendered to the counties. This, it was believed, would prove an incentive to more efficient administration.

Two other points are clearly stated in the Auditor's report: first, fully ten per cent of the amount of taxes levied was for various reasons uncollected and so absolutely lost; and, second, property was by no means assessed at the true cash value as provided in the Code of 1873. In this connection the words of the Auditor are significant.
"Notwithstanding the law is thus explicit," he says, "it is notorious that it is not obeyed, and in but few cases is there any pretense of observing the requirements of the statute; not because the law is regarded as unreasonable, nor impracticable of compliance, but rather that years of following in a wrong direction have established a custom, which individual officers are loth to depart from, lest the neighboring locality, in not coming up to the correct standard, shall escape with a less amount of taxation, than that in which the assessor makes the effort to correct the evil. As a consequence, real property is not generally reported at more than one-third its actual value, and even that differs so much in localities, and as often in contiguous townships as otherwise, that it is difficult to conceive the motive, or standard of value, governing the assessor. The theory of the law is, that these inequalities are corrected by the action of the several boards of equalization, whose duty it is, each in its own sphere, to harmonize these values, and cause the burden of taxation to rest equally upon all portions of the State. This could be better done, were the State destitute of cities, and comprised an agricultural region only. As it is, the values of realty in town, and country, are relatively grossly disproportioned, and when taxes are levied, one or the other bears more than its proper share. A glance at the last assessment reveals the fact, that, whereas some cities are rated far below others of the same class, the lands of the county within which the city is located are often placed at so high a figure, when compared with other counties that the board of equalization is powerless to establish proper values for the city without manifest injustice to the country, and vice versa. The State Board is unable to make a just equalization, because no authority is given to change the assessment of a city without a corresponding increase or decrease as to all the real estate in the county. It would be well to amend the law,
and authority be given the State Board to excerpt, when necessary, the cities from the counties, and fix upon either, independently of the other, such a percentage of increase or decrease as justice would seem to demand relatively with other property in the State of the same general class, and substantially as is now done between the different counties.208

These suggestions and recommendations, it will be observed, read like an up-to-date document. Indeed, they might be reproduced to-day and be as true of present conditions as they were of conditions in 1875. We are told that assessments were then grossly unequal; that real property was assessed at about one-third of its value; that the motive or standard of value governing the assessor was an unknown quantity; and finally, that the work of the various boards of equalization in correcting inequalities of assessment was nominal and not real. A palliative was offered in the recommendation that the State Board be given power to make a separate equalization for cities. In a word, we have here a clear statement of the evils then existing with no definite program for their solution.

Governor Carpenter gave his approval to the recommendations that the appropriation year and fiscal year begin and end on the same day, that the counties be held responsible for the collection and payment into the treasury of the State tax, that the board of equalization be given power to equalize between the realty in cities and the lands outside, and finally, that many forms of property be taxed, which, from the failure of the local assessors to reach them, now escape their just share of the public burden.209 But notwithstanding these recommendations and suggestions and notwithstanding the many obvious defects of the tax system the Sixteenth General Assembly (1876) accomplished nothing along the line of revenue reform.

In the State executive documents of 1877 more complete
and urgent recommendations along the line of taxation appear. For the first time we find in the Report of the Auditor of State a specific criticism of the method of local assessment. "So long as we adhere to local assessment only," writes the Auditor, "I can see but little opportunity for improvement. It has occured to me, however, that with some modifications of the system, a more equitable valuation may be realized." 210

The Auditor mentions two ways of securing this more equitable valuation. The first suggestion is especially noteworthy.211 "In some States", suggests the Auditor, "this labor is performed under the general direction of a county assessor. Such plan would not avail here, without authority to appoint a sufficient number of deputies to complete the work within the time necessary, or investing the officer with control of the township and city assessors; in which case we would be reasonably sure to accomplish a more equal valuation of all kinds of property, inasmuch as all would be done under one supervision." 212 Strange as it may seem these words reflect a bit of real fiscal statesmanship.

But how is a more equitable valuation to be secured? And what should be the seat of fiscal authority? Two plans are possible: a county assessor with deputies to complete the work in the required time; or the same official may be given supervision over city and township assessors. Reduced to its lowest terms, this is the old question of the county versus the township from the standpoint of administration. The Auditor, however, confesses a prejudice in favor of the method of assessment by local officers, elected by the people in each city and township, and he suggests as a second avenue of necessary reform that all the assessors of each county be required to meet at the courthouse on the first Monday in January and adopt a general schedule which should govern the work of assessment for that year.

In the same report we are told that the inequalities sug-
gested regarding real estate were even more conspicuously true of the assessment of personal property. "A glance at the returns for the present year will convince the most skeptical, that not only is the property undervalued, but that a large proportion of the personal wealth of the state, entirely escapes taxation." With such gross inequalities but one result was possible—the maximum rate of tax allowed by law. Were all property assessed at its true cash value, as the law really contemplated, the result would be a substantial reduction of the tax rate. Even land, according to the Auditor, was being assessed at less than half of its actual sale value.

The biennial message of Governor Newbold of January 15, 1878, contains some important recommendations along the line of tax reform. He reiterates the opinion that the counties should be made absolutely responsible for the State tax, "being firmly persuaded as I am that every year's experience continuously demonstrates the unbusiness-like character of the present mode of keeping the revenue accounts with the counties." He also recommends the semi-annual payment of taxes, and suggests that the law be so amended "as to require the counties to pay into the state treasury only the tax on realty, leaving the corresponding tax on personalty in the county treasury." The merit of such a system, he held, was the removal of an incentive to the undervaluation of personal property by making the adjustment of the same entirely a county function. This type of county option calls to mind one form of present day tax reform of which more will be said later.

The question of State finances at this time became an important topic of discussion in the State press. The State had a floating warrant debt of about $350,000 which meant either that expenditures must be materially reduced or that some new plan must be devised for raising additional revenue. The Dubuque Times placed the responsibility for
the depleted condition of the treasury upon the General Assembly of 1876 which, it declared, "was one of the most reckless and irresponsible legislative bodies that ever convened in our State." Many other papers, however, did not share this view. The Cedar Rapids Republican and the Council Bluffs Nonpareil expressed the opinion that the rate of assessment and not the rate of taxation should be increased. The Sioux City Journal held similar views. "The secret of the trouble", declared the editor, "lies in the fact that while the expenses of the State have been largely and legitimately increased under the wretched system of assessment pursued, the income of the State has remained very near the same. The State revenue is really but a trifle more now, under the same nominal rate of taxation, than it was eight and ten years ago. This is a fact worth considering in connection with the information contained in our census reports showing the increase in population and wealth of the State in that time. As things are, taxes are not equally laid, and the laws as they exist are by no means executed." Such a condition of fiscal affairs, it was claimed, would prove injurious to the State. With much property given only a nominal value and a large amount entirely escaping the burden of taxation, the remainder would be required to bear an exorbitant rate — a condition detrimental to the industrial progress of the State.

A bill was introduced in the House of Representatives providing for the payment of taxes in semi-annual installments at the option of the taxpayer, and further providing that the counties be made responsible for the full amount of State taxes charged against them upon the books of the Auditor of State. This bill, however, failed to be enacted into law — a failure due, first, to the feeling that a more urgent need was the removal of unnecessary burdens rather than the semi-annual payment of such burdens, and
second, to the opposition developed against making the counties absolutely responsible to the State, when it was a matter of common knowledge that so large an amount of property (especially personal property) was evading taxation altogether.

In his report for 1879 the Auditor of State repeats many of his former recommendations. He continues to complain that the assessment of property throughout the State is made at less than one-half and frequently at not more than one-third of its true cash value. "I have heretofore believed", he writes, "and yet hold to the opinion, that if the law was adhered to, it would be better for the people than the pernicious custom which now prevails". He further recommends that the taxpayer be required to state on a printed blank a complete list of his personal estate subscribed by himself, and that the assessor be given more time in which to complete his work. By thus perfecting the law, he hoped to reach a large amount of personal property that was entirely evading the burdens of taxation.

Governor Gear also recommended remedial legislation relative to personal property and suggested that taxes be made payable semi-annually. An amendment to the law requiring each assessor to make oath to the board of supervisors that the provisions of section 825 of the Code of 1873 had been carried out by him before receiving compensation for his work, the Governor believed, would have a tendency to secure the better enforcement of the law. A fourth suggestion made in this message of January 13, 1880, is worthy of special attention both from the standpoint of assessment and the necessity of statutory limitations on the local taxing power. "If the property of the state", he says, "were to be assessed at its real value — a consummation most desirable for her reputation both at home and abroad — the result would be nearly, if not quite, to double the taxes, not only of the state, but of the counties, cities,
failure of the general property tax

and lesser taxing districts, by reason of the fact that the
law permits the county and city authorities to levy a certain
percentage of taxes, which is usually done in most cases
to the maximum limit. If the percentage of taxes now
authorized by law were decreased by about one half, the
result, in my opinion, would be that the next assessment
of property would be at, or nearly on a basis of, its cash
value, while the aggregate of taxes would not be increased
thereby."

Early in the session of the Eighteenth General Assembly
(1880) the fight for semi-annual payment of taxes began in
earnest. A bill was introduced by Mr. Pliny Nichols of
Muscatine, providing that taxes be made payable semi­
annually on or before the first day of March and on or
before the first day of September following. The leading
arguments in favor of the bill were well stated by Mr.
Nichols in a communication to the Iowa State Register:
Chief among these arguments should be mentioned the
claim that fully six million dollars was raised long before
it was needed—which merely represented so much dead
capital that might prove beneficial to the banks, but was a
positive loss to the taxpayer.

Mr. Nichols made an able and earnest defense of the
measure. A similar law had been enacted in Ohio and In­
diana, and in the former State had been in force for twenty­
one years. New Jersey permitted the payment of taxes in
four installments. Upon investigation the system was
found to have met with success where it had been tried.
A letter received from the Ohio Auditor of State claimed
that semi-annual payments were "so much superior to the
old annual system that under no circumstances could we be
induced to repeal the present law." Continuing the arg­
ument, the author of the bill stated that objections to semi­
annual payment of taxes could come from only three
sources: first from a few officials who regarded their own
HISTORY OF TAXATION IN IOWA

ease more than the interest of the people; secondly from a few banks that would serve themselves at the expense of the taxpayer; and lastly, from a few citizens who considered the power of a few officials and capitalists more than they did the general welfare of the public.227

The bill passed the House February 20, 1880, the vote being eighty-four yeas and fourteen nays.228 It was at once transmitted to the Senate and on the following day was referred to the Committee on Ways and Means.229 A substitute bill was prepared which was reported back on March 1st with the recommendation that it be indefinitely postponed.230 Mr. Nichols, however, was not to be defeated without a struggle. "I have learned this morning, to my surprise," he said, "that the Ways and Means Committee, which is composed of a majority of lawyers and bankers, have 'set down' on the bill, and that . . . there will be little show for any measure that looks to the relief of the tax payers of the State".231 The measure was debated in the Senate and recommitted to the Committee on Ways and Means on March 8th, only to be reported back for indefinite postponement.232

Thus was defeated the earnest effort for semi-annual payment of taxes. The same zeal which characterized this contest was also manifest along other lines of fiscal reform. The majority realized the need of better tax laws, but no one came forward with a definite workable policy. Some members believed that the system of keeping county accounts should be remedied by having all tax receipts countersigned by the county auditor.233 Others held that a satisfactory remedy could be secured by giving larger powers to the State Board of Equalization. A writer in the Iowa State Register says that "there seems to be a general desire on the part of our legislators at Des Moines to greatly improve our assessment laws, but as yet no definite plan or measure has been proposed that promises to remove the
evils of our present system of doing that branch of the public business. The trouble, as it seems to us, arises not so much from the want of compliance with the statutes already on our books. Make the laws more stringent and mandatory, if you can, and then confer large discretionary and remedial powers upon the State Board of Equalization. That might serve to bring our assessors and supervisors up to a sense of the obligations imposed upon them when they take their official oaths.”

Numerous bills were introduced in order to remedy the defects of the revenue system, but in the absence of a definite coherent policy they failed to pass. After a prolonged debate, a law as finally enacted appropriating $300,000 and making a special levy not to exceed one-half mill on the dollar for the payment of the War and Defense Bonds authorized by the Eighth General Assembly and due July 1, 1881. Aside from this measure no fiscal legislation of importance was enacted in 1880 — and this in spite of the fact that the House had passed the following resolution instructing the Ways and Means Committee to secure a way of catching the untaxed millions:

WHEREAS: There is and has been for several years in this State great complaint about the failure of assessors to assess all the property there is in the State, and

WHEREAS: It was early urged upon this General Assembly, by the public print and all classes of property holders, that one of the highest duties should be to improve our Revenue Laws, so that there will be a more efficient assessment of property and especially personal property, and

WHEREAS, It is claimed by able statisticians, that there is as much personal property in this State in value, as there is in realty, and yet the report of the Auditor of State shows that the personal property assessment of 1879 was but $79,618,995, a trifle over one-fourth the assessed value of real estate, and

WHEREAS, It is believed that the question of getting all species
of property equally and fairly assessed is one of the most important duties of the General Assembly, and

WHEREAS, There is now before the Ways and Means Committee of the House, several important bills intending to remedy the defects above set out: therefore be it

Resolved, By this House, that the Committee of Ways and Means are hereby instructed to perfect, at as early a date as possible, and report to this House a bill which will meet, as far as possible, the wants of our Revenue laws, as stated in the preamble hereto, and as more fully shown on pages 6, 7 and 8 of the last biennial report of the Auditor of State.

Two years later the Report of the Auditor of State was even more pronounced in favor of revenue reform. How to prevent double taxation, secure a more uniform assessment of property at its full cash value, and place a larger amount of personal property, especially credits, on the tax roll were among the problems which received special attention in the report. Personal property had only increased from $75,201,885 in 1871 to $89,327,400 in 1880. It was estimated “that the burthen of taxation is laid upon the realty as three is to one, or nearly so.” To the argument that the local authorities would levy the full percentage of the true cash value of property, the Auditor replied by recommending that the General Assembly amend the law authorizing the levy of taxes by reducing the maximum levy from six and four mills to three and two. In this way he hoped to force local officials to obey the assessment laws.

Governor Gear again recommended the advisability of making taxes payable semi-annually, a policy which he said would keep several million dollars in the hands of the people which, under the existing system, was locked up in the treasury or deposited in banks. The question of fiscal reform again received the serious attention of the General Assembly. But the experience of 1880 was repeated. The advocates of reform did not seem to have their plans care-
fully made. There were many ideas of what should be done, but no definite program was proposed.

At least three bills were introduced into the Senate in relation to the duties of boards of equalization. They were referred to the Committee on Ways and Means of which Senator William Larrabee was chairman, and a substitute offered with the recommendation that the substitute do not pass. Another bill in reference to the time of paying taxes was disposed of in the same manner. The Committee on Ways and Means also made an adverse report on the bill providing for semi-annual payment of taxes. Senator Larrabee considered that this bill "was a good deal like some of the measures of the Greenback party, and thought its passage was not demanded by the best interests of the taxpayers of Iowa."

But Senator Nichols was determined to make an effort to secure the enactment of his favorite measure. Two years earlier he had secured its passage in the House. He was now a member of the Senate Committee on Ways and Means, and in that capacity drafted an able minority report. In this minority report it was claimed that semi-annual payment of taxes would materially reduce the delinquent tax list and annual tax sales; that many defalcations would be prevented; that five million dollars would be left in the hands of the taxpayers of the State for an additional six months to be used in legitimate enterprise; that government expenses had, as a rule, to be met gradually and therefore lump sum payment would always leave a large amount hoarded in the treasury; and finally, that the system was in vogue in other States and always tended to lighten the burdens of taxation. The minority report was in fact a brief but clear and convincing exposition of the arguments favoring semi-annual payment of taxes.

It will be noted that the arguments are essentially the same as those presented in 1880. Senator Nichols made a
vigorous contest through the press and had many strong supporters in the Senate, but he was unable to secure the passage of the bill. After a prolonged debate it was finally referred to a special committee and defeated.\textsuperscript{245}

It is apparent, however, that the sentiment in favor of tax reform had become much stronger than it was in 1880. There was a growing conviction among thoughtful men that the revenue laws presented a lack of system in the assessment, equalization, local levy, and finally in the manner of expending the various funds. There was also a duplication in the holding of local offices which amounted to chaos and resulted in a complete absence of official responsibility and therefore a squandering of the public funds.\textsuperscript{246} It was not uncommon to find a person holding the office of assessor and trustee at one and the same time, thereby making the assessment and also helping to equalize it. In other cases the same person would hold the offices of town clerk and road supervisor, thus drawing the funds out of the county treasury and paying them to himself. Under such conditions one is not surprised at the question frequently asked: Is it any wonder that people's taxes are squandered?

The only fiscal legislation enacted by the Nineteenth General Assembly (1882) which should be noted in this chapter was: first, the law providing for biennial election of local assessors and granting additional assessors to cities of over ten thousand inhabitants;\textsuperscript{247} second, the acts transferring the war and defense bond tax to the State revenue;\textsuperscript{248} and third, the act levying an additional one-half mill "for the purpose of reimbursing the general revenue fund of the State on account of money paid out of said fund for war debts, and for the completion of the new capitol and the better support of the state institutions."\textsuperscript{249} In other words no reform of a general nature was enacted into law. The revenue system of the State remained substantially the same with all of its imperfections.
In the Twentieth General Assembly (1884) the struggle for tax reform was renewed. The Auditor of State again recommended that the counties be made responsible for the amount of taxes levied for State purposes (said amount to be paid in four equal quarterly installments), the counties, in turn, to receive the benefit of all additional assessments and all penalties on delinquent taxes. This view was heartily endorsed by Governor Sherman. “It is the only equitable method whereby counties will be placed upon a real level with each other”, he said, “and at the same time make certain the revenues to the State, which it will readily be seen is of vital importance to intelligent legislation.”

The chief executive also urgently endorsed the advisability of allowing taxpayers, at their option, to pay their taxes in semi-annual installments.

Senator Nichols for the third time introduced his bill to make taxes payable semi-annually. It received a favorable report from the Committee on Ways and Means and passed the Senate with but little opposition. In the House, Mr. Lewis Fordyce moved to strike out the enacting clause, which resulted in a spirited debate. The bill was finally passed by a large majority.

During the course of the House debate on the semi-annual tax bill, an amendment was introduced by Mr. Welcome Mowry reducing the penalty on delinquent taxes. There was a strong sentiment in the State at this time against so heavy a penalty on delinquent taxes and also against publishing the delinquent tax list. In other words, the people were in favor of passing laws but did not care to enforce them. The Mowry amendment placed a premium on lax administration for the obvious reason that a sure method of avoiding penalties was to obey the law. The spirit of the amendment may be paraphrased in these words: We will pass all the laws you desire, providing you will agree not to administer them.
Public sentiment was so strong, however, that the Mowry amendment prevailed. The semi-annual tax bill as it finally passed and became law provides a penalty on delinquent taxes "at the rate of one per cent per month thereafter until paid." Section 866 of the Code of 1873 had provided penalties "at the rate of one per cent. a month on the amount of the tax for the first three months, two per cent. for the second three months, and three per cent. a month thereafter." The amendment under consideration meant, therefore a reduction of penalty from a maximum rate of thirty-six to a maximum of only twelve per cent annually. This bit of our financial history is worthy of careful study from the standpoint of how not to secure efficient tax administration.

The law providing for the semi-annual payment of taxes may best be understood by a careful reading of its principal section. "No demand of taxes", reads the law, "shall be necessary, but it shall be the duty of every person subject to taxation to attend at the office of the treasurer, unless otherwise provided, at some time between the first Monday in January and the first day of March following, and pay his taxes in full; or, he may pay the one-half thereof before the first day of March succeeding the levy and the remaining half thereof before the first day of September following; provided, that in all cases where the half of any taxes has not been paid before the first day of April succeeding the levy thereof, the whole amount of taxes charged against such entry shall become delinquent from the first day of March following such levy; and in case the second installment of any taxes be not paid before the first day of October succeeding its maturity, penalty shall be computed on such installment from the first day of September designating the maturity of such installment; provided also, that in all cases where taxes are paid by installment as herein provided, each of such payments, except road taxes, shall be apportioned
among the several funds for which taxes have been assessed, in their proper proportions. And if any one neglect to pay his taxes at or before maturity, as herein provided, the treasurer may make the same by distress and sale of his personal property not exempt from taxation, and the tax list alone shall be sufficient warrant therefor."

This review of the work of the Twentieth General Assembly may be concluded by a brief reference to the mortgage tax bills, which will be studied in a later chapter, and to the tax bill introduced by former Governor Carpenter. This important bill embodied a number of recommendations which are already familiar to the reader. Governor Carpenter had presented some of them in his messages to the General Assembly. The maximum rate of penalty on delinquent taxes was to be two per cent a month. Counties were to be held directly responsible for the State tax — the same to be paid in four quarterly installments. The valuation of counties was not to be altered by the State Board of Equalization. Finally, all penalties for delinquent taxes, additional assessments, and peddlers' licenses were to be given to the counties. The bill, however, met with much opposition and was easily defeated by a large majority. The State of Iowa was not ready for a measure of this kind. Tax reform was proceeding on an evolutionary basis.

The title of this chapter, Administrative Failure of the General Property Tax, should not be taken to mean that this tax has been an absolute failure. Through the levy of high and discriminating rates the necessary revenue for State and local government has been secured. On the other hand, it should be recognized that a perfect system of taxation is impossible. But when the history of taxation in Iowa is carefully and judiciously weighed, it may be safely alleged that the general property tax from the standpoint of administration has been a failure because the revenue laws have not been able to guarantee even relative justice between in-

Mowry finally declared that the tax on delinquent taxes would be two per cent a month, and that counties were to be held directly responsible for the State tax. The maximum rate of penalty on delinquent taxes was to be two per cent a month. Counties were to be held directly responsible for the State tax — the same to be paid in four quarterly installments. The valuation of counties was not to be altered by the State Board of Equalization. Finally, all penalties for delinquent taxes, additional assessments, and peddlers' licenses were to be given to the counties. The bill, however, met with much opposition and was easily defeated by a large majority. The State of Iowa was not ready for a measure of this kind. Tax reform was proceeding on an evolutionary basis.

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individuals or local units of government under the changed industrial conditions of the last generation. Fiscal authorities are practically unanimous in their verdict that the general property tax, as that term is usually defined and understood, has become an anachronism.

The people of Iowa have slowly realized this condition and have endeavored by legislation to prevent it. Since the first revenue act was passed in 1839—a period of seventy years—an effort has been made to create an efficient system of taxation by the enactment of law. The whole body of this fiscal legislation may be conveniently classified under two heads: first, laws establishing general machinery for the levy, assessment, equalization, and collection of taxes; second, laws relating to specific problems in taxation. In this connection it is not possible to give absolute dates. It has already been noted that the main outlines of our general revenue system are to be found in the Code of 1851. When the Code of 1873 and more especially the semi-annual tax law of 1884 are reached we are brought face to face with what is practically the fiscal system, State, county, and local, of to-day.

On the other hand, laws relating to specific problems in taxation are also to be found incorporated in the Code of 1851. During the generation following the enactment of the Code of 1851, while many laws were being enacted to perfect the general machinery of taxation, other laws were passed creating special methods for the taxation of railroads, insurance, telegraph, express companies, etc. By 1884 the pendulum of statutory tax reform, so-called, had shifted from general to special legislation. Nearly half a century of the former had failed to evolve a satisfactory scheme of general property taxation. The remaining chapters of the narrative dealing with some special problems in taxation will present a different type of statutory reform.

The general narrative from 1884 to the present time
FAILURE OF THE GENERAL PROPERTY TAX

(1910) is therefore necessarily brief.\(^\text{267}\) In the *Report of the Auditor of State* for 1885 the recommendation that the counties be made responsible to the State for the full amount of State tax levied on the equalized total value of the property in each county was again offered. Concerning the enforcement of tax laws, this pertinent suggestion is noted: "What is wanted is not so much penalty for non-performance of the required duties, as direct provisions for enforcing performance thereof."\(^\text{268}\) Tables are presented to show the low and discriminating assessment of real estate and especially of personal property."\(^\text{269}\) It is further maintained that such a system of discrimination and low valu­ations "cannot be justified on any grounds consistent with the welfare and credit of the state and its various sub­divisions."\(^\text{270}\)

Governor Sherman in his second biennial message speaks of the gratifying success of semi-annual payment of taxes and makes a strong plea for uniform assessments; but he did not believe with the Auditor that the State Board of Equalization can have that direct and intimate knowledge of all the counties of the State necessary to the proper equalization of live stock values. The Governor thought that "if the expenses of the State government could be so adjusted that each county might assess itself without regard to valuations in those adjoining, a happy result would be attained."\(^\text{271}\) In order to attain this "happy result" two somewhat radical plans are suggested: first, a division of the State expenses among the counties on the basis of population; or second, "levying a tax directly upon the railroad property as assessed by the Executive Council, which rate should not exceed the average tax levies throughout the State for the preceding year, and requiring the same to be paid into the State Treasury."\(^\text{272}\)

The latter alternative is especially important as being the most direct reference made by an Iowa Governor to the
question of local option in fiscal affairs and the separation
of revenue sources.273 Judged from the standpoint of
revenue reform the second message of Governor Sherman is
an able, constructive document.274 Manifestly the suggestion
that State expenses be apportioned among the counties on a
basis of population should not be taken seriously, but the
alternative plan of taxing railroads for the benefit of the
State treasury at the general average rate levied on prop­
erty throughout the State has much to commend it. In fact
this system was applied to telephone, and telegraph com­
panies until rendered impossible by an adverse decision of
the Supreme Court.275

During the session of 1886 there was much discussion
concerning homestead exemption and the taxation of mon­
ey credits which resulted, however, in no legislation
of importance. Two years later the executive documents
are once more filled with complaints regarding low dis­
criminating assessments.

Writing in 1887 the Auditor of State comments: "Under
the present system of assessing property, the State of Iowa
suffers in comparison with other States, both as to valuation
of property and rate of taxation; and at the same time the tax
payer is not benefitted, as an increase in assessment would
result in a corresponding decrease in rate of taxation."276

Governor Larrabee, in his message of January 11, 1888,
after a few clear statements concerning undervaluation and
the full responsibility of counties for State taxes, called
attention to the bill pending before Congress for refunding
the direct tax levied during the Civil War.277 Under the
act of Congress approved August 5, 1861, Iowa had paid
over to the United States $384,274.80—which amount would
be refunded. The Governor recommended that the General
Assembly memorialize Congress for the speedy passage of
the bill, which he said should become a law.278 During the
session of 1888 the Gatch homestead exemption bill and the
FAILURE OF THE GENERAL PROPERTY TAX

In his second biennial message, Governor Larrabee pointed out that “personal property continues to escape bearing its share of the public burdens. While the assessed value of real estate has during the last twenty years been advanced about 70 per cent, that of personalty has increased only 44 per cent during the same period. It is true that personal property, when assessed at all, is ordinarily rated higher in proportion to its commercial value than real estate; yet on the other hand so much of it escapes the assessor that the total assessed value scarcely equals one-fifth of the true value of the personal property held in the State. An effort should be made to remedy this inequality.”

The meaning of this statement will be made clear by a careful examination of tables presented in the following chapter.

When the Twenty-third General Assembly met in 1890 the hard times which were to terminate in the crisis of 1893 had already arrived. The questions of homestead exemption and mortgage taxation demanded urgent consideration. There was also much talk of reducing the levy for regular appropriations to two mills — indeed, a resolution to do this was rushed through the House, but failed to pass the Senate. In fact a bill quite different in character was enacted into law. In addition to the regular levy made by the Executive Council, a special one-half mill tax levy was ordered for the purpose of properly meeting the necessary requirements of the several State institutions.

Two years later (1892) the popular demand for revenue reform could no longer be ignored. The hard times had much to do with causing the people to become dissatisfied with their system of taxation. Governor Boies, a Democrat, spoke in the most positive terms on the subject of revenue in his inaugural of January 20, 1892. The tax laws, he said, were universally ignored with reference to both real
and personal property. If property was to be assessed at a fraction of its value, some uniform rule ought to be established on the subject. It was a matter of regret that a custom "as variable as the whims of men and sometimes as destitute of the spirit of fairness" had taken the place of law. The Governor believed, however, that the subject was too large and complex to be judiciously considered during one brief session of the General Assembly, and so he recommended the appointment of a commission "clothed with power to perfect a bill and report it to some future session of that body for final action thereon".

This State paper will be remembered especially because of the recommendation for a tax commission. It is the first time an Iowa Governor had made such a definite recommendation. Much credit is due Governor Boies for being able so clearly to understand and boldly announce the fact that the subject of tax reform is too large to be wisely adjusted in one session of the General Assembly. At this time the whole subject of taxation, especially from the standpoint of assessment, was thoroughly discussed, not only in executive documents but also in the newspapers and other publications. The low and grossly unequal valuation of property by local assessors was the leading point of attack. Every one could diagnose the case but no one seemed to be able to furnish an efficient remedy. To illustrate the humorous, if not almost pathetic, absence of a constructive program, the Auditor of State was able to see but one practical remedy: "the lowering of the maximum rate of taxation to such a degree as will force the raising of values to their proper position in order to be able to realize the necessary amount of revenue for county purposes."

The period under consideration was one of criticism and negation, not one of construction. A well settled conviction prevailed throughout the State that there was something radically wrong in the assessment of property. Many think-
men were of the opinion that assessors and boards of equalization were not doing their duties as prescribed by law. In fact these officials were frequently accused of no less crime than that of perjury. The laws, it was claimed, were specific and at the same time both just and reasonable, but their administration by assessors and boards of equalization had become a meaningless sham.

Complying with the recommendation of Governor Boies, and in response to the urgent demands of the people for relief from what they considered an unjust system of taxation, an act was passed to provide a commission to investigate the revenue laws and report necessary changes. Briefly stated, the act provided for a temporary commission of four members named by the Executive Council. The members of this commission were to receive as compensation five dollars a day for not more than thirty days, together with necessary traveling expenses; and not more than two members of the commission were to be of the same political party. It was made the duty of the commission "to studiously and carefully examine the revenue and taxation laws of the state and report necessary and desirable changes to the Twenty-fifth General Assembly." How this commission and the things it was expected to accomplish were judged by the majority of thinking men is perhaps most clearly stated in a contemporary editorial. "Senator Harsh", wrote the editor, "has introduced a good bill. It is for the revision of the assessment laws of the state. The bill creates a board of four, two members from each party, who shall take up the problem and prepare a report before the meeting of the Twenty-fourth [fifth] General Assembly. They are to give the matter thorough study and to prepare a system that shall overcome the many inequalities that now exist. The need for a revision of this kind has long been apparent. The undertaking is so great that it can only be done by a non-partisan commission, a
commission of business men rather than politicians. At the present time there is a great deal of property that is not assessed at all and the rest is assessed all the way from about 3 per cent of its real value to 40 or 50 per cent. The way to meet the situation is to provide for uniform assessment. Iowa suffers in comparison with other states because the valuation is low, and the rate of taxation accordingly high. The state's business will make a better showing if the assessment is raised all around and the rate of taxation reduced accordingly. All these details will suggest themselves to a commission of business men proposed in the Harsh bill, which ought to be passed.”

The tax commissioners named by the Executive Council were: Alfred N. Poyneer, Charles E. Whiting, Charles A. Clark, and August Post. Later Edgar C. Lane of Guthrie Center was appointed to fill the vacancy occasioned by the resignation of Mr. Poyneer. The commission at once began their thirty days task of investigation and the preparation of a bill to remodel the system of taxation. Under the circumstances one is not surprised to learn that “in entering upon the work assigned the commission, its members soon realized that the time contemplated in the legislative act, to be given to the work, was quite inadequate for its accomplishment in a satisfactory manner.”

From the standpoint of the general narrative, the report and accompanying bill submitted by the commission may be briefly presented. According to the proposed bill local assessors were still to be elected biennially in townships, cities, and towns. But in addition to the elected assessors, it was provided that the board of supervisors of each county should appoint two associate assessors for each assessment district in the county. These associate assessors were to assist in the valuation of real estate and aid in equalizing values. The bill further provided that real property be listed and valued in the year 1895 and
At the fifth year thereafter — which meant an important change from the system of biennial valuation.

The report, however, is most vital and instructive from the standpoint of the proper method of valuation. The commission was unanimously of the opinion that nothing short of the actual cash value of property should be made a basis of taxation. According to the terms of the bill, cash value meant ordinary sale value upon the usual terms of credit, not what property would bring at a forced sale.

Some changes in equalization were suggested. The county board of equalization, however, was to remain practically the same, but the local boards of equalization were to be composed of the assessors and associate assessors rather than of the trustees or City Council. For example, a township board of equalization would consist of an elected assessor and two appointed associate assessors. The chairman of each local board of assessors was required to be present at the meeting of the county board of equalization. The commission believed that this plan would establish a more unified administration and give better results. The State Board of Equalization was still to consist of the Executive Council — except that in every fifth year for the purpose of real estate valuation it was provided that the Executive Council “shall, on or before February first, appoint one qualified elector from each congressional district in the state, who shall sit with and act as a member of said board on all matters of equalization for that year.”

The Auditor of State in his report of 1893, and Governor Boies in his second biennial message, spoke favorably of the report of the revenue commission. They refer especially to the recommendation concerning the assessment of property at its fair cash value. The Auditor thought that “the recommendations of the tax commission relating to the assessment of real estate and personal property at its true cash value, and the reduction of the maximum rate of taxa-
tion for State and county revenue are valuable, timely, just and wise, and"', said he, "I believe the only practicable and feasible plan to correct and remedy as far as possible the evils of unequal assessment of property and unequal and unjust burdens of taxation." 294

The bill as framed by the commission was presented to the General Assembly. In the Senate bills were introduced by Senator Harsh and Senator Bishop which were quite similar to the one prepared by the commission. The result was the final introduction of a substitute bill by the Committee on Ways and Means of which Senator Harsh was Chairman. The important changes made in the committee bill may best be explained in the words of Senator Harsh. "The most important changes", he says, "consist in the committee's failing to approve the commission's recommendations that two additional assessors be appointed in each assessment district to assist the elected assessor; that an elector from each Congressional District be appointed to assist the executive council in equalizing and assessing as by law required, also that assessment of real estate be made only once every five years." 295 On the other hand, the committee adopted the recommendation of the commission for assessing property at its fair cash value.

The measure as finally presented should be considered as representing the combined work of the non-partisan tax commission, the county auditors and treasurers of the State, many citizens who prepared and presented papers, and finally, the Committee on Ways and Means of the Senate.296 The chief concern of all seemed to be the desire to find some practicable method of preventing the gross undervaluation of property, 297 and consequent inequalities of assessment. The fact was generally recognized that one man was paying taxes on twenty-five per cent of the value of his property, a second on fifty per cent, and a third on a full market valuation. Many intelligent men were honest
in their efforts to find some definite solution to this problem, and they rightly believed that no solution was possible which did not contemplate assessment at full cash value.

The General Assembly, however, was not ready for what appeared to be so large a measure of law enforcement in fiscal matters. The committee bill was not even made a special order in the Senate, but was indefinitely postponed.298

In assigning reasons for the complete defeat of the bill it was stated in an editorial that “the farm lands of Iowa were assessed in 1893 at an average of $8.44 per acre, making a total assessment in round numbers of about two hundred and ninety-three and a quarter millions of dollars. The total assessment of town lots was in round numbers one hundred and four million dollars, and the total personal property assessments, in round numbers, one hundred and thirteen millions. The total assessed value of all the property of the state was in round numbers, five hundred and sixty-six millions of dollars. It is instructive to note the gradual increase and growth of property assessments in Iowa as shown by the last biennial report of the auditor of state. In 1870, the total assessed value of all property was, in round numbers, two hundred and ninety-four millions; in 1880, four hundred and ten millions; in 1890, five hundred and twenty-four millions. Auditor McCarthy in his report for 1893, page 7, says:

‘It is my opinion that the average assessment of real estate and personal property in this state for many years does not exceed 25 per cent of its actual cash value’.

‘It is now proposed’, continues the editor, “by the new revenue bill to raise the assessment to its actual cash value which will make the snug round sum of two thousand two hundred and sixty-six millions. The farms are now assessed at two hundred and ninety-three millions and the live stock which belongs mainly to farmers, at fifty-two millions; this
makes a total assessment upon the farms and their stock of three hundred and forty-five millions, leaving the assessment of only about two hundred and twenty million against all other classes. If the assessment shall be raised as proposed by the new revenue bill, the total assessment of the farmers' property in the state will be one thousand three hundred and eighty millions, and the property of all others eight hundred and eighty millions. With the present assessed value there is no trouble for the state to raise all taxes necessary to carry on the state and county governments by moderate rate of taxation. It is the towns and cities which want to raise more money. The total assessment of town lots is in round numbers one hundred and four million. The rate of taxation in many of the cities is as high as 5 per cent of the assessed value including special levies authorized by law. The tax eaters of cities, of course, want to increase the assessment. We think it against the best interests of the state and of the cities to change the present tax laws."

Other editorials appeared in which the subject was further discussed and the proposed bill assailed with vigorous words rather than with clear arguments. Some startling accusations and admissions were made. More than two-thirds of the county and State taxes, it was claimed, were being paid by the farmers and the railroads. Assess property at its full cash value and the farmers alone will pay more than two-thirds for the reason that city valuations will not be proportionally increased. It was admitted that farms in many cases were being assessed at only one-fifth of their value, and that for years property had been assessed at from one-fourth to one-third of its value. "This", one writer said, "is in accordance with the universal custom of all the states for the last one hundred years, except three or four that are now trying the full value plan." Moreover, an effort was made to justify this "universal custom", or
 FAILURE OF THE GENERAL PROPERTY TAX 101

rather universal disregard of law, by holding that such a policy was necessary in order to prevent the people from being over-taxed, especially in the cities where the rate was frequently as high as five or six per cent. Finally it was said that "if this bill passes it will not be three years—certainly not five—before thirty-six millions of dollars of taxes will be gathered from our people every year, and extravagance and corruption will then demand some further removal of the limit of taxation for the further plundering the tax payers."300

Two years later the same appeal was made for relief from an unjust system of taxation. "I am inclined to the opinion", writes the Auditor, "that future generations will continue to ask why the great state of Iowa has such a small valuation, and such an enforced high rate of taxation, and the stranger within our borders will continue to compare us unfavorably with other states that are not the peers of our own state."301

In January, 1896, Governor Jackson presented a strong message from the standpoint of revenue reform. He pointed out that the per capita expense of certain State governments was as follows: New York, $2.06; Pennsylvania, $1.06; Ohio, $1.04; Michigan, $1.08; Minnesota, $1.87; and Iowa $.89. This, in his opinion, was a bad showing for Iowa. The Governor also makes a clear statement of the fact that the assessment laws were universally disregarded, and that in fact millions of dollars worth of property was evading taxation. In conclusion he says that in his judgment "no other issue is of such vital importance to the progress and welfare of Iowa as that of raising the necessary revenue for the proper maintainance of our state by a fair and equitable system of taxation."302

Despite a strong popular demand for fiscal reform no general legislation of importance was enacted at the regular session of the Twenty-sixth General Assembly in 1896. At
the extra session, however, which enacted the *Code of 1897*, one or two changes of a general nature were introduced. The sections relating to the powers and duties of assessors were made somewhat more specific, the purpose being to secure a more equitable tax levy and a more complete listing, especially of personal property, for taxation. Perhaps the most important change of a general nature made by the *Code of 1897* was that of placing the assessed value at twenty-five per cent of the actual value. "All property subject to taxation", reads the section in point, "shall be valued at its actual value, which shall be entered opposite each item, and shall be assessed at twenty-five per cent. of such actual value. Such assessed value shall be entered in a separate column opposite each item, and is to be taken and considered as the taxable value of such property, and the value at which it shall be listed and upon which the levy shall be made. Actual value of property as used in this chapter shall mean its value in the market in the ordinary course of trade." 

In other words, two solutions of the fiscal problem had been presented to the General Assembly: taxation at full cash value, which had always been both the spirit and letter of the law; or, taxation at a fractional part of said value. The latter alternative was chosen. Up to this time the administrative failure of the general property tax had merely been admitted. It was now made a part of the *Code of 1897*.

Aside from these changes, and one or two others of minor significance, the general machinery for the levy, assessment, equalization, and collection of taxes was the same in 1897 as in 1873. Under both codes the tax levy was made by the Executive Council and county boards of supervisors, within certain limitations specified by the General Assembly; and the assessment was made by local assessors. In 1897 as in 1873 there was a local, county, and State board of
equalization, constituted in the same way and with the same general powers. After a quarter of a century of recommendation, suggestion, agitation, and amendment the defects of the tax system were more apparent in 1897 than in 1873. An examination of the statistical tables presented in the following chapter clearly reveals this fact. Indeed, in 1897 the State was even further removed from a real solution of the problem.

Since 1897 almost nothing has been accomplished which may logically be included in this general narrative. Primary election, two cent fares, the regulation of the liquor traffic, and a number of other problems have occupied the stage of political action. Governor Cummins during his long and strenuous administration was busy with these problems and made no serious effort to bring about a general revision of the revenue laws. His predecessor, Governor Shaw, being inclined to conservatism and a "business administration", believed in letting well enough alone.

But during all this time a minority was demanding reform. Nor has the decade passed without a final effort to secure a more efficient administration of the tax laws. The year 1900 witnessed the establishment of the tax ferret system—largely for the purpose of securing a more complete listing of moneys and credits—the history of which will appear in a later chapter. Two efforts have also been made to create a tax commission. In 1907 Senator Jackson of Sioux City introduced a joint resolution providing for the appointment of a commission of nine persons to inquire into the subject of assessment and taxation for State and local purposes and report the results of their investigation and bills relating thereto to the next General Assembly. The resolution, however, did not prevail.

In 1909 a second effort was made to create a revenue commission. In the Senate a bill was introduced by Senator Arthur C. Savage providing for a commission of five per-
sons to be appointed by the Governor. This bill found its way to the Committee on Appropriations where it slumbered for some time, pending the consideration of the mortgage tax bills. In the House of Representatives Mr. William L. Harding introduced a bill for the same purpose. "There is hereby created a legislative tax commission consisting of five members, two of whom shall be members of the House of Representatives and appointed by the Speaker, one of whom shall be a member of the Senate and appointed by the President of the Senate, and two of whom shall be appointed by the Governor of the State," reads the opening section of Mr. Harding's bill. This bill also slumbered during a large part of the session, pending action on the mortgage tax bills. After a number of unfortunate experiences it was finally brought out on a minority report and passed the House. Upon reaching the Senate it was referred to the Committee on Appropriations, and in the scramble at the close of the session failed to be reported.

A bill relating to the collection of delinquent personal property taxes was, however, passed by the Thirty-third General Assembly. Boards of supervisors were given power in their discretion to authorize the appointment by the treasurer of one or more collectors to assist in the collection of delinquent personal property taxes, the compensation for said work not to exceed ten per cent of the amount collected.

By way of review, it should be noted that the narrative thus far has dealt merely with the general property tax and the machinery of assessment relative thereto. This method of treatment would seem to be logical and scientific for the reason that general property taxation not only forms the most important part of our revenue system but is indeed the very foundation of that system. Aside from the statis-
tical study made in the following chapter, the remainder of the volume is taken up with a number of special problems in taxation all of which, however, are directly or indirectly connected with the general property tax. For example, the taxation of moneys and credits, forms of personal property, is a subject large and important enough for separate study.

The general narrative since 1873 briefly stated may be said to embrace the following points: first, the earnest effort to secure more efficient collection of taxes resulting in the payment of the same semi-annually, the tax ferret law, and the law relative to the collection of delinquent personal property taxes; second, the growing recognition of inefficient assessment in Iowa, especially the fact that this sham is embodied in a statutory subterfuge, the twenty-five per cent provision of the Code of 1897; and third, the tax commission of 1893, the report of which was repudiated by the General Assembly, and the efforts to provide a temporary commission in 1907 and 1909. It would seem that nearly three generations of fiscal history ought to make the necessity first, of a temporary, and later a permanent tax commission clear to the people of Iowa. Only under the constant and intelligent leadership of such a commission is it possible even to approach a solution of the many difficult problems incident to the administrative failure of the general property tax. The great industrial centralization of the present day with its endless multiplicity of intangible values must necessarily be accompanied by some measure of centralization in our system of State and local administration.
V

STATISTICAL STUDY OF THE GENERAL PROPERTY TAX

In the preceding chapters a narrative, historical and critical, of the general property tax of Iowa has been presented. The efforts to establish a revenue system by legislation have been reviewed; and from the account given the reader may judge to what extent these efforts have succeeded, or, what is more to the point, to what extent they have failed. The constantly amended laws, revealing the planless and shifting policies by which it was hoped that fiscal machinery might be adapted to the rapidly changing conditions of our social and industrial life, have been examined chronologically. The study of these phenomena, however, would be both incomplete and indefinite were the narrative not supplemented by a statistical abstract showing the amount of taxes collected, and, what is far more important, the efficiency of the assessment system. It will, therefore, be the purpose of this chapter to present a brief statistical study of the actual assessment and collection of taxes in Iowa. Without this data it is quite impossible for the reader to judge fairly as to the efficiency or inefficiency of the revenue system.

Table I is a condensed statement showing receipts and disbursements of general revenue at the State Treasury of Iowa since 1846. A glance at this table reveals the fiscal growth of our State government from the beginning of its history. The biennial period 1846-48 shows a State levy of $76,150.84, a total available revenue of $76,152.23, and total expenditures of $74,757.83, leaving a balance in the treasury
**TABLE 1316**

**SHOWING RECEIPTS AND DISBURSEMENTS OF GENERAL REVENUE AT THE STATE TREASURY OF IOWA SINCE 1846**

<table>
<thead>
<tr>
<th><em>Biennial Periods</em></th>
<th>Treasury Balances beginning of period</th>
<th>State Levy</th>
<th>Special Levies of Charitable Institutions</th>
<th>Total Taxes from Counties</th>
<th>Insurance Taxes</th>
<th>Telegraph Taxes</th>
<th>Telephone Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1846-48</td>
<td>$1,394.40</td>
<td>76,150.84</td>
<td>Not Separated</td>
<td>76,150.84</td>
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<tr>
<td>1848-50</td>
<td>1,394.40</td>
<td>72,563.83</td>
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<td>72,563.83</td>
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<tr>
<td>1850-52</td>
<td>1.39</td>
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<td>139,681.69</td>
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<td>1852-54</td>
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<td>72,563.83</td>
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<tr>
<td>1854-56</td>
<td>15,522.54</td>
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<td>210,398.86</td>
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<tr>
<td>1857</td>
<td>25,226.83</td>
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<td>217,262.70</td>
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<tr>
<td>1857-59</td>
<td>13,683.30</td>
<td>763,350.57</td>
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<td>763,350.57</td>
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<tr>
<td>1859-61</td>
<td>25,630.74</td>
<td>578,759.91</td>
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<td>578,759.91</td>
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<td>1861-63</td>
<td>28,039.13</td>
<td>861,200.66</td>
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<tr>
<td>1863-65</td>
<td>199,758.24</td>
<td>869,153.30</td>
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<td>869,153.30</td>
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<td>1865-67</td>
<td>336,093.47</td>
<td>1,067,819.18</td>
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<td>1,067,819.18</td>
<td>1,742,793.55</td>
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<tr>
<td>1867-69</td>
<td>82,114.48</td>
<td>1,742,793.55</td>
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<td>1,742,793.55</td>
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<td>14,920.09</td>
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<td>1869-71</td>
<td>286,160.16</td>
<td>1,702,842.04</td>
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<td>43,547.96</td>
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<td>1871-73</td>
<td>81,740.84</td>
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<td>76,721.53</td>
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<td>1873-75</td>
<td>31,217.66</td>
<td>1,741,809.68</td>
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<td>1875-77</td>
<td>3,114.66</td>
<td>1,790,319.03</td>
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<td>109,777.99</td>
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<td>1877-79</td>
<td>25.06</td>
<td>1,947,051.34</td>
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<td>1879-81</td>
<td>91,850.51</td>
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<td>149,288.48</td>
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<tr>
<td>1881-83</td>
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<td>2,149,379.12</td>
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<td>9,778.32</td>
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<tr>
<td>1883-85</td>
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<td>2,101,265.15</td>
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<td>2,101,265.15</td>
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<td>15,908.48</td>
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<tr>
<td>1885-87</td>
<td>147,151.94</td>
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<td>2,383,517.45</td>
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<td>19,280.34</td>
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<tr>
<td>1887-89</td>
<td>20,393.05</td>
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<td>535,983.88</td>
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<td>25,353.38</td>
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<td>1889-91</td>
<td>5,181.67</td>
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<td>3,120,287.96</td>
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<td>9,641.19</td>
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<tr>
<td>1891-93</td>
<td>488,058.95</td>
<td>2,829,087.74</td>
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<td>2,829,087.74</td>
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<td>29,690.81</td>
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<tr>
<td>1893-95</td>
<td>412,981.45</td>
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<td>3,014,631.80</td>
<td></td>
<td>9,780.00</td>
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| *The biennial periods vary as to date of termination: That for 1846-48 closes November 30; the periods from 1848 to 1881 end on dates ranging from October 31 to November 6, without any apparent reason; the period of 1881-83 begins December 1, 1881, and ends June 30, 1883; from 1883 down the biennial periods end on June 30.*
TABLE I—CONTINUED
SHOWING RECEIPTS AND DISBURSEMENTS OF GENERAL REVENUE AT THE STATE TREASURY OF IOWA SINCE 1846

Biennial Periods | Treasury Balances, beginning of period | State Levy | Special Levies Charitable Institutions | Total Taxes from Counties | Insurance Taxes | Telegraph Taxes | Telephone Taxes
--- | --- | --- | --- | --- | --- | --- | ---
1895-97 | 312,854.41 | 2,787,709.06 | 799,839.58 | 3,587,548.64 | 246,565.84 | 30,538.39 | 10,488.00
1897-99 | 36,672.96 | 3,245,713.85 | 810,053.90 | 4,055,767.75 | 304,468.09 | 40,213.89 | 18,734.88
1899-1901 | 445,002.37 | 3,148,280.84 | 791,042.28 | 3,939,323.12 | 352,165.22 | 20,034.33 | 14,135.50
1901-03 | 1,143,888.17 | 3,316,157.70 | 572,654.38 | 4,188,812.08 | 475,484.11 | | |
1903-05 | 1,570,478.88 | 3,547,208.04 | 1,077,613.08 | 4,925,213.12 | 555,172.28 | | |
1905-06 | 1,375,032.27 | 1,980,387.50 | 500,981.76 | 2,481,369.25 | 299,909.87 | | |
1906-08 | 1,074,788.31 | 4,054,876.35 | 1,249,574.25 | 5,394,550.60 | 630,443.07 | | |

Biennial Periods | Express Taxes | Fees | Miscellaneous | Total Corporate and Miscellaneous Taxes | Total Receipts | Total Available Revenues | Total Disbursements
--- | --- | --- | --- | --- | --- | --- | ---
1846-48 | $76,150.84 | $76,152.23 | $74,757.83 | | | |
1848-50 | $9,049.93 | $9,044.33 | $9,042.94 | | | |
1850-52 | $139,061.69 | $139,083.08 | $131,631.49 | | | |
1852-54 | $10,515.70 | $10,515.70 | $126,013.85 | | | |
1854-56 | 133,463.07 | 53,463.07 | 263,861.93 | | | |
1857 | 217,262.70 | 242,489.53 | 525,752.23 | | | |
1857-59 | 763,350.57 | 777,033.87 | 751,403.13 | | | |
1859-61 | 578,799.91 | 604,390.65 | 570,351.52 | | | |
1861-63 | 861,290.66 | 889,299.79 | 869,541.55 | | | |
1863-65 | 889,133.30 | 1,063,911.54 | 732,818.07 | | | |
1865-67 | 1,067,819.18 | 1,403,912.65 | 1,321,798.17 | | | |

†$40,000 borrowed from school board.
## TABLE I—Continued

<table>
<thead>
<tr>
<th>Biennial Periods</th>
<th>Express Taxes</th>
<th>Fees</th>
<th>Miscellaneous</th>
<th>Total Corporate and Miscellaneous Taxes</th>
<th>Total Receipts</th>
<th>Total Available Revenues</th>
<th>Total Disbursements</th>
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</thead>
<tbody>
<tr>
<td>1867–69</td>
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<td>1,757,713.64</td>
<td>1,839,828.12</td>
<td>1,553,667.96</td>
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<tr>
<td>1869–71</td>
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<td>66,680.87</td>
<td>1,769,522.91</td>
<td>2,101,420.21</td>
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<tr>
<td>1871–73</td>
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<td>77,180.05</td>
<td>157,783.46</td>
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<td>1873–75</td>
<td>36,805.24</td>
<td>19,007.72</td>
<td>168,186.29</td>
<td>2,097,035.61</td>
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<tr>
<td>1875–77</td>
<td>40,596.84</td>
<td>7,608.83</td>
<td>225,427.15</td>
<td>2,466,566.78</td>
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<tr>
<td>1877–79</td>
<td>43,837.91</td>
<td>21,944.28</td>
<td>154,368.87</td>
<td>2,180,495.77</td>
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<td>1879–81</td>
<td>51,431.84</td>
<td>56,930.52</td>
<td>138,465.65</td>
<td>1,934,748.47</td>
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<td>1881–83</td>
<td>62,569.71</td>
<td>20,955.49</td>
<td>161,721.13</td>
<td>2,005,185.10</td>
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<td>1883–85</td>
<td>67,407.36</td>
<td>125,100.60</td>
<td>157,783.46</td>
<td>2,395,097.26</td>
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<td>1885–87</td>
<td>74,023.16</td>
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<td>1887–89</td>
<td>78,760.19</td>
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<td>1889–91</td>
<td>95,746.52</td>
<td>74,023.16</td>
<td>168,186.29</td>
<td>2,466,566.78</td>
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<td>1891–93</td>
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<td>2,859,010.84</td>
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<td>1893–95</td>
<td>121,749.37</td>
<td>130,590.11</td>
<td>168,186.29</td>
<td>3,241,745.21</td>
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<td>1895–97</td>
<td>$1,219,71</td>
<td>412,099.24</td>
<td>168,186.29</td>
<td>4,083,030.75</td>
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<tr>
<td>1897–99</td>
<td>222,399.24</td>
<td>425,039.73</td>
<td>1,023,835.54</td>
<td>5,079,403.29</td>
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<tr>
<td>1899–01</td>
<td>281,875.36</td>
<td>473,721.30</td>
<td>1,023,835.54</td>
<td>5,079,403.29</td>
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<tr>
<td>1901–03</td>
<td>481,228.12</td>
<td>1,032,331.19</td>
<td>1,023,835.54</td>
<td>5,079,403.29</td>
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<tr>
<td>1903–05</td>
<td>405,984.87</td>
<td>713,977.44</td>
<td>1,023,835.54</td>
<td>5,079,403.29</td>
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<tr>
<td>1905–06</td>
<td>274,107.96</td>
<td>410,763.57</td>
<td>1,023,835.54</td>
<td>5,079,403.29</td>
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<tr>
<td>1906–08</td>
<td>558,955.08</td>
<td>723,329.26</td>
<td>1,023,835.54</td>
<td>5,079,403.29</td>
<td></td>
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</tbody>
</table>

†Includes the direct war tax refund April, 1892, $384,274.80.
*Includes refund from U. S. government of $497,189.55.
of $1,394.40. The revenue rapidly increases until we find in the biennium 1857-1859, following the adoption of the Constitution of 1857, a State levy of $763,350.57—more than ten times as large as that levied in the first biennium. The total revenues and total disbursements are found to represent about the same ratio of increase. In other words, during the short space of a decade the revenues of Iowa had increased nearly tenfold. Those who complain of how taxes have increased in recent years, may find some negative comfort in this fact.

The following biennium shows a slight decrease, due in a measure, no doubt, to the general depression following the crisis of 1857. By the biennium 1865-1867 the State levy passed the million dollar mark, never to return again. One notes the phenomenal increase from $1,067,819.18 to $1,742,793.55 during the period from 1865 to 1869, which is indicative of the return of prosperity following the war. This increase is nearly equal to the total State levy for the biennium 1857-1859, and in fact is more than the levy for the following biennium. Beginning with 1870 and reading down the column entitled "State Levy" there is noted a gradual and almost constant increase for two decades. A substantial falling off during the crisis of 1893 is apparent. The decade following the biennium 1895-1897 represents with but one exception a constant increase until in the last biennium the "State Levy" reached the sum of $4,054,876.35. Adding "Special Levies", the amount was $5,304,450.60—representing the total receipts from counties.

To present these facts in another form, it is apparent that the increase of the State levy during the forty years following the biennium 1865-1867 was fourfold, and adding "Special Levies" nearly fivefold, while the increase during the first decade of our history as a State was nearly tenfold. To those whose claim to statesmanship consists in advocating the pruning down of requests for necessary
an appropriations this comparison contains much food for thought. In this connection it might not be out of place to suggest that the real pain is caused not by high State taxes, but, as the next table will show, by vastly higher local taxes.

It should be noted, moreover, that the $1,249,574.25 for the biennium 1906-1908 represents special levies for the insane, blind, deaf, feeble minded, orphans’ home, and inebriates, as provided for by special statutes. Beginning with 1868 insurance taxes have been paid into the State treasury. These taxes increased from only $14,920.09 in 1867-1869 to the large sum of $630,443.07 in 1906-1908. The table also reveals the fact that for some years telephone, telegraph, and express companies paid their taxes directly into the State treasury. No data, however, appears after 1900—which is due to an adverse decision of the Supreme Court, followed by a new law taxing such corporations in the local districts of Iowa on a pro rata mileage basis, the same as railroads.

The revenue secured from fees, which became an important item about 1870, reached the large sum of $588,955.08 in the last biennium as collected by various State inspectors, boards, and other officials. Such fees are not taxes in the ordinary sense and therefore will not be discussed in this connection. Nor does the column headed “Miscellaneous” represent taxes in any large measure. It does include, however, the collateral inheritance tax which will be considered in a separate chapter.

In conclusion, attention is directed to the breaking away from the ordinary State levy, which began about 1870. In the biennium 1867-1869 the State levy was $1,742,793.55, and the total receipts were $1,757,713.64, or practically the same. In marked contrast with this, it is seen that in the last biennial period there was an ordinary State levy of $4,054,876.35; and there were total receipts of $7,247,078.01, or nearly double the amount. The force of this comparison
will be partially explained in the chapters below dealing with specific problems in taxation.\textsuperscript{320}

Table II is a statement showing the total revenues of Iowa, State and local, for the period from 1873 to 1907. The statement includes the revenue derived from ordinary taxes alone, not including fees. By comparing the data herein presented with that given in the previous table, one is able to judge as to the relative importance of State and local revenues.

\textbf{TABLE II} \textsuperscript{321}

\textbf{Total Revenues of Iowa}

\textit{1873-1907}

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1873</td>
<td>$9,360,451.79</td>
<td>1891</td>
<td>$16,043,081.44</td>
</tr>
<tr>
<td>1874</td>
<td>9,547,408.07</td>
<td>1892</td>
<td>16,889,671.34</td>
</tr>
<tr>
<td>1875</td>
<td>10,288,721.77</td>
<td>1893</td>
<td>18,297,497.54</td>
</tr>
<tr>
<td>1876</td>
<td>10,699,762.39</td>
<td>1894</td>
<td>18,497,483.75</td>
</tr>
<tr>
<td>1877</td>
<td>10,561,694.89</td>
<td>1895</td>
<td>18,785,907.49</td>
</tr>
<tr>
<td>1878</td>
<td>10,768,602.57</td>
<td>1896</td>
<td>18,584,429.67</td>
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<tr>
<td>1879</td>
<td>10,146,041.04</td>
<td>1897</td>
<td>18,353,994.81</td>
</tr>
<tr>
<td>1880</td>
<td>10,457,982.14</td>
<td>1898</td>
<td>18,692,480.60</td>
</tr>
<tr>
<td>1881</td>
<td>11,183,576.21</td>
<td>1899</td>
<td>18,891,742.78</td>
</tr>
<tr>
<td>1882</td>
<td>12,201,493.69</td>
<td>1900</td>
<td>19,726,789.80</td>
</tr>
<tr>
<td>1883</td>
<td>13,261,251.27</td>
<td>1901</td>
<td>20,600,044.23</td>
</tr>
<tr>
<td>1884</td>
<td>13,978,912.62</td>
<td>1902</td>
<td>22,542,580.45</td>
</tr>
<tr>
<td>1885</td>
<td>14,430,547.40</td>
<td>1903</td>
<td>25,657,913.58</td>
</tr>
<tr>
<td>1886</td>
<td>14,953,060.65</td>
<td>1904</td>
<td>25,693,545.33</td>
</tr>
<tr>
<td>1887</td>
<td>14,278,817.31</td>
<td>1905</td>
<td>26,061,977.03</td>
</tr>
<tr>
<td>1888</td>
<td>14,732,286.34</td>
<td>1906</td>
<td>26,333,163.31</td>
</tr>
<tr>
<td>1889</td>
<td>15,483,328.74</td>
<td>1907</td>
<td>27,550,669.84</td>
</tr>
<tr>
<td>1890</td>
<td>15,563,974.05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the biennium 1871-73 the total State levy was only $1,941,878.25. Assuming that approximately one-half of that sum was for the fiscal year ending 1873, and comparing this amount with the $9,360,451.79, or total revenue as shown in Table II, it appears that the State revenue represents but little more than one-tenth of the whole. For 1880 there was a State levy of about one million dollars,\textsuperscript{322}
as compared with a levy for State and local purposes of $10,457,982.14 in the same year. The ratio is again about ten to one. In 1885 the total revenue is more than twelve times the State levy; in 1890 about ten times; and finally, in 1907 the ratio remains approximately the same. In 1907 the large sum of $27,550,669.84 was raised in Iowa by taxes; and of that amount but little more than two and one-half millions was paid into the State treasury. While it should be stated that these comparisons are not exact, they are substantially accurate and represent the true situation.

The conclusions to be drawn from a careful study of Tables I and II are obvious. Local revenues are relatively far more important than State revenues. In fact for every dollar of interest we have in fiscal reform from the standpoint of the State government, we ought to have ten dollars from the standpoint of the local units. We hear much in these later days of the inequalities between counties in the apportionment of State taxes; but we think too little of the far greater and more important inequalities between individuals in the payment of both State and local taxes. The fact is that the bulk of our revenue is levied and expended by the localities; and so, if uniform and efficient assessment is needed for the State, it is far more imperative in the case of towns, townships, cities, and counties.

This fact was perceived and understood a generation ago by Governor Carpenter. Referring to the total amount of taxes levied ($11,267,562.13 for 1871, and $10,711,925.49 for 1872) he pointed out that "of these amounts less than one-thirteenth, or, to be exact, $1,606,716.94, was for State purposes. These are suggestive tables, and worthy of consideration by representatives of the people. They indicate with tolerable clearness 'where the money goes', and prove that taxation is largely — almost entirely — local and self-imposed; and that, when it becomes burdensome, the remedy is at the source of the evil."
A table representing Iowa State budgets for the period from 1873 to 1897, prepared by Mr. John Herriott (at that time Treasurer of State), contains additional data of interest to the student of public finance. (See Report of Treasurer of State, 1897, pp. 24, 25.)

"Iowa's state finances", wrote Mr. Herriott, "have become the subject of such spirited public discussion and such interest to the taxpayers that I have had prepared an extended table giving a complete exhibit of the budgets for twenty-four years past, beginning with 1873. The receipts for taxes and their disbursement for appropriations are analyzed and classified, as far as practicable, so that any citizen can see at a glance just how much and from what source the state has obtained the revenue necessary to carry on its governmental machinery and work, and how much and in what direction the people's money has been expended during any fiscal period in the past quarter of a century. The length of time covered represents the life of a political generation and will show quite accurately the financial operations of the State authorized by the representatives of the people and superintended by the officials of her civil service. It is only when we are able to view our state finances in retrospect that we can appreciate the present or anticipate the future. It is only by comparison of the present with the past that we can intelligently discuss the nature and relative importance of the expenditures of to-day. The relative growth in the population, wealth and the functions of government should all be studied and compared.

"The tabular scheme adopted will, I trust, make manifest at sight from what general source every dollar of public money has come and on what general account it has been paid out. Every form of tax is separated and all appropriations of revenue are classified so far as can be from the records of the Treasury Department. Under each heading
are given the biennial and duo decennial increase or decrease of taxes and disbursements or appropriations together with the same for the whole twenty-four years, both the absolute amount in dollars and the percentage of increase or decrease. There will also be found the population and wealth for the twenty-four years for use in comparison and in the last columns at the right of the table will be found the proportion in percentage of all revenues collected from the tax payers in the counties and what has been obtained from corporations and miscellaneous sources; also what has been the percentage of the expenditures appropriated by the Civil Lists; the proportion allotted to State Institutions and what has been absorbed in the Incidental Expenses. It is to be regretted that the taxes received from railroads cannot be separated from the remittances of revenue returned from the counties, but they are indistinguishable from the general receipts. If those inspecting and comparing the several showings of the table will remember the reasons for the discrepancies that exist between the total disbursements and the total appropriations the table will need neither key nor guide.

"Attention should, however, be directed to several striking facts which are brought out in the table. The most remarkable facts are those shown by the comparison of the growth in population, wealth, and the 'state levy'. Population increased 61 per cent in the twenty-four years and the state tax levy collected in the counties kept about even pace, not quite keeping up, however, reaching 60 per cent; while the wealth of Iowa has mounted up 163 per cent, nearly three times the increase of population or taxes in the same time. The annual per capita tax sustained by the people is to-day but 3 cents greater than it was twenty-four years ago, calculated upon the basis of the state levy, while the per capita taxes measured from the point of view of the total of all taxes shows an increase from 69 cents in 1873.
up to 99 cents in 1897. Consequently the increase of 30 cents, as it is not shown in the state levy, must have come from corporations and miscellaneous sources. This is further proved by the percentages of increase for the first twelve years and for the second twelve. The state levy is 26.4 per cent in the first twelve years and 16.6 per cent, nearly one-half less, in the second; whereas there are very marked increases in the revenue from the corporate and miscellaneous sources. Finally, the state levy has increased but 60 per cent and the total taxes have nearly doubled, they being 116.3 per cent greater between 1895-97 than in the fiscal period of 1873-75.

"Part II of the table, giving the appropriations, will prove equally interesting and instructive. The total for the Civil List shows an increase in both the twelve-year periods; and the same is true for the Judiciary and the Legislature. In the latter instance, however, the extra session of the Twenty-sixth General Assembly explains the decided increase in its expense. The decline in the increase of the cost of the state offices is over 86 per cent, i. e. from 101.8 per cent in the first twelve years to 15.5 per cent in the last twelve. The total appropriations for state institutions show an increase in both the twelve year periods. There is a decrease, however, in the case of all institutions except the charitable, in the second twelve years. The largest increase of state appropriations for any one class of institutions in the twenty-four years has been for educational institutions. Incidental expenses show proportionately larger by far in the first twelve years than during the second. Sundries, it will be seen, fall off greatly; this was due to the fact that the cost of building the capitol is included in the first seven fiscal periods.

"The last columns on the right of both tables should be noted. In 1873-75 county tax payers contributed 91.5 per cent of all taxes, and corporations, etc., 8.5 per cent; in
1895-97 the counties paid 86.9 per cent and corporations 13.1 per cent, a lessening in the twenty-four years of 4.6 per cent of the relative share of tax burdens sustained by the people.

"The columns in Part II showing the relative amounts allotted to various expense accounts of the state government exhibit the fact that the Civil List cost less proportionately during 1895-97 than twenty-four years ago; that Incidental Expenses took 30.8 per cent of all the appropriations in 1873-75, and only 10.5 in the last period; and that with one exception the Incidental Expenditures of the State of Iowa were relatively less during the period just closed than in any other in the past quarter of a century. The column that shows where the increasing proportion of the people's money has gone is the second one of that group, State Institutions. It shows almost a steady increase from 52.6 per cent of all appropriations in 1873-75 up to 73 per cent of all authorized expenditures in 1895-97." 324

Table III 325 gives data relative to population and assessed valuation. Both the total and the per capita assessed valuation is given. In 1856, when Iowa was for the most part a pioneer State with a population of 517,875, the assessed valuation was $164,394,413, or $317.44 per capita. In 1875 when the population had reached 1,350,553, the per capita assessed valuation had fallen to $293.52; but in 1885, with a population of 1,753,980, there is a per capita assessed valuation of only $279.17. Finally, the per capita assessed valuation, which in 1857 reached the large sum of $373.13, was only $241.83 in 1900.

Speaking of this relation between growth of population and increase of assessed valuation, the Auditor of State in 1885 says that "the total equalized valuation of property as before stated, is $489,660,081. That this figure very inadequately represents the wealth of the state needs no argument to establish. It is palpable. No observing person
HISTORY OF TAXATION IN IOWA

will contend that the state's growth in population, until it now contains one and three-quarter millions of people within its borders, has not been accompanied with a much greater increase in wealth, both acquired and productive. Yet the figures of the assessors would indicate far otherwise. . . . These figures show that, while the population of the state has increased in the last twenty-nine years 238 per cent, the assessed valuation of property has been raised only 198 per cent." As indicated by the data given for 1890 and 1900 the contrast had become even more striking.

TABLE III

<table>
<thead>
<tr>
<th>Years</th>
<th>Population</th>
<th>Assessed Valuation</th>
<th>Valuation Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>1856</td>
<td>517,875</td>
<td>$164,394,413</td>
<td>$317.44</td>
</tr>
<tr>
<td>1857</td>
<td>562,930</td>
<td>210,044,533</td>
<td>373.13</td>
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<tr>
<td>1859</td>
<td>641,628</td>
<td>197,823,350</td>
<td>308.31</td>
</tr>
<tr>
<td>1861</td>
<td>685,713</td>
<td>177,244,316</td>
<td>251.19</td>
</tr>
<tr>
<td>1863</td>
<td>701,093</td>
<td>167,108,974</td>
<td>238.85</td>
</tr>
<tr>
<td>1865</td>
<td>756,427</td>
<td>215,063,401</td>
<td>284.31</td>
</tr>
<tr>
<td>1867</td>
<td>902,317</td>
<td>256,517,184</td>
<td>284.28</td>
</tr>
<tr>
<td>1869</td>
<td>1,045,025</td>
<td>294,532,252</td>
<td>281.84</td>
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<tr>
<td>1871</td>
<td>1,217,900</td>
<td>348,642,728</td>
<td>286.26</td>
</tr>
<tr>
<td>1873</td>
<td>1,251,340</td>
<td>369,124,912</td>
<td>294.98</td>
</tr>
<tr>
<td>1875</td>
<td>1,350,553</td>
<td>395,483,140</td>
<td>293.52</td>
</tr>
<tr>
<td>1877</td>
<td>1,445,900</td>
<td>404,670,044</td>
<td>279.87</td>
</tr>
<tr>
<td>1879</td>
<td>1,541,000</td>
<td>405,541,397</td>
<td>262.14</td>
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<tr>
<td>1881</td>
<td>1,660,000</td>
<td>419,102,728</td>
<td>252.47</td>
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<tr>
<td>1883</td>
<td>1,700,000</td>
<td>463,824,466</td>
<td>272.83</td>
</tr>
<tr>
<td>1885</td>
<td>1,753,980</td>
<td>489,660,081</td>
<td>279.17</td>
</tr>
<tr>
<td>1890</td>
<td>1,911,896</td>
<td>523,861,858</td>
<td>273.47</td>
</tr>
<tr>
<td>1900</td>
<td>2,231,853</td>
<td>539,737,596</td>
<td>241.83</td>
</tr>
</tbody>
</table>

Table IV showing the reported assessment of various forms of property, together with the total equalized assessment of the State for the period from 1870 to 1908, affords a more complete basis for the study of assessed valuations. This table gives the reported actual value of lands and town lots, the reported and equalized taxable value of such lands.
and town lots, and finally the equalized taxable value of personal property, railroad property, telegraph and telephone properties, and the taxable value of express companies. The net equalized taxable value of the State is obtained by reading to the right, beginning with the "net equalized taxable value of lands and town lots."

Up to the time of the enactment of the Code of 1897 the actual value of lands and town lots as given in Table IV was synonymous with the taxable value of such lands and town lots. In 1897 those who were responsible for the revision of the code, recognizing that property was actually being assessed and taxed at about one-fourth of its value, concluded that such a ratio should be enacted into law and made a part of the new code. Accordingly, this clause was inserted: "All property subject to taxation shall be valued at its actual value, which shall be entered opposite each item, and shall be assessed at twenty-five per cent of such actual value."

It was thought at the time that taxpayers would be more inclined to give in the full value of their property if it was known that they would be taxed on only one-fourth of such value. This may be true, but it is none the less difficult for one to understand the distinction between four times one and one times four either in the realm of mathematics or of taxation. Other conditions being equal, if the assessment is doubled the rate will be only one-half as great. The benefit to be derived from such a provision is, to say the least, questionable. It certainly has a tendency to inflate tax rates which always makes a bad impression from the standpoint of non-residents coming into the State.

Referring again to Table IV it is seen that the total assessed valuation of the State has increased from $294,532,252 in 1870 to $409,819,020 in 1880, $523,862,858, in 1890, $539,737,596 in 1900, and finally to $667,668,233 in 1908. On the whole, the increase has been gradual and in fact quite
### TABLE IV

**Showing the Reported Assessment of Lands and Town Lots, the Equalized Assessment of Lands and Lots, the Assessment of Personal and Railroad Property, the Assessment of Telegraph, Telephone, and Express Companies’ Property, together with the Total Equalized Assessment of the State for a Period of Thirty-Nine Years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported Actual Value Per Acre</th>
<th>Adjusted Value Per Acre</th>
<th>Reported Actual Value of Lands</th>
<th>Reported Actual Value of Town Lots</th>
<th>Exemptions for Roads and Home-steads</th>
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<th>Equalized Value of Personal Property</th>
<th>Taxable Value of Railroad Property</th>
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**Note**—Telegraph and telephone companies were assessed by the executive council by virtue of sections 1330 and 1331 of the Code up to and including the assessment of 1899 and their taxes were paid into the state treasury direct, the levy being 3 1/3 per cent that having been the average rate of taxation in the state for all purposes. Beginning with the assessment of 1900, the value of both telegraph and telephone and express companies' property was certified to the various county auditors by the auditor of state, the same having been valued by the executive council, in accordance with chapters 42 and 45 of the laws of the Twenty-eighth General Assembly. The values as certified are placed on the tax lists of the various counties and the taxes collected by the county treasurers, the same as taxes on all other classes of property; beginning with the assessment of 1900 and each even numeral year thereafter new buildings erected the year prior are added to real estate.
constant. Exceptions to this rule are to be found in the years 1878, 1894-1899, and 1905. But it should be noted that the period from 1894 to 1899 reveals a uniform assessed valuation much higher than that of 1892, thus showing an increase rather than a decrease for the decade beginning in 1890.

One other general fact in Table IV should be considered, namely, the results of the twenty-five per cent ratio of assessed to actual value as provided in the Code of 1897. In 1899 the reported actual value of lands and town lots is nearly four times as great as in 1898. As a logical result of this condition there is a small decrease in the total assessed valuation of 1899 as compared with that of 1898. This, however, merely indicates a continuation of the decline which began in 1894. In other words, reading down the column giving total assessed valuation the same gradual increase is found between 1898 and 1908 as between 1870 and 1898. The twenty-five per cent ratio has no effect on this column. On the other hand, the actual value of lands and town lots is approximately four times as great after 1898, or four times the assessed valuation as provided by law. It is apparent, therefore, that what was actually done in 1897 was to leave the assessed valuation just as it was — legally recognizing, however, that such valuation was about one-fourth of what it should be, that is, one-fourth of the actual value. To put this same thought in another form, the General Assembly in passing the Code of 1897 formally enacted into law the administrative failure of the general property tax by declaring that it was only twenty-five per cent of a success.\(^{331}\)

The full meaning of these statements becomes apparent when we examine the Federal census reports and compare the total taxable value therein contained with the total assessed valuation as found in Iowa reports. The estimated true value of all taxable property as given in the United
Statistics of the General Property Tax

States census reports is as follows: in 1850, $23,714,638; in 1860, $247,338,265; in 1870, $574,115,800; in 1880, $1,721,000,000 (taxable and exempt); in 1890, $2,226,117,151; in 1900, $3,271,559,959; and in 1904, $3,943,314,927.332

Contrast these figures with the total assessed valuation as given in Tables III and IV. The assessed valuation of the State in 1850 was $22,623,334 as compared with the "estimated true value" of $23,714,638. By 1860 the assessed valuation was approximately $185,000,000, as compared with the "estimated true value" of $247,338,265. In 1870 the assessed valuation was $294,532,252, as compared with "estimated true value", $574,115,800. Following this date, the contrast rapidly becomes greater: in 1880, assessed valuation $409,819,020, "estimated true value" $1,721,000,000; in 1890 assessed valuation $523,862,858, "estimated true value" $2,226,117,151; in 1900, assessed valuation $539,737,596, "estimated true value" $3,271,559,959; and finally, in 1904, assessed valuation $642,445,336, "estimated true value" $3,943,314,927.332

To speak mildly, this data is significant. While not absolutely accurate, it reveals fairly well the true condition of affairs. When the Code of 1851 was enacted, which as has already been stated contains the fundamental outlines of the Iowa revenue system of to-day, the assessed value was nearly equal to the true value. In other words, our revenue system at that time was fairly well suited to the pioneer conditions which prevailed. It was nearly one hundred per cent of a success. In 1860, the date of the Revision, the revenue system was still about ninety per cent of a success. In 1870, shortly before the Code of 1873 was enacted and about the time that agitation was earnestly demanding specific forms of taxation, we find that the assessed value is fifty per cent of the "estimated true value". Ten years later, the results are even more startling. After the Code of 1873 had verbally perfected the scheme of
assessment, and a number of specific forms of taxation had been introduced, the assessed value is less than twenty-five per cent of the "estimated true value". By 1890 the ratio had not materially changed. In 1900 and again in 1904, however, the general property tax as administered in Iowa had become so much of a failure that there existed an assessed value of about one-sixth of the "estimated true value". As already explained, the legislation of 1897 making the assessed value of twenty-five per cent of a "fictitious actual value" does not change this conclusion. The Code of 1897 merely recognized by this provision the failure of the general property tax, and incidentally advertised an exorbitant tax rate of seven to ten per cent. In a word, the system of assessment, as has been statistically demonstrated, was fairly successful from 1850 to 1860. By 1870 it began to show a real decline. In 1880 it was twenty-five per cent of a success—in other words, a failure. Finally, when the Code of 1897 was enacted it was worse than a failure—a fact which the General Assembly endeavored to conceal by a statutory subterfuge. The reform imperatively demanded at that time was efficient fiscal administration, which means efficient assessment. But nothing of the kind was accomplished.

Having examined somewhat in detail the amount of taxes, both State and local, collected, and the aggregate assessment of Iowa property,338 we are now in a position to investigate that most vital and fundamental of all fiscal questions, uniformity of assessment. Manifestly, if all taxpayers were assessed at the same proportionate rate, it would make little difference whether the rate was at ten per cent, twenty-five per cent or one hundred per cent of the true value of property. The lower the assessment, the amount of tax remaining the same, the higher would be the rate, and vice versa. We would have an interchanging of multiplier and multiplicand—a rather harmless process, but
### TABLE V

#### AVERAGE TAXABLE VALUES OF LIVE STOCK

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### TABLE VI

**SHOWING THE CATTLE, HORSES, SHEEP, AND SWINE, AND THE TOTAL AND AVERAGE VALUE THEREOF, AS ASSESSED BY THE SEVERAL COUNTIES FOR THE YEAR 1893**

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TABLE VI—CONTINUED

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STATISTICS OF THE GENERAL PROPERTY TAX 129
one which was never known to solve any tax problems. But when one person is assessed at ten per cent of the true value of his property, another person at twenty-five per cent, a third at fifty per cent, a fourth at one hundred per cent, and a fifth at two hundred per cent, there exists a real injustice under the forms of law which ought not to be tolerated in a democratic State. Yet these are conditions quite general throughout our country, and Iowa offers no exception to the rule. The inequalities under consideration may be considered as threefold: first, inequalities between counties in the payment of State taxes; second, inequalities between local taxing districts in the payment of county and State taxes; and third, inequalities between individuals in bearing the burden of taxation, both State and local.

Tables V and VI show conditions relative to the assessment of live stock. Table VI deals directly with inequalities between counties. Table V moreover reveals the rapidly declining efficiency of the whole assessment system. Here it is seen, for example, that the average taxable value of cattle declined from $12.87 in 1870 to $10.48 in 1880; to $7.11 in 1890; to $7.09 in 1900; and finally to $5.11 in 1908. In other words, the average value of cattle in 1908 was about forty per cent of what it was in 1870, if we are to form our judgment from the assessment roll. The taxable value of horses also declined from $42.67 in 1870 to $16.61 in 1908, the lowest point, $8.94 being reached in 1898. Mules which were assessed at $50.18 in 1871 declined in value at about the same ratio. An assessment roll mule was worth $36.62 in 1880, $28.80 in 1890, $9.39 in 1898, and $18.83 in 1908. Swine listed at $3.09 in 1870 had an assessed value of only $1.21 in 1908. The table considered as a whole reveals the rapid failure of the general property tax since 1870 from the standpoint of administration and incidentally pays a compliment to scientific stock raising in Iowa.

Table VI requires only a brief comment. It is self-
But true and proper laws be enacted, no serious inequalities in the valuation of land and other property will prevail, and the remedy is more efficient administration, not more laws.

Turning now to the assessed value of land as compared with the actual sale value, the same inequalities are found to exist. On May 3rd, 1909, the Secretary of the Executive Council addressed the following letter to all County Auditors:

The Executive Council having determined that it is desirable that data be gathered relative to the actual value of lands and other property in the several counties of the State, I am directed by the
Governor to request, under the authority of Section 544 of the Code, that you furnish during the current month a list of lands that have been conveyed in your county between the dates May 1st, 1908, and May 1st, 1909, by deeds representing the real sale value thereof together with the actual values placed upon the same by the several assessors and as equalized by the township and county boards of equalization.

In selecting the tracts endeavor to select tracts from each township of the county if possible. Select tracts of 160 acres or more in preference to smaller tracts and in no case select tracts of less than 40 acres. Do not report more than six (6) descriptions in the same township, nor more than an average of three for all the townships of the county. Discard transfers based on contracts made prior to 1908, where you can determine the fact from the conveyance or from information in your possession. Discard quit claim deeds and all other deeds that for any reason do not represent the actual value or present value. With this letter will be sent a printed form for the land transfers.

The letter requires no explanation. The data obtained from the county auditors and tabulated by the Secretary of the Executive Council appears in Table VII. To be sure this data is obviously incomplete and open to criticism; at the same time it represents fairly well the actual conditions now prevailing in Iowa. The table gives the equalized value per acre for 1903, 1907, and 1909; the value of lands reported transferred in 1902 and 1908; the actual value placed on the same tracts for taxation in 1903 and 1909; and finally, the per cent of assessed value to sale value in 1903 and 1909.

Attention is directed especially to the columns giving the ratio of assessed to actual sale value. In 1903 the ratio was as follows in selected counties: Adair, 63 per cent; Adams, 87 per cent; Appanoose, 91 per cent; Cass, 74 per cent; Davis, 95 per cent; Henry, 98 per cent; Monona, 65 per cent; Polk, 93 per cent; Warren, 100 per cent; and Winnebago, 116 per cent. In the same list of counties the ratio
## TABLE VII

### Abstract of Land Valuations and Transfers, 1909

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<tr>
<th>Counties</th>
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<th>Equalized Value Per Acre 1903</th>
<th>Equalized Value Per Acre 1907</th>
<th>Reported Value Per Acre 1909</th>
<th>Value of Lands Reported Transferred in 1908</th>
<th>Value of Lands Reported Transferred in 1902</th>
<th>Actual Value Placed on Same Tracts for Taxation 1909</th>
<th>Actual Value Placed on Same Tracts for Taxation 1903</th>
<th>Per Cent of Value to Sale Value 1903</th>
<th>Per Cent of Value to Sale Value 1909</th>
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<td>590,347</td>
<td>58</td>
<td>76</td>
<td>80</td>
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<td>Sac.</td>
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<td>47.35</td>
<td>45.69</td>
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<td>82</td>
<td>53.60</td>
<td>58.89</td>
<td>59.84</td>
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<td>Counties</td>
<td>No.</td>
<td>Equalized Value Per Acre 1903</td>
<td>Equalized Value Per Acre 1907</td>
<td>Reported Value Per Acre 1909</td>
<td>Value of Lands Reported Transferred in 1908</td>
<td>Value of Lands Reported Transferred in 1902</td>
<td>Actual Value Placed on Same Tracts for Taxation 1909</td>
<td>Actual Value Placed on Same Tracts for Taxation 1903</td>
<td>Per Cent of Value to Sale Value 1909</td>
<td>Per Cent of Value to Sale Value 1903</td>
<td>No.</td>
</tr>
<tr>
<td>-----------------</td>
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<tr>
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<td>$43.82</td>
<td>$43.37</td>
<td>$43.41</td>
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<td>$362,296</td>
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<td>32.67</td>
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<td>37.87</td>
<td>36.02</td>
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<td>96,543</td>
<td>83,384</td>
<td>71,269</td>
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<td>329,964</td>
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<td>44.75</td>
<td>46.69</td>
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<td>733,775</td>
<td>354,360</td>
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<td>33.20</td>
<td>34.73</td>
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<td>44.29</td>
<td>41.03</td>
<td>42.53</td>
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<td>742,039</td>
<td>298,073</td>
<td>622,478</td>
<td>55</td>
<td>84</td>
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<td>34.21</td>
<td>31.45</td>
<td>30.83</td>
<td>538,610</td>
<td>576,519</td>
<td>301,212</td>
<td>668,301</td>
<td>56</td>
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<td>95</td>
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<tr>
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<td>37.46</td>
<td>37.83</td>
<td>37.86</td>
<td>95,172</td>
<td>414,976</td>
<td>63,374</td>
<td>327,268</td>
<td>66</td>
<td>79</td>
<td>96</td>
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<tr>
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<td>97</td>
<td>35.38</td>
<td>35.71</td>
<td>37.18</td>
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<td>325,259</td>
<td>169,488</td>
<td>254,447</td>
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<td>35.78</td>
<td>36.33</td>
<td>224,070</td>
<td>362,021</td>
<td>121,716</td>
<td>225,257</td>
<td>54</td>
<td>62</td>
<td>98</td>
</tr>
</tbody>
</table>

Totals and averages: $41.97 $41.35 $42.17 $38,836,515 $42,393,579 $21,257,937 $33,974,680 55 80
of assessed to actual sale value was as follows in 1909: Adair, 52 per cent; Adams, 52 per cent; Appanoose, 75 per cent; Cass, 47 per cent; Davis, 78 per cent; Henry, 54 per cent; Monona, 52 per cent; Polk, 57 per cent; Warren, 69 per cent; Winnebago, 56 per cent. In every case a falling off is noted, and in some cases there is a marked decrease. It should be understood that these figures are by no means accurate. Every one knows that the assessed value is not 116 per cent of the true value in any county of Iowa. In fact the writer is convinced that careful research would show that it does not reach 100 per cent. The above data is therefore at best merely suggestive; and it is only when all the counties of the State are included, thus balancing the inaccuracies, that a conclusion of substantial value is reached.

The fact that the general average thus obtained for the ninety-nine counties gives a fairly trustworthy impression of actual conditions is apparent from an examination of Table VIII, and also the data given for Story County. The general average for 1909 according to Table VII was 55 per cent as compared with 51.56 per cent for the group of counties represented in Table VIII, and 52.52 per cent for Story County. Another significant fact is that more than three-fourths of the counties show an assessed valuation ranging from forty to sixty per cent of the actual value in 1909. The general average of 80 per cent for 1903 is obviously too high.

Table VIII was prepared by Mr. T. A. Polleys, Tax Commissioner of the Chicago, St. Paul, Minneapolis and Omaha Railroad. It gives numbers of acres sold, average price per acre for 1907, 1908, and 1909; average actual assessed value per acre for 1909; and finally the ratio of assessed value to sale price for the three years. Again this data is by no means accurate or complete, but it is none the less suggestive of conditions which everyone knows to exist. At-
tention is directed to the following percentages of assessed to actual sale value: Woodbury, 50.47 per cent; Plymouth, 49.40 per cent; Sioux, 49.14 per cent; O'Brien, 52.35 per cent; Osceola, 56.60 per cent; and Lyon, 53.81 per cent, thus making a general average of 51.56 per cent. The percentages for the same counties as given in Table VII are

**TABLE VIII**

**Ratio of Assessed to Sale Values in Selected Counties**

<table>
<thead>
<tr>
<th>County</th>
<th>1907 No. Acres Sold</th>
<th>Average Price Per Acre</th>
<th>1908 No. Acres Sold</th>
<th>Average Price Per Acre</th>
<th>1909 No. Acres Sold</th>
<th>Average Price Per Acre</th>
<th>Total 1907-09 No. Acres Sold</th>
<th>Average Price Per Acre</th>
<th>Ratio of Assessed Value to Actual Sale Price for Three Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woodbury</td>
<td>13,192</td>
<td>$60.04</td>
<td>9,154</td>
<td>$60.89</td>
<td>8,032</td>
<td>$67.89</td>
<td>31,278</td>
<td>$65.01</td>
<td>50.47</td>
</tr>
<tr>
<td>Plymouth</td>
<td>21,999</td>
<td>$68.94</td>
<td>21,588</td>
<td>$73.91</td>
<td>17,462</td>
<td>$85.15</td>
<td>61,049</td>
<td>76.24</td>
<td>49.40</td>
</tr>
<tr>
<td>Sioux.......</td>
<td>23,285</td>
<td>$81.15</td>
<td>17,817</td>
<td>$85.85</td>
<td>12,582</td>
<td>$91.91</td>
<td>53,684</td>
<td>85.08</td>
<td>51.56</td>
</tr>
<tr>
<td>O'Brien....</td>
<td>13,544</td>
<td>$70.66</td>
<td>14,857</td>
<td>$78.38</td>
<td>11,575</td>
<td>$79.80</td>
<td>39,976</td>
<td>75.04</td>
<td>52.35</td>
</tr>
<tr>
<td>Osceola___</td>
<td>15,689</td>
<td>$59.78</td>
<td>12,100</td>
<td>$64.53</td>
<td>8,192</td>
<td>$62.43</td>
<td>36,981</td>
<td>61.26</td>
<td>56.60</td>
</tr>
<tr>
<td>Lyon.......</td>
<td>20,194</td>
<td>$67.43</td>
<td>14,056</td>
<td>$71.11</td>
<td>8,920</td>
<td>$81.18</td>
<td>43,170</td>
<td>71.31</td>
<td>53.81</td>
</tr>
<tr>
<td>GROUP.....</td>
<td>107,903</td>
<td>$69.09</td>
<td>89,572</td>
<td>$73.66</td>
<td>67,663</td>
<td>$79.92</td>
<td>265,138</td>
<td>73.40</td>
<td>51.56</td>
</tr>
</tbody>
</table>

Statistics compiled by Hon. T. A. Polleys, Tax Commissioner of Chicago, St. Paul, Minn., and Omaha.

the following: Woodbury, 51 per cent; Plymouth, 47 per cent; Sioux, 53 per cent; O'Brien, 49 per cent; Osceola, 54 per cent; Lyon, 61 per cent, making a general average of 52.5 per cent. It is significant to note that while the percentage of individual counties varies, the general average not only remains almost the same but is practically a constant quantity for the State at large. In other words, it is quite apparent that the agricultural lands of Iowa are now assessed at about one-half of their actual sale value, which, considered in the concrete, means that land now having a sale value of $100 per acre is valued on the assessment roll at $50 and taxed at $12.50 per acre. This, it should be understood, is descriptive of assessment in the aggregate and not of individual assessments.
Assessment data for Story County was collected under the supervision of Professor B. H. Hibbard of the Iowa State College. Here a thorough study was made — perhaps the most thorough that has been made for any county of the State. The investigation covered the years from 1905 to 1909, inclusive, and included seven hundred farm sales and two hundred ninety-three city sales. In each case the selling value was compared with the average of two assessed values, one before and the other following the sale. Doubtful sales were omitted as far as possible. The results of this investigation showed a ratio of assessed to sale value of 52.52 per cent for farm sales and 60.5 per cent for city sales. The ratio of 52.52 per cent for farm lands, which alone can be compared with the data given in Table VII, is nearly the same as the general average (55 per cent) of said table, but is higher by 5.52 per cent than the ratio there given for Story County. In other words, the investigations scientifically made for Story County substantiate the general conclusions drawn from Tables VII and VIII.

Such are the revelations of an examination, historical and critical, of the statistics of assessment and taxation in Iowa. This study, however, would be incomplete and would fail to give a correct impression of the defects in our revenue system if we neglected to note at least one important fact not revealed in the tables. Indeed, it is not too much to say that the most vital criticism of Iowa’s assessment remains to be stated, namely: the gross, one is almost tempted to say criminal, inequalities of assessment that exist between individuals.

It is interesting to know that the average assessed value of horses in one county is ten dollars, and in another county forty dollars. It helps one in understanding the defects of our revenue system, if he learns that sheep and swine of the same grade or class are assessed on an average three
times as high in one county as in another. One should also study the percentage of assessed to true value of land in the various counties. The fact that one county reveals a general average of 75 per cent, a second 60 per cent, and a third 45 per cent throws some light on the administration of our fiscal system.

But when all is said along this line an understanding of these facts forms but an avenue of approach to a consideration of that most fundamental of all the defects in our revenue system, namely, inequalities of assessment between individuals. It is quite impossible to make a critical study of such inequalities in this connection. To do this would be an important, perhaps the first, duty of a tax commission. Here only a statement of the problem will be undertaken.

The honorary Ohio Tax Commission mentions the following inequalities as between individuals: first, inequalities between the owners of real and personal property; second, inequalities among the owners of personal property; third, inequalities among the owners of real estate; fourth, inequalities between the owners of real estate and personal property, and owners of corporate property; and fifth, inequalities among corporations. Concluding their consideration of this subject, the commission says: “We have found that the general property tax is a failure for purposes either of revenue or equality; that more than half of the total wealth of the state in tangible property alone escapes taxation; that of intangible property, such as moneys and credits, stocks and bonds, subject to taxation under our laws, not ten per cent, perhaps not even five per cent, is listed on the duplicates.”

The Minnesota Tax Commission in its preliminary report held that “the evils of the general property tax center in the process of assessment.” The same commission, reporting later concerning inequalities between individual
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assessments
which in the last analysis refer to inequalities between individual property owners, constitute the most vital defect of the general property tax.

This principle may be illustrated by concrete examples. Two persons, A and B, live in the same taxing district. Each owns $25,000 worth of land. A’s land is assessed at $10,000 or 40 per cent of the actual value. B’s land is assessed at $20,000 or 80 per cent of the actual value. In each case the rate of taxation is the same. A pays $100 in taxes, and B pays $200 on the same amount of property and under the same conditions. Two other persons, A and B, hold equal amounts of property, and are taxed at the same rate. A owns $10,000 worth of land and pays taxes on $8,000. B owns $10,000 in personal property and pays taxes on $1,000. In other words, A pays eight times the amount of B on the same value of property. Such illustrations could be multiplied indefinitely. One property owner is taxed on the full value of his property, a second on fifty per cent of the actual value, and a third evades all taxation.

Such are the actual conditions, not only in Iowa but in other States of the Union. No one denies the truth of the fiscal law that all persons should contribute to the support of the government according to their ability to pay. How to measure this ability to pay, fairly and honestly as between man and man, is one of the leading problems of the future, and one which the people and the law-makers of Iowa must have the courage to face squarely, and honestly endeavor to find a solution.
NOTES AND REFERENCES
NOTES AND REFERENCES

CHAPTER I


4 Laws of Iowa, 1838-1839, pp. 401-419.

5 Laws of Iowa, 1838-1839, p. 401.

6 Part I of this volume will present a brief outline of the development of the general property tax; while specific problems in taxation will so far as practicable, be discussed critically and historically in Part II of this volume and in Part III of volume II.

7 Laws of Iowa, 1838-1839, pp. 402, 403.

8 Laws of Iowa, 1838-1839, pp. 404, 405.

9 Laws of Iowa, 1838-1839, p. 405.

10 Laws of Iowa, 1838-1839, p. 409.

11 "Seven dollars for every one hundred dollars, of county tax by him collected, and in the same proportion for less sums, to be retained by him, in making payment, and credited therefor in his settlement with the board of county commissioners, five per centum commission, where goods are distrained, and taxes, commission and charges paid before sale; eight per centum commission on sales of distress and charges for keeping property distrained, together with the tax and charges out of the monies received therefrom; on sales of real estate, five per centum on the amount for which the same is exposed to sale, and twenty-five cents for each certificate of sale under this act, which are to be added to, and estimated in, the sum, for which any tract of land, or lot, or part thereof, shall be sold".—Laws of Iowa, 1838-1839, p. 413.
This important revenue act which was adopted from the laws of the original Territory of Wisconsin contains the following provisions:

"[Section 1.] That, for the purpose of raising a Territorial revenue, to defray the expenses authorized by law to be paid out of the Territorial Treasury, it shall be the duty of the county commissioners of each of the counties of this Territory, at the time of the filing of the assessment roll, to deduct from the gross amount of taxes there charged, five per cent. to be set apart, by the said county commissioners, as a debt due from said county to the Territory.

Sec. 2. The county commissioners shall furnish the Treasurer of the Territory, immediately after the same may be filed, with a copy of the duplicate for their respective counties, for the current year, together with the sum which will be due from said county to the Territory, for that year.

Sec. 3. The first moneys which may be returned by the collector, collected from the duplicate of any year, to the amount due the Territory for that year, from the county, shall be retained by the Treasurer of each county for the use of the Territory, and the county treasurers shall pay over the same upon the drafts or warrant of the Treasurer of the Territory.

Sec. 4. The duties, herein enjoined upon the county treasurers, shall be so considered, that a departure therefrom shall be deemed a breach of the conditions of their official bonds, so that they, and their securities, shall be liable to the Territory for any loss which may accrue therefrom; and any county treasurer who shall dishonor, or refuse to pay, the drafts of the Territorial Treasurer, for any money which may be in his hands, and due from said county, at the time, to the Territory, shall be amerced in damages of fifty per cent."—Laws of Iowa, 1838-1839, pp. 418, 419.

"An act amendatory to 'An act for assessing and collecting county revenue,'" approved January 24, 1839.—Laws of Iowa, 1839-1840, p. 64.
16 It is provided "that so much of the act to which this is amendatory as renders improvements upon real estate subject to taxation, be and the same is hereby repealed, and it shall be the duty of the county assessor to assess any real estate by him assessed at the actual value, which such real estate would bear without the improvements thereupon".—Laws of Iowa, 1839-1840, p. 64.

17 Laws of Iowa, 1839-1840, p. 65.

18 The person so refusing to testify is required to pay the assessor five dollars for his extra trouble.—Laws of Iowa, 1839-1840, pp. 65, 66.

19 In his third annual message, submitted November 3, 1840, Governor Lucas says: "It will therefore become your duty to adopt a regular financial system for the Territory, by which the Territory will be enabled to control funds sufficient to meet the necessary expenses incidental to Territorial affairs. I would, therefore, recommend to the consideration of the legislative assembly a review of the financial laws so as to provide a revenue sufficient in amount to meet the actual wants of the government, distributing the burthen and the benefits among every class of community upon principles of exact justice to all".—Shambaugh's Messages and Proclamations of the Governors of Iowa, Vol. I, pp. 152, 153.


21 In this report the Auditor says: "Permit me to suggest to the Legislative Assembly, a revision of existing laws levying and regulating the Territorial Revenue.

"I am aware that by some it may be considered measurably unimportant to adopt and establish any permanent financial system under a Territorial Government. But when it is considered that there are many expenses incidental to our present form of government, which it is not to be expected that the General Government will pay—and which cannot be claimed as a right, it certainly cannot be deemed otherwise than correct policy to levy upon correct principles, a Territorial Tax, the burthen of which shall be equal upon all classes of citizens.

"The present revenue laws of the Territory authorizes the respective boards of county commissioners to assess a tax for county pur-
poses, which assessment is regulated entirely by the necessities of the respective counties.

"Five per cent upon this assessment constitutes the territorial revenue. It will be seen that under our present financial laws the burthen of a Territorial Tax, levied as at present, operates unequally upon the different counties. In some counties it may be found necessary to levy a heavy tax, while in others, a comparatively light tax would be found sufficient for county purposes.

"The amount of tax at present assessed for Territorial purposes, is deemed sufficient for the ordinary expenses that are now made payable out of the Territorial Treasury, provided the amount assessed be promptly paid—but it is to be feared that in consequence of the liabilities of many of the counties, where county orders have been issued to the creditors of the county, and are outstanding for a greater amount than the tax assessed, which county orders are receivable in payment for tax, that the collectors will not be enabled by the receipts in money for tax to pay the per cent applicable to territorial purposes.

"I would therefore recommend that the laws regulating a Territorial Revenue be so amended as to operate equally upon every class of citizens and that the amount assessed for Territorial purposes be required to be paid in money."—House Journal, 1840-1841, pp. 30, 31.

22 Laws of Iowa, 1840-1841, p. 100.

23 The report of the Territorial Agent, made December 12, 1841, contains the following statement: "Upon commencing the work on the Capitol the past spring, the only means in my hands for its prosecution were the notes on hand given in payment for lots in Iowa City, amounting to $18,282[.]75.—I found that it would be impossible to render these notes available by the collection of money to an extent that would enable the Superintendent of the Capitol to continue the work . . . unless further provisions be made, at the present session of the Legislative Assembly, for making available the means under my control for the prosecution of the work on the Capitol, but little can be done towards its completion during the next year."—House Journal, 1841-1842, pp. 36, 37.
24 Speaking of work on the Capitol he says: "I was under the necessity of contracting debts (in anticipation of collection,) for provisions, and other incidental expenses necessary in establishing a boarding house at the stone quarry situate ten miles up the Iowa River".—Council Journal, 1842-1843, p. 193.


26 "Our population," writes the Governor, "like that of most new countries, is made up, in a great degree, of enterprising and industrious individuals with young and dependent families, who, urged by the hope of bettering their condition, press forward to the frontier with very limited means; and all the money they bring with them, as well as the first products of their labor, is immediately absorbed in the purchase of small portions of land, and in efforts to render it available for their subsistence".—Shambaugh's Messages and Proclamations of the Governors of Iowa, Vol. I, p. 264.

27 The following were the chief provisions of the revenue bill as summarized in the Standard editorial:

"First. The gross amount of tax to be levied for County and Territorial purposes, is five mills upon the dollar—one-fourth mill for the use of the Territory. There is excepted from assessment one hundred dollars worth of household furniture, libraries, agricultural implements, tools of mechanics, sheep, the property of all literary institutions, and buildings not valued at more than $200.

"Ferry licenses are to be taxed not less than two nor more than fifty dollars per annum; Clock pedlars one to three hundred dollars; other pedlars ten to fifty dollars; and Grocery keepers twenty-five to one hundred dollars per annum. A poll tax of fifty cents may be levied on all male citizens over twenty-one and under fifty years of age.

"Second. Lands are to be classed and valued at rates running from eight dollars for the best and one dollar and twenty-five cents for the poorest, or least cultivated, and taxed accordingly.

"Town lots are to be similarly classed (and here we would remark that unless the bill is modified, town lots would seem to be subject to the same rates, viz: Eight, five, &c. dollars per acre,—as other lands.) Buildings valued at over two hundred dollars are
to be ‘taxed accordingly,’ as the law expresses it, and the tax to be a lien on the building.

"Third. Personal property is to be taxed according to the following rate of valuation, viz: Horses from one to three years old shall be valued at twenty dollars; from three to fifteen, at forty dollars; neat cattle from one to three, at four dollars; from three to fifteen, at ten dollars; hogs over eight months old, at fifty cents; wagons and carriages to be valued by the Assessor and owner to the best of their judgment; clocks and silver watches at ten dollars each; gold watches at seventy-five dollars; stock of merchants to be rated at the average amount of what they annually sell, to be given in under oath by themselves or clerks.

"The valuations above provided for to remain a fixed rate for five years unless sooner altered by the Legislature.

"Persons may be sworn as to the value of their property, and if they refuse to testify, the Collector can recover from them the sum of five dollars as compensation for ascertaining the value.

"Assessors are to receive as compensation three per cent. on the total amount of assessed value. Collectors to receive five per cent.; and in case of distress issued two per cent. additional.

"In case taxes are not paid by the first Monday in January, distress may be issued; and if land be levied upon it shall be put up for sale on the third Monday in February. Certificates of purchase to be given, and the debtor to have two years to redeem in, by paying fifty per cent interest."—The Iowa Standard, Vol. III, No. 7, January 19, 1843.

29 The Iowa Standard, Vol. III, No. 8, January 26, 1843.
30 Revised Statutes, 1842-1843, pp. 546, 547.
31 Revised Statutes, 1842-1843, p. 548.
32 Revised Statutes, 1842-1843, p. 549.
33 Revised Statutes, 1842-1843, p. 559.
34 Revised Statutes, 1842-1843, p. 554.
35 Revised Statutes, 1842-1843, p. 563.
36 Revised Statutes, 1842-1843, p. 552.
According to *The Iowa Standard* "the following are the most striking provisions of the new revenue (or taxation) law, which has just passed the Legislature. It is probably the best and most consistent act of the kind that has ever found a place upon our statute book. Each township (or precinct) is to elect an assessor, who is to receive $1.50 per day, and no person is to be compelled to serve as assessor for two years in succession. The Treasurer of the county is to be Collector, and receive five per cent, upon all moneys received and disbursed by him, together with Constables’ fees and mileage in case of making distress and sale. All property to be assessed at its cash value, taking into consideration the quality of the land, and all local advantages; the following to be exempted: property of the United States and of the Territory; the personal property of all incorporated literary and charitable associations—and real estate actually occupied by them for the purposes of their creation; all churches and burial grounds; one hundred dollars worth of household furniture, and farming utensils, mechanics tools and private libraries, except when they exceed in value $100; horses and cattle under one year, and swine and sheep under six months. The amount of tax that the County Commissioners may levy for county purposes is 5 mills upon a dollar. A poll tax of not more than 50 cents may be levied upon each male person over 21; but the polls and estate of persons who by reason of age, infirmity and poverty, may in the judgment of the assessors be unable to contribute towards the public charges, may be by them exempted from taxation; such judgment being subject to the reversal or ratification of the
County Commissioners. The assessor is to commence his assessment on or before the 3d day of May, and on or before the 15th of June make return to the Commissioners’ Clerk. The Board of Commissioners to hold an annual meeting on the first Monday in July, for the purposes of equalization and levying the county tax. The tax-list to be delivered to the Treasurer on or before the 3d Monday in August, who is to give notice to attend in each township or precinct at the place of holding elections, upon some day in September, for the purpose of receiving taxes; and he is then to attend at his office at the seat of Justice, during the months of October, November and December, for the same purpose. On the first Monday in January he is to make his return to the Board of County Commissioners.

“If any person neglect or refuse to pay his tax, then the Treasurer is to make distress of his goods, except such as are exempt from taxation. The property of a tenant in no case to be subject to distress for the taxes of the property he occupies. All taxes remaining unpaid to draw interest for the first year, at the rate of 50 per cent., and for the second, at 100 per cent. At the end of two years, all delinquent lands to be returned to the District Court, which shall hear the cause, and in default of answer, decree the same to be sold. Property to be redeemable at any time before actual sale.”—The Iowa Standard, Vol. IV, No. 7, February 15, 1844.

“An independent law has been enacted for the purpose of raising Territorial Revenue”, reads another editorial in the Standard. “For the present year, a levy of half a mill upon a dollar has been ordered.—The county Treasurer is to be the Collector, and to proceed in the same manner, and receive the same compensation, as in case of county revenue. He is to make out a delinquent list by the first Monday in March of each year, and in thirty days thereafter to settle with the Auditor and Treasurer of the Territory, at the seat of government; and for going to and returning therefrom, he is to receive 5 cents per mile. When the amount of revenue collected is under $100, the county Treasurer is to transmit it to the Territorial Treasurer by private conveyance, at his own risk.”—The Iowa Standard, Vol. IV, No. 7, February 15, 1844.
NOTES AND REFERENCES

47 Laws of Iowa, 1838-1839, p. 401; 1840-1841, p. 66.
48 Revised Statutes, 1842-1843, p. 547.
49 Laws of Iowa, 1843-1844, p. 28.
50 Laws of Iowa, 1845, pp. 22, 23.
51 Laws of Iowa, 1845-1846, p. 5.
53 House Journal, 1839-1840, pp. 64, 65.
54 House Journal, 1839-1840, pp. 65, 66.
56 See Shambaugh’s Fragments of the Debates of the Iowa Constitutional Conventions of 1844 and 1846; also Shambaugh’s History of the Constitutions of Iowa.
57 The Iowa Standard, Vol. IV, No. 6, February 8, 1844.
59 The Iowa Standard, Vol. IV, No. 50, December 12, 1844.
60 Iowa Capitol Reporter, Vol. IV, No. 30, September 3, 1845.
63 House Journal, 1845-1846, p. 244.
64 The act approved February 15, 1844, had provided for the levy of such a “territorial tax as shall from time to time be directed by the Legislative Assembly.”—Laws of Iowa, 1843-1844, p. 33.
67 Laws of Iowa, 1838-1839, p. 401.
CHAPTER II


"One of the most important subjects", writes the Governor, "demanding legislative interposition, at the present session, will be that of providing ways and means for the support of the State government. In the discharge of a task so delicate, and of such magnitude in its consequences, I cannot but express a hope that resort to temporary measures of relief may be avoided, and that the responsibility may be fairly and fully met, by the establishment of a permanent revenue system; which, after the first year, will secure to the treasury an annual income adequate to the public wants. Such a step is believed to be called for by considerations of sound policy, and justified by the events which render it necessary. It would be an unwarrantable imputation upon the intelligence of the people, to suppose that they omitted to inform themselves of the burthens the support of a State government would impose upon them when they ratified the Constitution; and to question their willingness now to assume those burthens, might well be regarded as a stigma upon their patriotism".—Shambaugh's Messages and Proclamations of the Governors of Iowa, Vol. I, pp. 332, 333.

Senate Journal, 1846-1847, p. 311.

The Auditor said that "the following counties have not sent up to this office abstracts of their taxable property for the present year, consequently I deem it advisable to charge them in this report with all arrearages, and give what I suppose will be their tax for the present year:

Amount brought forward, $1,700 31
Mahaska county, Dr.
To probable tax for 1846, 6000

Treasurer of Davis county, Dr.
To balance due on revenue for 1844, 578
To balance due on revenue for 1845, 2619
probable revenue for 1846, 9000

Treasurer of Scott county, Dr.
To balance due on revenue for 1845, 1387
probable tax for this year, 1846, 30000

Treasurer of Jones county, Dr.
To probable tax for this year, 6500

Treasurer of Jefferson county, Dr.
To balance due on revenue for 1845, 1000
probable tax for this year, 1846, 35000

Treasurer of Des Moines county, Dr.
To balance due on revenue for 1844, 23129
To balance due on revenue for 1845, 22634
probable tax for this year, 1846, 110000

Treasurer of Washington county, Dr.
To probable tax for this year, 25000

Treasurer of Linn county, Dr.
To balance due on revenue for 1844-5, 9407
probable tax for this year, 35000

Treasurer of Jackson county, Dr.
To balance due on revenue for 1844-5, 1784
probable tax for this year, 16000

Treasurer of Louisa county, Dr.
To balance due for revenue for 1844-5, 9400
probable tax for 1846, 30000

Treasurer of Cedar county, Dr.
To probable tax for 1846, 18000

Treasurer of Wapello county, Dr.
To probable tax for this year, 6500

Treasurer of Johnson county, Dr.
To probable tax for this year, 36500

Treasurer of Dubuque county, Dr.
To balance due on revenue up to 1844, 12266
probable tax for 1844, 100 00
" " 1845, 125 00
" " 1846, 185 00

Treasurer of Van Buren county, Dr.
To probable tax for 1845, 650 00
" " 1846, 900 00

Treasurer of Kishkekosh county, Dr.
To revenue for 1845, 6 51
" " 1846, 25 00

$8,167.50


75 See above p. 8.


77 The editorial which is entitled "Taxation and Non-resident Land Holders" contains the following:

"Non-residents who have had capital to spare have invested largely in Iowa land on speculation only. Their wish is, and their course will be, as it ever has been with this grade of people, to let their land lie vacant until the actual settler has so improved the country that they (the non-residents) will realize large profits from the toil of the actual settler. The flagrant injustice in this course, for which we do not so particularly blame speculators as we do those who pretending to be the conservators of the peoples interest, have let their love for the remnant of federalism that still prevails in our country, control them against the best interests of their constituents. There is no way to reach this growing and ruinous evil but by taxation.

"It is believed that, by the organic law, there can be no distinction made between the settler and the non-resident; yet the legislature of the State can cease to pass laws for the taxing of improvements and place all the taxes on the real estate; making no distinction other than for different grades of land, viz: first, second and third rates.

"Do this, and you at once take a part of the burthen of taxation off from the actual settler and hardy pioneer of the country, and
divide it with those who wish to be benefitted by the labor and toil of others, without paying an equivalent therefor.

"The evil of the present system of land monopoly is multiform and ruinous in its effects upon the country.

"It prevents the dense settlement of the country, and interferes with the establishment of schools in neighborhoods by forcing settlers so far asunder that they cannot maintain teachers.

"It prevents the proper improvements of roads; the building of bridges, &c.

"It discourages the farmer from making such improvements as he otherwise would and could afford, by levying a tax upon every blow that he strikes for the improvement of his premises.

"It establishes the idea that every one has a right to make all the money he can off of the labor of others, provided he can do it legally, without regarding the immorality of the habit.

"It insures a profitable return on investments of money at the entire expense of the tillers of the soil, and to the infinite injury of every business man within the borders of the State.

"It prevents the cultivation of large tracts of land, causing them to lie waste, to the annoyance and injury of every farmer in the neighborhood.

"We have thus stated some of its evils—now for the remedy. Take the taxes off of all improvements and place them alone on the realty—the land.

"This will place the non-resident and the resident upon an equality and they pay taxes according to their landed possessions.

"It will encourage the farmer to make better and more beautiful improvements upon his premises—thereby adorning the country.

"It will make the taxes so onerous upon non-resident lands that the holders will be glad to sell at fair and reasonable prices to those who will improve, and divide the burthen of government schools, &c., with their neighbors.

"We shall allude to this subject again."—The Bloomington Herald, Vol. I, No. 23, October 23, 1846.


The following account is taken from The Bloomington Herald:

"At a meeting of the citizens of Muscatine county, convened at the Court House in the town of Bloomington, January 2d, according to previous notice, Mr. G. W. Kincaid was called to the Chair, and James Weed Esq., appointed Secretary. N. L. Stout was called upon to state the object of the meeting.

"On motion, the following resolutions were offered by R. P. Lowe, and adopted unanimously, with the exception of the third, and that with only three dissenting voices; one of them voted against it, because of the last clause, vs. 'unless it shall be for corporation purposes in town'—so the principle throughout was sustained by the meeting.

"Whereas, Capitalists resident and non-resident have purchased especially in the river counties of this state, large quantities of choice and selected lands for speculation rather than for settlement and cultivation, a circumstance highly injurious to the actual occupant and cultivator of the soil in preventing that kind of settlement of the country, desirable for organized society, in the maintenance of schools, churches and other ends and purposes incident to a denser population than can be had under the present system of things in this state.

"And, whereas, these lands of the capitalists are now being more valuable by the labor of the settler, whose improvements are increasing the same, and the fruits of whose industry under the present law, are taxed to support that very government, which protects these lands, and without which they would be measurably valueless; therefore

"Resolved, That in the opinion of this meeting the existing revenue system is radically defective, and unequal in its operation, and should be reformed.

"Resolved, That in adjusting a system of revenue by taxation the Legislature should aim to secure an equality of its burdens, proportioning the same to the benefits which the non-resident receives from the labor of the resident, as well as what each receives on the score of protection from the government.
Resolved, That in order to obtain an equality in the burthens of a revenue system, a principle of taxation should be adopted, with reference to existing circumstances; and in looking to the condition of land proprietors in this State, it is believed that assessments on land for taxes should be levied and graduated according to the relative value and quality of the same, whether selected in the country or towns, and that the value of improvements on such lands or town lots should not be included in the assessments unless it should be for corporation purposes in towns.

"Resolved, That in the opinion of this meeting such a principle of taxation would not contravene the provision of Congress which prohibits the taxation of non-resident proprietors more than resident.

"Resolved, That while in town houses and fences by a kind of fiction, are deemed land or a part of the realty, yet the same fiction does not necessarily and should not exist in legislation, and it is claimed that the legislature have the same power to exempt improvements on land from taxation, as they have the poor man’s bedding, his cow or his pig.

"Resolved, That the foregoing preamble and resolutions be published in the Bloomington Herald, and that a copy of the same be sent, by the Secretary of this meeting to our representatives and senator in the legislature, requesting them to go for and advocate a principle of taxation shadowed forth in these resolutions.

"On motion of Stephen Whicher Esq.,

"Resolved, That the thanks of this meeting are due, and are hereby tendered, to the editor of the Bloomington Herald, for the able manner in which he has, for the last few months, advocated a reformed system of revenue for Iowa.

G. W. Kincaid, Chm’n.

James Weed, See’y.’’


84 Laws of Iowa, 1846-1847, p. 137.
85 Laws of Iowa, 1846-1847, p. 138.
86 See above, p. 6.
87 Laws of Iowa, 1846-1847, pp. 136, 139.
88 Laws of Iowa, 1846-1847, p. 136.
89 Laws of Iowa, 1846-1847, p. 138.
90 Laws of Iowa, 1846-1847, p. 146.
91 Laws of Iowa, 1848, Extra Session, pp. 63, 64.
93 See Chapter XIV.
94 Des Moines, Scott, Clinton, Henry, and Johnson report nothing under the head "value of money invested in property of any kind secured by deed, mortgage, or other evidence of claim."—House Journal, 1850, Appendix A, pp. 18, 19.
97 Iowa Democratic Enquirer (Muscatine), Vol. II, No. 50, July 4, 1850.
99 Continuing, "Justicia" clearly states that this results in a twofold discrimination:
"1st. Their rights of equality are violated by the discrimination which is made in favor of a certain class of individuals.
"2d. In consequence of this discrimination, a deficit is found in the revenue, and they are double taxed in order to supply the deficiency[]."
In other words, the corporate authorities, under the present laws, not only exempt one species of property from taxation, but compel one class of the community to pay the taxes of another class."—Muscatine Journal, Vol. II, No. 30, December 21, 1850.
100 An act supplemental to the act for the admission of the States of Iowa and Florida into the Union.—United States Statutes at Large, Vol. V, p. 790.
101 Laws of Iowa, 1850-1851, p. 66.
NOTES AND REFERENCES


103 *Code of Iowa*, 1851, pp. 75, 95.

104 *Code of Iowa*, 1851, pp. 76, 77.

105 See above, p. 283.

106 *Code of Iowa*, 1851, p. 79.

107 *Code of Iowa*, 1851, p. 34.

108 *Code of Iowa*, 1851, p. 81.

109 *Code of Iowa*, 1851, p. 82.

110 The term "County Board of Equalization" does not appear in the *Code of 1851*.


112 *Code of Iowa*, 1851, pp. 82, 83.

113 *Code of Iowa*, 1851, p. 88.


CHAPTER III

122 See above, p. 23.


"The result of the present system", wrote Governor Grimes, "is that the county treasurers are almost independent of the State control, and the prompt receipt of money due to the treasury cannot be relied on. Besides it operates to the injury of those counties that pay their quota of the revenue promptly. A few counties make prompt payments, while others fail to do so. Auditor's warrants are issued to discharge the State indebtedness, which should be discharged with the money due from delinquent counties. These warrants draw eight per cent interest, which is paid from the State treasury, and is contributed by the counties that are not, as well as those that are remiss in the discharge of their obligations.

"The amount now in arrear from the several county treasurers, a very small part of which will ever be received by the State;—probably not two per cent.—is $62,401.94.

"I recommend that each county be required to pay its proportion of the State revenue by a fixed day, under suitable penalties for non-payment. If the county treasurers neglect their duties or default, let the burden fall upon the counties that elect them, where it belongs."—Shambaugh's Messages and Proclamations of the Governors of Iowa, Vol. II, p. 43.


132 Weekly Express and Herald (Dubuque), Vol. XVII, No. 20, February 24, 1858.

133 Laws of Iowa, 1858, pp. 305-329.

134 Laws of Iowa, 1858, p. 310.

135 See above, pp. 12, 41.

136 Laws of Iowa, 1858, p. 315.
NOTES AND REFERENCES

139 See above, p. 48.
140 Laws of Iowa, 1858, p. 326.
141 Laws of Iowa, 1858, p. 329.
142 The Auditor also recommends that the fiscal year of the State should be made to correspond with the calendar year. This would prevent confusion and make the reports date near the time of the meeting of the General Assembly.—Report of Auditor of State, 1859, pp. 30-34.
143 Iowa State Journal (Des Moines), Vol. IV, No. 1, February 11, 1859.
144 The Journal recommended the enactment of “a law declaring that all lands upon which the taxes remain unpaid one year after the same become due, shall become forfeited to the county—that it shall then be the duty of the County Treasurer to advertise and sell these lands for the amount of taxes and interest, waiving on behalf of the county all irregularities and informalities in the sale or advertising, and conveying to the purchaser all the title which the county has in the property; if the purchaser is not the owner give him a certain number of years to redeem by paying taxes and interest, at the expiration of which time the right of redemption ceasing, the fee simple will of course vest in the purchaser.

"Such a law will especially compel non-residents to pay their taxes rather than run the risk of forfeiture.

"But whether or not tax payers become more prompt in the payment of taxes under such a law, county and State would secure the money due upon the lands in shape of taxes, since tax titles being rendered sure there will always be abundant funds to buy lands sold for taxes with the certainty of realizing 25 per cent. interest upon the amount invested.

"Of course we are only suggesting the outlines, leaving the details to the ‘Solomons’ of the General Assembly.”—Iowa State Journal (Des Moines), Vol. IV, No. 1, February 11, 1860.

At this time almost none of Chapter 37 of the *Code of 1851* was in force by virtue of its original enactment, although most of it was by virtue of subsequent enactment. Some of it was repealed by Chapter 69 of the *Laws of 1852*. More of it was repealed by Chapter 146 of the *Laws of 1856*, which in turn was largely repealed by Chapter 152 of the *Laws of 1858*. The act with many amendments reappears substantially in the *Revision of 1860*, pp. 108, 109.

*Revision of 1860*, pp. 48, 49.

*Revision of 1860*, p. 114.

*Revision of 1860*, p. 115.

*Revision of 1860*, pp. 124, 125.


Governor Kirkwood also recommends that county treasurers be paid, in lieu of salaries, a certain per cent on the amount of money collected and disbursed, or that a system of township collectors, paid in the same way, be established.—Shambaugh's *Messages and Proclamations of the Governors of Iowa*, Vol. II, p. 271.


*The Iowa State Register* (weekly), Vol. VI, No. 52, February 5, 1862.

*Laws of Iowa*, 1862, p. 16.


*House Journal*, 1862, p. 516; also *Senate Journal*, 1862, pp. 542, 543.
A strong editorial appeared in The Iowa State Register approving the action of the Governor.

"In another place in the columns of the Register," wrote the editor, "will be found the reasons assigned by Governor Kirkwood for withholding his approval from the bill for the reduction of salaries of District and Supreme Judges, District Attorneys and the Officers of State. They are based exclusively upon the consideration that the bill, so far as it relates to certain Judicial officers, would be a plain violation of the Constitution. The facts are presented in a clear, comprehensive manner, and on reflection we think the General Assembly will thank the Governor for assuming the responsibility of exercising in this instance the important negative power which the Constitution has placed in his hands. If the provision relative to the Judges had been omitted, we think it probable that the bill would have received the signature of the Executive, however much he might have differed with the members of the General Assembly as to the policy of their particular measure of reduction in other respects.

"As a matter of relief to the State Treasury, the bill would have been of very little consequence, even had it become a law. It would have taken $400 from the annual pay of each of the three Supreme Judges; $300 from the salaries of each of the State officers, save the Governor, and $400 from his; and reduced the compensation of District Judges and District Attorneys respectively from $1,600 to $1,200, and from $800 to $600. It would have added a little more than $8,000 in the aggregate to the revenue of the State Treasury, by taking it from the income of the officers above enumerated, while the great mass of men receiving lucrative salaries from corporations and other sources were passed by unnoticed. The House Income Tax Bill would have reached all classes alike, raised some $30,000 for the State revenue, and been a measure of visible relief. Inasmuch as that failed of becoming a law, we believe the People will have reason to be thankful that the substitute for it has also failed, not only because of the embarrassment and injustice it would work to faithful present incumbents, but because of the
premium it would offer to incompetent and consequently unprofitable public officers.’’—The Iowa State Register, Vol. VII, No. 10, April 16, 1862.

163 Laws of Iowa, 1862, p. 224.

164 See Vol. II, Chapter XVII.


167 ‘‘From various sources,’’ wrote the Governor, ‘‘my attention has been earnestly invited to what, in the opinion of many, are cogent reasons for changing our present form of County government. The Supervisor system, created by Act of the Eighth General Assembly, has failed to command that general satisfaction which its advocates predicted and desired. . . . Those who desire a change, express their preference for the Commissioner system, which has prevailed so long, and operated successfully, in many of the older States, and if, after due investigation, any change may be deemed advisable, I would recommend this system to your consideration, as being the most simple, and practical, of any that could be adopted.’’—Shambaugh’s Messages and Proclamations of the Governors of Iowa, Vol. III, pp. 6, 7.

168 Laws of Iowa, 1864, pp. 42, 43.


171 The Daily Iowa State Register contains the following estimate of this important bill:

‘‘Senator Hilsinger, of Jackson County, has introduced into the upper branch of the General Assembly a bill providing for the collection of public moneys by Township Collectors instead of County Treasurers, as at present. The bill provides that the Board of Supervisors in each county may decide whether or not the Township system shall be substituted for the County system. In counties
where the substitution may be made, the Collectors are to be chosen at the ensuing general election, the same as other Township officers, hold their offices one year, give bonds in amounts equal to fifty per cent. more than the tax levied in the township, make monthly returns of the taxes collected to the County Treasurers, and receive as compensation two per cent. on all sums due municipal corporations, and two per cent on all other funds. In case of collections by distress and sale, the collectors are to receive five per cent. The County Treasurers, in counties where the mode of collections shall be changed, will be entitled to receive for their services, one per cent. of all taxes collected and paid over to him by the township collectors, except municipal funds; three per cent. of non-resident taxes before duplicate tax-lists shall be returned, three per cent. after they shall be returned, and five per cent. on taxes collected by the sale of real estate.

"Mr. Boomer of Delaware county has introduced into the House a bill containing substantially the same provisions as that of Senator Hilsinger. That the system of Township Collectors works well in the older States, we know from a practical experience of twenty years. Taxes under it are collected far more promptly and thoroughly than they can be by one man, located at the County-seat. But of course in a new State, like Iowa, there may be, and probably are, counties in which there is not sufficient population to warrant the employment of the township collector system. Where the lands are owned mainly by non-residents, it would not be either profitable or convenient to have the collection of the public moneys in other hands than those of the County Treasurer at the County seat. But that the older and densely settled Counties like those on the Mississippi, may prefer the other system, is probable, and these bills now before the General Assembly confer authority to make the change in case the County Legislatures so enact."—Daily Iowa State Register, Vol. V, No. 4, January 21, 1866.


174 Senate Journal, 1866, p. 159.

175 Senate Journal, 1866, pp. 166, 167.
In this instructive report the Auditor says: The advantage of the geographical or congressional system of assessment for taxation, as I understand it, is:

"1. The system naturally covers the whole taxable area, and thereby secures the whole legitimate revenue. If all sections, quarters and sixteenths were uniformly 640, 160 and 40 acres respectively, and assessments made in uniform tracts, there would seldom be any errors under such a system; but as sections are often fractional through erroneous surveys and by reason of meandered streams, and as sections, even when uniform, are sub-divided into tracts of all possible sizes and forms, it is found indispensable to a perfect assessment to adopt a system of headings, or captions, with one to each quarter-section, or as near as this may be found practicable. A system of this kind, with quarter-sections in distinct paragraphs, will most certainly place upon the assessor’s, auditor’s or treasurer’s books every piece of real estate, however fractional. The same system and principles are equally applicable to village or city property.

"2. This system protects the tax payer, for the very same principle which secures the whole taxable area will just as surely protect the tax payer from the slightest double assessment.

"3. This system further secures the revenue by avoiding double assessments, as it is found by careful examination, that in most cases where double assessments occur, some tract or lot is correspondingly omitted from the true assessment; and when the double
tax is eventually discovered and refunded, there still remains an actual loss of revenue, which is never supplied from any source. An unvarying system of assessing property, omitting nothing, doubling nothing, has the advantage of securing the whole revenue to the State, or to the various funds, while the tax payer is not burdened with corrections of errors, disadvantageous compromises, misunderstandings and vexatious litigations.

"4th. Such a system would greatly reduce the number of illegal tax sales.

"5th. Under such a system the valuation of real estate would be materially equalized by marshalling or grouping contiguous property together, instead of scattering the same in many places over the books of a whole township or city.

"6th. This system could be made to reduce the expense of publishing delinquent lists as the columns for township and range can be omitted. All double assessments would be thrown out and owners names might be omitted.

"7th. This system would save materially in the time and expense of boards of Supervisors as it would greatly reduce the number of cases coming before them."—Report of Auditor of State, 1869, pp. 88-90.

186 Laws of Iowa, 1870, p. 178.

CHAPTER IV

188 See above, pp. 64, 65.
189 In this connection we do not refer to certain specific forms of taxation which had already been developed for insurance companies, railroads, etc. See Chapters VI-XV; and Vol. II, Chapters XVI-XXIII.
190 This reference is in the main to Title VI of the Code of Iowa, 1873, which was passed by the adjourned session of the Fourteenth General Assembly.
191 See above, pp. 53-55.
192 See above, p. 262.
Other changes will be discussed in connection with the taxation of railroads, insurance companies, etc.

*Code of Iowa, 1873, p. 140.*

*Revision of 1860, p. 113.*

*Code of Iowa, 1873, p. 138.*

*Code of Iowa, 1873, p. 139.*

This change was made in order to adjust the system to the township board of equalization created by the Thirteenth General Assembly.—*Laws of Iowa, 1870, p. 94.*

The township board of equalization has the sole power to correct inequalities between individuals, a point which will receive further consideration.

*Code of Iowa, 1873, p. 20.*

The Census Board had met on the first Monday in August and were required to complete their work of equalization on or before the third Monday of August.—*Revision of 1860, p. 115.*

*Code of Iowa, 1873, p. 142; Revision of 1860, p. 116.*

See above, pp. 64, 65.

The reader should bear in mind that in this connection reference is made to the general property tax and not to the assessment of railroads, insurance companies, etc.

*Report of Auditor of State, 1873, pp. 98, 99.*

In this connection Governor Carpenter said: "In addition to his [the Auditor's] recommendations in reference to changes in the management of the revenue, I will suggest whether it would not be well to collect the taxes semi-annually instead of annually, as now required by law. This would not only benefit the tax-payer by relieving him from the necessity of raising all the money at a single payment, but would leave one-half the amount of his taxes in his own hands for use six months in each year, whereas otherwise it would remain idle and non-productive in the treasury. Governor Chase suggested this reform to the Ohio legislature during the stringency for money following the financial crisis of 1857, and it
has been found to work so admirably that the practice has been con­
tinued.’—Shambaugh’s *Messages and Proclamations of the Gover­
nors of Iowa*, Vol. IV, pp. 33, 34.

207 In reply to the objection that such a plan would be unfair to
the counties the Auditor pointed out that ‘‘in order that there can
be no question as to the reasonableness and justice of the proposi­
tion, it is contemplated to surrender to the counties all the interest
collected upon State tax levies, together with all additions to the
list by reason of the additional assessments, and also the entire
amounts received from peddler’s licenses. Such arrangement
would not only be just in every respect, but would promote a more
general observance of the law regarding the last item above men­
tioned by the incentive given in the direction of increased revenue
from that source alone.’’—*Report of Auditor of State*, 1875, p. 4.


209 Shambaugh’s *Messages and Proclamations of the Governors


211 See Vol. II, Chapter XXV.


214 In regard to the assessment of real estate the Auditor says:
‘‘It is true, the law plainly requires all property to be assessed at its
true cash value; but any one acquainted with the facts knows this
is rarely attempted, much less done. Take the real estate assess­
ment of the present year as an example. The average value of the
lands in the state, as reported to me after equalization by the county
boards, was but seven dollars per acre—at least less than half the
actual average value through the state. In some of the old
settled counties, where every acre is under a high state of cultiva­
tion, and the ‘quality, natural advantages, improvements, and loca­
tion are unsurpassed,’ the average per acre as reported, was less than

215 Shambaugh’s *Messages and Proclamations of the Governors
216 In this connection the Governor points out that with each county would rest "the adjustment of its personal property valuations, without fear that they might be so high as to work injustice to itself in comparison with other counties."—Shambaugh's Messages and Proclamations of the Governors of Iowa, Vol. IV, p. 328.

217 See Vol. II, Chapter XXV.

218 Quoted in Iowa State Register, Vol. XVII, No. 33, January 31, 1878.

219 Quoted in Iowa State Register, Vol. XVII, No. 33, January 31, 1878.

220 Iowa State Register, Vol. XVII, No. 48, February 17, 1878.


222 "The most serious injustice, however," writes the Auditor, "is in the assessments of the personal property, in respect to which greatest irregularity prevails. Not only is it true that the valuations of the same class of property in even adjoining counties assume the widest range, but it is also conspicuously true that not even the half of the personalty is assessed at all! And this, not through the fault or connivance of the assessor, but because the owners do not report it, and by reason of the peculiar character of much of this property, it is impossible for the most diligent assessor to ascertain its nature or value."—Report of Auditor of State, 1879, p. 7.


225 Pliny Nichols in the Iowa State Register, Vol. XIX, No. 20, January 24, 1880.

226 Under date of February 5, 1880, the following editorial appeared in the Iowa State Register:

"A few days ago the Hon. Pliny Nichols, of the lower House of the Iowa Legislature, who is very active in the good work of advancing some very much-needed reforms at the hands of the present Legislature, addressed the following letter to the Auditor of the State of Ohio:
NOTES AND REFERENCES

‘Des Moines, Iowa, Jan. 22, 1880.—Auditor of State, Columbus, Ohio. Dear Sir: Does your law allowing of payment of taxes by installments give general satisfaction? Are your collections as prompt as they would be if required to be paid all at once? Does the law have any tendency to prevent defalcation by taking away the temptation of a large amount of funds in the treasury?

Answers to these questions and any other suggestions in the matter will be appreciated as we have a bill before the Legislature covering about the same ground as your law on that subject.

Very truly,

PLINY NICHOLS.

In response to Mr. Nichols’ inquiry comes the following very emphatic letter:

‘State of Ohio Auditor of State’s Office, Columbus, Jan. 30, 1880. Dear Sir:—In answer to your letter of 22d inst. would say: That the law for the semi-annual collection of taxes has been in force in this State twenty-one years, and it gives general satisfaction so much superior to the old annual system that under no circumstances could we be induced to repeal the present law.

‘The present law has a tendency to prevent defalcations, keeps money in circulation, makes tax paying much easier than under the old law, and is in every way a good law.

Yours truly,

JOHN F. OGLEVEE, Auditor of State.’

“This is strong testimony in favor of the method, and it will no doubt exert a large influence on the members of the Iowa Legislature in favor of the bill now before that body to establish the same practice in this State.”—Iowa State Register, Vol. XIX, No. 30, February 5, 1880.

227 A second letter written by Mr. Nichols to the editor of the Iowa State Register is also instructive. He said in part:

“Now there can be objections to the proposed law from but three sources only. The first comes from a few officials, who regard their own ease more than the interests of the people; secondly, from a few banks that would serve themselves at the expense of the taxpayer, and lastly, a few citizens who regard the favor of a few officials, and capitalists, more than they do the general welfare of
the public. But, while such may be the case with a few, it certainly is not the rule, as I take it that a great majority of our officials, bankers and citizens are too high-minded to desire to serve self, where it would be so manifestly at the expense of the material interests and convenience of the tax-payers.

"This bill in its present shape has the approbation of the present Auditor of State, than whom there is not a more clear-headed and efficient officer in this or any other State.

Respectfully,

Pliny Nichols."
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property and increases the per centum of taxation. If the plain letter and spirit of the law were followed, the valuation would be increased and the per cent of taxation decreased, and still the same amount of taxes secured.”—Report of Auditor of State, 1881, p. 7.


241 Senate Journal, 1882, p. 130.

242 This was Senate File 74, introduced by Senator Nichols of Muscatine.—Senate Journal, 1882, p. 55.

243 Iowa State Register, Vol. XXI, No. 46, February 23, 1882.

244 The following is the minority report drafted by Senator Nichols:

“1. For good and obvious reasons we believe, with Governor Sherman, that semi-annual payment of taxes, inaugurated here, would materially reduce our delinquent tax list and annual tax sales, in that, while the plan makes tax paying much easier, it at the same time doubles the inducements to the citizen to pay his taxes when due.

“2. The plan provides the best possible preventative against defalcation, in that, while the amounts collected would be ample to meet ordinary expenses of the Government, there would not be any large amounts of money on hand, for any considerable length of time, to furnish the opportunity for, and temptation to a corrupt use of the public funds.

“3. The plan would leave in the hands of the tax payers of the State, at their option, five millions of dollars, for six months to do service in the varied industries of the State, while if paid in, would not only be of no use to the Government for that length of time, but a source of inconvenience and loss, in that it must be guarded and the risk incurred of losing a portion thereof before it could be legitimately used in the interests of the Government.

“4. We find that the expenses to be met by the Government, as a rule, are monthly and that at the end of the month, such being especially the case in relation to school expenses and the salaries
of our legion of public officers, who are paid after the service is rendered, while as to the expense of our State institutions, pay quarterly in advance would meet every necessity. Such being the case, it is manifestly imposing an unnecessary and inexcusable burden on the tax payers of the State, to require them, under strong penalties, to pay in the aggregate five millions of dollars annually, six months before it can be legitimately used, only that it may be locked up for that length of time, or that private interests may get the use of it without charge and at the expense of the tax payers. It is thus seen that the interests of good government would be much better conserved by the semi-annual than the annual payment of taxes, and it is believed that when properly understood by our people, it would be more than satisfactory to all parties, save those whose personal interests run in the direction of requiring taxes to be paid in six months before it is used by the Government.

"5. We find that in States where this plan has been adopted it gives the best of satisfaction, especially in Ohio, where all bear witness of its good effects, both as to the public revenues and the interests of the private citizen, it being claimed by both the Auditor and Governor of that State that the plan 'makes taxpaying much easier;' 'keeps money in circulation;' 'prevents defalcation;' 'that it is in every sense a good law;' 'against which no objection can be raised, and that after twenty-three years' experience no inducements would be sufficient to cause them to go back to the old annual system of payment of taxes.'

"6. Now, the undersigned believe that a measure that would do away with 'more than one-half our annual tax sales;' that would virtually dry up the stream of defalcation; that 'would make tax paying much easier,' than under the present law; that would prevent 'the locking up of a large sum of money for several months each year;' that would save the taxpayers of the State from paying, in the aggregate, a large sum of money in the way of interest each year; a measure that in so many ways would lighten the unnecessary burthens of taxation, while it would do no injustice to any citizen, interest or corporation; a measure that has been proved in some of our best and most prosperous States, and found to be in every sense a good law—such a measure, the undersigned believe, would be a good thing for Iowa, and therefore ask that this report be substi-
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The majority report on said bill, and recommend that the bill do pass.

Nichols of Muscatine,
Representing said Minority.”

—Iowa State Register, Vol. XXI, No. 38, February 14, 1882.

245 Senate Journal, 1882, pp. 313, 314.

246 “Very much of the burden of taxation of which we hear so much complaint”, reads a communication in the Iowa State Register, “is caused by lack of system, first in the assessment and equalization; afterwards in the local levy and finally and chiefly in the manner of expending the various funds.

“Speaking of the country: there may be found in many of the townships persons holding both the office of assessor and trustee at one and the same time, thereby making the assessment, also helping to equalize it; another holding the office of township clerk and also the office of road supervisor, consequently drawing the funds out of the county treasury and paying it out to himself, while perhaps the trustees who should, according to law, settle with them, are surety on the official bond of both clerk and road supervisor. Is it any wonder that people’s taxes are squandered?

“In the name of all that is honest and just, let us have a law prohibiting any man from holding more than one township office at the same time, or becoming surety on the official bond of another township officer.

“These safeguards can do no possible harm, and they cannot fail to remove temptation and make it impossible to cover up crookedness.”—Iowa State Register, Vol. XXI, No. 32, February 7, 1882.

247 Laws of Iowa, 1882, pp. 105, 106.

248 Laws of Iowa, 1882, p. 6.

249 Laws of Iowa, 1882, p. 110.


252 It was introduced as Senate File 13.—Senate Journal, 1884, p. 43.

253 Senate Journal, 1884, p. 570.
We read the following in the *Iowa State Register*: “Last week we tried to portray the injustice of the State imposing such heavy interest or penalties on men who are not able to pay their taxes promptly. But there is another practice in connection with the collection of taxes still more brutal towards tax payers, than the usurious interest charged. It is publishing, and thus exposing to ridicule, every man who does not pay by a certain time.”—*Iowa State Register*, Vol. XXIII, No. 50, February 27, 1884.

It was three per cent in the *Code of 1873* and was reduced to one per cent as already noted in the semi-annual tax law.—*Laws of Iowa*, 1884, p. 210.

Reference is made especially to the taxation of insurance companies one per cent for county and one per cent for State purposes on the amount of premiums taken by them during the year previous to the listing.—*Code of Iowa*, 1851, p. 78.

An analysis and classification of the sources of Iowa revenue history has impressed the writer with the value of the synopsis given in the text. Up to 1851 our material may be conveniently grouped in the general narrative. From 1851 to 1884 we note a gradual transfer from the general narrative to an historical study of specific problems in taxation. Since 1884 the history of taxation in Iowa belongs almost entirely to part II of this volume and part III of Vol. II.

Report of Auditor of State, 1885, p. 132.
See Chapter V.

Report of Auditor of State, 1885, p. 129.


See Vol. II, Chapter XXV.

Speaking of undervaluation and discriminating assessments the Governor says: ‘‘In respect to the valuation of the different kinds of property for taxation, various opinions obtain, but all agree that there is no equality, either as between individuals or communities, nor under existing laws, can it be expected. The equalizations provided for, however honestly made, are neither just nor equitable, and the result is, taxation is not fairly equal, even as it effects real estate; but when attention is directed to personalty, the most glaring inequalities are manifest, example[s] of which are mentioned in the report.’’—Shambaugh’s Messages and Proclamations of the Governors of Iowa, Vol. V, pp. 327, 328.

See above, p. 170.


See above, p. 60.

Shambaugh’s Messages and Proclamations of the Governors of Iowa, Vol. VI, p. 79.


See Chapter V.

The Iowa State Register, March 15, 1890.

Laws of Iowa, 1890, p. 169.

‘‘At present in this State’’, wrote Governor Boies, ‘‘we are practically without any legal system for the valuation of real property in assessing it for taxation because by common consent the law in this respect is totally ignored by those whose duty it is to value the same.'
“We are equally destitute of any practicable method by which all of the personal property of the State liable to taxation can be brought to light, or the value ascertained of that which is discovered.

“If the custom which has been adopted of assessing property at a fraction of its value is to be continued, it should be so provided by law and a uniform rule established on this subject.

“It is, however, in my judgment, a matter for unlimited regret that we have permitted a plain provision of the statute fixing a definite rule for the valuation of all property to be superceded by a custom as variable as the whims of men and sometimes as destitute of the spirit of fairness, as it is of law, for its support.

“That some changes in our present methods of levying and collecting the taxes of the State should be adopted seems apparent.

“I do not, however, believe it practicable for members of the Legislature in the brief time allotted them during a session thereof, with the constant and varying demands upon their time which their duties necessarily impose, to formulate and perfect a system that would be a substantial improvement upon that now in force.

“If this is to be accomplished at all it must come through the aid of a commission appointed by the Legislature and clothed with power to perfect a bill and report it to some future session of that body for final action thereon.”—Shambaugh’s *Messages and Proclamations of the Governors of Iowa*, Vol. VI, pp. 342, 343.

Concerning the assessment of real estate and personal property the Auditor said:

“The assessment of real estate and personal property is the vexed question which has been a source of great perplexity to every officer who has had the burden of looking after the revenue of the State laid upon him, and the many efforts to equalize the same have been futile. Our laws require that all property shall be assessed at its actual cash value, but while thus explicit its violation has been notorious and almost universal, however in varying degree, and no two counties bear exactly the same proportion of the State tax. I am of the opinion that the average assessment of real estate and personal property in the State does not exceed 25 per cent of its actual cash value, and the duty of the State Board of Equalization, viz., the adjustment of the inequalities of assessment, is made practically an
impossibility, for the reason that the percentage assessed differs as frequently as there are counties in the State.

"In contemplating this subject as I have for the past five years, I have been able to think of but one remedy that seemed practical to me, and that is the lowering of the maximum rate of taxation to such a degree as will force the raising of values to their proper position in order to be able to realize the necessary amount of revenue for county purposes. Then might we hope for an equitable burden of taxation throughout the state, and then would our fair Iowa be placed in the justly proud position of being rated for all she is worth, with a low rate of taxation, and the bugabear which undoubtedly has kept many a thrifty man from settling within our borders, viz, a high rate of taxation be forever buried out of sight and no one hurt by it."—Report of Auditor of State, 1891, pp. 3, 4.

285 The following communication to The Iowa State Register from Waterloo signed "R. P. S." contains a careful analysis of the situation:

"Waterloo, Feb. 18.—Editor Register: The farmers are complaining against the injustice of the present methods of assessment and taxation of property in Iowa. The following are the principal provisions of the Iowa law, which relates to the assessment of property for the purpose of taxation. After naming certain kinds of property that are exempt from taxation, the law requires: 1st, That all other property real and personal, shall be taxed; 2d. That the term credit includes every claim and demand for money, labor or other valuable thing, and all money or property of any kind secured by a deed, mortgage or otherwise; 3d. All property of railroad, telegraph and express companies shall be assessed for taxation and shall be subject to the same levies as the property of individuals; 4th. Real property shall be assessed at its true cash value; 5th. Depreciated bank notes and the stock of corporations and companies shall be assessed at their cash value, and credits shall be listed at such sum as the person listing them believes will be received, or can be collected thereon; 6th. In estimating the value of the goods of a merchant, or the stock of a manufacturer, the average value of such property shall be taken during the next year previous to the time of assessing such property; 7th. All shares of banking associations organized within this state, shall be included
in the valuation of the personal property of such person or body corporate in the assessment of taxes, but not at a greater rate than is assessed on other moneyed capital in the hands of individuals.'

8th. 'Any person acting as the agent of another, and having in his possession or under his control, any money, notes and credits, or personal property belonging to such other person, with a view to investing or loaning, or in any other manner using the same for pecuniary profit, shall be required to list the same at the real value.'

No sane man can complain that the law is not reasonable and just. But have the assessors and boards of county supervisors of Iowa been governed by the requirements of the law? is an important question. The first duties of an assessor are to give a bond for the faithful performance of his work, and take an oath that he will assess the real and personal property in his township, city or ward as required by law. As the law requires that all real and personal property within the State shall be assessed at its real or cash value, we would like to know how many Iowa assessors are not guilty of the crime of perjury? But the county boards of supervisors are not more innocent than the assessors. The law requires that the board of supervisors of each county shall at their meeting in January in each year classify the several descriptions of property to be assessed, for the purpose of equalizing the assessments. To show how extremely conscientious the members of the county boards of supervisors are, I will offer the following items taken from the printed instructions of a certain board of supervisors in northern Iowa, which were prepared last month and given to the assessors to guide them in fixing values upon the different kinds of personal property in their townships, wards, etc. They are as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Value Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work horses</td>
<td>$25.00 to $75.00</td>
</tr>
<tr>
<td>Milk cows</td>
<td>5.00 to 10.00</td>
</tr>
<tr>
<td>Four year old steers</td>
<td>10.00 to 25.00</td>
</tr>
<tr>
<td>Wagons</td>
<td>15.00 to 35.00</td>
</tr>
<tr>
<td>Moneys and credits</td>
<td>40 per cent</td>
</tr>
<tr>
<td>Merchandise</td>
<td>40 per cent</td>
</tr>
<tr>
<td>All other personal property</td>
<td>40 per cent</td>
</tr>
<tr>
<td>Capital used in manufactures</td>
<td>40 per cent</td>
</tr>
</tbody>
</table>

'When a man reports $1,000 in gold coin or in merchandise, and the assessor enters only $400 against him to be taxed, a very big screw'}
screw is loose and the machine should be stopped. No board of county supervisors should be allowed to classify the several descriptions of property to be assessed for the purpose of equalizing such assessments; but the assessors should be required to meet at the county auditor’s office on a certain day in January of each year, and the auditor should be required to instruct them in regard to their duties as assessors, and give each of them a printed copy of the law which relates to the assessments of real and personal property. Section 832 of the code should not be repealed, as it is necessary that each board of county supervisors should equalize the assessments after the assessors have performed their work.”—The Iowa State Register, February 21, 1892.

286 Laws of Iowa, 1892, p. 100.

287 The following is a complete copy of the act creating the tax commission:

"AN ACT to provide a commission to studiously and carefully examine the revenue and taxation laws of the state and report necessary and desirable changes to the Twenty-fifth General Assembly.

"WHEREAS, The methods of raising revenue are generally recognized as being burdensome, unequal, and unfair in their operations, and

"WHEREAS, Some system of taxation should be devised that will command the respect and confidence of the people, and,

"WHEREAS, It is impossible to amend or change the present revenue laws without re-writing, revising and reforming the same, and such work is impracticable during a session of any general assembly, therefore:

"Be it enacted by the General Assembly of the State of Iowa:

"Section 1. That a commission consisting of four persons to be named by the executive council be and is hereby constituted to studiously and carefully examine the revenue and taxation laws of the state and report necessary and desirable changes to the twenty-fifth general assembly; provided, that not more than two members of the commission be of the same political party. That no member of the twenty-fourth general assembly shall be a member of the commission. And provided further that the agricul-
tural interests of the state shall be represented upon said commis-
mission in that ratio which the assessment of the agricultural prop-
erty bears to the assessment of all other taxable property in the
state as is shown by the assessment of 1891.

"Sec. 2. That each member of said commission be allowed five
dollars per day for each and every day necessarily and actively em-
ployed on the subject, and necessary traveling expenses to be
 evidenced by vouchers, duly filed with the secretary of state: Pro-
vided, that no member of said commission shall receive pay for
more than thirty days.

"Sec. 3. The executive council shall audit all bills connected
with said commission and when approved the secretary of state shall
draw orders on the auditor for the amount, who in turn shall issue
orders on the treasurer, who shall pay the same out of any funds
of the state not otherwise appropriated.

"Sec. 4. Said commission shall begin its labors on or before
August 1, 1892, complete its report and file same with Secretary
of State by July 1, 1893.

"Sec. 5. The Secretary of State shall cause the report named
in section 4 to be printed for information, and as soon as practi-
cable, mail a copy to each member of the Twenty-fifth General As-
sembly.

"Sec. 6. Vacancies in said commission by reason of death, re-
moval from the state, inability or refusal to act, shall be filled by
appointment by the executive council.

"Sec. 7. This act being deemed of immediate importance shall
take effect and be in force from and after its publication in the
Iowa State Register and Des Moines Leader, newspapers published
in Des Moines, Iowa."—Laws of Iowa, 1892, pp. 100, 101.

288 The Iowa State Register, March 23, 1892.


290 Many features of the report and bill will be considered under
the heading of special problems in taxation.


292 The provision of the proposed bill on this point reads in part
as follows:
NOTES AND REFERENCES

"Real property shall be assessed at its fair cash value, which value shall not be measured or estimated upon values at forced sale, but it shall be estimated according to the ordinary selling price upon the usual terms of credit, and shall, so far as possible, be based upon the prices at voluntary sale, in said assessment district, or its vicinity during the preceding two years."—Report of the Revenue Commission of Iowa, 1893, p. 30.


295 The Council Bluffs Nonpareil, Vol. XXXIII, No. 54, March 7, 1894.

296 The Council Bluffs Nonpareil, Vol. XXXIII, No. 54, March 7, 1894.

297 On this point Senator Harsh said that "the aim is to reform the tax laws of the state by bringing to light all the property in the state, changing the assessment from the 25 to 50 per cent rule now obtaining to the true cash value of property and thereby forcing down the levies, and, as a consequence, reduce taxation. The present nominally high rates of levies repel those who would settle in Iowa, as they do not stop to inquire further, but from the fact of the levies being high they conclude that taxation is high. They do not stop to consider that our valuations are absurdly low. We could, perhaps, stand that, but the operation of our present law makes the burdens of taxation unequal. One man is assessed at 25 per cent of the value of his property, while his neighbor either escapes altogether, or is assessed at 30 per cent, while still another is assessed at 60 per cent. Some property pays twice, while other property escapes entirely. This bill aims to make every one contribute his full share towards defraying the burdens of government. If all are made to pay equally according to value of property, the burdens on each will be light, and soon we will have the name in Iowa of having light levies for purposes of taxation."

"What methods does the bill provide to accomplish all this?

"Its provision compelling the assessors to list property at actual value, does away with the guessing heretofore indulged in, and
makes it easier to get all the property. The assessor as now, holds his office for two years, but puts in his first year assessing personal property, thereby the better fitting himself for his duties. He is required to personally go and inspect each piece of property and not sit around village stores and offices and take the owner's word for it. The owner of property must make out a list and swear to it, and false swearing in this respect is declared by the bill to be a misdemeanor, which means a year in jail or a heavy fine. A failure to make out the list makes the party liable to have 30 per cent added to the sum, which the assessor from all the information he can get fixed upon and in case of an officer of a corporation, a fine of $100 per day for every day he fails to furnish the list is imposed. Assessors in turn have to swear that they have assessed all the property in their district at actual value, and the rules laid down are so strict that there is no possible evasion. The provisions in this regard are copied after laws of other states where such statutes work well.'—The Council Bluffs Nonpareil, Vol. XXXIII, No. 54, March 7, 1894.

298 Senate Journal, 1894, p. 403.
299 The Iowa State Register, March 13, 1894.
300 The Iowa State Register made a vigorous attack upon the measure. In an editorial entitled "The Tax-Eaters Revenue Bill", which appeared on the following day the editor said: "The farms and live stock of Iowa and the railways are assessed now at three hundred and ninety million dollars and all other property of the state at only one hundred and seventy-six million dollars. By the last census forty-nine per cent of the population lived in towns and cities and fifty-one per cent lived on the farms. The growth of the cities is greater than the growth of the rural population and it is safe to say that now at least one-half of the people live in towns and cities. It will thus be seen that more than two-thirds of the state and county taxes are paid by the farmers and the railways. The present limit of taxation, on the assessed value as it now stands, is ample to raise all the revenue necessary to carry on the state and county governments if economically expended. But the towns and cities are hungry for more money than they can now raise by the full limit of the levy

and so proposes an increase in the state tax to not over three per cent. If this increase is passed in the legislature it will raise an additional $3,750,000 which will be enough to meet the present demands of the tax-eaters. The revenue will be distributed among the towns and cities so that each will receive a share for the support of public schools and other purposes in place.

"The increased demands of the towns and cities for the support of public schools and the like have been by no means new. This has been going on for the last couple of years and will continue to be the case as long as the taxable population of the state continues to grow. The towns and cities are now and always will be hungry for more money in order to meet their growing needs and requirements."
and so the present revenue bill, now pending in the senate, proposes to raise the assessment of all property in the state to its full cash value.

"The farms are now assessed at an average of $8.44 per acre. If they are put to the full cash value they must go to $35 or $40 per acre, but the town and city property will never be proportionately raised and the burden of state and county taxes will be still more largely put upon the farmers. When the farms shall be raised to their full cash value they alone without the railways, will pay more than two-thirds of all state and county taxes. Any increase of the assessed value of property will breed extravagance in state and county expenditures and greatly increase the corrupt tax-eating now going on in the cities. If the cities want more taxes let them hunt out the moneys and credits and stocks and tax them, for there is where the city wealth is now hidden. The farms are in plain sight and so are all the farmers' live stock and utensils.

"The assessed value of the property of the state has steadily increased under the present method of assessment with the increase of population and wealth. In 1870 the total value was two hundred and ninety-four million dollars; it is now five hundred and sixty-six million dollars. During all this time nearly all property has been assessed at about one-quarter to one-third of its cash value. This is in accordance with the universal custom of all the states for the last one hundred years, except three or four that are now trying the full value plan. Every state in the Union has always had a limit on the power of taxation and also a requirement that property should be assessed at its cash value, but by common consent the assessed value in all the states has not been above one-third of the cash value. Why is it that property has been so long universally assessed at one-third to one-quarter its full cash value? The answer is plain. All state, county and city governments have felt that the tendency is to over tax the people and the best method manifestly is to keep the assessment low to the end that extravagance in public expenditures shall be kept at the lowest possible point.—The Iowa State Register, March 14, 1894.

301 Report of Auditor of State, 1895, p. 4.

302 "It is a notorious fact", wrote Governor Jackson in his message, "that for all these years under our peculiar law, millions
of dollars of personal and other property has evaded the assessor, thereby depriving the state of a rightful revenue and unjustly distributing the burden of taxation. This situation is not only unfortunate, but it is unbusiness-like and unfair. It is unfair to hamper the growth and development of this great and prosperous young state by publishing to the world an extremely high rate of taxation on an extremely low assessed valuation of property. It is unfair to cripple the usefulness of our great state institutions by hampering them with less appropriations than their necessities actually require. The highest welfare of our state demands a thorough and careful revision of our revenue laws to the end that all property shall pay its just share of the expenses of the state, and that sufficient revenue shall be raised to maintain our state in the position in which it belongs, at the head of the progressive and intelligent states of our nation. In this direction I desire to call your attention to the report of the revenue commission authorized by the acts of the Twenty-fourth General Assembly."—Shambaugh's Messages and Proclamations of the Governors of Iowa, Vol. VII, pp. 25, 26.

303 The Code of Iowa, 1897, was enacted at an extra session of the Twenty-sixth General Assembly which adjourned July 2, 1897.

304 Code of Iowa, 1897, p. 457.

305 See Vol. II, Chapter XXIV.

306 No reference is made in this connection to a number of laws that were passed relating to special problems in taxation.

307 Under the Code of Iowa, 1873, assessors were elected annually. The change to the biennial system was made later.—Code of Iowa, 1873, p. 104.

308 The following is a copy of Joint Resolution, No. 4, by Jackson:

"Section 1. Within twenty days after this act takes effect there shall be appointed in the manner hereinafter provided, nine persons whose duty it shall be to inquire into the subject of assessment and taxation for state and local purposes the operation and effect of the laws relating thereto and the expediency of revising and amending such laws so as to establish a more equal and just system of raising necessary public revenues and to report to the next legis-
lature on or before January 15, 1909, the result of their investiga-
tion, together with bills to carry out the recommendation of the 
commission in regard to the revision and amendment of the tax 
laws of the state. Three of the persons shall be appointed by 
the Governor; three shall be appointed from the senate by the 
president of the senate; and three from the house by the speaker 
of the house. The members of the commission shall not receive a 
salary, but each shall be entitled to their actual and necessary ex-
spenses incurred in the performance of his duties under the pro-
vision of this act, to be paid by the state treasurer on the audit 
and warrant of the comptroller.

"Sec. 2. Said commission hereby is authorized and empowered 
to require and enforce the attendance of witnesses and the pro-
duction of books and papers and to administer oaths and to employ 
counsel, experts, stenographers, clerks and such other employees 
as may be necessary for the purpose of their investigation and 
report.

"Sec. 3. The members of such committee shall receive while 
in the performance of their duties mileage in the sum of five (5) 
cents per mile, each way, and the actual and necessary expenses in-
curred, to be paid out of any money in the treasury not otherwise 
appropriated, on vouchers filed with the auditor of state; provided 
the aggregate expenditures of said committee shall not exceed the 
sum of three thousand ($3,000) dollars."—Joint Resolution, No. 4, 
1907, by Jackson.


310 The following is a copy of the bill introduced by Senator 
Savage:

"Section 1. The Governor is hereby authorized and required, 
on or before July 1, 1909, to appoint a tax commission of five 
members, citizens of the State, to constitute a tax commission. 
Any vacancy occurring in said commission shall be filled by the 
Governor by the appointment of some other citizen of the State.

"Sec. 2. It shall be the duty of said commission to examine 
into the tax assessment, tax levy and tax collection laws of the 
State of Iowa, and of other states, and use such means and make 
such investigations as it shall deem best to secure information, for
the purpose of ascertaining whether the present laws of the State of Iowa regulating the assessment, levying and collection of taxes may not be improved, and to report its findings together with such recommendations as it may deem desirable, to the Governor not later than October 1, 1910, together with bills intended to carry its recommendations, and a detailed statement of the expenses of the commission as provided herein. The report and recommendation of the commission shall be transmitted by the Governor to both branches of the General Assembly of 1911, and copies of said report and recommendations shall be printed by the State Printer and bound by the State Binder in such quantity as the Executive Council may determine and a copy sent by the Governor to each member of the General Assembly by December 1, 1910.

"Sec. 3. The commission shall meet at the Capitol in Des Moines on or before August 1, 1909, and organize by the election of one of its members as president, one for vice-president, and may select a secretary from outside its membership and prescribe the duties of that officer and fix his compensation. The commission may secure such clerical assistance as it may need to carry on the work provided for herein and fix the compensation for such services. Other meetings of the commission may be held at the Capitol from time to time or at such other places as the commission may determine.

"Sec. 4. The Executive Council shall assign a room in the Capitol for the use of the commission, not otherwise occupied, and shall also provide stationery and books for the use of the commission as may be needed, on requisition signed by the president or secretary of the commission.

"Sec. 5. The members of the commission shall each receive as compensation for their services ten dollars per day for time actually employed in the labor of said commission together with their actual traveling and personal expenses while engaged in the work of the commission; provided, however, that the expense of the commission shall not exceed the amount herein appropriated. The expense bills of the commission shall be paid on properly attested vouchers, the same as expenses of other commissions or departments of State.

"Sec. 6. To carry the provisions of this act into effect, there
is hereby appropriated out of any funds in the State treasury, not otherwise appropriated, the sum of twelve thousand dollars ($12,000.00), or so much thereof as may be necessary.

"Sec. 7. This act, being deemed of immediate importance, shall take effect and be in force from and after its publication in the Register and Leader and Des Moines Capital, newspapers published in Des Moines, Iowa."—Senate File, No. 231, 1909.


313 The following is a copy of the Harding bill:

"Section 1. There is hereby created a legislative tax commission consisting of five members, two of whom shall be members of the House of Representatives and appointed by the Speaker, one of whom shall be a member of the Senate and appointed by the President of the Senate, and two of whom shall be appointed by the Governor of the State.

"Sec. 2. Said commission shall have the authority to employ such clerical and legal assistance as may be required to properly perform the duties hereby imposed upon the said commission, which together with the necessary expenses incurred therein, by said commission, shall be paid out of the treasury upon the approval of the Executive Council upon the filing with the Auditor of State a detailed and itemized statement duly verified of the same.

"Sec. 3. Said commission or a majority thereof, in case of the absence of any member, shall constitute a quorum, who shall as soon as practicable after their appointment but not later than the first day of May, 1909, meet in the Capitol building and organize by the election of one of its members as chairman, who shall preside at all meetings of said commission, if present, and in his absence the chairman shall be elected from those present. Said commission shall meet from time to time as determined by said body, or on call of the chairman.

"Sec. 4. Said commission shall have power to thoroughly investigate and enquire into the subject of assessments and taxes for State and local purposes, the operation and effect of the laws relating thereto, and the expediency of revising and amending
such laws, so as to establish a more equal and just system of raising the necessary public revenues. Said commission shall on or before December 1, 1910, file with the Auditor of the State its report which shall be printed by him for distribution to the members of the next General Assembly, which report shall contain a detailed statement of the expenses and the result of its investigation, together with such recommendations and conclusions as will improve and perfect the revenue laws of the State, together with bills to carry out the recommendations of the commission in regard to the revision and amendment of the revenue laws of the State. And the said commission is hereby authorized and empowered to require and enforce the attendance of witnesses and the production of books and papers, and any member of the commission is hereby authorized to administer oaths.

"Sec. 5. The members of the commission shall receive as compensation for said services ten ($10) dollars per day each together with their traveling and personal expenses while actually engaged in such work to be paid from the treasury upon an order from the Executive Council.

"Sec. 6. The amount of money authorized by this act for the purpose herein provided for shall not exceed fifteen thousand ($15,000) dollars which sum is hereby appropriated from the money in the State treasury not otherwise appropriated.

"Sec. 7. The printing and binding of said report and all expenses connected therewith shall be at the cost of the State as provided by law.

"Sec. 8. This act being deemed of immediate importance shall be in full force upon its publication in the Register and Leader and the Des Moines Capital, newspapers of Des Moines, Iowa."—House File, No. 3, 1909.

314 Laws of Iowa, 1909, p. 79.
315 See Chapters VI-XV; also Vol. II, Chapters XVI-XXIII.

CHAPTER V

317 Laws of Iowa, 1868, p. 198.
See chapters dealing with these subjects.

See above, p. 170.

See Chapters VI-XV; Vol. II, Chapters XVI-XXIII.

This table was compiled from data given in the biennial reports of the Auditor of State, 1873-1908.

The amount for the period 1879-1881 was $1,928,849.32.

Shambaugh's *Messages and Proclamations of the Governors of Iowa*, Vol. IV, p. 34.


This data was obtained from the Federal Census reports and the *Report of Auditor of State*, 1906, pp. 123, 124.

This statement was made to the writer by prominent members of the Twenty-sixth General Assembly. The Code of 1897 was adopted by a special session of that body.

*Code of Iowa*, 1897, p. 457.

The writer does not wish to be understood as claiming that this is an accurate ratio. Statistics along this line are not sufficiently trustworthy to make such a statement possible. What we do wish to state is that, as far as data can be secured for all classes of property, the statement in the text is fairly representative of actual conditions.

*Special Census Reports, Wealth and Debt and Taxation*, 1904, pp. 42, 43.

Not given in Tables III and IV.


See Table III giving data for 1861. An estimate is made for 1860.

See Table IV for assessed valuation from 1870 to 1904 inclusive.
See above, p. 40.

The assessment of moneys and credits will be considered in a separate chapter. See Chapter XIV.

Report of Auditor of State, 1908, p. 194.

Report of Auditor of State, 1893, pp. 82-85.

Report of Auditor of State, 1885, p. 129.

Table prepared by the Secretary of the Executive Council.

Table VIII was given to the writer by Governor B. F. Carroll. The data therein contained was submitted to the Executive Council by T. A. Polleys to aid said council in the valuation of railroad property.


Report of Minnesota Tax Commission, 1907, p. 27.


CHAPTER VI

Shambaugh’s Fragments of the Debates of the Iowa Constitutional Conventions of 1844 and 1846, pp. 67-81, 197-204.

Constitution of Iowa, 1846, Art. IX, Secs. 1 and 2.

Code of Iowa, 1851, pp. 378, 379.

Code of Iowa, 1851, p. 378.

Code of Iowa, 1851, p. 76.

Code of Iowa, 1851, pp. 77, 79.

Constitution of Iowa, 1857, Art. VIII, Sec. 5.

Among other things the Constitution carefully defines the form and security of all bills, notes, and paper credits designed to circulate as money; gives billholders preference over other creditors in case of insolvency; and prohibits the suspension of specie payments by banking institutions.—Constitution of Iowa, 1857, Art. VIII, Secs. 8-11.

Laws of Iowa, 1858, pp. 215-234.