

Donald took his hat and walked slowly out the door and toward the road. The sun was high in the heavens and birds were beginning to call to their mates in the trees. The bells on the cows were jangling in the pasture. The aspens rustled ceaselessly.

CONGRESSMAN BAILEY'S BILL.

(*For the Review*)

By LUCIUS F. C. GARVIN

On January 22, 1917, Congressman Warren Worth Bailey introduced a bill which was referred to the Committee on Ways and Means. It was entitled "A Bill to provide increased revenue by a direct tax on the value of land in the United States, and for other purposes." It proposed to raise annually \$200,000,000 and, conforming to the Federal Constitution, the tax was apportioned to the States and Territories and District of Columbia in proportion to population.

When the bill becomes a law, therefore, the owners of land in the several States will pay into the National treasury every year a sum totaling about \$2 per capita of their present populations. The exact amount assessed upon the land values of each State, as given in Mr. Bailey's bill, appears in the table below.

It has been held that the apportionment of a land value tax according to population would be very unjust, falling with especial severity upon the Southern States, and lightly upon New York and other wealthy States. A doubt about this inference arises from the fact that the assessed valuation of property varies greatly in the different States. Thus, according to the United States census, in 1912, the "Assessed Valuation of Real Property and Improvements subject to ad valorem Taxation" in Ohio amounted to \$4,335,665,521, while that of Illinois totaled only \$1,648,500,546. Light is thrown on this extraordinary discrepancy by the added statement that the "average tax rate per \$100 of assessed valuation" in Ohio was \$1.18, but in Illinois was \$3.62. In Iowa, North Dakota, Idaho and New Mexico the rate exceeds 4 per cent., indicating a low valuation of taxable property. A landed proprietor in Virginia asserts that land values in that State are assessed at a small percentage of the actual selling price, a statement probably true of other States, particularly in the South.

Since land values are created by the presence of the population, are in fact, as Bengough terms them, "people values," may not the number of people living in each State be a fair measure of the value of its land? Those agricultural States, which seemingly would suffer under a Federal tax apportioned according to population, may not be much discriminated against by such apportionment.

The appended table shows how much, under Bailey's bill, each State would pay per square mile of its territory. Certainly, New York, Pennsylvania, Connecticut, New Jersey, Massachusetts and Rhode Island, which would pay the heaviest rate per acre, will have no reason to complain. Is it sure that Mississippi, Georgia and Alabama, which must contribute from \$85 to \$90 per square mile, will be treated unjustly? Assuredly the thinly populated States, which are rich in mineral deposits owned largely by wealthy non-residents, can easily pay their low rate per square mile.

Finally, a tax upon land values is a blessing and not a burden. The heavier it is, up to the point of taking the entire ground rental value, the better it is for the people of a State. It stops speculation in land, gives freer access to unused parcels, turns monopolists into producers, prevents poverty, lessens public expenses, and in many other ways spreads prosperity broadcast. So long as a State neglects this, its natural source of revenue, a heavy Federal tax upon land values is a benefit to the inhabitants of that State.

The true value of the real estate of the several States was estimated in the U. S. Census of 1904 and 1912. Apportioned according to population in 1900, the rate per \$100 of land values would be approximately as given in the third and fourth columns of the table.

| State | Land Value Tax | Per Sq. Mile | Land Value Tax Per \$100 | |
|---------------|----------------|--------------|-----------------------------|-------|
| | | | 1912 | 1904 |
| Alabama | \$4,636,511.04 | \$ 90 | 50cts | 40cts |
| Arizona | 443,147.04 | 24 | 24 " | 10 " |
| Arkansas | 3,414,234.16 | 65 | 38 " | 30 " |
| California | 5,155,777.68 | 33 | 10 " | 8 " |
| Colorado | 1,732,704.60 | 16 | 14 " | 10 " |
| Connecticut | 2,417,377.76 | 501 | 16 " | 10 " |
| Delaware | 438,740.58 | 223 | 25 " | 12 " |
| Florida | 1,632,074.14 | 30 | 38 " | 30 " |
| Georgia | 5,657,947.12 | 86 | 62 " | 40 " |
| Idaho | 706,059.18 | 8 | 50 " | 18 " |
| Illinois | 12,227,433.20 | 218 | 12 " | 10 " |
| Indiana | 5,856,920.78 | 162 | 20 " | 14 " |
| Iowa | 4,824,474.54 | 87 | 9 " | 8 " |
| Kansas | 3,666,867.46 | 45 | 13 " | 12 " |
| Kentucky | 4,965,719.32 | 123 | 43 " | 20 " |
| Louisiana | 3,591,921.04 | 99 | 35 " | 25 " |
| Maine | 1,609,857.08 | 54 | 33 " | 15 " |
| Maryland | 2,808,991.94 | 282 | 21 " | 10 " |
| Massachusetts | 7,300,161.86 | 908 | 18 " | 9 " |
| Michigan | 6,093,934.22 | 106 | 20 " | 10 " |

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| State | Land Value Tax | Per Sq. Mile | Land Value Tax Per \$100 | |
|----------------|----------------|--------------|-----------------------------|------|
| | | | 1912 | 1904 |
| Minnesota | 4,501,227.50 | 55 | 13 " | 10 " |
| Mississippi | 3,897,089.06 | 85 | 80 " | 50 " |
| Missouri | 7,141,683.80 | 104 | 22 " | 13 " |
| Montana | 815,480.84 | 5 | 18 " | 10 " |
| Nebraska | 2,585,347.50 | 32 | 11 " | 10 " |
| Nevada | 177,548.10 | 1 | 9 " | 5 " |
| New Hampshire | 933,706.74 | 103 | 28 " | 20 " |
| New Jersey | 5,501,913.52 | 732 | 14 " | 10 " |
| New Mexico | 709,760.84 | 6 | 48 " | 18 " |
| New York | 19,763,112.20 | 375 | 12 " | 10 " |
| North Carolina | 4,784,391.52 | 100 | 68 " | 45 " |
| North Dakota | 1,251,361.16 | 18 | 10 " | 13 " |
| Ohio | 10,337,627.54 | 254 | 20 " | 10 " |
| Oklahoma | 3,593,584.30 | 54 | 11 " | 40 " |
| Oregon | 1,458,908.64 | 15 | 13 " | 10 " |
| Pennsylvania | 16,621,995.20 | 371 | 17 " | 10 " |
| Rhode Island | 1,176,664.08 | 1,103 | 19 " | 9 " |
| South Carolina | 3,286,184.84 | 107 | 65 " | 50 " |
| South Dakota | 1,266,176.52 | 16 | 20 " | 13 " |
| Tennessee | 4,737,772.54 | 113 | 55 " | 30 " |
| Texas | 8,449,754.04 | 32 | 26 " | 20 " |
| Utah | 809,621.50 | 10 | 21 " | 13 " |
| Vermont | 771,899.98 | 84 | 30 " | 15 " |
| Virginia | 4,470,659.98 | 111 | 38 " | 25 " |
| Washington | 2,476,435.42 | 37 | 13 " | 18 " |
| West Virginia | 2,648,028.74 | 110 | 19 " | 30 " |
| Wisconsin | 5,061,036.94 | 91 | 20 " | 10 " |
| Wyoming | 316,528.96 | 3 | 31 " | 10 " |

It has been assumed in this article that in each State land constitutes one-half the value of the real estate.

As shown by a study of the above table, an extraordinary change was made in the estimated true value of real estate in the several states between the years 1904 and 1912. In a few instances the rate could be reduced; in most cases, however, it was increased; and in some more than doubled. Seemingly there was a good deal of guesswork in one, if not in both, of the so-called "Estimates."

Mr. Bailey's bill was re-introduced into the present Congress on May 2, by Representative Crosser, so worded as to raise ten times the amount of revenue, namely \$2,000,000,000.