

PARTIAL APPLICATIONS OF THE SINGLE TAX

CALIFORNIA'S IRRIGATION DISTRICTS

The Single Tax is used by the Irrigation Districts of California for the maintenance and operation of the irrigation system, payment of interest and sinking funds of the bonded debt and other purposes. The irrigation law of California, as originally adopted, provided for the taxation of improvements as well as the land for district purposes. Personal property has never been taxed by irrigation districts. In 1909 the statute (General Laws Act 1,726, Sec. 35) was amended by limiting the assessment in all new districts organized after April 1st, 1909, to the land value only. The five districts then existing, organized under the old law, were permitted to adopt the new system by "a majority vote of the resident holders of title to lands situated within the district."

It was through the efforts of owners in the Modesto Irrigation District that this change in the law was brought about. Immediately a campaign was entered upon to adopt the new system of taxation. Mr. George Perley, President of the Stanislaus County Abstract Company, has given me the following illustration which was used to show the farmers the injustice of the existing system of taxation:

Assume that two taxpayers represent an entire community.

The first table shows each of them owning an equal area of land unimproved.

	ACRES	ASSESSED	TAX RATE	TAX OF EACH	TOTAL TAXES FOR COMMUNITY
A	10	1,000	6.00	\$60	} \$120.00
B	10	1,000	6.00	\$60	

A builds a home for his family, with the following results:

	ACRES	ASSESSED	TAX RATE	TAX OF EACH	TOTAL TAXES FOR COMMUNITY
A	10	1,000	} 4.00 {	\$40.00	} \$120.00
B	10	1,000		} \$80.00	
"	Home	1,000			

Because B built a home he has to pay \$20 of A's taxes, *i. e.*, A's tax is reduced \$20 and B's is increased \$20.

These tables also show that for unimproved land each paid equal taxes—\$6 per acre. When B built his home his tax was increased to \$8.00 per acre, and A's at the same time reduced to \$4.00 per acre. Yet the productivity of the land was not increased by the building of the home.

At the election held in 1911 the new system of taxation was adopted, and since that time the tax has been levied upon the value of the land only. During February of 1914 a statement was issued, at my request, by the Directors of the Modesto Chamber of Commerce about the effect of the new system of taxation. This statement was also signed by all of the Directors of the Modesto Irrigation District, Stanislaus County Building Council, each of the four banks, and the two newspapers in Modesto City, and the Modesto Gas Company. It says in part:

"The Modesto Irrigation District was organized in 1887. It was soon found that the small farmer who had built his house and barn and set out trees on his land was paying an excess proportion of the taxes of the district. On the other hand, the large owners, who made little or no improvements and refused to sell their land, had their taxes reduced because of the increase in the total assessed value of the property resulting from the new improvement. An attempt was made to relieve these industrious small holders, but the large owners objected so strongly that the assessment was put back to the old figures, and relief finally gained through an amendment of the irrigation law.

"As a result of the change (to the taxing of land value only) many of the large ranches have been cut up and sold in small tracts. The new owners are cultivating these farms intensively. The population of both the country and the city has greatly increased. The new system of taxation in collecting all of the tax from the value of the land has brought great prosperity to our district. Farmers are now encouraged to improve their property. Industry and thrift are not punished by an increase in taxes.

"In the Modesto Irrigation District the man who builds a house or barn will not have his irrigation tax increased. He will pay no more than his neighbor next door, who allows weeds to grow on his land."

The total area of this district comprises about 80,000 acres. The tax rate averages \$3.50 on the \$100 of land value.

The Turlock Irrigation District, of 176,000 acres, adjoins

Modesto on the south. It is one of the old districts and did not adopt the Single Tax until February 1915. The vote was on the tax question only, and resulted in 993 votes in favor, to 260 against. The campaign was conducted on pure Single Tax lines. Editor E. H. Robinson, of the *Ceres Courier*, had numerous classic Single Tax editorials in his paper favoring the change, frequently quoting from *Progress and Poverty*, Tom Johnson's *My Story*, Louis F. Post, and other Single Tax writers. The *Turlock Tribune* also had many editorials of the same character. In one of them it said: "The benefits of the Single Tax will accrue to those who have brought their holdings to the highest stage of improvement," and then shows that the Single Tax will make the tax rate on the land value alone \$3.90 on the \$100.

The first districts to be organized under the new law were the Oakdale Irrigation District, in Stanislaus County, and the South San Joaquin Irrigation District in San Joaquin County, each of about 80,000 acres, during the year 1909. A statement was issued early in 1914 by the City Trustees of Oakdale, at my request, as to the effect of the new system of taxation. This statement was also signed by all of the Directors of the Oakdale Irrigation District, Board of Trade, Woman's Improvement Club, two banks and two newspapers, and the city officials of Oakdale City. It reads in part:

"The Oakdale Irrigation District was organized as a Single Tax Irrigation District under the law of the State of California in 1909. The chief argument in favor of organizing under the Single Tax system of raising revenue for the operation of the district was that the farmers would not be penalized for their industry; that when our farmers improve their lands by planting alfalfa, setting out trees and vines, building dwellings, barns and other improvements, that their taxes would not be increased, and that they would pay the same tax as their neighbors with the same area and quality of land who made no improvements.

"Even in the short space of less than a year many of the promises made for the Single Tax have been fulfilled. The large ranch so common under the old system of taxation is fast disappearing from our district. Speculators do not buy land here, each sale is made to an actual settler, who brings his family among us, builds a decent home, seeks to better the social conditions of his neighborhood, and adds greatly to the prosperity of our community.

Our experience has taught us that the more you relieve improvements from taxation, the quicker will the country improve.

"The Single Tax is the best system of taxation we could have for our farms. We know that it is making our district grow. All of our farmers favor it, because of the exemption of improvements. No one in the district would want to go back to the old system. The Single Tax is right because it improves the country. Our farmers put the land to its highest use, the use that is most beneficial to the whole community. Our system of taxation compels them to do this, and they thus reap a greater profit for themselves. Many say that they can now afford to borrow money to make improvements, which they could not do under the old system.

"We invite farmers to come and settle among us. Their industry will not be taxed by the Oakdale Irrigation District. Our Single Tax system of taxation encourages industry. We make the man who keeps his land idle pay the same as the man who improves. Those who build up our community and create its wealth will not be penalized."

The tax rate in the Oakdale District is \$6.20 on the \$100 of land value. The vote for the organization of the district under the Single Tax was 349 yes and 27 no. The vote on the first bond issue was 339 yes and 9 no. The irrigation districts are discovering the real value of the Single Tax. The *Stockton Record* press dispatches from Oakdale recently said:

"The Directors of the Irrigation District are trying to force the sub-division of some of the larger bodies of land being held for advance in values, by an increase \$5.00 per acre in the valuation for taxation purposes. Last year all the \$30.-an-acre land was increased in value \$40.00 an acre, and this year another \$5.00 was added to the valuation. These lands are all held in large tracts, and the district is anxious to see their development by small land owners, and the shifting of the tax from the smaller land owner to the big ranch man will, it is thought, bring that about."

The Imperial Irrigation District of 530,000 acres was organized in 1912, to take over the irrigating system owned by the California Development Company, which had proved a failure under private ownership. It is located at the extreme southern end of the State, on the border line of Mexico. The election for the issuance of \$3,500,000 of bonds was held October 29th, 1915. The vote was 3,278 yes and 330 no. The bonds have just been sold, and the district will now take charge of the irrigating system.

The Anderson-Cottonwood Irrigation District was organized in July, 1914; vote: 400 yes, 17 no. This district comprises 32,000 acres, and is located in Shasta county in the extreme northern section of the State. The Paradise Irrigation District, in Butte county, has just been organized, with a total of 14,000 acres. Altogether the irrigation districts in California, operating under the Single Tax system of taxation, comprise a total of 1,000,000 acres. New districts are being proposed, or in process of organization, that will add 500,000 acres to the Single Tax system. These lands are all located in fertile valleys, and are among the richest sections of California.—E. P. E. T.

THE EXPERIMENT AT HYATTSVILLE, MARYLAND, 1892

Hyattsville is a suburb of Washington, D. C., located in Maryland, a short distance beyond the District of Columbia line. In the Summer of 1892 a majority of the Board of Commissioners of the town, consisting of Jackson H. Ralston, Charles H. Long and George H. Britt, all Single Taxers, determined to adopt for the town purposes the principles of the Single Tax, and accordingly struck from the assessment rolls all taxes upon improvements. Prior to that time, taxation on personal property had been abandoned by common consent, and the taxes had been levied upon land and improvements, assessed separately. The then rate of taxation was very low, being fifteen cents per hundred dollars, but, with the omission of taxes on improvements, the rate was raised to twenty-five cents per one hundred dollars, in order to realize the same or a little larger revenue.¹

¹Hyattsville was not the only nor the first township to attempt the Single Tax experiment. Away back in the early days of Alton, Ill., improvements were stricken from the assessment list. As in Hyattsville those dissatisfied brought action to have the mode of assessment set aside, and appearing for those whose purpose was to restore the old methods of assessment were John J. Hardin, a well known name in the annals of the State, and "A. Lincoln." The case may be found in the Illinois Reports, page 69 (Filch et al vs. Pickard et al, 4 Scammon).

The contention was that "the ordinance regarding the lots to be valued without regard to improvements was a violation of the Constitution." This was denied, and in proof that Single Tax arguments were not wholly unfamiliar even in that day, the lawyers defending the ordinance say:

"Nor did the act of incorporation require that improvements should be included in the assessment of the lots. It had reference to the naked soil, and did not intend to interfere with that liberal policy which protects and encourages improvements." The ordinance lost by the vote of a divided court. Unfortunately no dissenting opinion was filed.