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Source: *National Tax Journal*, December 1955, Vol. 8, No. 4 (December 1955), pp. 400-407

Published by: National Tax Association

Stable URL: <https://www.jstor.org/stable/41790199>

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# MUNICIPAL POLL TAXES IN PENNSYLVANIA

GEORGE G. SAUSE, JR.\*

**M**OST public discussion of the poll tax has dealt with its use as a means of disenfranchising certain groups, while its frequent use in many states as a purely fiscal measure generally has been overlooked. In recent years, poll taxes have become increasingly popular in several states as a source of municipal revenue. This paper will examine their use in one of these states—Pennsylvania.

The origin of the poll tax has been traced to Ancient Egypt and the Roman Empire, where its imposition and the rates used depended upon political or religious position. At a later date, this system was used by the Turkish Empire which levied the tax against Christians.<sup>1</sup> It existed in Medieval Europe and in England, where it is credited with having started Wat Tyler's Rebellion in 1381.<sup>2</sup>

In the seventeenth century, the poll tax was one of the chief sources of revenue for many of the American Colonies, especially in New England and in the South. Although its use declined during the eighteenth century in some colonies,<sup>3</sup> it still accounted for one third of the revenue.

During the colonial period, the tax was generally used for roads and defense. Remnants of this origin persist in some municipalities which levy the

poll tax on males only and in some states where work on the roads may be substituted for payment in cash.

Many Colonies imposed a tax which would fit the modern definition of a poll tax, that is, a flat rate applied to all adults. Massachusetts, however, adjusted the rates according to a man's faculties or abilities.<sup>4</sup> This practice was adopted by some other states and still prevails in Pennsylvania, where it is known as the occupation tax.

The fiscal importance of the poll tax declined in the nineteenth and early twentieth centuries, although, after the Reconstruction Period, it became popular as a political measure. This decline has now been arrested, and the tax again has become increasingly popular in several states as a source of municipal revenue.

At the present time, all but six states either permit their municipalities to levy the tax or do so themselves. In a few states levying poll taxes, nonpayment results in the loss of the voting privilege; in the majority it has no connection with voting but is simply a revenue measure.

Advocates of the poll tax justify it as a modern fiscal measure because of its broad base which usually includes all adults. Many of the adult population escape other state and local taxes, and it is claimed this forced contribution to the government discourages the irresponsible support of expenditures and stimulates an interest in efficient gov-

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<sup>1</sup> André Piganiol, *L'Impôt de Capitation* (Chambéry: Imprimerie Chambérienne, 1916).

<sup>2</sup> Harold M. Groves, *Financing Government* (4th ed.; New York: Henry Holt & Co., 1954), p. 595.

<sup>3</sup> M. Slade Kendrick, *Public Finance* (New York: Houghton Mifflin Co., 1951), p. 93.

<sup>4</sup> E. R. A. Seligman, *The Income Tax* (2nd ed.; New York: The Macmillan Company, 1914), p. 368.

ernment. Other arguments in its favor, particularly when rates are low, are its relative certainty as to burden, the stability of revenue received, and the lack of adverse economic effects such as a loss of incentive. An examination of these effects is not attempted in this paper.

Critics of the poll tax stress its obvious undemocratic influence when payment is required prior to voting. Viewing it strictly as a revenue measure, most students of public finance condemn it as a regressive tax and one which is difficult to administer. It is often dismissed as too insignificant a revenue source to justify its use in the face of its defects.

#### *Extent of Present Use*

Current national data concerning municipal poll taxes are unavailable.<sup>5</sup> For this reason the factual analysis in this article is confined to Pennsylvania where municipal poll taxes are quite universal.

For many years Pennsylvania has permitted certain classes of municipalities to levy small poll taxes. During the last two decades, as municipal codes were amended to permit higher rates, these small taxes have become larger and more numerous. Expansion has been rapid since the adoption of Act 481 in 1947 which, among other things, permits municipal poll taxes as high as \$10.00 per person in addition to the rates levied under the municipal codes.<sup>6</sup>

<sup>5</sup> *The Statistical Abstract of the United States* has not listed poll tax receipts since the 1941 edition which included 1937 data. At that time, the States levying a poll tax received \$5.3 million and local units \$13.1 million. Since 1937 poll tax receipts have been buried in "other taxes."

*Tax Systems*, Supplement to 13th ed. (Chicago: Commerce Clearing House, Inc.), lists state poll taxes for 1952 as \$8.7 million. No data are presented for municipal collections.

Many municipalities also levy an occupation tax. This is similar to the poll tax in effect and is looked upon as such by most taxpayers. Technically, however, it is a part of the property tax. Each adult's occupation is given an assessed valuation. The same rate is then applied to this base as is applied to real estate. The occupation tax is a hold-over from the faculty taxes of Colonial days, and Pennsylvania, the only state to retain this tax, has used it in its present form since 1844.

Occupation taxes vary in amount from a few cents to \$10.00 or \$15.00, depending upon the assessed value of the occupation and the property tax rate. Five dollars is a common figure for gainfully employed persons.

Taking into consideration all levels of local government to which a resident must contribute, it is possible for a two-adult family to pay a combined poll and occupation tax of nearly \$50.00 a year. This may include payments of \$10.00 per person to the school district; \$10.00 per person to the city, borough, or township; plus a total county occupation tax of almost \$10.00. So high a total is admittedly unusual, but family tax burdens of \$30.00 or \$35.00 are not uncommon.

The units authorized to levy these taxes, and those actually doing so, are shown in Table 1.

More significant than the number of units imposing the tax are the revenues received compared with receipts from other taxes. Table 2 presents these figures for the year 1952. Table 3 breaks the second, third, and fourth class school districts into three groups.

<sup>6</sup> In a school district which occupies the same territory as another municipality—the usual system in Pennsylvania—the two units are limited to a total of \$10.00 under Act 481.

These tables show that poll and occupation taxes constituted about 65 per cent of total municipal tax receipts in 1952 and therefore can not be dismissed as fiscally unimportant. As would be expected, these taxes are most important to small rural units.

school districts comprise the small, rural units in Pennsylvania, and the tables show that poll and occupation taxes furnish ten per cent or more of their tax revenue.

These taxes, however, are not wholly confined to small units. The large and

TABLE 1  
MUNICIPAL UNITS IN PENNSYLVANIA USING POLL AND OCCUPATION TAXES IN 1952

Type of Unit	No. of Units in State	Authorized to Use Poll Tax	Authorized to Use Occupation Tax	No. Using Poll Tax	No. Using Occupation Tax	% Using Poll Tax	% Using Occupation Tax
Counties .....	67	No	Yes *	....	46	...	68.7%
Institution District .....	66	No	Yes *	....	44	...	66.7
City:							
1st Class (Philadelphia) ..	1	Yes	Yes	....	....	...	...
2nd Class (Pittsburgh) ..	1	Yes	Yes	....	....	...	...
Class 2A (Scranton) .....	1	Yes	Yes	....	....	...	...
Cities, 3rd Class .....	47	Yes	Yes	24	11	51%	23.4
Boroughs .....	942	Yes	Yes	229	789	24	84.0
Townships:							
1st Class .....	70	Yes	Yes	5	40	7	57.0
2nd Class .....	1,500	Yes	Yes	239 †	1,132	16	75.5
School District:							
1st Class (Philadelphia) ..	1	No	No	....	....	...	...
Class 1A (Pittsburgh) ...	1	Yes	No	1	....	100	...
2nd, 3rd, 4th Class .....	2,488	Yes	Yes	2,331	32	94	1.0
Total .....	5,185	...	...	2,829	2,094	54.6%	40.4%

\* Only 4th- to 8th-class counties and Institution Districts may use the occupation tax. They are fifty-nine in number.

† Second-class townships were not permitted to use the poll tax until 1951. This explains the small number using it in 1952.

Source: Most of the material in Tables 1 and 2 is found in *Pennsylvania Local Government Tax Chart*, Bulletin 145 (Harrisburg: State Chamber of Commerce, May, 1954). Other data were furnished by Mr. Robert Hibbard, Research Associate, State Chamber of Commerce. Data are not available in the form of an official statewide summary. Instead they must be collected from the individual financial reports of each of the 5,185 municipal units. This statistical work has been done for 1952 by Mr. Hibbard.

For a reasonably successful administration of such taxes, it is necessary to have a stable population where each individual is known to his neighbors. Naturally, these conditions exist mostly in small rural districts, which are also the units least able to administer other forms of nonproperty taxes.

In general, it is these small units which make most use of poll or occupation taxes. Boroughs, second-class townships, and third- and fourth-class

densely populated Pittsburgh School District relies on a poll tax for over ten per cent of its tax revenue, while third-class cities find combined poll and occupation taxes equally important.

For certain units, these taxes are more important than the tables indicate. The figures shown are averages for each class of municipality, but many units do not use these taxes. For example, the poll tax accounts for 4.5 per cent of all second-class township taxes, but only 239

out of 1,500, or about 16 per cent, of the eligible units impose the tax. Therefore, those using the tax must average well in excess of this figure. The same is true for larger units. Only twenty-four of the forty-seven third-class cities levy a poll tax, but this tax accounts for 4.1 per cent of all city taxes. An examination of the reports

of twenty-four cities using the tax shows a number of these cities have poll taxes equal to 12 per cent or 14 per cent of total tax receipts.

Poll taxes, therefore, are vital to municipalities, and the trend is toward their greater importance. Collections are increasing in absolute terms and in a relative sense also as real estate accounts

TABLE 2  
TAX COLLECTIONS OF PENNSYLVANIA MUNICIPALITIES BY TYPE OF TAX, 1952  
(In Thousands of Dollars and as a Percentage of Total Municipal Tax Receipts)

Type of Municipality	Real Estate	Poll Tax	Occupation Tax	Other Taxes	Total
Counties .....	\$ 44,091 76.2%	.....	\$1,092 1.8%	\$ 12,622 21.8%	\$ 57,805 100.00%
Institution District	13,273 97.0	.....	376 2.8	.....	13,649 100.00
Cities, 3rd Class ...	26,190 75.8	\$ 1,406 4.1%	347 1.0	6,581 19.1	34,524 100.00
Boroughs .....	26,092 79.6	1,238 3.8	2,568 7.4	2,876* 8.8	32,774 100.00
Townships:					
1st Class .....	10,009 88.2	21 .2	268 2.4	1,066* 9.4	11,364 100.00
2nd Class .....	10,806 89.0	543 4.5	627 5.2	126* 1.1	12,102 100.00
School District:					
Class 1A (Pittsburgh) .....	12,537 71.6	1,849 10.5	.... .	3,116 17.8	17,502 100.00
2nd, 3rd, 4th Class	140,147 80.8	21,465 12.3	296 .2	11,600* 6.7	173,508 100.00
Units Using Neither Poll Nor Occupation Tax .....	126,061 66.3	.....	....	64,181 33.7	190,242 100.00
Total .....	\$409,206 75.3%	\$26,522 4.9%	\$5,574 1.0%	\$102,168 18.8%	\$543,470 100.00%

Individual percentages may not add to 100% because of rounding.

\* Partly estimated. Boroughs, townships and 2nd, 3rd, and 4th class school districts had a common item of \$153 thousand in miscellaneous taxes. This has been allotted to the municipalities in proportion to their other miscellaneous tax collections.

Source: See Table 1.

TABLE 3  
POLL TAXES IN 2ND, 3RD, AND 4TH CLASS SCHOOL DISTRICTS, JULY 1, 1951-JUNE 30, 1952

Unit	Total Tax Receipts in Thousands of Dollars	Poll Tax Receipts in Thousands of Dollars	Poll Taxes as a % of Total Taxes
2nd Class School Districts .....	\$ 36,846	\$ 2,257	6.1%
3rd Class School Districts .....	70,224	7,111	10.1
4th Class School Districts .....	59,994	10,675	17.8
Total .....	\$167,064	\$20,043	12.0

Source: Records of the Department of Public Instruction, Harrisburg, Pennsylvania.

for a decreasing portion of total taxes.<sup>7</sup>

Occupation taxes are important to certain units but are probably declining in relation to other taxes. There have been few new impositions; where the tax is used, it varies with the real estate tax, being levied at the same rates and assessed by the same officials.

*Administration*

Poll and occupation taxes both present real administrative problems. The first is a census of all residents over

<sup>7</sup> Based on data contained in *Act 481, State-Wide Summary*, compiled by Marielle Hobart, Bureau of Municipal Affairs, Harrisburg, April, 1954 (Mimeographed).

twenty-one years of age. This is the job of the local assessor who cannot avoid missing some residents. Naturally, there is no record of the unlisted residents, but such evidence as school census reports and spot checks indicate that the number is substantial.

In the case of the occupation tax there is the additional problem of assessing the value of each resident's occupation. To achieve this the local assessor must keep occupational records. Reference is then made to a list prepared by the county in which each occupation is shown with an assessed valuation. Then, the same procedure is followed as in real estate taxation. A notice of assessment is sent to the taxpayer who is given the right to appeal. Since the assessments are usually low, frequently varying from \$50.00 to \$1,000.00, appeals are few, but the procedure does increase administrative cost.

The counties have tried to achieve equity by making the assessment proportional to the income for each occupation. A certain success has been achieved as far as the list of occupations and assessments is concerned, but there is ample room for inequity in its application. The same job may be classified differently by neighboring assessors, or an individual may have more than one job. In addition, two people with the same job classification, e.g., salesman, may receive very different incomes. The problem of equitably classifying a man's occupation is made more difficult by the vague terms used in many county lists; for example, superintendent, agent, or foreman. As might be expected, assessment lists have been slow to reflect changes in the relative income levels of various occupations. Despite these faults, the occupation tax is less regressive than the poll tax

and in some cases is slightly progressive.

The collection of both these taxes is very difficult. Delinquency rates are high, often 30 per cent to 35 per cent of the levy, and, unlike the real estate tax, there is little chance of eventual collection.

There are numerous reasons for the high delinquency rate. First, there is a time lapse of several months between the collection of the names and the due date for taxes. In this time deaths occur and people move out of the area. Very often no adjustments are made and, therefore, some taxes officially reported as delinquent technically are not owed and certainly are not collectible. An additional source of delinquency is accounted for by indigent persons, such as the unemployed or retired. They are subject to the tax but there is often no means of collecting it.

Other people have conscientious objections to the poll tax because of its disenfranchising use in some states. They refuse to pay the tax even though it is not related to the voting right in Pennsylvania. The 1953 session of the State Legislature changed the official name to Residence Tax in an effort to secure the co-operation of this group.

Most of the delinquents probably are not paupers, conscientious objectors, deceased, or migrant persons, but simply people who believe they can avoid payment.<sup>8</sup> Evidently, in many cases this belief is valid, for little is done to force them to pay.

The tax collector has the power to attach wages or property but seldom takes action. There is no official record of a taxpayer's place of employment or of his ownership of property. Even if this

<sup>8</sup> This is evident in districts where the tax collector is vigorous and delinquencies are reduced by half.



information is known to the tax collector, some delinquents cannot be approached since they work outside the state and own no property. The collector is paid a commission, often 4 per cent, on all collections. This, of course, is not a sufficient incentive in difficult cases since several hours spent in court collecting a tax of \$5.00 would yield the collector twenty cents. Several publicized court cases might, of course, bring in other delinquents. It must be borne in mind, too, that tax collectors are elected officials and feel that vigorous collection methods might well be resented by the voters.

In an attempt to lessen the regressivity of the poll tax and to remove uncollectible items from the rolls, many municipalities provide exoneration if the subject's annual income is below a certain figure, in most cases somewhere between \$500 and \$1,000. After these hardship cases have been removed, public opinion is much more sympathetic to a forceful collection procedure so quite commonly the adoption of an exoneration system is the first step in a campaign to reduce delinquency.

Some units have contracted with private collection agencies to handle delinquents. Since the contractor is paid a high commission, often 25 per cent, and need not worry about the next election, he can employ energetic collection methods. This system has reduced delinquency rates, but public reaction is generally unfavorable to this method. Many people resent a private contractor collecting taxes while others see no need for additional aid. Since there is an elected tax collector, they say, why not direct him to do his duty?

Unfortunately, many municipalities wait until a sizable amount of delinquent taxes has accumulated before an

outside collector is hired or other vigorous action taken. As a result, the collections are smaller than would be the case if action were taken promptly before death and migration have moved many delinquents into the uncollectible category.

Exoneration, plus vigorous collection methods reduce delinquencies—often to 10 per cent or 12 per cent of the levy. For reasons previously indicated, this portion remains uncollectible. This lower figure for delinquency is still high and would be higher if we knew and were able to count the number of eligible persons who are missed by the assessor.

There are no data available as to the cost of administration, but it is undoubtedly high. The sums involved are small relative to other taxes but a considerable amount of labor, paper, and postage must be used in assessing and collecting or trying to collect. One official estimated a net loss as regards the occupation tax in his county.

### *Conclusions*

For the most part the municipalities using poll and occupation taxes are the small units for whom other non-property taxes are administratively impractical. Many are forced to levy poll taxes because the state has imposed ceilings on property tax rates which prevent them from collecting enough revenue for the necessary services. A higher ceiling plus more realistic assessments would increase this yield, and a statewide reassessment is taking place, but many units will still need additional revenue.

In the light of these facts, the customary poll tax arguments are re-examined. It is claimed poll taxes give everyone a stake in the government.

This claim is valid. Family tax bills of up to \$50 cause people to be tax conscious and to take an interest in expenditures even if they are not real estate owners.

Relief to real estate owners is another commonly cited justification. This fact is also substantiated. The high percentage of total tax receipts accounted for by these taxes shows that real estate taxes probably would be higher in their absence. A comparison of Pennsylvania with other states not using the poll tax so extensively bears out this conclusion.<sup>9</sup>

These judgments might be altered if more were known concerning the nature of the delinquents and of those missing from the assessment rolls. It is generally assumed that realty owners have a lower rate of delinquency than do nonowners. Steadier employment, higher incomes, less migration, and greater familiarity with local taxes can be cited in support of this assumption.<sup>10</sup>

This, of course, lessens the relief to real estate and weakens the claim that all residents will feel they have a stake in the government. Despite these defects, I feel that enough nonrealty owners do pay to reduce the burden of property owners.

On the critical side, the poll tax has

<sup>9</sup> For example, in 1950, real estate accounted for 76.9 per cent of all tax revenues in Pennsylvania municipalities. In other states the figures are as follows: California, 91.5 per cent; Connecticut, 99.3 per cent; New Jersey, 94.0 per cent; New York, 80.0 per cent; Ohio, 80.0 per cent; and West Virginia, 93.0 per cent. For all forty-eight states the figure is 90.9 per cent. Commonwealth of Pennsylvania, *The Tax Problem, Report of the Tax Study Committee*, May, 1953, p. 175.

<sup>10</sup> Leonard S. Schneider, "Pennsylvania's Occupation Tax in Operation" (Unpublished Master's Thesis, The Pennsylvania State University, 1942). In the three counties studied, occupation tax delinquency rates were two to three times greater among nonowners than owners of realty.

been called regressive. This is true although exonerations decrease the regressivity in some municipalities. Exonerations, however, apply only to those below a certain income level and have no effect on other taxpayers. The occupation tax, where used, is less regressive than the poll tax and in certain instances results in some progressivity.

The charge that poll and occupation taxes are difficult and expensive to administer is substantiated.

Delinquency and evasion affect the validity of some of the foregoing criticisms. Regressivity is probably reduced, since it appears that the delinquency rate is higher among the lower income groups; however, the reduction in regressivity is irregular and inequitable. The expense of administration is reduced by ignoring the difficult cases; that is, by allowing the delinquency and evasion rates to be high. This reduction of administrative cost and of regressivity is achieved by allowing other defects to be present. Good citizenship, co-operation, and/or the luck of being in a position where the tax can't be dodged are penalized. On the other hand, a man is rewarded for perjury, evasiveness, or simply because he earns his income in a different state. The tax has a disenfranchising effect even though there is no legal connection between payment and voting. Political workers report difficulty in getting people to register because they fear this will bring their name to the assessor's notice and provide evidence of residence. This fear persists even though it is not customary to check voting registration lists in correcting the assessment rolls.

These taxes may be appropriate in small, rural units with a stable population where other nonreal estate taxes are



impractical and wealth is rather evenly divided. In this type of community, capable officials could keep evasion and delinquency at a low level and the tax would be reasonably equitable. Large urban municipalities would do well to search further before adopting or increasing the rate of a tax with so many defects. Too often it is adopted in answer to the protests of real estate owners without proper consideration of the problems involved.