

THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World.

TAXATION MADE INTERESTING.

DESCRIPTION OF THE TAXATION AND ASSESSMENT CONDITIONS IN THE DISTRICT OF COLUMBIA, ILLUSTRATED BY CHARTS AND DIAGRAMS, BASED ON OFFICIAL REPORTS

(For the Review).

By W. I. SWANTON, Secretary of Tax Reform Association of D. C.

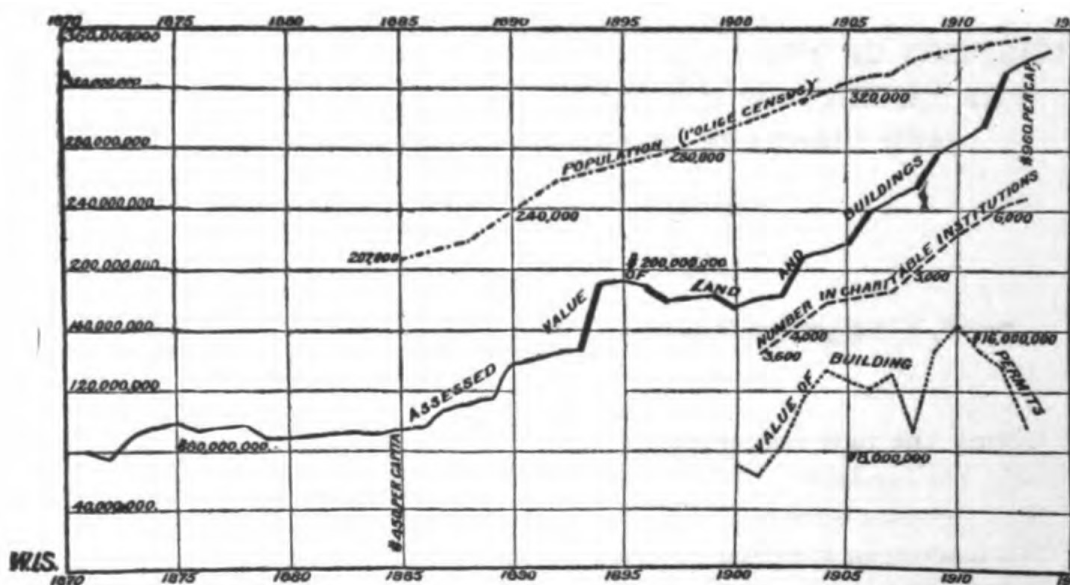
During the past winter the Tax Reform Association of the District of Columbia has furnished speakers who have addressed about forty civic, labor, and other organizations on the subject of taxation.

The interest in taxation, aroused by the investigations of a Congressional committee, of which Henry George, Jr., of New York was a member, has been utilized in spreading the doctrine of a more just and equitable system of taxation, in accordance with the principles of the Association, the more important of which are:

- 1.—An equitable assessment of property.
- 2.—Abolition of the personal property tax.
- 3.—Abolition of license taxes.
- 4.—Gradual shifting of taxes on buildings to land values.

One of the effective methods of explaining assessment and taxation conditions was by the aid of charts and diagrams, prepared by the author, from data in official reports. By the use of these charts a clear and concise statement of conditions could be made in a very short time, without the necessity of long and tedious explanations. This is the first time, so far as known, that charts have been used in illustrated lectures on taxation, and in view of the national character of the city of Washington, they may be of interest to readers of the SINGLE TAX REVIEW.

Chart I. Assessed Value of Land and Buildings.—This chart was drawn with vertical scale indicating numbers and values, and horizontal scale indicating years. (a) The upper line shows the gradual increase in population from 207,000 in 1885 to 353,300 in 1913, according to the annual police census. (b) The second line shows the gradual increase of assessed value of land and buildings—two-thirds of the actual value—from \$80,000,000 in 1871 to \$340,000,000 in 1913, or from \$450 per capita in 1885 to \$960 in 1913. The shaded parts of the line indicate the triennial assessment of property, land being assessed but once in three years, while the value of new buildings is added each year. (c) The next line indicates the increase in the number of persons

CHART No. I.**ASSESSED VALUE OF LAND AND BUILDINGS**

in charitable and penal institutions; from 3,600 in 1901 to 6,200 in 1913, or from one in 87 of the population to one in 56 of the population at the present time. The increase is, therefore, much greater relatively than the population, and this does not include 657 prisoners in the Federal penitentiaries throughout the country chargeable to the District of Columbia. Of these, 200 were sent in 1912, and 300 in 1913, the principal points of destination being Atlanta, Leavenworth, Kan., Lansing, and Stillwater, Minn. (d) The lower line indicates the value of building permits each 12 months, and shows the building slump in the District; how building has fallen off from over \$16,000,000 in 1910 to about \$10,000,000 in 1913.

Chart II. District Taxes, 1913.—This chart shows the numerous methods of raising the District revenues. For the first time since 1889, the assessed value of buildings slightly exceeded that of land in 1913, and about \$2,500,000 was raised from each source by a tax of one and a half per cent. on a two-thirds

valuation, or one per cent. on full value. The other taxes are more or less self explanatory. The tax on personal property (when they can find it) is one and

CHART No. II. DISTRICT TAXES - 1913

	\$1,000,000	\$2,000,000	PER CENT
LAND		2,550,000	28.7
BUILDINGS		2,550,000	28.7
WATER TAX		790,000	9.0
MISCELLAN'US		620,000	7.0
TRUST FUNDS		510,000	5.8
PERSONALTY		500,000	5.7
LIQUOR TAX		450,000	5.0
PUBLIC UTILITY		430,000	4.8
BANKS, TRUST CO.		250,000	2.8
LICENSES, INS.		220,000	2.5
TOTAL BY TAXPAYERS		\$8,870,000	100.0

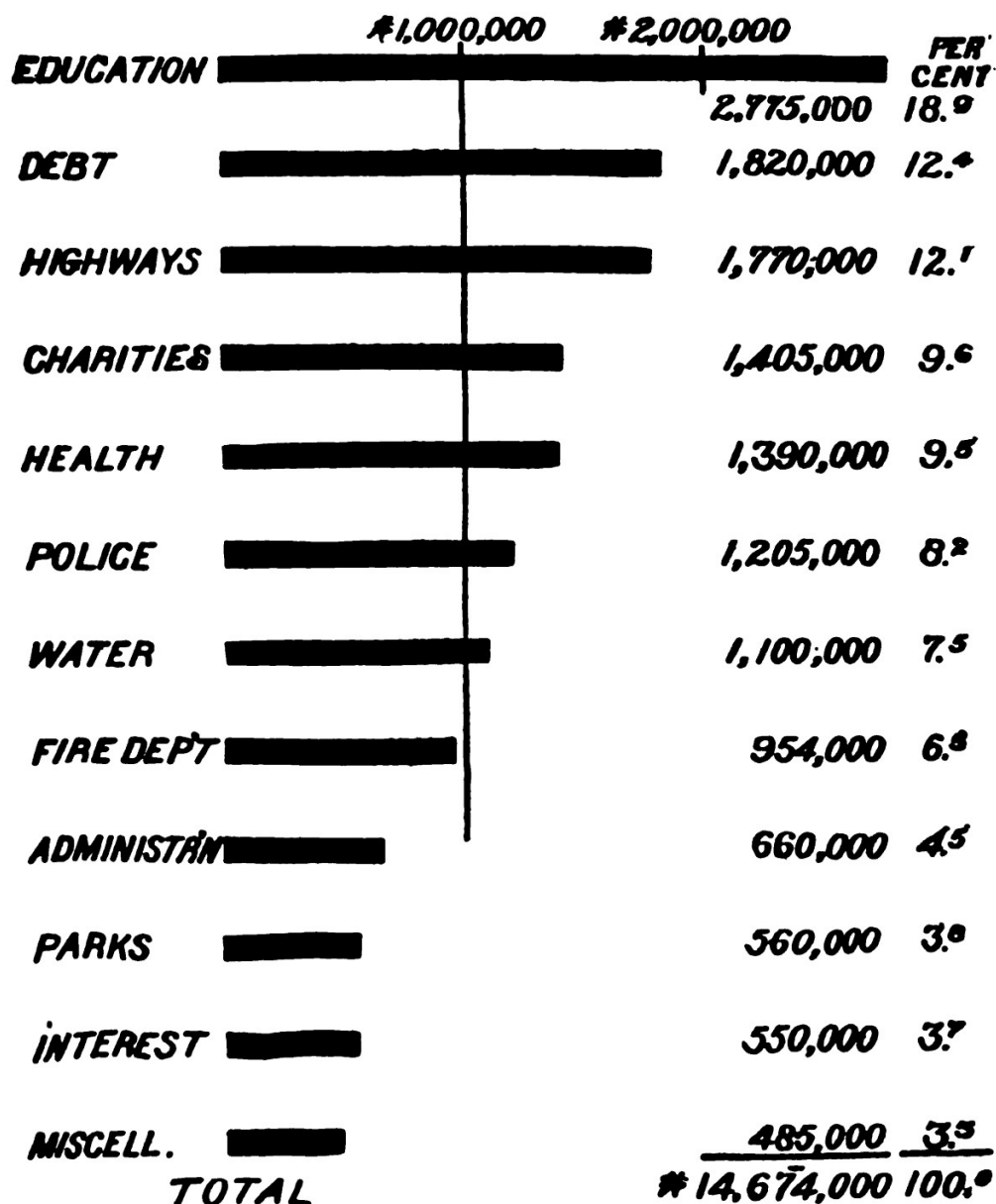
V.I.S.

a half per cent. on full value. The liquor tax is obtained from about 600 wholesale and retail places; the former paying a license of \$300, and the latter

\$800, which is to be raised \$200 on each class in future. The public utility corporations, instead of a franchise tax, pay 4 to 5 per cent. on gross earnings.

CHART No. III.

DISTRICT EXPENDITURES, 1913.



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Banks, Buildings and Loan Associations and Trust Companies pay 2 to 6 per cent. on gross earnings. The last item on the chart includes \$120,000 in license

fees, of which there are about 57 varieties, and \$100,000 paid in fees and taxes by the insurance companies. The total exclusive of the Federal government's share (which was \$5,800,000 in 1913) amounts to nearly \$9,000,000.

Chart III. District Expenditures, 1913.—The items in this chart are largely self explanatory. The amount spent for schools is the largest single item, and is about 19 per cent. While New York and other large cities are increasing their debts, Washington is paying off her debt, and nearly \$2,000,000 on the principal was paid in 1913, reducing it to about \$9,000,000. Charities and penal institution expenses are growing rapidly, and amounted to \$1,400,000 in 1913. Health includes sewers and sanitation. Water includes the distributing system in the city proper and the maintenance of the aqueduct from the Great Falls of the Potomac to the city. Fire Department includes building inspection and other items chargeable to protection of life and property, exclusive of police and militia. The total expenditures are about a million and a quarter a month or nearly \$15,000,000.

Chart IV. Exemptions, 1904.—This chart is based on a report ten years old—the latest obtainable information, however. It shows the immense amount of Government (Federal) property exempt from taxation in the

CHART NO. IV.		EXEMPTIONS	
		1904	PERCENT
UNITED STATES		\$239,200,000	48.1
RELIGIOUS	■	6,400,000	1.3
DISTRICT COLUMBIA (INCL. PUB. SCHOOLS)	■	6,000,000	1.2
EDUCATIONAL	■	4,100,000	0.8
CHARITABLE	I	2,100,000	0.4
LEGATIONS	I	600,000	0.1
CEMETERIES	I	400,000	0.1
CHES. & OHIO CANAL		<u>100,000</u>	<u>0.0</u>
TOTAL		258,900,000	52.0
W.I.S.	IN ADDITION STREETS & ALLEYS	25,000,000	5.0

District, on account of which the National government makes an annual contribution to the District revenues of a lump sum which amounted to nearly \$6,000,000 in 1913. Religious property used for religious purposes, exclusive

of residences of pastors or priests and educational and charitable property, are exempt. Legation property, owned by foreign governments, are exempt from taxation through international courtesy. At the time of this report there were 10 foreign governments owning such property, and we own at present similar property in eight foreign countries. The Chesapeake & Ohio Canal is exempt by charter from taxation in the District, and also in the States of Maryland, Virginia and Pennsylvania as well.

CHART IV. NON-TAXABLE REAL ESTATE IN D.C.
1904

UNITED STATES:

	AMOUNT	PER CENT
GOVT BULDGs. & LAND	\$66,300,000	13.0
WHITE HQ. TREAS. & WAR	\$61,500,000	12.0
CAPITOL & GROUNDS	50,600,000	10.2
MALL & MONUMENT	41,800,000	8.5
STREETS & AVENUES	25,000,000	5.0
RESERVATIONS	10,600,000	2.1
POTOMAC FLATS & ZOO	8,400,000	1.7
RELIGIOUS	6,400,000	1.3
DISTRICT OF COLUMBIA	6,000,000	1.2
EDUCATIONAL	4,100,000	0.8
CHARITABLE	2,100,000	0.4
LEGATIONS	600,000	0.1
GEMETERIES	400,000	0.1
CHES. & OHIO CANAL	100,000	0.0
TOTAL EXEMPTIONS	283,900,000	57.0
TAXABLE REAL ESTATE	213,300,000	43.0
WIS. GRAND TOTAL	\$ 497,200,000	100.0

Chart IV. Non-Taxable Property, 1904.—In order to show how the 53 per cent. of government property was estimated, this chart was made giving this item more in detail. The miscellaneous government buildings and land were valued at \$66,000,000; the White House, Treasury, and State, War and Navy buildings and land (\$12 per sq. ft.) were valued at \$61,000,000. The Capitol and Grounds were valued at over \$50,000,000, the land being valued at \$10 per square foot. (The land surrounding the Capitol is assessed at but about \$2.50 per square foot). The entire Mall, between the Capitol and the Monument was valued at \$42,000,000, including a few old buildings, and the Washington monument which was given a value of \$1,000,000. The streets and avenues and alleys were given a value of \$25,000,000. The 100 or more little parks, triangles and circles that beautify the city were valued at over \$10,000,000 in this report, and the Potomac Flats, now the Potomac Park, together with the Zoo Rock Creek Park, were included at a value of over \$8,000,000. On the basis of including all of the above, the total exempt property amounted to 57 per cent., and the taxable property to but 43 per cent.

Chart V. The "Half and Half," 1913.—Due to the fact that such a large amount of property is exempt from taxation in the District, the contributions

CHART No. V. THE "HALF AND HALF"

THE DISTRICT'S "HALF", 60.3 PERCENT

PAID BY DISTRICT, GEN'L FUND \$7,300,000

PAID BY DIST. WATER TAX, TRUST FUNDS 1,570,000
TOTAL \$8,870,000

THE UNITED STATES "HALF", 39.7 PERCENT

PAID BY UNITED STATES \$5,800,000

ADVANCES BY UNITED STATES 30,000
TOTAL \$5,830,000

GRAND TOTAL \$14,700,000

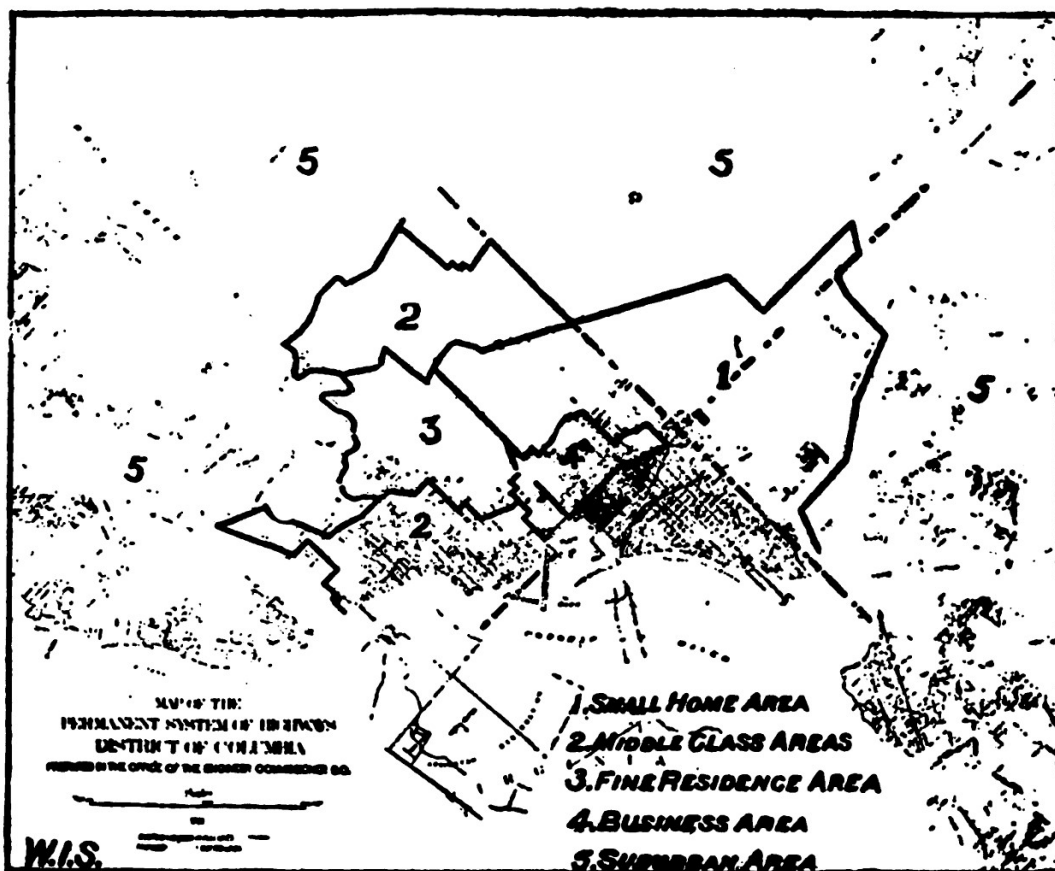
to the support of the local government were distributed as follows in 1913: District tax payers share from general fund of taxes on realty, personal property, licenses, etc., \$7,300,000, from Water tax, trust funds, etc. \$1,570,000; total by the people of the District nearly \$9,000,000, or 60 per cent. of the expenses. Total contribution by the Federal government slightly more than \$5,800,000, or 40 per cent. The government's share is apportioned by including in the District appropriation bill, a phrase somewhat as follows: "This amount shall be expended from funds, one half of which shall be payable from District revenues, and one half from funds of the Federal government." It may be of interest to note that this last item (the National government's contribution) amounts to about six cents for each person outside of the District of Columbia. The item of "trust funds" is peculiar to the District, and is due to the fact that all work for private or public service corporations in public places, as for example the streets, is performed by the District government forces, and the District is reimbursed from a fund furnished by said individuals and corporations.

The question as to whether the Federal government shall continue its contribution to the support of the District government in this form, or in any form at all, has been one of the points upon which the advocates for and against the "half-and-half" have argued loud and long on Capitol Hill this winter.

THE "GEORGE" REPORT.

An investigation of assessment and taxation conditions in the District of Columbia was made by a sub-committee of the House of Representatives District Committee. This committee consisted of eight members including Hon. Henry George, Jr., of N. Y., who took the most active part in conducting the investigation. Hearings were held from April 18th to June 3rd, 1912, and testimony was taken of experts and others making a volume of 456 pages, from which the so-called "George" report of 40 pages was compiled.

Map of the District of Columbia.—The "George" report contained a map of the District which is located on the north bank of the Potomac, the part to the south of the Potomac having been ceded back to Virginia many years ago. The top and sides of this map coincide with the boundaries of the District, which with the cities of Washington and Georgetown and surrounding country include an area of 70 square miles of which 10 square miles is water. On this map the north and south and east and west lines which intersect at the Capitol (indicated by dotted lines) divide the city into the Northwest, Northeast, Southeast and Southwest quarters. For the purpose of studying assessment and taxation conditions the investigating committee divided the District into five areas as follows:



1.—The Small Home Area—consisting of Southwest, Southeast, Northeast and Northwest Washington to 14th Street and Florida Ave., as indicated on the map.

2.—The Middle Class Areas—consisting of two areas in the Northwest part of the city, one district lying north of Florida Ave., and the other area lying west of the White House and south of Penna. Ave., and including a part of Georgetown.

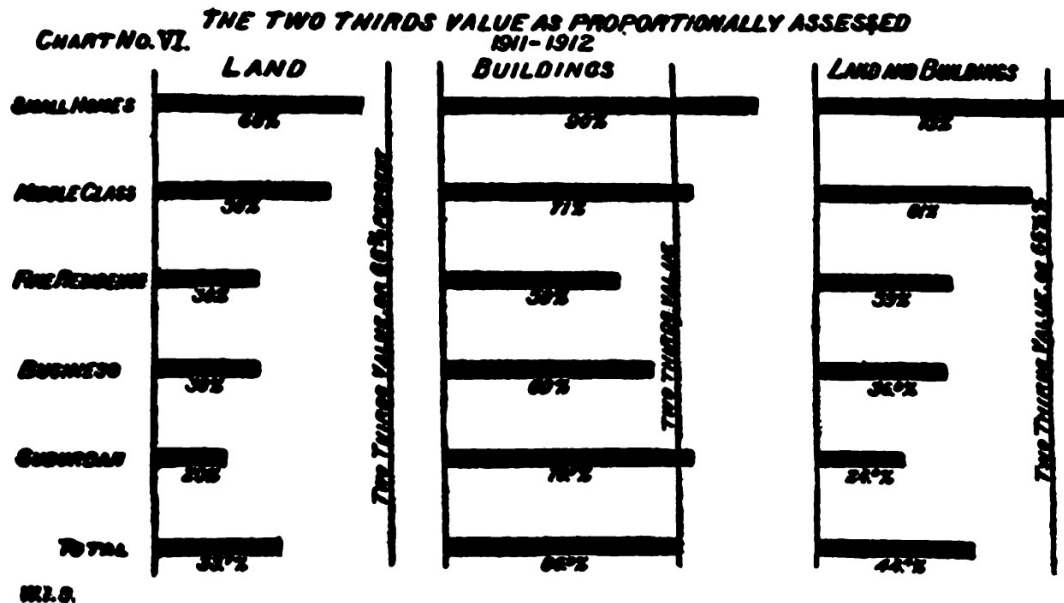
3.—The Fine Residence Area—including the part of the city to the northwest of the White House along Massachusetts and Connecticut Aves. as far as Rock Creek Park.

4.—The Business Area—extending from the Capitol to the White House along Penna. Ave. between the Mall and New York Ave.

5.—The Suburban Area—consisting of the remaining surrounding area of land, a large part of which is vacant and held for speculation.

Chart VI. The Two-thirds Value or Proportionally Assessed.—This chart shows in a graphic form the findings of the "George" report. According to law, land and buildings are supposed to be assessed at not less than two-thirds value, and by custom property is supposed to be assessed at two-thirds value.

Investigation developed the fact that there was gross discrimination in the levying of the assessment—that the Small and Middle Class homes were over assessed, and that the Fine Residences and Business Property was under assessed, and that the land in the Suburban Area was assessed at only 20 per



cent. of its value, when it should have been at two-thirds value or 66 per cent. Taken as a whole, it was found that the land of the District was assessed at one-third value instead of two-thirds value and that the buildings were assessed practically just right at the two-thirds value, with the discrimination between classes as above noted.

Chart VII. Discrimination in Realty Taxation, 1911-1912.—The investigations of the committee were based on the triennial assessment of land and buildings of 1911-1912, and by that assessment about \$5,000,000 was raised from realty. If the same amount of money had been raised by an equitable assessment without any discrimination between classes, the following results would have taken place:

- Small Homes should have paid \$590,000 less in taxes.
- Middle Class should have paid \$205,000 less in taxes.
- Fine Residences should have paid \$150,000 *more* in taxes.
- Business Property should have paid \$237,000 *more* in taxes.
- Suburban Property should have paid \$408,000 *more* in taxes.

In other words there was a discrimination against the little fellow less able to bear the tax of over three-quarters of a million dollars, and in favor of the wealthier and more prosperous members of the community. As there are assumed to be about 40,000 of the small homes in the city, this indicates that these small homes are being taxed on an average each nearly \$20 more than they ought to be.

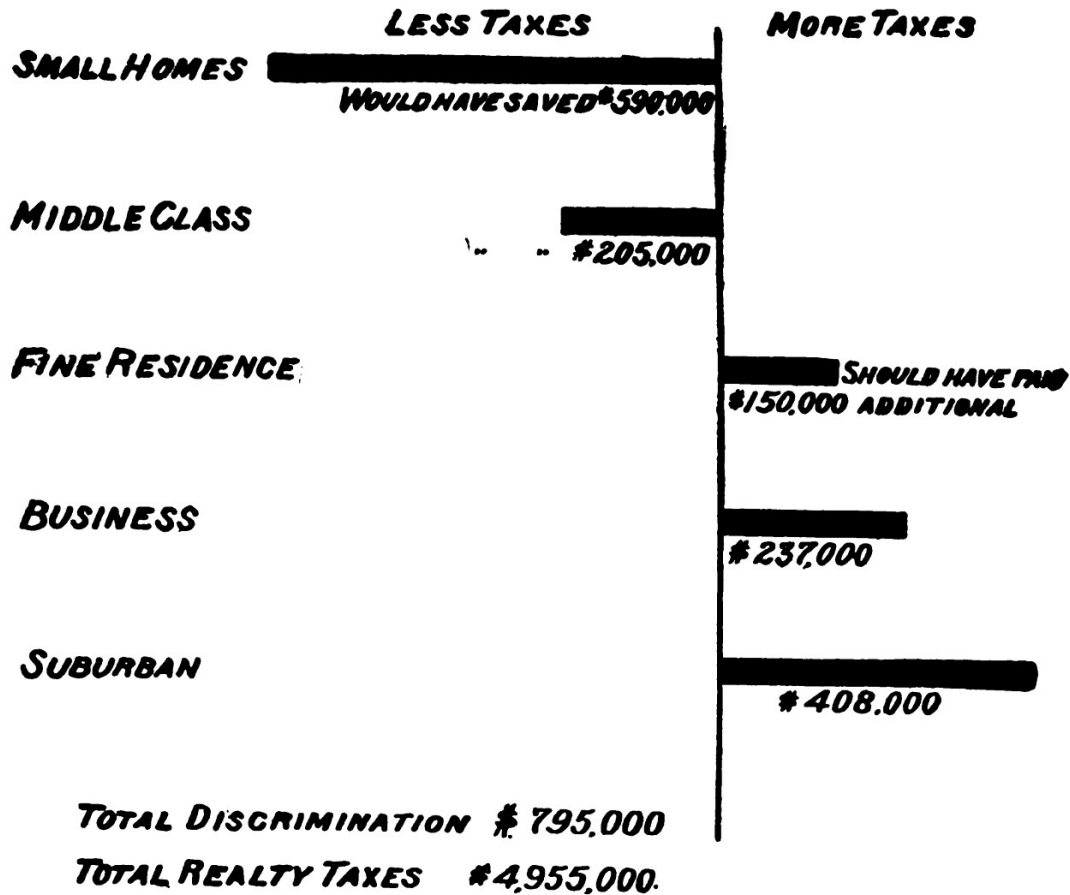










CHART NO. VII.**DISCRIMINATION IN REALTY TAXATION. 1911-12**

Chart VIII. Comparison of Present Tax and Single Tax.—The “George report” and the “George bill” introduced in Congress later, were not Single Tax measures at all, as they dealt with purely administrative matters in securing a better and more just system of assessment and taxation for the District. However, in order to show how the Single Tax, if applied, would help the small fellow, who is already actually and relatively over-assessed, a chart was prepared showing this condition, and how it would affect each of the classes previously enumerated. By the “Single Tax” in this case, is meant a tax on land values just sufficient to raise the *same* amount of revenue as at present, with all taxes on improvements, licenses, etc., abolished, except as noted. In this chart the water tax is retained in order to regulate the limited supply of water furnished by the one aqueduct that has about reached its capacity; the liquor license is also retained, as, until we have prohibition, the high license has been found to be the best system, all things considered, for regulating the liquor traffic; and the public utility taxes on gross earnings are retained as there are no franchise taxes, as such, in the District, and until we have government ownership, these corporations should pay for the privilege of operating in the streets of the District. With this condition, the following facts are noted:

CHART No. VIII.

COMPARISON OF PRESENT TAXES & SINGLE TAX

	LAND	BUILDINGS	PRESENT TAX	SINGLE TAX
SMALL HOME AREA-				
PRESENT TAX			\$1,503,000	
UNDER SINGLE TAX				\$1,150,000
	LAND VALUES			
MIDDLE CLASS AREA-				
PRESENT TAX			751,000	
UNDER SINGLE TAX				540,000
FINE RESIDENCE AREA-				
PRESENT TAX			993,000	
UNDER SINGLE TAX				1,400,000
BUSINESS AREA-				
PRESENT TAX			1,187,000	
UNDER SINGLE TAX				2,310,000
SUBURBAN AREA-				
PRESENT TAX			521,000	
UNDER SINGLE TAX				1,800,000
PERSONAL, LICENSES, &c			2,245,000	
WATER TAX			790,000	790,000
LIQUOR LICENSE			450,000	450,000
PUBLIC UTILITY			430,000	430,000
GRAND TOTAL			\$8,870,000	\$8,870,000

NOTE:- SINGLE TAX BASED ON LAND \$504,000,000 VALUE

W.I.S.

RATE 1.43% FULL VALUE.

- The Small Homes would pay \$350,000 less in taxes.
- The Middle Class Homes would pay \$200,000 less in taxes.
- The Fine Residence, Business, and Suburban Areas would pay larger taxes, due in a large part to the fact that these classes of property, especially the land, is under assessed at the present time.

In addition to the savings and changes noted, each class would save its proportion of the personal property, and license taxes, etc., which would be abolished. The land value, or "Single Tax" rate used in estimating this data

was 1.43 per cent. on the total land value of \$504,000,000 obtained by the investigations of the committee: as compared with the rate of one and a half per cent. on a two thirds value on *both* land and buildings at present.

PRESENT CONDITIONS.

Since this "George report" has been published, new District Commissioners have been appointed, who have in turn appointed two new assessors. These new assessors, together with the others, are at present making the new regular triennial assessment of land and buildings, and it is anticipated that many of the gross discriminations and inequalities will be corrected, and a more equitable assessment obtained.

However, at this writing, none of the *legislative* recommendations of the "George" report, including an additional force of assessors, have been enacted into law, and many of the good results to be obtained from this report yet await the action of Congress.

A WORD ON SOCIALISM.

ADDRESSED TO SOCIALISTS AND TO THOSE WHO MAY BECOME SO.

By GUSTAV BÜSCHER, of Zurich, Switzerland.

(Translated expressly for *The Single Tax Review* by L. H. Berens.)

CONCLUDING REMARKS.

We would once again emphasize the fact that the criticism of Socialism voiced in these pages, is directed against the confused and confusing Socialist theories, not against those who avow themselves Socialists because they believe that something radical must be attempted fundamentally to alter the existing order of things, and that no other way is to be found. Those who in good faith have believed in Socialism, and who have made sacrifices in its behalf, have no reason to be ashamed of their confidence, misplaced though it may have been. At times it is a sign of a more noble spirit to have allowed oneself to be deceived than to have seen through the wiles of the deceiver, to have made sacrifices for a wrong cause than never to have made sacrifices at all.

This point, however, calls for few words. Those who feel that they have desired only what is good, righteous and humane will not be inconsolable, however bitter the truth may appear when first presented to their view. But those who desire only the truth wrapped up in sugared flatteries are just those to whom the naked truth should be told. And this seems a besetting weakness of very many who avow themselves Socialists—they desire the truth only when sugared and in homeopathic doses.