

California Statute Exempts Improvements

Irrigation District Act Encourages Production

By J. Rupert Mason

The fundamental purpose of the California Legislature in enacting the epochal Irrigation District Statutes in 1897 was to enable the people holding arid and semi-arid land to put their land into a District with power to borrow money to finance the cost of building or acquiring storage reservoirs, wells, canals, and incidental public improvements. In 1919 the statute was amended to allow such districts also to generate and distribute electric energy.

The Legislature delegated to such districts the sovereign power of the State to tax the value of land, and the exercise of this power has supplied most of the money since collected by the districts to meet their operating and maintenance costs and pay their obligations.

But, experience with big absentee land-holders, who would neither sell nor suitably improve the land they monopolized, resulted in an amendment to the law in Stat. 1909, p. 461 which authorized the exemption of all buildings, improvements, planted orchards, vineyards, etc., from district taxation, and enabled the districts to collect all their necessary revenues by an annual tax on the value of land alone.

The 1909 amendment soon exerted pressure on the holders of idle land to suitably improve it or sell their title at a figure others were willing to pay, which effect was lauded in 1911 by an article appearing in the newspapers in the Modesto Irrigation District from which the following is quoted: "As a result of the change in

Modesto Irrigation District from which the following is quoted: "As a result of the change in taxation, many of the large ranches have been cut up and sold in small tracts. The newcomers are cultivating their farms intensively. The new system of taxation, in collecting all of the taxes 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 in-

crease 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 adjoining Oakdale Irrigation District, comprising over 60,000 acres, issued a statement in 1914, also signed by the City officials, reading in part as follows:

"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 conditions of the neighborhood and adds greatly to the prosperity of our community. Our experience has taught us that the more you relieve buildings and improvements from taxation, the quicker will the country improve. . . . 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 reap a greater profit for themselves. . . . We make the man who keeps his land idle pay the same as the man who improves."

The execution of this taxing principle in the Modesto, Turlock, Oakdale and So. San Joaquin Irrigation Districts, which adjoin each other, and which contain about 380,000 acres, has served to force the break up of the former large holdings, until today the average size of the orchards and farms in the four districts is well under forty acres.

In these four great districts,

there is not and never has been a charge or toll for the water used by any land-holders, and the fact that the districts collected their necessary revenues by an annual tax levied upon the value of all privately held land, resulted in compelling every landholder to contribute to the support of the district in proportion to the value of his land, regardless of whether he used any water or not. Thus, these districts have not collected their taxes from land users, as users, but only from what would otherwise have gone to the land-title holders, as owners, and such surplus owner-appropriated rent could and would have been capitalized by them into higher prices demanded from homeseekers for a title deed to the land. Not that land speculation has been eliminated in these four districts, but the system of taxation employed has

served to greatly lessen it, compared with surrounding areas, which taxed buildings and improvements in addition to taxing the value of land.

Voting at Irrigation District elections is not restricted to those holding land, and the great benefits to the common good within these four old districts were soon recognized throughout the State, and led to the formation of about 100 similar districts, which today contain about 4,000,000 acres of the finest and most attractive rural and urban land in California, producing about 75 per cent in value of all the agricultural crops in this State.

Several Districts organized and functioning under this venerable law have also issued bonds to finance the cost of acquiring large hydro-electric generating plants and distribution systems, and are selling electricity for all purposes to both urban and rural consum-

ers, and to many important industries which have located within the districts, due to the low cost of land, low cost of water and power, and favorable character of the people employed as workers in the industries.

Modesto, Turlock and Imperial Irrigation Districts are deriving important revenues from their power systems, and the consumers are getting electricity at rates far lower than they ever knew before.

The constitutionality of this important California statute has been fully sustained by the Supreme Court of the United States in several epoch-making decisions.

Its provisions have supplied the pattern for similar laws in many other western States, and the experiences gained by the application of its radical features constitute a saga of local self-government without any federal or state grants, subventions or other attempts to shift the cost on to the shoulders of those not directly benefitted by the public improvement works, that will be long remembered.

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