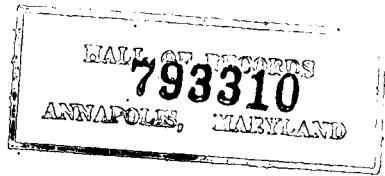


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REPORT

OF THE

Commission for the Revision of the Taxation System of the State of Maryland and City of Baltimore

Appointed in Pursuance of Chapter 779 of the Acts of the General Assembly
of Maryland of 1912

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BALTIMORE, MD.

1913

ACKNOWLEDGMENT.

The Commission desires to acknowledge the many valuable suggestions made by Eugene H. Hickok, of the United States Bureau of Corporations, and to acknowledge the earnest co-operation of H. Findlay French, Esq., in lines of investigation and other assistance rendered by him. Acknowledgment is also made of the valuable co-operation of all State and local officials, including County Commissioners, Mayors of cities, towns and villages, Clerks of Courts and County Treasurers, and especially Hon. Oscar Leser, Chief Judge of the Appeal Tax Court of Baltimore City; Dr. Horace E. Flack, Executive of the Bureau of Legislative Reference of Baltimore City; Harry J. Hopkins, Deputy Comptroller of the State, and the employees of the Comptroller's office and the State Tax Commissioner's office.

CONTENTS.

	Page
Introduction	7-8
Report and Recommendations of the Commission.....	9-55
Permanent tax commission. Tax commission in other States. Assessment methods in Maryland. Collection of taxes. Corporations: Domestic and manufacturing. Bonus tax: Gross receipts tax; freight car companies; foreign corporations; foreign fertilizer corporations; banks; insurance companies. Taxation of intangible personal property; mortgages; inheritances. Taxation of public obligations; income; mineral deposits; woodlands. Exemptions: Article XV of the Bill of Rights; licenses; fee system; school taxation; aid to charitable institutions; good roads; tax plats; true consideration in deeds; cost of government in Maryland.	
Finances of Maryland: Sources of revenue; comparative table of sources in other States; separation of sources; general property tax; levies since 1900; 1912 and 1913 levies compared. Sinking funds of loans; sinking fund of 1908 road loan; serial bonds.	
Basic need of Maryland.	
Assessment in Maryland.....	56-168
Tax assessors: Methods of assessment of farm property; of town property; of personal property. Assessment books: Alienation lists; time of levy.	
Result of present administrative methods: Assessment variations between counties, as to real property, personal property, securities, railroads and telephone companies.	
Local variations in assessments as to farmland, acreage, town property; county assessments vs. town assessments; personal property, securities. Assessments on large properties. Assessments in Baltimore City.	
Reports from each county.	
Reassessment in Maryland.....	169-215
Acts for, since 1777; intervals between. The Acts of 1874, 1876, 1896 and 1910. Lack of central agency; comparison of the last reassessments; losses sustained in taxable basis; assessments of each county since 1877. (Diagrams). Increases; a particular study of the 1910 reassessment and cost; delayed assessments; occupation of the 1910 assessors.	

Collection of Taxes.....217-264

Changes in the method. Percentages of collection in counties. Tables; levies and collections contrasted; methods and costs of; discount system of collectors; code provisions; rates or fees paid in each county; variance in dates of beginning of fiscal years; discount; interest and penalties; insolvencies; collection of other revenues.

Tables showing collections in each county since 1902.

Taxation of Corporations.....265-284

General view: Development of the law; present method of assessing shares; deductions; assessment of tangible property of corporations; real estate and personal property; objections to the method of taxing shares instead of tangible assets. Manufacturing companies. Receipts. Bonus tax: Foreign corporations; annual franchise tax; entrance fees; gross receipts tax; railroad companies; other transportation companies; freight car and foreign fertilizer companies; receipts.

Taxation of Shares of Stock of Banks. Other Financial Corporations.....285-304

Method of taxation. Number of national banks in Eastern States; banking condition in Maryland. Aggregate resources of the ten leading cities. Exchange of the Clearing House of the ten leading cities. Objections to any charge; earnings and dividends; loans and discounts. Taxation an important factor; uniformity. The 1 per cent. method of other States; deductions. Percentage of increase in capital and number of deposits of national banks. Compilation of tax methods.

Trust companies; savings banks; insurance companies.

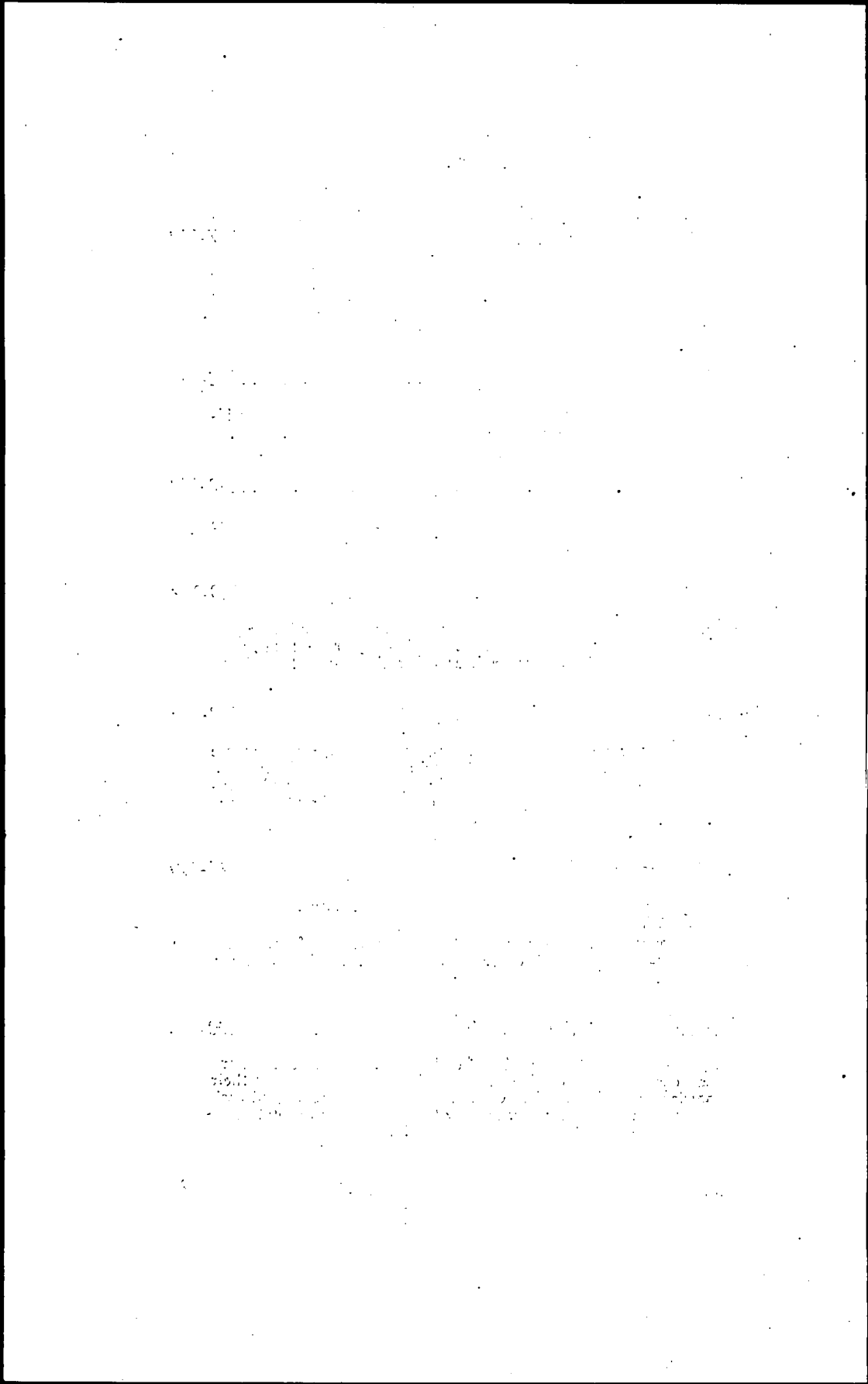
Taxation of Intangible Personal Property.....305-310

The Maryland law. Classification for State purposes; secured debt tax law of New York. Failure of administration. The administration in Baltimore City. Amounts assessed in each county.

Inheritance Taxation.....311-316

Changes in the law of Maryland; table showing laws of all other States; taxation of shares of Maryland corporations belonging to estates of non-residents. Bequest to charitable, educational and religious institutions.

Taxation of Stock and Bonds Issued by State and Local Communities	317-332
General View: States exempting State and municipal bonds; condition in Maryland and classification of taxation methods; tax on Baltimore City stock; bonded indebtedness of the State of Maryland, counties and incorporated cities and towns.	
Taxation of Mineral Deposits.....	333-342
Coal basins; value of annual output; taxation of coal; classification of taxation methods; suggestion from Pennsylvania.	
Taxation of Woodlands.....	343-348
Wooded areas; States having special legislation; epitome of the laws of other States.	
Licenses.....	349-362
General view: State receipts from all; traders' and receipts; female traders'. Inspection of stock; liquor and receipts; State's share of. Motor vehicle; other licenses and receipts.	
School Taxes.....	363-374
Lack of system of raising State and local revenues; aggregate amount of and percentages of States' and local contributions in all States; revenue in Maryland since 1903; local contributions and levies; distribution; per capita cost; changes in attendance; all payments for taxes and repayments for schools.	
Cost of Government.....	375-399
State government; classified receipts and expenditures for 1911 and 1912.	
Local government; assessments, tax rates; return from direct taxation, licenses and other sources; total receipts and per capita cost.	
Report on Accumulation of Sinking Funds.....	400-426
State loans since 1896. Debt at end of each year; redemptions and cancellations; conditions of sinking funds; loans and their particular sinking funds. Comments; comments as regard each loan; per capita debt; percentage of sinking funds to total debt; percentage of debt to assessed valuation.	
Index.....	427



INTRODUCTION.

For many years it has been a matter of common knowledge that the general property tax burdens have not been equally distributed in Maryland.

In response to this general public opinion, the 1912 Legislature passed an act (Acts 1912, chap. 779) calling for the appointment by the Governor of a commission composed of six residents of the State of Maryland, serving without pay, to revise the revenue and tax laws and review the taxation system of the State of Maryland and the City of Baltimore, including all laws, acts and ordinances relating to the levy, assessments and collection of taxes, and every form of public revenue in the State of Maryland and City of Baltimore. Pursuant to this act, Governor Phillips Lee Goldsborough appointed members of the Commission as follows:

Henry F. Baker, Baltimore County,
J. Barry Mahool, Baltimore City,
E. Stanley Gary, Baltimore City,
J. H. Gambrill, Jr., Frederick County,
William M. Cooper, Wicomico County,
Vernon Cook, Baltimore City.

The Commission first convened in Baltimore City on June 17, 1912, and elected Henry F. Baker permanent chairman, and at the second meeting the Commission selected Allan C. Girdwood, of Baltimore City, Secretary, and engaged other expert services. The Commission has had access to all published data bearing on the subject of taxation in the United States, and has made a special study of the practical questions with which the Tax Commissions of other States have had to deal and of the methods of treatment.

In order to come into closer contact with the taxpayers throughout the State public meetings were held in different parts of the State, notices having first been published in the local papers inviting those interested in tax reform to attend and present their views.

In addition to these meetings and to the thorough study of the experiences of other States in regard to taxation matters, the Commission has availed itself of the rights conferred by the act to inquire thoroughly into the administration of tax matters by State and local tax officials throughout the State. Trained investigators were sent into every county to ascertain the relation of assessed valuation of real estate to true value, as shown by recent sales, and to obtain all information possible on matters relating to taxation and the views of residents.

The data obtained in this matter have been amplified by means of extensive correspondence and by schedule forms filled in by local officers. Specially prepared schedules have been sent to County Commissioners, County Treasurers, Clerks of Circuit Courts and city and village officials, and, by tabulating the replies in these schedule forms, we have been able to collect detailed financial data and full information in regard to the local administration of the tax laws, and added to the report is a tabulation of local assessments, rates, public debts and matters never heretofore compiled, which should prove of value in contrasting the wealth, debt and method of taxation in the different communities.

Many communications have been submitted to this Commission by persons and associations wishing to present their views as to the needs of tax reform, and these also have proved most valuable in making our study.

On account of the great number of tax questions which have been presented for consideration, it has been found impossible to give consideration to all because of the limited time within which the act required the report to be made, and there have been selected for definite treatment those subjects which seem most important and those which relate to the foundation of our tax system. If the basic problems are properly solved, it is believed that most of the other evils will correct themselves.

BALTIMORE, Md., October 15th, 1913.

REPORT OF THE COMMISSION
FOR THE
REVISION OF THE TAXATION SYSTEM
OF THE
STATE OF MARYLAND
AND
CITY OF BALTIMORE

To the Honorable Phillips Lee Goldsborough, Governor,
and the General Assembly of Maryland.

A great many defects exist in the present revenue system of Maryland. Changes have been made from time to time without regard to basic principles, and as a result we have an aggregation of detached units rather than a comprehensive system, and are without the continuity of centralized authority necessary to equalization of assessment and economical administration.

To attempt at once all the changes necessary to perfect our system would be too revolutionary and, therefore, impracticable. In our opinion, revision of our system of taxation should begin with the basic problems, upon the theory that if we are able to solve these the other evils will largely correct themselves. The most glaring inequality is the variation in the ratio of assessment to the true value of property.

The assessment of property is a business proposition and should be put upon a business basis. To accomplish this we must accept the most modern and effective method—*control of all matters relative to taxation to be vested in a State board.*

Therefore, while realizing the necessity for other changes in our system, we most earnestly recommend that first consideration be given to the creation of such a central body to supervise tax matters, with extensive powers as to assessment and equalization.

From our observation and investigation we find the people in all parts of the State united in the opinion that most of the defects in our system of taxation and collection are due to a lack of central control.

The trend of opinion in this State is not at all in discord with the trend in many other commonwealths. Recognition of the unscientific and faulty assessments made by unsupervised local assessors has within the last few years caused the Legislatures of about one-half of the States to create permanent State Tax Commissions, each composed of three or more members, and to entrust to those commissions the task of supervising and reviewing the work of the local assessors in order to bring assessments more nearly to a basis of equality. All of these commissions have been given other important duties, but none has been more emphasized than that pertaining to supervision and correction of local assessments.

Permanent tax commissions are now in existence in the following States. Most of them have been created in the past five years; five in the present year, namely, in Nevada, Montana, Idaho, Florida and South Dakota.

State.	Title.	Members.	Term.
Alabama	Tax Commission.....	3	4 years.
Arizona	Tax Commission.....	3	6 "
Arkansas	Tax Commission.....	3	6 "
Colorado	Tax Commission.....	3	6 "
Florida	Tax Commission.....	3	4 "
Idaho	Tax Commission.....	3 ¹	6 "
Indiana	Tax Commission.....	5 ²	4 "
Kansas	Tax Commission.....	3	4 "
Maine	State Board of Assessors.....	3	6 "
Michigan	Tax Commission.....	3	6 "
Minnesota	Tax Commission.....	3	6 "
Montana	Tax Commission.....	6 ³	6 "
Nevada	Tax Commission.....	3 ⁴	4 "
New Hampshire.....	Tax Commission.....	3	6 "
New Jersey.....	Board of Equalization ⁵	5	5 "
New York.....	Tax Commission.....	3	3 "
North Carolina.....	Tax Commission.....	3 ⁶	6 "
North Dakota.....	Tax Commission.....	3	6 "
Ohio	Tax Commission.....	3	3 "
Oregon	Tax Commission.....	5 ⁷	4 "
Rhode Island.....	Tax Commission.....	3	6 "
South Dakota.....	Tax Commission.....	3	6 "
Texas	Tax Board.....	3 ⁸	2 "
Utah	Board of Equalization ⁵	4	4 "
Washington	Tax Commission.....	3	4 "
Wisconsin	Tax Commission.....	3	8 "

¹ The three members of the Public Utilities Commission acting *ex officio*.

² Two *ex officio*.

³ Five *ex officio*. The appointive member has term of six years.

⁴ One *ex officio*.

⁵ Performs tax commission work.

⁶ The three members of the Corporation Commission acting *ex officio*.

⁷ Three *ex officio*.

⁸ One appointive, two *ex officio*.

NOTE.—Certain other States have the office of State Tax Commissioner with more or less extensive powers pertaining to taxation.

The proposed tax commission, in our opinion, should be composed of three members, all resident taxpayers of the State, to be appointed by the Governor, one from Baltimore City and two from the counties of Maryland, for terms of six years each, not more than two being of the same political faith; the first members, however, to be appointed for two, four and six years in order to provide for a continuing body. Much depends upon the personnel of the commission, and the best results could be obtained if the members were selected with regard to their study and experience in tax matters, which would especially fit them for the technical duties of the office.

We believe that broad powers and duties should be given to the permanent tax commission. It should have general supervision over the administration of assessments and tax laws of the State, and it should have the power to direct and advise all subordinate taxing officials.

The Assessment System.

In several States there have been created in each county the office of county supervisor of assessment, standing midway between the tax commission and the local assessors and intended to facilitate the work of both grades of officials. One lesson is evident from every source of investigation—namely, the local assessor, when left to himself, will not meet the difficult requirements of his office.

The importance of the office of assessor is seldom appreciated. He is chosen to administer a function in which the State as well as the locality should be vitally interested, as upon his findings are based very largely the levy for revenue to pay the expense of government. He is called upon to perform the double duty of finding all taxable property and assessing it at a fair and just valuation. If he conscientiously carries out the public trust that is imposed upon him, the cost of government is fairly and honestly distributed among those who should be willing to bear the burden, and who under the law are required to bear it.

No assessment system is perfect in actual administration, and as long as human nature continues to be as it has been since the beginning of history we cannot hope that all will be willing to bear their just share of taxes. It should, therefore, be the particular endeavor of taxing officials to distribute the expense of

government as equitably as possible, in order that all may share in the burden in proper proportion and so that those who are willing to pay shall not have to bear the added burden of those who seek to evade.

Of all the tax systems of the different States, it is perhaps safe to say that the best results have been accomplished in those which have inaugurated the county supervisor of assessment system. It is the consensus of opinion of tax officials of the various States and of tax experts that county supervisors of assessment should be appointed by the state tax commission, in order that the supervisor may work in perfect harmony with the central body and effectively carry out its instructions. The county supervisor should be given complete power to represent the state tax commission in his county. By this method more uniform standards of value will be secured, and assessment of property in general throughout the State will be equalized.

We recommend that the state tax commission shall select the county supervisor from a list of five resident tax payers, nominated by the county commissioners of each county.

As a rule, real estate values in Maryland have greatly increased in the past few years. Some farms which sold for \$5,000 a few years ago would sell readily today for \$15,000. On the other hand, some other farms have not increased in value. It is an obvious fact that levies based upon the values of several years ago are far from equitable at the present time. There was a general reassessment in the State in 1910; but owing to the fact that there was no consistency among the assessors as to methods and requirements the result was not uniform.

Our laws make no provision for the reassessment of real or personal property at regular intervals, except in Baltimore City. In comparison with the assessment provisions of most other States, this is a decided weakness in our tax system, and the Maryland laws should be so amended as to provide for a complete reassessment of all property at intervals of not more than five years, and for yearly adjustments of assessments so that the levy of each year shall be based, so far as possible, upon the actual value of the property taxed. With the county supervisor system well installed, the added expense of reassessments would be very small and more than offset by the benefits derived.

The commission has prepared a bill to create a state tax commission and to provide for the appointment of county supervisors of assessments throughout the State.

Assessment in Maryland.

This Commission has had investigation made of methods of assessing property in every county of the State, and our conclusions are drawn from conditions as they actually exist. These conditions are set out in another part of the report and discussed generally, and particularly as regards each county.*

Some of the striking conditions as they exist are briefly as follows:

Kent and Talbot Counties did not complete the reassessments as required by the Act of 1910 for two years after all other counties had completed theirs, and these two counties levied State taxes on the old basis.

Garrett and Cecil have not yet completed their reassessment, and levy on the old rate.⁹

Every year a few counties show a loss of assessment for State purposes and no explanation is given.

Frederick County paid for the years between 1878 and 1911 on a basis less than in 1877, although its property increased greatly in value.

The assessment of Talbot County was less in 1911 than in 1888.

Some properties in different parts of the State are assessed as low as 20 per cent. of their true market value.

The following counties have no assessment on securities, stocks and bonds, subject to the 30-cent local rate:

Worcester,
Caroline,
Calvert,
Garrett.

Of a total assessment of \$313,331 for securities in Queen Anne's County, \$257,840 is assessed against one woman.

*See post: "Assessment in Maryland."

⁹ See post: "Reassessment in Maryland," referring to communication of the State Tax Commissioner to this Commission (Jan. 17, 1913). See also report of Comptroller January 1, 1912.

In Queen Anne's County there is much railroad trackage not assessed.

Railroad trackage is assessed at varying values in adjoining counties.

Of the several railroads traversing Washington County the rolling stock of only one is assessed.

In Worcester County, in all but two districts, land and improvements are assessed as one.

In Carroll County deposits in banks drawing interest are not assessed.¹⁰

Only Garrett County and Baltimore City assess churches, charitable institutions, etc., and then abate the amount thereof.

Dorchester County alone assesses chickens throughout the county, the assessed valuation being 50 cents each.

Automobiles are not assessed in St. Mary's County.

Calvert County, alone of all the counties, systematically attempts to reassess every property at the time of transfer and to fix a new valuation based upon the consideration.

In Washington County, which has an area of 457 square miles, the tax collector is the only person authorized to add new improvements and discovered personal property to the taxable basis.

The common practice is to allow owners of large tracts an abatement on account of portions sold which is out of all proportion. For instance, an owner of 100 acres, all of the same value and assessed in the aggregate at \$4,000, may sell ten acres at \$150 per acre and be allowed an abatement on his old assessment of \$1,500.

Notwithstanding the natural increase, properties remain at the same assessment between periods of reassessment.¹¹

Many cities and towns assess property for local municipal purposes at a valuation which is nearer the actual value than the same property is assessed for State and county purposes. This is brought about partly by the fact that the municipalities have had reassessment of their municipal territory at regular intervals under the terms of their charter, or special reassessments under provisions of local acts, and the State and county have not

¹⁰ Under opinion of the Circuit Court for Carroll County in *Eck vs. County Commissioners* (Daily Record, Baltimore, October 26, 1911).

¹¹ The interval between the last two reassessments was fourteen years. See post: "Reassessment in Maryland."

availed themselves of this taxable basis for State and county purposes.

For instance, Cumberland is assessed for local municipal purposes at \$16,098,010, while the State and county assessment of the same property is approximately \$9,000,000. Crisfield, in Somerset County, is assessed for local municipal purposes at \$1,618,462, while the entire election district, of which Crisfield is a small part, is assessed for State and county purposes at \$1,258,965.

Numerous other instances of like contrast are set out in the discussion under the assessment methods of the counties.

Properties of all kinds are frequently assessed on the individual capacity of each owner to make money out of his particular property and without regard to its actual worth, which in fact amounts to a tax on the ability of the owner.

In the case of a tract of land lying partly in one county and partly in another county, the two portions are often assessed quite differently, although the real value may be the same.

The taxable basis of some counties represents 80 per cent. of the true value of property, while in other counties the taxable basis represents only 40 per cent. of the true value.

Collection of Taxes.

Much attention has been given to the administration governing the collection of taxes in each community, and we find that the methods are as various as are the assessing methods of the counties.

As there are no provisions of law for the audit of books of local collectors by any State officers, and consequently no reports published, we have experienced great difficulty in ascertaining all the facts. Books of collectors should be audited by the State. We have, however, had special reports made to us by each County Treasurer.

As will appear from a perusal of this subject treated elsewhere at length the following facts are developed:*

That State taxes are collected with local taxes and while the general law provides for the time when they are due and payable;

*See post: "Collection of Taxes."

there are local laws providing for the payment of local taxes which control the collection.

That the date when local taxes are due and payable varies in each county.

That the charge against collection of State taxes is vastly in excess of the charge against the collection of the local taxes, although the amount of local taxes collected is many times the amount of State taxes collected; State taxes, however, are not subject to any commission against the State for collection.

That in many counties, local collectors advance to the State an amount which they estimate may be collected and make for themselves the amount of the discount allowed by the State.

That in Carroll County there are fourteen collectors of State taxes.

In Allegany County and Worcester County there are three collectors.

Dorchester County has seventeen collectors who report to the County Treasurer the amount of State taxes, who, in turn, reports to the State Comptroller for State taxes.

In each of the others, there is but one collector.

That Caroline and Cecil Counties reported collection of no current State taxes to the first of October in 1912.

Some counties are very lax in remitting back taxes, and, from the Comptroller's report, it would appear that none are collected.

The following table shows the percentage of collection of current taxes for the year 1912:

Counties.	Percentage of Collection.*	Counties.	Percentage of Collection.
Allegany	0.64	Howard	0.40
Anne Arundel .....	.54	Kent .....	.86
Baltimore City .....	.79	Montgomery .....	.54
Baltimore County .....	.61	Prince George's .....	.40
Calvert .....	.95	Queen Anne's .....	.14
Caroline .....	.00	St. Mary's .....	.89
Carroll .....	.80	Somerset .....	.08
Cecil .....	.00	Talbot .....	.63
Charles .....	.59	Washington .....	.65
Dorchester .....	.32	Wicomico .....	.87
Frederick .....	.95	Worcester .....	.55
Garrett .....	.47		
Harford .....	.61	The State .....	.69

*NOTE.—State allows 5 per cent. discount.

Other Revenues.

Criticism of collection methods apply to collection of taxes from corporations, and also to collection and accounts of fee officers, such as Clerks of Courts, Sheriffs, Registers of Wills and States' Attorneys.

Maryland does not charge each county with an amount to be paid by that political unit, but levies on the taxable basis of each property a rate or the annual State tax. As explained in detail, this does not net the State the amount of taxes due, and there are some taxes that are never collected.

The entire question of collection is a large one, and the present methods far from satisfactory. For this reason the commission recommends that the state tax commission should be empowered to create a department of audits and accounts in order to devise a uniform system, both of keeping assessment and collection books, and to work in conjunction with the Comptroller of the State.

The proper collection of taxes means much to the State, and it seems advisable that all taxes should be a preferred claim in the event that the person assessed is adjudged a bankrupt.

Taxation of Corporations.*

Under the present law domestic corporations, except steam railroad companies, are taxed through assessments on the valuation of their shares of stock ascertained by the State Tax Commissioner from annual reports filed by corporations with this officer, setting forth all such information as may be desired by him. Upon such valuation of the shares, the State tax is paid directly by the corporation which has a right to retain the amount thereof from the dividends due the stockholders, and the full local tax is paid to the several taxing authorities in those communities in which the stockholders reside. There are no allowances for the value of shares held by non-residents either for State or local taxes.

The law provides that in no case shall the aggregate value of the shares of stock be less than the combined value of real and personal property of the corporation. The real estate of

*See post: "Taxation of Corporations."

every corporation is assessed locally,* and a certificate furnished to the proper officer to be forwarded to the State Tax Commissioner. The tax on the real estate is paid exactly like the tax on the real estate of an individual, and the State Tax Commissioner deducts the amount of the assessment thereof together with other securities and other tax-paying shares before determining the net assessment of shares of stock.

But as regards personal property of corporations, there is no assessment made by local assessors, and the State Tax Commissioner has no guide to aid him in valuing this class of property. It is an impossible task for the State Tax Commissioner to properly value the personal property of 3,497 corporations, even if the reports ever set out the same in detail, and in practice it may be said that every corporation in Maryland determines for itself the value of its personal property for purposes of taxation. Some officials of corporations are thoroughly conscientious in making their returns, including the amount of the personal property held by corporations, but our investigation has shown that there are enormous amounts of personal property of Maryland corporations which are now not paying any State and local taxes.

There can be no difference between the value of stock in trade of a merchant and the identical property if owned by a corporation trading as a merchant, and it seems that the assessment of the two should be alike for like property, and neither should be allowed to value their property for purpose of taxation.

The actual or exchange value of shares of stock of corporations is not dependent entirely upon the value of the tangible property of the corporation.

Many elements of an intangible nature, such as good will, ability of management, dividend-earning capacity, etc., in reality determine such value, and it is impossible for any tax authorities to properly assess such elements in conjunction with ownership of real and personal property without penalizing individual ability and industry. It may be safely said that the corporate excess is assessed against a negligible number of corporations, and that a great majority of corporations have never paid on these uncertain elements.

*NOTE.—See post—the discussion of the case of the M. & C. C. of Cumberland vs. National Bank (Circuit Court for Allegany County); opinion of Boyd, C. J., page 270.

Injustice also is done under the present method of corporate excess taxation to those corporations which return their volume of business and possible secrets of trade, while in any business of like kind conducted by an individual these elements are not considered in arriving at values. A full compliance with the present law would be extremely inquisitorial, and is impossible of enforcement.

Our investigation throughout the counties has shown a lack of knowledge on the part of local assessing officers and taxing officials, in regards to the assessment of personal property of corporations. The law contemplates that the value of the personal property as valued by the State Tax Commissioner shall be reflected in the shares. The provisions of the law are not clearly understood, and the impression is general that corporations are not assessed for this class of property. The local idea, which is well founded, is that the protection of personal property from fire and police is a proper local charge, as its safety depends upon local care, and in protecting the personal property the shares are properly protected.

This Commission, therefore, after a thorough study and exhaustive examination, can find no excuse for a further continuance of the present method of taxing shares of business corporations.

In 1902¹² there was a Commission appointed on the part of the Legislature to revise the corporation laws of Maryland, and that Commission recommended that corporations should be required to pay taxes on their real and personal property as individuals, and in addition that each corporation should be required to pay a franchise tax based on the amount of its capital. The rates fixed were to be identical with those of a foreign corporation, \$25 for every full \$50,000 of capital up to \$500,000, but in no case less than \$25. If the amount of the capital is more than \$500,000 and not more than \$5,000,000, an additional amount of 1/40 of 1 per cent. on the excess, and if the amount of such capital is more than \$5,000,000, an additional amount of \$30 on every million dollars of last named excess.

The important question of taxation of ordinary business corporations should receive most serious consideration by the Legisla-

¹² Acts 1902, ch. 446.

ture, and, in our opinion, the general plan as outlined by the Commission of 1902 should be adopted.

Taxation of Manufacturing Corporations.

The present laws controlling the taxation of business corporations fall with peculiar force upon manufacturing corporations and have resulted both in keeping out the investment of foreign manufacturing capital, and curtailing the investment of Maryland capital in manufacturing corporations located within the State. In view of the importance of manufacturing to the State this condition of affairs is most unfortunate. There is a very close relation between the increase of manufacturing capital and the increase of values in real and personal property. Additions to manufacturing capital result not only in general benefits to the State as a whole, but also have an important and direct influence on the taxable basis. The value of a new factory which provides employment for several hundred men can in no way be limited to the money cost of the factory itself. It is self-evident that the values created by manufacturing enterprises are of greater consequence than are the actual values of the manufacturing plants themselves.

In contrast with the liberal provisions regarding the taxation of manufacturing corporations in neighboring States, Maryland has maintained an unenviable and short-sighted policy which has steadily disregarded the fact that a high tax rate often yields a small relative return. Manufacturing corporations which should properly be located in Maryland have, in order to avoid the handicap resulting from excessive and inquisitorial tax burdens, been forced to incorporate in other States, which latter States have received the large benefits directly accruing from the resulting increase in their aggregate wealth. This contrast was clearly summarized by the United States Bureau of Corporations when, in a report on the taxation of corporations in the Middle Atlantic States, it said: "Manufacturing is favored; such companies are exempt from taxation in Pennsylvania and also in New York, New Jersey and Delaware, if conducting their business chiefly within the State. In Maryland they are subject to the capital stock tax."*

*Taxation of Corporations (U. S. Bureau of Corporations, Part II).

We do not wish to be understood as recommending any specific privileges and exemptions which should be accorded to Maryland manufacturing corporations, but we do urge that they be treated as liberally and equitably as are similar manufacturing corporations in competing States. We believe that the passage of the law which we have referred to in regard to business corporations will place manufacturing corporations much more nearly on a basis of fair competition with the manufacturing corporations of sister States than is the condition at the present time.

Bonus Tax.

We think that the bonus tax of $\frac{1}{8}$ of 1 per cent. now imposed by the laws of Maryland is too high, and tends to force our citizens to incorporate in other States.

We favor a reduction in this tax so that it may more nearly equal the bonus tax of our sister States.

Gross Receipts Tax.

This Commission has not had facilities to audit the returns of corporations subject to the gross receipts tax, and we earnestly suggest that this subject should be thoroughly investigated. Gross receipts have shown but little change.

Several corporations return statements showing an identical amount of receipts for succeeding years. We believe that these returns cannot be correct.

When the tax against these corporations was fixed at 2 per cent., these corporations paid the same amount of tax to the State which they now pay on a $2\frac{1}{2}$ per cent. rate.

Freight Car Companies.

The assets of freight car companies consist chiefly of their cars and the right to run over the tracks of certain railroads. These companies are in most cases foreign corporations.

From the report of the State Tax Commissioner, these freight car companies are not listed separately for taxation upon their gross receipts. While the revenue from a State gross receipts tax on freight car companies at a reasonable rate would not ag-

gregate a large sum, such a tax would, if properly administered, produce sufficient State revenue to be worthy of consideration.

Taxation of Foreign Corporations.

Under the present law, foreign corporations doing business in this State are taxed upon all their real and personal property located in this State, and in addition thereto are required to pay a franchise tax of \$25 on every full \$50,000 of capital employed in this State up to \$500,000, but in no case less than \$25. If the amount of such capital is more than \$500,000 and not more than \$5,000,000, then an additional amount equal to one-fortieth of 1 per cent. on the excess; and if more than \$5,000,000, another additional amount at the rate of \$30 for every million dollars of such last-named excess must be paid. The shares of stock of such corporations in the hands of a Maryland owner are also subjected, provided dividends are paid on such stock, to the full amount of State taxation and to a 30-cent rate for county or city taxes.

By way of contrast to the above, it must be remembered that the shares of stock of a Maryland corporation are taxed at the full State and city or county rates, the city or county rates being always much higher than the 30-cent rate applied to the stock of foreign corporations.

The result of the above has been that in hundreds of cases citizens of Maryland desiring to form a corporation for business wholly or mainly in this State have been driven to the expedient of incorporating in a foreign State in order to get the benefit of the lower taxation to which foreign corporations have heretofore been subjected, the result being that many corporations which normally would have been formed here have in fact been formed elsewhere, and their franchise taxes, which normally would have passed into the treasury of this State, have as a matter of fact passed to the treasuries of our sister States.

The most important change needed to remedy this condition is the suggested method of taxing Maryland corporations treated in another part of this report. In addition to that change, and in order if possible to induce citizens of Maryland who have heretofore incorporated in other States and whose main

business is located here to re-incorporate in Maryland, where they rightfully belong, we suggest that the franchise tax on a foreign corporation, which is now identically the same as that proposed to be placed upon Maryland corporations, referred to in another portion of this report, should be made double the present amount. The object of this is to encourage the incorporation of Maryland concerns in the State of Maryland.

It must be remembered, however, that foreign corporations are of two kinds: First, those which are really foreign concerns—that is to say, concerns whose main business is in another State, but which maintain a branch business here; second, foreign corporations (sometimes known as tramp corporations) which are really Maryland concerns in the sense that their main office and business is located here, but which, on account of taxation or because in some other respect the laws of other States have been deemed more favorable than the laws of Maryland, have been incorporated elsewhere. As to corporations of the first class mentioned—that is, the true foreign corporation, having, say, more than 50 per cent. invested outside of the State—we see no reason for increasing the present tax; but corporations of the second class described are not to be encouraged, and, with a view to bringing as many such corporations as possible back to our own State, we suggest that the franchise tax on such corporations be made double the franchise tax on domestic corporations.

Foreign Fertilizer Corporations.

The present Maryland law places foreign fertilizer companies in a class with public service corporations, and requires them to pay a tax based upon their gross receipts. This manner of taxing foreign fertilizer corporations is different from the manner of taxing other foreign corporations, and the Commission sees no reason why there should be a difference in taxing foreign fertilizer companies from any other foreign corporations, or any difference in taxing them from domestic fertilizer companies.

Taxation of Shares of Stock of Banks and Other Financial Corporations.

A very earnest appeal has been made to this Commission by the representatives of banking interests for relief from what is claimed by them to be a heavy and unreasonable burden now imposed by the present system of bank taxation.

Banks are taxed under the existing law upon the value of their shares of capital stock as ascertained by the State Tax Commissioner, who proceeds in the same manner in assessing shares of banks as in the case of shares of other corporations. The difference in the practical operation of the law seems to be that the assets of a great majority of corporations consist of property of more or less uncertain value, and the State Tax Commissioner can, therefore, exercise a certain liberality in making his valuation. In the case, however, of banks the assets consist of cash and credits of a fixed and definite value, and the result is that a rigorous enforcement of the present law means that such institutions are assessed up to the full value of their assets.

The banks claim that the tax under this system, amounting, as it does, for example, in Baltimore City at the present time to 2.32 per cent., is an unreasonable burden to be placed upon the banking business, and in support of this contention they have submitted to the Commission numerous figures showing that in other States and cities banking capital is subjected to no such burden. It is contended, therefore, that the law hampers the development of this necessary business.

In another part of this report* is set out the ratio of earnings of national banks to capital and surplus, and also the ratio of dividends to capital and surplus of the ten largest cities in the United States. Examination of these tables places Maryland banks in an unfavorable class.

Elsewhere in this report also will be found the change in amount of capital of Maryland banks within the last ten years, and this shows that in ten years the capital of national banks increased from \$17,050,000 to \$17,607,000, while in Baltimore there has been a change of capital in ten years from \$12,403,260

*See post: "Taxation of Shares of Stock of Banks and Other Financial Corporations."

in 1903 to \$11,790,710 in 1913. In the corresponding periods in States adjoining Maryland there have been large increases in capital. The Commission has had brought to its attention the consolidation in 1912 (1st January, 1913) of the Merchants' National Bank, which prior to consolidation had a capital of \$1,500,000 and a surplus of \$900,000, with the Mechanics' National Bank, with \$1,000,000 capital and \$1,000,000 surplus, into the Merchants-Mechanics' National Bank, which has a capital of \$2,000,000 and a surplus of \$2,000,000. The result of the merger is a net loss of \$400,000 in available banking capital and the taxable basis.

Bearing in mind the exemption allowed for real estate and exemptions of certain designated securities in the cities referred to and discussed fully in another part, a bank having \$1,000,000 capital and \$1,000,000 surplus in the following cities would pay in 1913 the amount of taxes set forth:*

Baltimore City.....	\$46,400 00
Boston	32,800 00
Chicago	29,332 00
Cleveland	27,200 00
St. Louis.....	22,200 00
New York.....	20,000 00
Philadelphia	8,000 00
Pittsburgh	8,000 00

*NOTE.

The following deductions† are allowed:

Baltimore: Real estate and net assessment of shares of other Maryland banks and corporations;

Certain issues of Baltimore City stock (but only shares taxable in Baltimore City); (Shares are taxable against the holder, wherever he resides).

Boston: Real estate.

Chicago: Real estate.

Cleveland: Real estate.

St. Louis: Real estate.

New York: None.

Philadelphia: None.

Pittsburgh: None.

†Compiled from Report of Horace E. Flack, Municipal Journal, Baltimore, August 29th, 1913.

It is undoubtedly true that the city and State do not have as large a banking capital as could be desired, and the amount of banking capital is not showing a healthy and proper increase.

The question of bank taxation is a special field which requires and deserves special study and consideration.

If the expenses of the local banks are heavy as compared with those of banks in neighboring States, it stands to reason that the local banks cannot compete with banks in other States and offer the same inducement to depositors. As Baltimore is a reserve city, this deserves consideration.

As indicated in another portion of this report, we have found it impossible to investigate fully all the special subjects relating to taxation, and have thought it best to confine our recommendations to a few of the most vital and fundamental points. We, therefore, make no recommendation on the subject of bank taxation, except to say that we do feel that our banks are at present subjected to a heavy burden of taxation, and that under all the circumstances they are entitled to some relief. They should, if possible, be placed on a basis where their rate of taxes will more nearly correspond to that which is imposed on similar competitive institutions in neighboring States. The exact measure of relief and the details of necessary legislation must be left to the judgment of the Legislature.

Savings Bank Deposits.

The law of Maryland provides that savings banks shall pay a tax or annual franchise charge of 25 cents on each \$100 of deposits, three-fourths of which shall be paid to the local community in which the bank is located.

There has been no attempt to verify the actual deposits with the aggregate deposits as returned to the State Tax Commissioner for taxation, but in another part there is a compilation showing the aggregate amount of deposits in each county of the State.

In many counties no saving deposits are returned, and in some of these, if not all, there are savings institutions and deposits.

The method of imposing a franchise on deposits seems satisfactory.

This Commission has found that depositors were assessed in Carroll County the amount of their deposits under the 1910 re-

assessment. Following, however, the decision of the Circuit Court for Carroll County in *Eck vs. County Commissioners*, which held that these were not properly taxable under the security rate, the assessments were abated. Our investigation shows that in a few communities there is some attempt to assess deposits.

The policy of the State should be uniform, and if deposits are taxed in one community they should be taxed in all; if exempt in one, they should be exempt in all.

Tax on Insurance Companies.

The Maryland law provides that foreign life insurance companies shall be required to pay annually a license fee of \$300, and all other foreign insurance companies a fee of \$100 annually.*

In addition, foreign fire, marine and inland insurance companies pay a premium of 2 per cent. on the amount of premiums collected in the State, less deduction for re-insurance and cancellations; life and casualty companies, 1½ per cent. The rate in many States is uniform for all companies at 2 per cent. Maryland requires in addition an annual fee of \$10 from each agent of such foreign company. In some other States this agent's fee of \$10 is imposed only against corporations of those States which impose a similar fee, and this retaliatory measure works to the disadvantage of some Maryland corporations.

Domestic companies pay a gross receipts tax.

Taxation of Intangible Personal Property.

Maryland taxes the stock of domestic corporations, as explained before, differently from the stock of foreign corporations, and our discussion here refers only to the corporate bonds and certificates of indebtedness of all corporations and the stocks of foreign corporations now taxed under Article 81, Section 214, at the full State rate and a uniform local rate of 30 cents. We realize that this method of classification and the imposition of the 30-cent local rate has been the subject of favorable comment by students of taxation, and many reports have cited this State as an example of a low rate producing more revenue than a high

*See Acts of 1912, ch. 207.

rate by reason of the fact that a greater assessment is thereby obtained. This conclusion is correct only in part. When this class of property was taxed the full local rate (prior to 1896), Baltimore City had \$6,000,000 assessed, whereas it now has \$179,412,676 on the books. The result throughout the State has not shown anything like this change. Even now but a small part of this kind of property is assessed in Baltimore City, and less in the counties. The amount of securities taxed in each county is shown in a table in another part of this report.* Four counties of the State—namely, Calvert, Caroline, Garrett and Worcester—have not a single assessment against this class of property.

It is a well-known fact that a large part of the wealth of our people at the present time consists of securities subject to this rate of taxation, and there is no doubt that in every community a vast amount of this class of property escapes taxation.

To tax intangible personal property at the full rate of taxation would amount to confiscation. To abolish the tax altogether upon the theory that the taxes are paid on tangible property, which give the securities their value, the holder being thus subjected to a double tax, is not feasible or practical, in view of the fact that there is property in such shares. This class of property is hard to find for purposes of taxation, and the problem of reaching it is giving authorities everywhere great difficulty. There is everywhere a natural aversion to paying taxes on stocks and bonds, and many securities do not get on the tax books until the death of the owner discloses their ownership. In 1908 the "Advisory Committee on Taxation and Revenue submitted to the Mayor of Baltimore" reported that there were then 3,300 accounts on the tax books of Baltimore for securities. Of these 8 accounts were corporations returning \$52,408,092; 211 accounts of trust estates returning \$26,906,838, and only 2,281 individuals returning \$67,373,927. We understand that there is no material change in the above ratio.

The present method of taxing securities and the administration of the law places a premium upon fraud and perjury and a penalty upon truth and honesty. No one can defend this situation. The law should be amended so as to reverse this state of

*See post: "Taxation of Intangible Personal Property."

affairs and place the penalty where it belongs, on the one who seeks to evade taxation, and to give the premium to the one who honestly and fairly makes his return.

We believe that the solution of this condition is to be found along the lines of a statute which has been in force for some years in the State of Connecticut. The scheme of this statute is to impose relatively a low rate of taxation on all securities which are voluntarily reported for taxation, and a very much higher rate on all such securities as are not voluntarily reported. In the State named, securities voluntarily reported pay a rate of 40 cents on the \$100. Those not voluntarily reported pay rates varying somewhat in different localities, but averaging about \$2.20 per \$100.

The fundamental idea is to make it pay the security-holder to make a truthful return of his securities.

The Commission recommends that the present law of Maryland be amended in order to accomplish this same general purpose, but not, however, in the same way. It seems to us that the law should be modified in the following manner:

1. All persons who voluntarily report their securities for taxation, and pay the tax thereon within the time fixed by law, shall be entitled to a discount of 50 per cent. on the State taxes, and also on the local taxes of 30 cents.

2. All securities which are hereafter placed upon the tax books as a result of the inquiries or investigation of the taxing authorities, or any notice or summons sent out by them, shall be subjected to the State taxes and local taxes of 30 cents, and in addition to a penalty of 50 per cent. for such year.

3. All securities now on the assessment books shall be treated as though voluntarily returned, and the owner shall be entitled to the 50 per cent. discount if the tax is paid within the time fixed by law.

4. Upon the death of any owner of securities, it shall be *prima facie* presumed that all securities belonging to his estate and not assessed against him in his lifetime were owned by him for a period of five years immediately prior to his death, and the State and local taxes, with the penalty above mentioned for each of said five years, shall be collected thereon for such five-year period, or for a shorter period if it be clearly shown that any such

security was owned by the deceased for less than five years. Any statute of limitations which would conflict with this provision should be to this extent repealed.

Let us see by a concrete illustration how these recommendations would operate in actual practice. Take the owner of a bond worth \$1,000, yielding an annual income of $4\frac{1}{2}$ per cent.—that is, \$45. Under the present law for the year 1913 this owner, if assessed, pays \$6.10. Under the plan above proposed, if he voluntarily reports his security and pays the tax, he will pay \$3.05. If he fails to return his security and it is discovered by the taxing officials, he would pay \$6.10 plus \$3.05 penalty—that is, \$9.15 in all for the first year and \$6.10 for each subsequent year. If he dies, and at the time of his death his security is for the first time brought to the attention of the taxing officials, his estate would pay five times \$9.15, or \$45.75, unless it could be clearly shown that the deceased had owned such security for less than five years, when the payment would be proportionately reduced. While we think it cannot be said that these penalties are burdensome or unreasonable under the circumstances, they are heavy enough to induce many security-holders to make a voluntary return of their holdings, and to avail themselves of the lowest rate rather than run the risk of being subjected to the higher rate, or of having their estates subjected to the highest of all the rates.

Taxation of Mortgages.

There are only four counties in Maryland in which mortgages are now taxable, namely, Dorchester, Montgomery, Frederick and Somerset, and in these the tax is only for local purposes. In all the other counties they are entirely exempt by law. The tax in these counties amounts to 8 per cent. of the interest covenanted to be paid. The influence of this tax is keenly felt by the prospective borrowers in the counties having the tax. Instead of taxing mortgages, in some instances the mortgagee takes judgment confessed by the mortgagor. Judgments are in general not taxed in Maryland. A person or corporation having money to lend will, for obvious reasons, prefer to lend it in a county where the security will be exempt from taxes. The consequence is that the borrower in the county where mortgages are taxable finds

that he is unable to obtain money to develop his farm or other enterprise.

The objection is not so much that mortgages are taxable as that there is discrimination as between counties. The same argument holds true as between Maryland and its neighboring States. In order to induce the lender to place his money in mortgages on property in Maryland, we must meet the competition of our neighboring States. In Delaware mortgages are exempt from taxation. In Pennsylvania they are taxed \$4 on each \$1,000, and in several other States they are taxable under the general property tax at the regular State and local rates, but are seldom listed for taxation.

It is the contention of many economists that mortgages should not be taxed at all, for the reason that in most cases the borrower pays the tax in the form of increased interest rate. As a sure method of producing revenue, however, the mortgage recording tax, which is in operation in New York and Michigan, has much to recommend it. This plan provides for a tax of 50 cents on each \$100 or fraction thereof of the principal debt or obligation. The tax is payable at the time of recording the mortgage and no further tax is imposed. The revenues received from this tax, after deducting the expense of collection, belong one-half to the State and the other half to the counties where the real estate is situated upon which the mortgage is secured. This tax produces a revenue in New York State for State and local purposes amounting to about \$3,500,000 per year. Such a tax cannot by any possibility be evaded, and it has, therefore, the great merit of effectiveness. There is one feature of the tax which is causing considerable criticism, and that is the fact that long-term mortgages are taxed the same as short-term mortgages. In other words, the mortgage running for fifty years and bearing interest for fifty years pays no more tax than it would pay if it were made for one year, bringing to the owner only one year's interest. Most of the long-term mortgages are those imposed on corporate property, whereas many of the short-term loans are on residences and farm property. Many economists believe that the tax should be so graded that the burden imposed upon a mortgage running for fifty years would be proportionately greater than on the mortgage running for five years.

Minnesota adopted the mortgage recording tax in 1907, but the 1913 Legislature greatly reduced the rate.

From the present state of our mortgage-tax law and the conditions which have built themselves around it we can draw but one conclusion, namely, that the method of treatment should be uniform throughout the State. Either mortgages should be exempt in the four counties in which they are now taxable, or a new tax system, as, for instance, the recording tax, be installed throughout the State.

Inheritance Taxation.

Among many who are familiar with the subject there is an impression that our present system of taxing inheritances could be improved. Maryland was one of the first States of the Union to enact a law for the taxation of inheritances, and with the exception of the change in the rate of the tax from $2\frac{1}{2}$ per cent. to 5 per cent. in 1908, there has been very little amendment.

There are several suggestions which have been made to this Commission which would seem worthy of consideration. Our system taxes collateral inheritances only and estates of \$500 or less are exempt. It is contended by some that the tax, with more liberal exemptions, should be made to apply also to direct inheritances. The States which have met with the highest success in increasing State revenues from this source are those which have adopted a graded and progressive tax, with the rates as well as the exemptions varying according to the value of the distributive share and the degree of relationship of the beneficiary to the decedent.

Several States are making an especial point of applying the tax to stocks in domestic corporations owned by estates of non-resident decedents. Maryland does not follow this policy, nor do we think that our State should tax the inheritance of such shares.

In another part of this report is set out a tabulation of the inheritance tax laws of the other States.

Maryland has a law which provides for a tax on commissions allowed executors and administrators—a provision which is in force in few if in any other States.

There are no estates to which the commission does not apply, and in any amendment of the law further taxing estates this provision of the law should be considered.

Taxation of Public Stock and Bonds Issued by State and Local Communities.

We consider this matter of such great importance that the whole subject is treated at length in a separate article.*

Our attention has also been directed to a consideration of this subject by the numerous changes of laws in other States exempting stocks and bonds of States, cities and counties.

We recommend that all stocks, bonds and obligations created by the State or any county or city of the State should be exempt from all taxation.

Income Taxation.

The Wisconsin income tax, as a substitute for the general property tax on certain classes of personal property, particularly moneys and credits, has, since its inauguration in 1911, met with considerable success from an administrative standpoint, and it would be well for our tax officials and legislators to watch the results of this tax during the next few years. South Carolina, Oklahoma and Virginia have taxed incomes for several years past, but, due to administrative defects, results have not been satisfactory.

Taxation of Mineral Deposits.

Elsewhere in this report† we have fully discussed the taxation of mineral deposits, and have included therein a classification of the tax laws of other States regarding this character of property.

Taxation of Woodlands.

This subject has been treated in full in an article‡ which will be found in another part of this report, where the laws of those States having special legislation on the taxation of woodlands are digested.

*See post: "Taxation of Stock and Bonds Issued by State and Local Communities."

†See post: "Taxation of Mineral Deposits."

‡See post: "Taxation of Woodlands."

Exemptions from Taxation.

Every act of reassessment particularly sets out the property which is subject to exemption, and the interpretation of the statute is left to local assessors. There can be no uniformity of exemption under such a method.

It is the opinion of the Commission that much property in the State is enjoying an exemption from taxation which under the present law is properly taxable.

In very few cases has investigation revealed an assessment for taxation of farming machinery over \$300, the limit fixed by law, although such an amount is not now unusual on farms.

The Commission desires to draw attention to the prevalence of extending exemptions to property owned by religious and educational institutions not used for religious and educational purposes, and express the opinion that such exemptions are carried too far.

The exemption of manufacturing plants and machinery from local taxes seems a favorite method of encouraging new industries. Local laws empower the following communities to grant the same:

Baltimore City,
Anne Arundel County,
Harford County.

Hagerstown, in Washington County, encourages manufacture by this means, and possibly other incorporated towns are empowered.

It seems to us that this policy should be encouraged and extended.

Household goods to the extent of \$300 are exempt from taxation in Baltimore City and Baltimore County when the owner is not assessed for any other property, but in all other parts of the State there is no exemption on such property. This has been the subject of several complaints to the Commission, and we are of the opinion that this exemption should be extended throughout the entire State.

Article XV of the Bill of Rights.

The only constitutional provision concerning taxation is set out in Article XV of the Bill of Rights of Maryland and is as follows:

"That the levying of taxes by the poll is grievous and oppressive and ought to be prohibited; that paupers ought not to be assessed for the support of the government, but every person in the State, or person holding property therein, ought to contribute his proportion of public taxes for the support of the government, according to his actual worth in real or personal property; yet fines, duties or taxes may properly and justly be imposed or laid with a political view for the good government and benefit of the community."

The words "or persons holding property in the State" were substituted after a vehement debate for the words "or persons holding property therein" in the Constitution of 1776.

The language of the present section amounts to a tax against persons, not property, and should be amended, and should also be amended to remove any doubt as to the power of the Legislature to make reasonable classifications of property.

Licenses.

In another part of this report* is collected data on licenses and the Commission makes the following recommendations:

That the State's participation in license fees should be the same percentage in all communities.

That provision should be made for inspection of stocks of merchants in order to ascertain if traders obtain licenses commensurate with their stock.

That the method of issuing female traders' licenses has been abused and a stricter inspection should be provided.

That applicants for renewals should be required to surrender their former licenses at time of new application.

It is contended by some Maryland merchants that the levying of a trader's license places them at a disadvantage in competition with merchants in neighboring States. If this is true,

*See post: "Licenses."

the permanent tax commission should provide a remedy. Nevertheless, as long as the present law is on the statute books the license should be levied equitably.

Fee System: Tax on Civil Commissions.

The method of paying salaries from fees of offices is very old and has developed so extensively that few people in the State realize to what extent it reaches. It is only within recent years that accounts have been demanded from the officers, and until the establishment of the office of State Auditor their books and receipts were never inspected in the interest of the State.

The custom of paying salaries from collection of fees has long since vanished in most other communities, and the Commission recommends that all officers, including Clerks of Courts, Sheriffs, Registers of Wills and State's Attorneys, should be paid fixed annual salaries not in any way dependent on their fees. All such fees should be remitted to the State.

In the event of this change being made we recommend that the tax on commissions issued to State officers should be abolished.

This tax is somewhat unusual. The original idea of imposing the tax was to require officers to pay for the opportunity to make fees, and if they are being required to account for all receipts they should be released from this payment.

School Taxes.

The amounts received from the levies for schools and free books are such a large proportion of the whole revenue, and the appropriations made for their maintenance constitute such a large part of the total expenditures of the State, that the subject deserves special consideration, and is treated in full under the appropriate heading where much comparative data is compiled.*

In 1912 the levy for schools was $16\frac{1}{8}$ cents on the \$100; ten years ago; or in 1903, the levy was $12\frac{1}{4}$ cents, or an increase in levy in ten years of $3\frac{7}{8}$ cents. In the same period the property upon which the rate was levied and collected through collectors

*See post: "School Taxes."

has increased \$305,972,677, or 46 per cent., and there has been also an increase in the aggregate value of shares of Maryland corporations and in the issue of Baltimore City stock upon which State taxes are paid.

	1903.	1912.
*Levy	\$824,838 19	\$1,579,137 34

The following table for the two periods shows the changes that have occurred in the receipts for schools:

*Receipts from collectors (current and back taxes included).....	\$771,408 52	\$1,457,091 42
*Receipts from Maryland corporations.....	71,781 16	114,110 65
*Receipts from Baltimore City stock.....	33,535 93	47,703 52
	\$876,725 61	\$1,618,905 59
Increase, \$742,179.98.		

In addition to these levies and payments, the State appropriated out of the general treasury fund \$105,200 in 1903; \$214,800 in 1912 for high schools; for colleges, \$153,449.30 in 1903, and \$156,789.81 in 1912.

These figures are taken from the reports of the Comptroller for the years contrasted.

According, however, to the reports of the State Board of Education, to which reference was made for the purpose of ascertaining the revenue arising from the county school tax, it would appear as though the actual receipts from the State have changed in the following manner:

	1903.	1912.
Total receipts from State.....	\$772,105 37	\$1,559,852 06

From the reports of the Comptroller, the State increased its payments 84.6 per cent., while from reports of the Board of Education the State's contribution increased \$787,746.69, or 102 per cent.

In the same period the aggregate of county school taxes increased as follows:

	1903.	1912.
Total county school tax.....	\$1,731,965 34	\$2,487,499 74

*From Reports of the State Comptroller.

In this period the aggregate of increase of local school taxes was \$755,534.40, or 43.6 per cent.

In other words, ten years ago the State bore 30 per cent. of the total expense of the schools, while in 1912 the charge had increased to 38 per cent.

The following shows the expenditures for certain items of the schools for the same period:

	1903.	1912.
Salary of teachers.....	\$2,121,533 15	\$2,912,376 69
Rent, fuel, incidentals.....	169,803 36	274,945 97
Books and stationery.....	133,130 41	228,479 22
Supervision	62,306 02	112,377 84
	<u>\$2,486,772 94</u>	<u>\$3,528,179 72</u>
Increase, \$1,041,406.78.		

The contribution from the State increases as the State's taxable basis increases, and as the State's contributions increase the local levies for schools decrease. Nineteen communities levied for schools a rate less in 1912 than in 1911, and some of these reductions were considerable; Allegany County, for instance, levied \$.562 on the \$100 in 1911, and \$.389 on the \$100 in 1912. Some of the levies are as low as \$.136 on the \$100.

In 1903 eight counties received from the State more money for schools than they raised by local taxation for schools.

These counties were:

Calvert,
Caroline,
Charles,
Dorchester,
Prince George's,
St. Mary's,
Somerset,
Wicomico.

In 1912 these counties still received more than they raised themselves, and in addition to them the following also received more than they raised:

Garrett,
Howard,
Talbot,
Worcester.

In other words, twelve counties of Maryland do not raise as large an amount for taxes for schools as was contributed to them by the State.

Moreover, in 1912 all the counties of the State with the exception of

Baltimore County,
Baltimore City,
Carroll County,
Harford County,
Howard County,
Washington County,

received from the State on account of schools more than was paid by them to the State for schools, roads and debt.

These questions arising from this change are not school questions, but strictly taxation questions, and deserve earnest thought on the part of the members of the Legislature. There must be no attempt to lessen the aggregate of school taxes, but a study of the relative figures of local and State contributions as set out in an exhaustive report on school quotations, contained in "A Comparative Study of Public School System in the Forty-Eight States" by the Director of Education of the Russell Sage Foundation (December, 1912), and copiously quoted from in another part of this report, shows that only seven other States in the Union, viz, Michigan, Texas, Kentucky, Georgia, Virginia, Mississippi and Alabama, equaled or exceeded the percentage of contribution of Maryland.

The Commission recommends that each county be required to levy not less than a minimum rate for schools.

It also recommends to consideration of the proper authorities that the present plan of distributing the school funds on a population basis be inquired into and consideration directed to an average attendance basis with a minimum allowance for each school.

The Commission recommends that the school system be made a general State system and the power of local boards should be subordinated.

Appropriations for Charitable Institutions.

Another large State expense arises from the State aid to charitable institutions, and the Commission has received information that the State Board of Aids and Charities is about to submit numerous recommendations to the coming Legislature for consideration.

In another part of this report, under the head "Cost of Government in Maryland," is compiled appropriations on account of all institutions.

The Commission recommends to the Legislature that there should be a greater consolidation of energy, and that the State should adopt a policy of aid to be based on a plan whereby there should be a minimum allowance for each institution which is selected, and in addition there should be an allowance per patient based upon the actual time in which such person is in the institution.

Good Roads and Their Effect on the Value and Assessment of Abutting Property:

Maryland in 1908 laid the foundation for an extensive system of good roads, to be paid for from sales of State bonds.

At every subsequent session of the Legislature new issues have been authorized and the work contemplated has not been completed.

It is not a part of this Commission's duty to discuss this phase of the question, except so far as it relates to taxation.

The following debts have been authorized for roads:

In 1908.....	\$5,000,000 00
1910.....	1,000,000 00
1912.....	3,170,000 00
Total.....	<u>\$9,170,000 00</u>

The first roads were completed about 1909, and the promise was made that the increase from taxes would take care of the interest and sinking fund.

Exhaustive examinations have been made in communities as to the probable increase of value from good roads, but not with entire success. Estimates of increase vary greatly in the same communities and there are so many other factors that no absolute conclusions can be reached.

In all probability the greatest increase occurred in the tide-water counties, where hard stone roads were before unknown, and particularly the lower Eastern Shore and Southern Maryland counties.

In Wicomico County, for instance, estimates run as high as 150 per cent. increase in value of property abutting new roads. Many of the sales and assessments of the property in the detailed discussion are of property on State roads.

In very few instances has a single dollar been added to the taxable basis on this account, and, moreover, no county has indicated an intention to reassess such property to bring assessment nearer the value.

Assessment Plats.

With the exception of Baltimore City, not one community, county, city or town reports the use of a plat for assessment purposes.

It seems impossible that any assessment can be complete without a plat and the State has an excellent starting point in the plats of the counties made by the State Geological Survey.

True Consideration in Deeds or Affidavits.

In many States the question of obtaining information for assessment purposes as to true consideration of real estate sales is being seriously considered. The plan generally advocated is to restrict the recording privilege so that instruments affecting the title to real estate shall not be admitted to record unless the true consideration is stated in the instrument, or unless an affidavit of the grantor stating the true consideration accompanies the instrument. By the latter method the true consideration would not necessarily be shown upon the record books, but the affidavit would be considered confidential information to be forwarded to the State Board having supervision of tax matters.

It is argued that by this plan a mass of accurate information concerning real estate values throughout the State might be collected without cost, which would be of the utmost importance and assistance to the State Board in the supervision of assessments and in equalization.

So far as we know there is no State in which this system is in operation, but from a theoretical standpoint the plan would seem quite logical and we recommend its serious consideration by the Legislature.

Cost of Government in Maryland.

Reference is made to the classification of the items of receipts and expenditures of State government, and to the compilation of county assessments, receipts and expenditures, which the Commission trusts will be of value to all persons interested in local tax matters.

FINANCES OF MARYLAND.

Sources of Revenue.

The receipts of the Treasury of Maryland are obtained from numerous sources.

The general property tax is obtained:

(a) From local collectors, from the tax on real and personal property, including stocks and bonds subject to the 30-cent local rate.

(b) From the tax on Maryland corporations.

(c) From the tax on Baltimore City stock.

Other sources of revenue are the tax on gross receipts, licenses, collateral inheritances, excess of fees of officers, tax on insurance companies, tax on savings banks deposits, etc., the details of which will appear from another part of this report.*

The miscellaneous taxes just mentioned are general treasury funds. The receipts from the general property tax are charged to particular funds, and have heretofore been always for schools and payments on account of outstanding debt, except, however, a levy of 1 cent for maintenance of roads in 1913, to which reference is hereinafter made.

Owing to the many new debts incurred in Maryland within the past five years, the general property tax has increased, so that now the rate is 31 cents on the \$100 of valuation, while in 1910 it was but 16 cents.

The returns from other sources have not increased in like proportion, and it is very essential for this State that a permanent body should be appointed to study constantly the subject of taxation in every phase. Many questions are constantly arising, such as the unearned increment tax, the secured debt law, publicity of assessments, etc., to say nothing of purely administrative questions.

The following table shows the several sources of revenue of the States of the Union so far tabulated, and is from the last report published by the United States Commissioner of Corporations (November, 1912):

*See post: "Cost of Government in Maryland."

TABLE SHOWING TOTAL STATE TAXES, AS DISTINGUISHED FROM LOCAL TAXES, WITH AMOUNTS AND PERCENTAGES CONTRIBUTED BY CERTAIN SPECIFIED SOURCES OF TAXATION, FOR 1910.
PER CENT. OF TOTAL STATE TAXES.
[This table relates only to State revenue from taxation.]

States.	Corporation tax.	General property tax.	Inheritance tax.	Liquor tax.	Miscellaneous tax receipts.	Total State taxes.	Corporation tax.	General property tax.	Inheritance tax.	Liquor tax.	Miscellaneous tax receipts.	Total State taxes.
NEW ENGLAND GROUP.												
Maine.....	\$1,267,088	\$304,997	\$138,250	\$113,558	\$19,893	\$2,343,786	54	34	6	5	1	100
New Hampshire.....	598,312	725,511	145,620	.....	76,686	1,546,129	39	47	9	.....	5	100
Vermont.....	988,174	83,969	83,969	59,969	62,963	1,200,095	82	.....	8	.....	5	100
Massachusetts.....	5,520,796	5,500,000	1,671,716	810,380	34,659	13,537,561	41	41	12	6	.....	100
Rhode Island.....	926,041	840,421	.....	161,591	93,034	2,021,087	46	41	.....	8	.....	100
Connecticut.....	3,445,945	453,535	439,550	.....	520,374	4,860,204	71	9	9	.....	11	100
MIDDLE ATLANTIC GROUP.												
New York.....	10,120,316	.....	8,212,736	9,589,779	17,516,955	35,439,786	29	.....	23	27	.....	100
New Jersey.....	6,717,580	.....	632,089	.....	59,506	7,409,175	91	.....	8	.....	.....	100
Pennsylvania.....	17,254,588	.....	1,803,088	1,752,982	2,451,050	24,370,213	71	5	7	7	10	100
Delaware.....	319,675	.....	1,778	.....	151,962	473,415	67	.....	.....	.....	.....	100
Maryland.....	1,179,867	1,224,000	293,994	434,660	471,688	3,604,209	33	34	8	.....	13	100
District of Columbia.....	3,971,977	4,416,171	.....	458,275	121,910	5,968,393	31	74	.....	8	2	100
EASTERN CENTRAL GROUP.												
Ohio.....	35,764,507	2,646,465	16,757	2,079,089	160,463	10,667,231	354	25	.....	20	1	100
Indiana.....	31,420,849	6,109,254	.....	.....	7,530,103	319	319	81	.....	.....	.....	100
Illinois.....	2,820,255	4,836,592	556,257	.....	158,857	8,372,961	34	58	6	.....	2	100
Michigan.....	5,387,530	6,112,436	258,320	18,208	117,152	11,893,646	45	52	2	.....	1	100
Wisconsin.....	4,155,422	1,254,561	283,567	.....	132,023	5,825,643	71	22	5	.....	2	100
WESTERN CENTRAL GROUP.												
Minnesota.....	5,373,414	2,160,636	508,882	53,754	38,909	8,135,595	66	27	6	1	.....	100
North Dakota.....	387,640	1,207,774	.....	.....	3,841	1,599,255	324	76	.....	.....	.....	100
South Dakota.....	273,776	1,242,423	4,143	.....	17,464	1,537,806	318	81	.....	.....	1	100
Iowa.....	863,296	2,070,757	215,473	.....	166,811	3,316,337	326	62	7	.....	5	100
Nebraska.....	660,777	1,945,052	.....	.....	9,309	2,615,138	325	74	.....	.....	1	100
Kansas.....	341,655	2,087,482	8,828	.....	3,057,965	31	69	.....	.....	.....	.....	100
Missouri.....	31,031,574	4,294,000	314,288	1,577,907	31,528	5,249,297	320	43	6	30	1	100

¹ Of this amount, \$4,635,443.20 came from stock-transfer tax and \$1,931,848.39 from mortgage tax.

² Tax on personal property.

³ Includes State's share of general property tax collected locally from certain corporations. With the exception of the District of Columbia, as previously noted, it is impossible, practically, to ascertain or estimate from the information available the amount thus received from corporations in the States included in this table.

⁴ Includes some miscellaneous license fees.

⁵ Norrg.—Reprinted from the Report of the Commissioner of Corporations, U. S. Vol. IV, pp. 4 and 5 (Nov. 1912). Tabulation for remaining States not yet published.

Separation of Sources of State and Local Revenues.

The theory of separation of the sources of state and local revenues, as commonly understood, means the raising of revenues for general state purposes by special taxation, as, for instance, gross receipt taxes, inheritance taxes, licenses, etc., and leaving the general property tax exclusively for the support of local governments. For several years past this separation theory has occupied a conspicuous place in all plans for improving systems of taxation in the various states. Some critics have given first importance to this idea, and have urged that by such separation existing inequalities in taxation would be removed and the burden of taxation would be distributed with substantial justice. It has been argued that by abolishing the direct state tax every inducement for low assessment of property subject to local taxation would be removed, and that, automatically, full and fair valuations would result. It has likewise been frequently urged that under the separation plan the various local governments might be granted either partial or complete freedom in methods of taxation, a system often designated "home rule" in taxation.

One of the chief objections urged against complete separation of the sources of state and local revenues is that there would be a lack of elasticity in state treasury receipts. Income would not adjust itself to the increasing or diminishing expenditures. Whatever its defects otherwise, the direct tax for state purposes does provide for this elasticity of revenues.

Another objection is that complete separation would probably induce increased expenditures, possibly extravagance, in state affairs. As long as a part of state revenue is derived from taxes paid directly by all counties, each taxpayer retains an interest in economical state administration. All of these arguments are largely theoretical when applied to the complete separation idea, for up to this time no state has broken away from the general property tax for state purposes to the extent of abandoning it forever. New York, Pennsylvania, New Jersey, Connecticut, Vermont, Delaware and California have been held up by different authorities as practical examples of complete separation, but in the tax systems of most of these states are factors which destroy the complete separation feature and leave only partial separation.

For years the only taxes in Maryland have been for schools and free books, and levies for the payment of interest and

sinking funds on loans authorized from time to time by the Legislature, because it should be borne in mind that with the exception of one item in 1913 there has been no levy or direct property tax for costs of executive, legislative, judicial or administrative functions of the state. The expense of these have been paid from sources other than taxes levied against property. Of the total receipts of \$5,108,660.32 in 1912, \$2,066,068.77, or 40 per cent., were derived from property tax, and the percentage from this class has rapidly increased within recent years, owing to the increase of the state rate.

The General Property Tax.

It is the general property tax that the people of the State feel the most keenly, and yet the Commission believes that the purposes for which this is levied is not generally understood.

It is only levied for particular purposes and payment of obligations; it has no relation to the general governmental expenses. In other words, all of the returns of the direct property tax are ear-marked and should be applied for these purposes. The changes in the rate are brought about through new activities, as will appear clearly from a contrast of the 1912 and 1913 levies of the State.

In 1912 the State levied the following amounts for the items enumerated:

	16 $\frac{1}{8}$	cents	on	each	\$100	for	the	Public Schools.
	5 $\frac{1}{2}$	"	"	"	"	"	"	State Road Loan (1908).
	1	"	"	"	"	"	"	Insane Hospital Loan (1910).
$\frac{1}{2}$ of	1	"	"	"	"	"	"	Public Highway Loan (1910).
$\frac{1}{8}$ of	1	"	"	"	"	"	"	Sanatorium Loan (1910).

and in 1913 the following:

	16 $\frac{1}{8}$	cents	on	each	\$100	for	the	Public Schools.
	5 $\frac{1}{2}$	"	"	"	"	"	"	State Road Loan (1908).
$\frac{3}{4}$ of	1	"	"	"	"	"	"	State Insane Hospital Loan (1910).
$\frac{3}{4}$ of	1	"	"	"	"	"	"	Public Highway Loan (1910).
$\frac{3}{4}$ of	1	"	"	"	"	"	"	Maryland State Normal School Loan (1912).
$\frac{3}{4}$ of	1	"	"	"	"	"	"	Technical School Loan (1912).
$\frac{7}{8}$ of	1	"	"	"	"	"	"	Second Insane Hospital Loan (1912).
$\frac{1}{2}$ of	1	"	"	"	"	"	"	Consolidated Loan of 1913.
	1	"	"	"	"	"	"	Public Building Loan.
	3	"	"	"	"	"	"	State Loan of 1912.
	1	"	"	"	"	"	"	Maintenance of Roads.

The following table shows the rate levied for each item and the aggregate or State rate since 1900:

REPORT OF THE COMMISSION

LEVIES CONSTITUTING THE STATE RATES SINCE 1900:
(EXPRESSED IN CENTS).

	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.	1908.	1909.	1910.	1911.	1912.	1913.
SCHOOLS.....	10½	10½	10½	10½	15	15	15	16	16	14	12½	16%	16%	16%
Free School Books.....	2	2	1¾	1¾	1¾	1¾	1¾							
LOANS														
Outstanding Debt.....	3½	2½	2½	2½			½							
State Building and Improvement..	½	¾	½	½	½	½	½							
Penitentiary.....	¾	¾	¾	¾	¾	¾	¾							
Insane Asylum.....	½	½	½	½	½	½	½							
Consolidated.....					2½	2½	2½							
State of 1902.....			¾	¾	¾	¾	¾							
Public Building.....					1	2	2							1
State Road.....										2	3½	4½	5½	5½
State Insane Hospital of 1910.....												1	1	¾
Public Highway of 1910.....												¼	¼	¾
Sanatorium.....												½	½	¾
Maryland State Normal.....														¾
Technical School.....														¾
Second Insane Hospital.....														7½
Consolidated of 1913.....														½
State of 1912 (Roads).....														8
Maintenance of Roads.....														1
Total.....	17¼	17	17	17	22½	23½	23½	16	16	16	16	22	23¼	31

A Detailed Comparison of the 1912 and 1913 Levies.

In 1913 there was levied $16\frac{1}{8}$ cents on \$100 of property for schools, which was the same rate as in 1912, although the base upon which the same was levied and paid through collectors will show an increase, and the amount of stock of Maryland corporations increased and the issues of Baltimore City stock increased. The rate of $5\frac{1}{2}$ cents on account of the State Road loan, 1908, was the same in 1912 as in 1913. The rate of 1 cent for the State Insane Hospital loan decreased to $\frac{3}{4}$ of a cent, due to the increased basis of assessment, and the Public Highway loan of 1910 increased $\frac{1}{4}$ of a cent owing to increased issue of stock.

The levy of $\frac{1}{8}$ of 1 cent in 1912 on an issue of the \$100,000 Sanatorium loan authorized under an act of 1910 is not included, the reason for which will appear by referring to a study of the sinking funds.*

All other levies for 1913 are new, viz: Three-fourths of 1 cent for the Maryland State Normal School, a debt of \$600,000.

Three-fourths of 1 cent for the Technical School of 1912 loan of \$600,000.

Seven-eighths of 1 cent for Second Insane Hospital loan, a debt of \$800,000.

One-half of 1 cent for Consolidated loan of 1913, a debt of \$400,000, for armories in Annapolis, Frederick, Salisbury, and for forest reservations.

Three cents for State loan of 1912, Road loan of \$3,170,000.

All of these loans were created by Acts of 1912.

In addition to these loans the rate includes a levy of 1 cent for the Public Building loan of 1904, which had failed to be included in any levies since 1906, although the sinking fund of this debt was not sufficient at that time to retire the debt at maturity, nor has any levy been made for interest on this loan between 1907 and 1912.

In addition to these items of levy, the 1913 rate includes a levy of 1 cent on each \$100 for maintenance of roads, notwithstanding that receipts from licenses of motor vehicles are passed to this account. This is the first direct levy for any

*See post: "Report on Accumulation and Condition of Sinking Funds for State Loans Outstanding September 30, 1912."

item of State expenses (except schools) that has been made for a great number of years by the State, and is an innovation in State financing. The amount produced by this levy is uncertain and the method inaugurates a bad policy. If the item will produce \$70,000 net in 1913 (1 cent on State rate should produce \$100,000, but the percentage of collection of current taxes is about 70 per cent.), the State had far better appropriate such a flat sum. If the rate remains the same as established in 1913, the amount raised on the constantly increasing State base will consequently increase accordingly.

It would appear, unless there are radical changes made, that a rate higher than the present rate of 31 cents will be imperative.

According to the report of the certified public accountant employed by us the 1-cent levy for the Public Building loan will have to be increased slightly in order to bring this sinking fund to requirement and an additional levy will have to be made for the State Loan of 1902; the amount set aside for the sinking fund of the Public Highway loan of 1910 is not sufficient for one-half of the amount authorized, and again all of the series of the State loan of 1912 (Road loan of \$3,170,000) have not been issued.

The Present Method of Setting Aside Amounts for Sinking Funds.

The returns from a particular rate of levy are uncertain in amount, owing to several causes. First, it is levied on three classes of property, the taxes on which are all paid in a different manner—real and personal property throughout the State, paid by collectors; tax on Maryland corporations, paid by them to the Comptroller; tax on Baltimore City stock, paid by the Mayor and City Council of Baltimore. Each amount has heretofore increased at a varying rate. Again, the percentage of collections varies in each and each vary from the others.

It is difficult to determine with sufficient accuracy what any rate will produce, and this Commission submits a report on the subject for consideration of the Legislature. From this report we would direct attention particularly to the following:

Sinking funds are accelerated and, in consequence, are generally in a condition after a few years to earn sufficient on the invested sinking funds to carry them to maturity.

One illustration will suffice, taken from the State Building and Improvement 3 per cent. loan of 1900 of an authorized issue of \$500,000.

From a report of the Commission's accountant we quote as follows:

"This loan emphasizes the inequalities of the present method of providing for sinking funds.

"In a single year—1901—\$100,000, or one-fifth of the total amount of the loan, was set aside for a sinking fund provision, although it represents collections for the fiscal years 1900 and 1901. The difficulty seems to have been in levying a rate out of all proportion to the needs of the sinking funds."

The Proper Sinking Fund for the 1908 Road Loan.

It is more or less a difficult matter to estimate the amount that should now be in the sinking fund of this loan selected for discussion, for several reasons:

Series A, for \$500,000, was, under the law, authorized as of first of August, 1908, and the other series of the loan were issued as of February first of the succeeding years. There was no levy on account of interest and sinking fund of this loan in 1908, because the loan was authorized after the rate for the year had been established. Moreover, it would appear as though the several issues were not sold at the time provided. The fiscal year of the State ends on the 30th of September, and this is a matter for consideration also.

The following compilation contains the actual collections and earnings of the sinking fund accrued to this loan for each year, and contrasted with an amount proper to be set aside each year to retire the bonds at maturity.

COMPARATIVE STATEMENT OF THE COLLECTIONS ON ACCOUNT OF THE 1908 ROAD
LOAN AND THE FINANCIAL REQUIREMENTS OF THE SAME, SHOWING THE
AMOUNT OF COLLECTIONS IN EXCESS OF NEED.

	1909.	1910.	1911.	1912.	Total.
Collection	\$134,832 07	\$270,359 32	\$401,390 91	\$525,615 87	
Earnings of sinking funds...	.....	3,500 00	10,080 00	13,580 00	
	<u>\$134,832 07</u>	<u>\$273,859 32</u>	<u>\$411,470 91</u>	<u>\$539,195 87</u>	<u>\$1,359,358 17</u>
Provisions to take care of Sinking Fund:					
Series A.....	\$25,912 54	\$25,912 54	\$25,912 54	\$25,912 54	
Series B.....	.....	51,825 08	51,825 08	51,825 08	
Series C.....	.....	.....	51,825 08	51,825 08	
Series D.....	.....	.....	.....	51,825 08	
	<u>\$25,912 54</u>	<u>\$77,737 62</u>	<u>\$129,562 70</u>	<u>\$181,387 78</u>	<u>\$414,600 64</u>
Interest required.....	17,500 00	52,500 00	87,500 00	122,500 00	280,000 00
Earnings of sinking funds..	.....	906 94	2,752 56	4,662 78	8,322 28
	<u>\$43,412 54</u>	<u>\$131,144 56</u>	<u>\$219,815 26</u>	<u>\$308,550 56</u>	<u>\$702,922 92</u>
Amount collected in excess of sum needed.....	\$91,419 53	\$142,714 76	\$191,655 65	\$230,645 31	\$656,435 25

\$25,912.54 deposited annually at 3½ per cent. interest will in 15 years produce an amount of \$500,000. \$51,825.08 deposited annually will in 15 years produce an amount of \$1,000,000.

Examination of this table shows that there have been collected the following amounts in excess of requirements:

1909.....	\$91,419 53
1910.....	142,714 76
1911.....	191,655 65
1912.....	230,645 31
Total.....	<u>\$656,435 25</u>

The following shows the requirements of sinking fund and the actual sinking fund payment:

	1909.	1910.	1911.	1912.
Proper fund.....	\$25,912 54	\$77,737 62	\$129,562 70	\$181,387 78
Sinking fund of loan	100,000 00	84,500 00	182,433 88	295,276 59
Total, \$414,600.64.			\$422,922 92	.....
Total, \$662,210.47.			700,000 00	.....

In 1912 four-sevenths of the amount collected would have been sufficient to pay the needed sinking fund and interest.

Between the actual condition of the sinking fund and the collections there is a difference of \$407,837.70, which has been passed to "balance available for transfer."

The method of setting aside a sinking fund leaving a balance between the actual collections and sinking fund and interest on the outstanding loan is not a good method, and all sinking funds should be composed of all collections on account of that particular loan less payments on account of interest.

\$10,000 of this loan has been cancelled, and the sinking fund assets were bought at a discount of \$10,629.53.

If the present method and rates are continued, the sinking fund will equal the amount of the loan long before the date of maturity.

Article 3, Section 34 of the Constitution limits the State in selling bonds for a longer period than fifteen years; but all issues, especially of recent years, have been sold with privilege of redemption in ten years. This means that the price bid is on the basis of a ten-year bond, because the investor figures on bonds of the shortest retireable period.

The Commission earnestly recommends that annual amounts should be appropriated sufficient to meet the interest and sinking funds of all loans, instead of levying a rate, and that, in case this cannot be done under the present provisions of the Constitution, Article 3, Section 34, the same should be amended.

After all of the amounts needed for all loans are ascertained, then the State rate can be fixed.

The Commission also recommends that all loans that now contain sufficient amounts in the sinking funds, and which under the law can be redeemed, be paid off.

These loans include the following:

	Outstanding.	Sinking Fund.*
Consolidated†	\$3,191,095 63	\$3,111,112 15
State building and improvement.....	500,000 00	488,724 50

The State rate can be materially decreased, in the opinion of the Commission, if sums of money more nearly approaching the requirements of loans are set aside annually.

Serial Bonds Versus Sinking Funds.‡

It does not lie within the scope of this report to refer more than briefly to the method of retiring debt by means of annual payments on account of the indebtedness instead of creating sinking funds. But the recent action of Massachusetts requiring all public debts of the State, counties and cities to be paid in annual instalments instead of by sinking funds is significant.

It is untried in our State affairs, but has been tried so successfully in local matters as to have become almost the policy of local financing. Many counties adopt it, and cities and towns find it the favorite way of raising money.

*September 30, 1912.

†See Acts of 1912, ch. 477.

‡NOTE—There is much literature on this question.

See Chandler, Sinking Funds and Serial Bond Methods Compared.

Sargent—Sinking Funds.

Adams—Public Debt.

George M. Browne—"The Sinking Fund."

Rother—"Partial Payments Compared with Sinking Funds." (Baltimore.)

Special investigation of "Sinking Funds and Serial Loans of the Cities and Towns of the Commonwealth." (Boston, March, 1913.)

Objections to the sinking fund method are chiefly:

First.—The management of the sinking fund becomes nothing more or less than an intricate system of book-keeping and compounding of interest.

Second.—The rate of interest that may be earned by the invested sinking fund is uncertain.

Third.—At maturity of loan the invested sinking fund may consist largely of loans of other issues, or other funds which must be sold at market value.

Fourth.—Large accumulations of sinking funds are confusing to the man of average intelligence who desires to be informed on public affairs.

Fifth.—It affords great opportunity for mismanagement.

Sixth.—The ultimate cost of a loan is less by the serial issue plan than by the sinking fund plan.

The Basic Need—A

Permanent State Tax Commission.

We have discussed all the features of the taxation system of the State which we consider of sufficient importance to be treated within the scope of this report, and especially within the limited time available for its preparation.

We have pointed out numerous defects in the present tax laws—defects both in the laws themselves and in their administration. We have called attention to some of the many tax questions with which the State is confronted. In some instances we have suggested specific changes in the laws, while in other instances we have been content to outline the general trend of tax legislation throughout the country.

Above all, we have endeavored to impress the deep conviction that the creation of a permanent State Tax Commission is a matter of essential and paramount importance. Without such a commission, new legislation can only remedy superficial defects, and the basic inequalities inherent in the present laws will remain unchanged. The only practical solution for the numerous

tax problems now confronting the State of Maryland lies in the creation of a permanent State Tax Commission.

Respectfully submitted,

HENRY F. BAKER, Chairman;
J. BARRY MAHOOL,
E. STANLEY GARY,
J. H. GAMBRILL, JR.,
WILLIAM M. COOPER,
VERNON COOK.

ALLAN C. GIRDWOOD,
Secretary.

ASSESSMENT IN MARYLAND.

Methods of Administration:

- Tax assessors.
- Method of assessment of farm property.
- Method of assessment of town property.
- Method of assessment of personal property.
- Assessment books.
- Alienation lists.
- Time of levy.

Results of Present Administrative Methods:

1. Assessment Variations Between Counties, as to:
 - Real property.
 - Personal property.
 - Securities.
 - Railroads.
 - Telephone companies.

2. Local Variations in Assessment, as to:
 - Farmland; acreage.
 - Town property.
 - County assessments vs. town assessments.
 - Personal property.
 - Assessments on large property.

Assessment in Baltimore City.

Reports From Each County.

ASSESSMENT IN MARYLAND.

The actual administration of the tax laws of Maryland is so varied and ununiform throughout the State that any treatment of the subject is necessarily a study in contrasts. In no two counties of the State are the tax laws, either similar or similarly administered. In a broad sense, there are as many systems as there are counties.

One of the obvious causes for this utter lack of uniformity is that the county tax officials receive no general instructions from the State as to their rights and duties. The interpretation as well as the method of administration of the laws is left to the decision of the officials of each county. Under these conditions it is, therefore, not so much to be wondered that basic differences are numerous, but rather that they are not more numerous.

A study of the general system of tax administration throughout the State naturally falls into two main divisions, the first concerning itself with methods of administration, the second with the results incident to such methods. Under the second division, the lack of uniformity in assessment between the several counties and the lack of uniformity within the counties themselves will receive separate treatment.

METHODS OF ADMINISTRATION.

TAX ASSESSORS.

Upon the regular tax assessors of each county devolves the responsibility of assessing all new personal property and new buildings. Under the present construction of the law prevailing in practically every county in the State, real estate values are only considered at times of general reassessment. Between such reassessment periods all increases in the taxable bases of the counties are due to increases in the amount of personal property and to new building operations.

Both the number and pay of these assessors vary from county to county. In Calvert County there are no assessors at all, the Board of County Commissioners endeavoring to take the place of regular assessors. The Commissioners of Calvert County receive no salary for this work, the actual performance of which is an arbitrary matter left to the sound discretion of each Commissioner. In Washington County, which has an area of 457 square miles, the tax collector for the county is the only assessor of new property for the entire county. Even in Prince George's County, where there are three assessors, who are paid \$1.00 for each assessment return, regardless of amount, the districts assigned to each one are so large that it is impossible to cover them satisfactorily. In Talbot County, the County Treasurer is the only regular assessor employed, for which service he receives a salary of \$300 a year. A few counties, such as Caroline and Baltimore County, have assessing officers in each district, but this is the exception rather than the rule. From the above examples it will readily be seen that the assessment system of the several counties is thoroughly divergent and complex.

METHOD OF ASSESSMENT OF FARM PROPERTY.

In many counties, for purposes of assessment, land is divided into different classes, the most customary divisions

being arable land, wood land and marsh land. Each portion so divided is then assessed at a separate price per acre. Some counties make even further divisions, Dorchester County, for instance, having as many as seven different divisions of land appearing on its books. Other counties, however, such as Caroline and St. Mary's, assess each farm as an entirety at so much per acre, this per acre assessment representing the aggregate value of the several classes of land.

The proper division of farm land for assessment is of much importance whenever any transfer of title occurs which involves less than the whole tract. For instance, if half of a two hundred acre farm, assessed at \$30 per acre, be sold, an abatement of \$30 an acre for the portion transferred would be entirely improper were the half sold composed wholly of woodland, while the remainder was made up of good arable land. Also, in cases where the sale price per acre is considerably more than the assessed price per acre, an abatement based on the sale price will result in the remainder being assessed at a price much below not only its actual value, but also the value formerly placed on it at the last reassessment. Indeed, it is a self-evident fact, and one that is generally appreciated throughout the counties, that the classification of different grades of land for assessment is a matter of great importance. There can be no doubt that at the present time such classification of land throughout the State is, in a vast number of cases, uncertain and inaccurate.

METHOD OF ASSESSMENT OF TOWN PROPERTY.

In the county seats and larger towns property is customarily assessed on the front foot basis, while the small towns and villages still cling to the lot or acreage basis. The former method, if the depth of the lot be also taken into consideration (a matter that is often disregarded), necessarily produces the most equitable results. There are, however, several incorporated towns so small that the front foot basis would not prove applicable.

METHOD OF ASSESSMENT OF PERSONAL PROPERTY.

There are various different methods of assessing personal property in the counties. Queen Anne's County has a prepared list price for live stock and other farm property, giving specific assessments on each wagon, horse, pig, cow, etc. Many other counties, while not having actual lists, practically base their assessments on this list price theory.

There is also a tendency in some counties to return only aggregate assessments on live stock, or, at best, on a certain class of live stock, and when questions of abatement or transfer occur it is impossible to tell from the aggregate assessment what the assessment is on the individual item for which the abatement is sought.

ASSESSMENT BOOKS.

With a few unimportant exceptions, the assessment books throughout the State are absolutely dissimilar. Each county designs and purchases its own books and keeps them in its own particular way. Without the efficient aid of the clerks of the County Commissioners, it would be impossible for any observer to grasp the details of the many systems—and quite often the lack of system. Indeed, if it were not for the wealth of information usually reposing in some official who has been grounded for years in the details of his work, the present methods of recording assessed property would cause indescribable confusion.

It would be useless to point out the infinite number of differences between the counties in regard to their systems of books, for it would be necessary for this purpose to describe the bookkeeping methods of each county in detail. It may be well, however, to call attention to a few examples of the many differences now existent:

1. In a large number of the counties real and personal property, while kept separate under the names of the individual owners, is not totaled separately. There is, therefore, no way, short of a special audit, of ascertaining the total amount of

real and personal property within these counties. It is, of course, also impossible to determine the totals of different classes of real and personal property, such as wood land, marsh land, live stock and household furniture, although with a proper system of books such a division could easily be arrived at and would prove invaluable as a check on improper district and county assessment.

2. Town property is scarcely ever segregated upon the books and, therefore, it is impossible to ascertain the amount of town property assessed for county and State purposes.

3. In some counties assessment ledgers merely contain the total assessments of real or personal property (or both combined) against particular owners, and it is necessary to refer to the general assessment books to discover the nature of the property assessed.

4. Some counties do not even use the general assessment books at all, but have made up a system of their own.

5. In many counties the index system is incomplete and misleading, while a few counties, on the other hand, have made up very complete and clear indexes.

ALIENATION LISTS.

Under the general law of the State (Art. 81, Sec. 10), the clerk of each Circuit Court is required to transmit to the County Commissioners of his county an annual list of all the alienations of property within the county. This list, properly made up, enables the County Commissioners to keep track of all the transfers of real estate within the county, and also to keep a record of all assessable judgments or decrees.

In practice, these lists are usually found to be deficient in important particulars, and in several counties they are totally disregarded. In Washington County it is said that no alienation list is kept at all, and that tax bills are sent to the owners recorded on the assessment books. Even, at best, the description of property taken from the land records is often insufficient for the location of the property by anyone not an expert surveyor.

In only one county—Calvert—do the County Commissioners regularly make any change in assessment based on the amount of the purchase price appearing on the alienation list.

A law, applicable to Harford County only, was passed by the last Legislature (Laws of 1912, Chapter 490), which, by providing "that no deeds conveying real estate or chattels real located in Harford County shall be admitted to record among the land records of the Circuit Court for said county until the property thereby conveyed or assigned has been duly transferred upon the property books in the County Commissioners' office," seeks to eliminate some of the many shortcomings of the average alienation list.

TIME OF LEVY.

The time of making the tax levy and also the time at which taxes are begun to be collected is also a matter of wide variation from county to county. This subject, however, is fully discussed under the general article upon the collection of taxes.

RESULTS OF PRESENT ADMINISTRATIVE METHODS.

I.

ASSESSMENT VARIATIONS BETWEEN COUNTIES.

Ununiform methods necessarily produce ununiform results. Therefore, it is not to be wondered that the application of the various and sundry methods of assessment in the several counties should lead to various and sundry differences between the assessed value of property and its real value. There are also other factors which figure largely in the varying differences in the percentage of the assessed value of property and its real value in the several counties. The most important of these relate to wide differences which existed as to the abilities and conscientiousness of the assessors of the several counties, and even more especially the aims of the various Boards of County Commissioners. While a few boards have made a determined attempt to assess somewhere near full value, many boards aim at an assessment of from 60 per cent. to 75 per cent. of true value, and there are some which are quite content to attain an assessment of from 40 per cent. to 60 per cent. of true value.

The general result of the varying factors has been that the average percentage of assessed value to real value runs all the way from 40 per cent. in some counties to 80 per cent. in others, an extremely large variation when it is considered that the county which has an 80 per cent. assessment value is forced to pay twice the proportion of State taxes that is paid by a county which has only a 40 per cent. assessment.

It should be steadily borne in mind that it is the varying *difference* between the percentage of assessed value and its real value in the several counties that brings about inequality. As far as equality is concerned, it is quite immaterial whether full value be assessed or only one-half or one-quarter value, provided the same percentage of assessment to value is maintained throughout the State.

REAL PROPERTY--DIFFERENCES BETWEEN COUNTIES.

The assessment percentage of the true value of real property is extremely varying and ununiform as between counties. Even adjoining counties often show a wide range of variation between the percentage of real value assessed. Queen Anne's County, for instance, in which assessment on real property does not represent more than 50 per cent. of its value, adjoins Talbot County, in which the assessment is some 20 per cent. or 25 per cent. higher. In Prince George's County the assessment on property averages about 60 per cent., while in Charles County, which adjoins it, the percentage of assessment to true value is 75 per cent. or 80 per cent. These are in no way exceptional instances.

Lack of knowledge of the percentage of assessed value to true value in other counties has often lead county boards to authorize the low assessment of property in order to insure their own counties against possible tax burdens due to low assessment elsewhere. There is apparently a strong feeling prevalent in some of the western counties that, compared with the rest of the State, the percentage of true value assessed on the Eastern Shore is extremely low, when, as a matter of fact, the Eastern Shore counties are no more varying and ununiform than are the other counties of the State. There is no possible way for the county boards to determine the percentage of assessed value in the numerous counties, and, therefore, in order to protect their own interests, low average assessments have rather been the rule. In some counties it is said that such low assessments have been a detriment rather than a benefit.

PERSONAL PROPERTY — DIFFERENCES BETWEEN COUNTIES.

The assessment of personal property is even more ununiform throughout the counties than is the assessment of real estate. In some counties certain classes of personal property are assessed extremely fully; in Dorchester, for instance, the

assessors even going so far as to enumerate chickens at 50 cents each. In other counties, however, the assessment of personal property is extremely low. In a number of counties a very large proportion of personal property entirely escapes taxation of any kind. There are also wide differences between the policies of the different counties. St. Mary's County, for instance, does not assess automobiles, on the theory that the State license tax sufficiently covers this class of property. In Carroll County, bank deposits are not taxed under a ruling of court. There are numerous other instances in which personal property taxed in one county is not taxed in another, but a full statement of each irregularity would necessitate a comparative treatment of each county in the State with all the other counties, a work which would prove of no direct benefit. Sufficient it is to say that the differences between the assessed value of personal property in the several counties and the real value of this property are so wide and divergent that it is impossible to reconcile them without the aid of some central authority.

SECURITIES AT THE THIRTY-CENT RATE—DIFFERENCES BETWEEN COUNTIES.

The imposition of the 30 cent securities tax is even more ununiform throughout the counties than is the enforcement of either the real or personal property tax. Four counties, viz, Calvert, Caroline, Garrett and Worcester, do not collect any taxes from this source. In practically every other county in the State the amount of this class of securities upon the assessment books represents a very small percentage of the amount actually held in the county. There is no doubt that some Boards of County Commissioners make a more determined effort to place this character of property upon the books than do other county boards, but even due diligence often fails to disclose the majority of this property.

The greater portion of the 30 cent rate securities tax is paid by a few especially conscientious individuals. In Queen Anne's County, the entire assessment of securities at this rate amounts to \$313,331, and \$257,840 of this sum, or 82 per cent.,

is assessed to one woman. There is no way of closely approximating the amount of untaxed securities throughout the counties, but there is no doubt this is considerably larger than the amount actually reached by taxation.

RAILROAD ASSESSMENTS—COUNTY DIFFERENCES.

A comparison of the assessments on railroad property throughout the State will disclose very large differences between the percentages of true value assessed. On account of actual differences in the value, not only of different railroads, but also of different portions of the same railroad, it is useless to make any elaborate comparisons. The following table gives several examples of some of the most striking differences. It should be noted that the varying assessments of railroads only affect the several counties individually, the State's share of railroad taxation being derived from the gross receipts tax.

COMPARATIVE RAILROAD ASSESSMENTS.

(Per Mile, Single Track.)

County.	Western Maryland R. R.	County.	Phila., Balto. & Wash. R. R.
Frederick	\$6,000 00	Caroline	\$4,000 00
Carroll	7,500 00	Dorchester	6,000 00
Washington	6,500 00	Kent	12,000 00
Allegany	10,000 00	Talbot	4,500 00

ASSESSMENT OF TELEPHONE PROPERTY—COUNTY DIFFERENCES.

Assessments on telephone property in the several counties are quite as variable as assessments on railroads. Copper wire is assessed at \$13.50 per mile in Caroline and Talbot Counties, at \$24.50 a mile in Dorchester County and at \$25.00 a mile in Washington County. Iron wire, which in one instance is assessed at \$2.00 a mile in Washington County, is assessed at \$6.00 a mile in Calvert County, and \$10.00 a mile in Dorchester County. In many counties switchboards are not assessed at all, while in Kent County they are assessed as

much as \$4.00 "per drop." Receivers and transmitters, which in the majority of counties are not listed at all, are assessed at \$5.00 each in Talbot County, \$8.00 each in Kent County and \$10.00 each in Dorchester County. The following table gives a clear idea of some of the more striking differences of assessment of the same class of telephone property in several of the counties.

COMPARATIVE TELEPHONE ASSESSMENTS.

County.	Poles.	Copper Wire (per mile).	Iron Wire (per mile).	Switchboards (per drop).	Instruments.
Calvert	\$2 00	\$20 00	\$6 00	Not listed.	Not listed.
Caroline	1 50	13 50	5 32	.....	.....
Charles.....	Aggregate assessment of \$100 per mile.				
Dorchester ...	2 75*	24 50	10 00	\$2 70	\$10 00
Kent	60 00†	15 00	5 32	4 00	8 00
Talbot	1 50	13 50	5 32	2 00	5 00
Washington .	3 00†	25 00†	2 00†	Not listed.	Not listed.

* Poles over 35 feet are assessed at \$7.50.

† Per mile.

‡ Assessment of Cumberland Valley Telephone Co.

II.

LOCAL ASSESSMENT VARIATIONS.

In addition to the lack of uniformity in regard to assessments are uniformly low compared with the assessments on usually much lack of uniformity between the districts composing each county.

FARM LAND—LOCAL VARIATIONS.

Adjoining farms of equal value are often assessed at different rates, due to favoritism or other similar causes. There are certain large districts in many of the counties where assessments and assessment methods among the counties, there is property in other portions of the county. In Queen Anne's County, for instance, the assessments in two districts were so uniformly low that some of the county officials seriously considered appealing to the Governor for aid. There are very few counties in the State in which the assessments for the several districts are uniform throughout.

ACREAGE.

No county possesses any assessment plats covering farm property (or, for that matter, plats for any assessment purposes), and it has, therefore, been necessary to enter the number of acres returned by the owner as correct. In the vast majority of cases there is no doubt but that these returns have been fairly accurate, and a very large number of them have been checked up when property was transferred by a deed containing a clear description of the acreage involved. In some counties, however, the acreage appearing on the assessment books has proved inaccurate, and in some cases very large tracts have been entirely missed. No county in the State has yet totaled the whole number of acres assessed within the county. Until this is done and the result is compared with the number of acres actually contained within the county, no estimate can be formed as to the number of acres which escape taxation under the methods now in force.

TOWN PROPERTY—LOCAL VARIATIONS.

Inequality of assessment is also noticeable in regard to town property, but to far less extent than is prevalent regarding farm property. There are, however, in many cases, important differences between assessments of town property for county and for municipal purposes. On account of the fact that the county assessment books do not segregate town property, it is impossible to make an accurate comparison of these variations; but in some cases, such as in Cumberland, for instance, the difference between the two assessments of the same property amounts to several million dollars. It is a self-evident fact that the same property cannot have two different assessment values.

In the case of some towns it should, however, be borne in mind that their charter provisions prohibit the levying of more than a certain amount for local purposes. When this limit has been reached the only way for the town to obtain more money is by increasing its assessable basis. In Montgomery County

the law specifically provides that assessments for State, county and municipal purposes shall be identical.

COUNTRY ASSESSMENTS VS. TOWN ASSESSMENTS.

The assessments on country property are often much nearer their true value than the assessments on town property. Assessments in such county seats as Cumberland, Hagerstown and Salisbury are said to be proportionately lower as a general rule than farm property in their respective counties. One of the underlying causes for this lies in the fact that the value of farm property under the present assessor system is much more readily ascertainable than is that of town property. There are several exceptions to this general rule, such as in Dorchester County, where town property is said to be assessed more nearly its actual value than is farm property.

LOCAL VALUATIONS IN PERSONAL PROPERTY.

Uniform valuations for personal property are sought to be maintained throughout all the districts of several counties by the use of list prices. By this method the average values of horses, cows, farm implements and other classes of personal property are determined in advance, and the assessment, therefore, does not take into account the value of separate items. For a good example of this method, see the list prices of personal property appearing in the report on Queen Anne's County. Were this list price method conscientiously carried out, there could be no district which obtained any marked advantage over any other. However, in almost every county of any size, there are some districts in which a much smaller percentage of personal property is assessed than is assessed in the adjoining districts. With the list price method, uniformity depends merely on the diligence displayed by the assessor in discovering property. When each article is separately valued, uniformity depends not only on the diligence, but on the intelligence and fairness of the assessor. There is also a varying amount of personal property which is entirely missed by the assessors who have certain districts in charge.

LOCAL VARIATIONS IN SECURITIES AT THE THIRTY-CENT RATE.

The proportion of securities taxed at the 30c. rate is dependent first on the honesty of the owner of this class of property, second on the intelligence of the assessors and finally on the diligence of the County Commissioners sitting as a board of control and review. Certain districts in some counties return a larger part of these securities than other districts, due to influence of the factors above recited. As it is only a case of discovering these securities, the question of their under-assessment in certain districts never presents itself.

LOCAL ASSESSMENTS ON LARGE PROPERTY.

Undoubtedly the greatest lack of uniformity in assessment throughout the several counties prevails between the actual and the assessed value of large property, whether owned by corporations or individuals. The assessor knows the value of small farm property, whether or not he returns its true value for purposes of taxation. He also knows, or, at least, can readily ascertain, the value of large farm property. When the average assessor comes to value suburban or town property his knowledge of values is somewhat less clear, and the owner of a large separate unit of property will, in most cases, be able to procure a low relative assessment, for in addition to the assessors' unfamiliarity with such values, he finds it difficult to bring himself to assess a single piece of property, either business or residence, at say \$40,000 or \$50,000. The assessor is not thoroughly accustomed to dealing with such figures, and such an amount seems, therefore, far too high to assess to one individual owner. Finally, however, when the average assessor is called upon to take up the valuation for local purposes of such difficult properties as railroads, gas and electric light companies, telephone and telegraph companies, manufacturing plants, etc., it is not to be wondered that he is generally at sea. In the main, the valuation placed upon these classes of property by the owners has been accepted as substantially correct. In certain cases, where the County Commissioners have

considered these valuations absurdly low, increases have been made, not as the result of a careful examination into actual values, but by such simple expedients as doubling the assessment throughout, the county authorities not considering themselves to be in a position to employ experts to aid in the determination of a fair and proper assessment.

On the other hand, it should be borne in mind that in some instances particular individuals and corporations have been assessed at a much higher percentage of true value than that prevailing on neighboring property.

ASSESSMENT IN BALTIMORE CITY.

In the general discussion of assessment in Maryland, conditions of assessment prevailing in the City of Baltimore have not been treated on account of the fact that there is no other city in the State properly comparable to it in respect to property values. There also are numerous other differences which would render any attempted comparison unsatisfactory.

One of the most important of these differences relates to the fact that the assessment of real estate as well as personalty is, in Baltimore, a continuous operation, whereas in the counties new assessments on real property are to all practical purposes never made except at times of general reassessment. If the same policy prevailing in the counties were pursued in Baltimore, there would be considerably over \$100,000,000 of untaxed increase in real property values accruing between periods of reassessment. This important difference in method of assessment between Baltimore City and the counties of the State is more specifically referred to in the article entitled "Reassessment in Maryland."

In regard to personalty, the Appeal Tax Court of Baltimore has been active in placing on the assessment books a great number of securities at the 30-cent rate. The value of these securities now amounts to over \$178,000,000. Although it is not believed that this amount represents a very large percentage of the actual securities held in Baltimore, yet it compares favorably to the results obtained elsewhere in the State.

Many of the errors and omissions of property met with in the counties seldom occur in Baltimore City, on account of the specialization of control made possible by the existence of large property values within a circumscribed area, and this is especially true concerning corporate values. Further improvements, however, are urgently needed in respect to the general system of books and accounts, and reforms with these ends in view are being carefully planned.

NOTE.

Before taking up the comparison of the percentage of assessed value to true value in the several counties it may be well to say a word as to the general methods pursued in the investigation. In the first place, the county commissioners of each county were requested to state the average percentage of assessed value to true value prevailing in their county. Not only was a personal investigation made in each county to check up those replies and to obtain further light on the subject from other county officials, but actual sale prices and assessment figures were procured covering property which had recently been transferred. These sale prices and assessment figures are set out in the several reports.

It was found that there were usually several officials in each county who had a clear conception of the average percentage of assessment to value, and in, practically, every instance this percentage was admirably confirmed by actual figures obtained from the county land records and the assessment books.

In cases, however, where divergent opinions existed, or where opinions differed from the actual figures obtained, such differences have been steadily resolved in favor of the higher percentage of assessment to valuation rather than to a lower one, in order that there might be no possible chance of reporting lower conditions of assessment in any county than actually existed.

In the county reports which seek to give the average percentage of assessment to true value, no infallible accuracy is claimed as to this percentage. Such accuracy could only be insured by physical valuation of the whole property within the county and the comparison of this result with the county assessment. It is, however, believed that the present estimates throw a fair and valuable light upon this subject.

ALLEGANY COUNTY.

Allegheny, although only the tenth county in size, contains a population of over 62,000. In this respect it leads the whole State with the exception of Baltimore County, which not only has a much larger area but receives the overflow from Baltimore City. Cumberland, the county seat of Allegheny, enjoys the distinction of being the second largest city in the State.

The assessed basis of Allegheny County is practically \$30,000,000, one-third of which was an increase due to the reassessment of 1910. The increase in the aggregate of assessed value in Allegheny County since 1877 is the third largest in the State.

There is a very wide difference in the character of land in Allegheny County. Farmland, woodland, mountain land, coal land are all represented in abundance. Large tracts of hitherto unproductive land are gradually being transformed into orchards which are yearly contributing to the wealth of the county.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

The assessments throughout the greater part of Allegheny County are so ununiform and irregular that it is extremely difficult to arrive at an accurate estimate of the percentage of assessment to true value. Town assessments are often less than 50 per cent. of the real value of the property, while farmland is usually assessed at a higher percentage. The assessment in West-ernport, District No. 8, is high compared with other districts in the county, while the assessment of land in Cumberland is extremely low compared with its actual selling value. Taking the many factors into consideration it seems probable that 60 per cent. would form a fair estimate of the percentage of assessment to true value for the county as a whole.

ASSESSMENTS AND SALE PRICES.

In the following list of sale prices and assessments, taken from the latest county records, it will be seen that the average percentage of assessment to sale price is less than 50 per cent. This

is caused, in part, by the fact that five of the twelve instances cited are examples of town assessments:

	Assessment.	Sale Price.
District No. 1.....	\$1,889 00 (307 Acres)	\$4,500 00
District No. 3.....	2,840 00	6,300 00
District No. 4.....	4,630 00 (Cumberland)	10,000 00
District No. 6.....	1,500 00 (Cumberland)	2,800 00
	500 00 (Cumberland)	1,000 00
	3,280 00	5,100 00
	4,275 00 (Cumberland)	11,000 00
District No. 10.....	2,340 00	3,700 00
District No. 16.....	200 00	525 00
District No. 18.....	1,200 00	2,800 00
District No. 20.....	750 00	1,000 00
District No. 32.....	1,400 00 (Frostburg).	3,000 00
	<u>\$24,804 00</u>	<u>\$51,725 00</u>

ASSESSED VALUE OF LAND PER ACRE.

Arable land and woodland are often not separated on the assessment books. What is said to be the best farm in Allegany County is assessed at \$30 an acre. The average assessment for good farmland is about \$20 an acre. Woodland is usually assessed at \$5 an acre and mountain land at \$2 an acre. There is some orchard land assessed as high as \$100 an acre.

District No. 21 is the only exclusive farm district in the county. The following table will, therefore, give a fair idea of the assessed value of farmland in Allegany County:

DISTRICT No. 21.

No. of Farms.	Total Acres.	Total Assessment.	Average per Acre.	High.	Low.
24	3,472	\$56,821 00	\$16 37	\$25 00	\$8 00

TOWN ASSESSMENT.

There are five incorporated towns within the county. As stated previously, the assessment of town property is much lower than that of farm property. Assessments are made on the front-foot basis. The highest assessment in Cumberland is at the rate of \$400 per front foot. There is some property of this character said to have a market value of from \$1,000 to \$1,500 a front foot.

Lonaconing and Midland get their assessed basis from the county assessment books, but Cumberland, Frostburg and Westernport make up their own assessable basis. Before the reassessment of 1910 the municipal tax basis of Cumberland was twice the amount of the county assessment basis, but at the present, on account of the recent State assessment, the difference between them is less striking.

The assessment of land in Cumberland, while low, is fairly uniform, but the assessments of improvements are said to have little relation to value.

The owner of property in Cumberland, assessed at \$7,810, was recently awarded \$42,500 for the property in a condemnation proceeding brought by a railroad.

PERSONAL PROPERTY.

All personal property assessments, aggregating under \$200, have been stricken from the books on the ground that their collection is too costly to be remunerative. Farm personalty, such as live stock, is not assessed separately, but only the aggregate value recorded.

SECURITIES AT THE THIRTY-CENT RATE.

There are stocks and bonds to the value of \$1,425,229 on the assessment books of Allegany County. Over a million dollars of these are assessed in the first collection district.

RAILROAD ASSESSMENTS.

The Western Maryland Railroad, the Cumberland and Pennsylvania and the Pittsburgh and Connellsville are all assessed at the rate of \$10,000 a mile for single track and \$20,000 a mile for double track.

The George's Creek and Cumberland Railroad is assessed \$6,000 a mile for single track.

The Baltimore and Ohio Railroad, which has very large property interests in Allegany County, is entirely exempted from payment of taxes.

REPORT OF THE COMMISSION

DISTRICT ASSESSMENTS...

REAL AND PERSONAL PROPERTY NOT SEPARATED.

FIRST COLLECTION DISTRICT.

District No. 1.....	\$127,781	District No. 16.....	\$248,694
District No. 2.....	196,142	District No. 20.....	430,932
District No. 3.....	344,484	District No. 21.....	194,873
District No. 4.....	3,170,090	District No. 22.....	1,481,054
District No. 5.....	1,876,582	District No. 23.....	942,455
District No. 6.....	2,587,713		
District No. 14.....	2,162,436		<u>\$13,763,236</u>

SECOND COLLECTION DISTRICT.

District No. 11.....	\$374,247	District No. 26.....	\$656,393
District No. 12.....	322,411	District No. 28.....	707,493
District No. 13.....	634,811	District No. 32.....	406,329
District No. 17.....	58,543		
District No. 24.....	213,618		<u>\$3,373,845</u>

THIRD COLLECTION DISTRICT.

District No. 7.....	\$257,649	District No. 19.....	\$327,453
District No. 8.....	1,141,101	District No. 25.....	73,499
District No. 9.....	273,756	District No. 27.....	89,109
District No. 10.....	405,608		
District No. 15.....	345,293		<u>\$3,268,875</u>
District No. 18.....	355,407		

	Corporations.	Railroads.	Bonds.
First Collection District...	\$1,958,981 83	\$1,537,199 80	\$1,007,686 00
Second Collection District..	2,231,217 13	501,618 73	347,568 00
Third Collection District...	3,084,197 48	618,779 15	69,975 00
	<u>\$7,274,396 44</u>	<u>\$2,657,597 68</u>	<u>\$1,425,229 00</u>

ANNE ARUNDEL COUNTY.

With the possible exception of Baltimore County, no county offers such conditions in the character of its territory as does Anne Arundel County. The northern end of the county, or the Fifth District, adjoins Baltimore City, while the southern end thereof adjoins Calvert County, the poorest county in the State. Adjoining immediately Baltimore City are few farms, although some trucking is carried on, while there are large manufacturing plants located with the view of escaping municipal taxes, and a growing suburban population.

In this territory, lots of varying sizes are laid out, of very uncertain value. Today's tract of acres may be tomorrow's lot development. In addition, too, Anne Arundel offers a most unusual condition in water-front development for high-class residence property. It is only within the last few years (about ten) that the beauties of the Severn River, the Magothy River, Stony Creek, South River and others have been realized. A few years ago the fronts were farms, but now the banks are the summer homes of some very wealthy persons. The conditions are extraordinary; to establish value, however, all conditions must be present.

First, there must be a water front; as yet farms adjoining the water property have not been affected. There must be elevation, and the nature of the shore itself be such as to appeal to the homeseeker. When all favorable conditions are met with property sells from \$500 to \$1,000 an acre in tracts, whereas twenty years ago \$20 per acre would have been considered a high price for the farm land. Nearly all the land on both sides of these rivers has changed hands since the development began.

The assessment of such land requires careful scrutiny and application and individual observation to establish justice. No general plan would be fair.

The Board of County Commissioners have assessed the fronts at \$75 per acre, but fronts were found upon investigation assessed at \$12. They have established no depth for such assessment. One or two of the homes are assessed extremely high.

A study of sales and assessments of this county is not altogether satisfactory.

EXECUTORS' SALES.

Acres.	District.	Assessment.	Sale.
Store and dwelling.....	4	\$1,100	\$1,200
House and lot.....	Eastport	975	1,005
3 $\frac{1}{8}$ acres.....	2	115	200
208 acres.....	3	11,270	14,500

TRUSTEES' SALES.

Acres.	District.	Assessment.	Sale.
Store	Annapolis	\$6,690	\$10,000
House and lot.....	Annapolis	3,120	3,550
39 acres.....	2	1,565	1,950
18 acres.....	8	505	1,100
House and lot.....	Eastport	2,025	1,875
House and lot.....	Annapolis	6,390	8,225
74 acres.....	3	1,880	2,500
Total		\$35,635	\$46,105

The assessors in 1911 seem to have missed many pieces of property, as since then there have been the following number of separate pieces added to the assessment, discovered when owners called at the Treasurer's office to ascertain the amount due on property which the owners found were not assessed:

District No. 1.....	6
District No. 2.....	19
District No. 3.....	25
District No. 4.....	69
District No. 5.....	7
District No. 6.....	1
District No. 8.....	35
Total.....	162

These were discovered in one year, and it is impossible to say if there are many properties not assessed.

Many of these were lots in division of tracts. The assessors value one lot in the new development at \$100, and place the same valuation on ten lots, but after ten they are assessed at \$8.00 per lot, the explanation for such a course being that every holder of land ought to pay on at least \$100 worth of property.

Marsh lands are assessed \$3.00 per acre.

The best farms are in the Third District, and farm property is high, well adapted to trucking, and in good demand.

Ten farms, all over 100 acres each, in this district averaged an assessment of \$24.90 per acre and \$1,516.00 on improvements, with an average size of 206 acres. Ten farms, all under

100 acres, averaged \$19.00 per acre, while improvements averaged \$348.00. The average size was 30 acres.

The poorest district is the Eighth, although there are some very poor lands in the Fourth District. Some assessments are as low as \$3.00 per acre.

In the Eighth District ten farms, all over 100 acres each, averaged an assessment per acre of \$13.30 and \$1,080.00 on improvements, and 137 acres in size; while ten farms, all under 100 acres, averaged \$8.50 per acre on land and \$337.50 on buildings. The average size was 58 acres.

SECURITIES.

There has been \$120,000 added to this classification since 1911, because of new assessments against two individuals. The large portion of the total assessment of \$447,985 for 1911 was against trust estates. There are a number of such assessments, small in amount.

PERSONAL PROPERTY.

There is an order of the commissioners for classification of personal property: Horses assessed from \$50 to \$100; cows at \$25, good, bad and indifferent; bugeyes from \$100 to \$800, and automobiles from \$150 to \$1,000. The board now receives from the Commissioner of Motor Vehicles a list of licenses on automobiles issued to Anne Arundel County owners.

The assessment on furniture is very poor and insignificant in aggregate amount.

TOWN ASSESSMENTS.

Annapolis is the only incorporated town in the county, and the assessments for municipal purposes are taken from the County Commissioners' books. Main and Maryland avenues are assessed in parts at \$40.00 a front foot, with no allowance for depth of lot or corner influence.

IMPROVED ROADS.

The estimate of increase occasioned by new roads varied to such an extent by well-posted men that no percentage can be cited. Certain it is, though, that the increase has been very marked, and no change produced in the taxable basis of abutting property.

RAILROAD ASSESSMENT.

Railroads are assessed in each district. The Philadelphia, Baltimore and Washington Railroad is assessed at \$22,000.00 a mile, single track at \$8,000.00, and sidings at \$5,000.00. The assessment includes the right of way.

The other steam road (Chesapeake Beach Railroad, a small road) is assessed at \$3,000.00 per mile.

The Maryland Electric Railway and the W., B. & A. are electric railways. The W., B. & A. is assessed uniformly at \$7,000.00 a mile, sidings at \$3,000.00, while the Maryland Electric is assessed in Annapolis District at \$6,000.00 and in the Third at \$7,000.00 a mile.

DISTRICT ASSESSMENTS FOR COUNTY TAXES.

1.....	\$1,326,696
2.....	2,582,843
3.....	3,086,971
4.....	2,634,385
5.....	5,053,852
6*.....	4,842,634
8.....	1,146,917
	<hr/>
	\$20,674,298

*There was formerly a Seventh district, but it has been merged with others.

BALTIMORE CITY.

Taxation problems in Baltimore City are many and varied, and special commissions appointed by the city authorities from time to time have investigated conditions and reported. As recently as 1907 there was such a commission¹ appointed, which treated the subject very fully; and in 1884 there was a similar commission.

Everywhere, today, as in State finance, the great taxation problem is the rapidly increasing expenses,² brought about by continual needs and increased desires. This article does not treat the city problems as such, but only those problems as related to State taxation.

One marked contrast exists between Baltimore City and any other part of the State or the whole State. In Baltimore there is the Appeal Tax Court having in charge all matters of taxation and under mandate to review every piece of property at least once in every five years.³ Compared with the lack of any such continuing system in the State, the result is very unjust to Baltimore, as compared with other sections of the State. The reassessment under the act of 1910 in the counties was the first since 1896, prior to which there had been none since 1876. Assessments have generally remained at the same valuation from one period of reassessment until the next, taking no account of the intervening change of value.

One of the greatest drawbacks in general reassessments after intervals is the practical impossibility of obtaining capable and experienced assessors for all of the work. On the other hand, under the system of continuing reassessments, assessors are permanently employed and become trained. Where the reassessments are at intervals, with intervening periods of inaction, the services of the assessors cease after a few months.

¹ Advisory Committee on Taxation and Revenue appointed by J. Barry Mahool, Mayor. The executive committee was composed of Jacob H. Hollander, chairman; George R. Gaither, Thomas G. Hayes, Frank N. Hoen and Charles C. Homer.

² Total expenses of city for all purposes in 1903 was \$11,146,732.41, and in 1912, the total expenses for all purposes was \$22,038,987.04 (including in both cases the proceeds of permanent loans).

³ For legislation—see report of 1907.

In Maryland these general reassessments have not even been at stated intervals, but at irregular times, sometimes as much as twenty years apart, and then only after new legislation following dissatisfaction and political agitation.

The Commission of 1907 treated this subject of continuing reassessment very fully, and made the following comments:⁴

"A new general assessment is obviously no solution. Reference has already been made to the primary consideration that the very conditions—haste, inexperience and political pressure—under which such a general reassessment must be planned and executed, are certain to prevent full and uniform assessment. But more than this, even if a general assessment should result in full valuation, it fails completely to keep the taxable basis steadily and continuously up to that standard. Within a few years the old conditions are certain to reappear, while any attempt to provide by law for periodic reassessment, say at five or ten-year intervals, works out either in default, as exemplified by local experience, or in a disturbing readjustment of property values that unsettles legitimate trade and encourages speculative activity in real estate.

"The ideal condition is obviously a continuing revision of real estate assessments which will bring taxable values gradually and without jar or dislocation, up to full market values, and thereafter by systematic activity in the same direction, maintain the taxable basis at this standard."

That some of the real property in Baltimore is over-assessed there is no doubt—much more, in fact, than in any other part of the State. A great amount of property is assessed very near the actual worth. Nor can it be denied that some property is still under-assessed, but the percentage of escaped value is negligible compared to the conditions in other parts of the State. As it is, the under-assessed property in Baltimore will be reviewed for reassessment sooner than would be the case in any county where property has been under-valued at one general reassessment or has increased in value since such assessment and is waiting for another long delay. In another cycle of years the assessment will be revised under the plan of continuing reassessment.

⁴ Report of 1907, pp. 114 and 115.

The Commission of 1907 made the following comment on the equalization of assessments in Baltimore City:

"That the assessed valuation of real estate in Baltimore is substantially less than its actual market value, and that this inequality, far from being uniform, is very different in different localities, and with respect to the several classes of property, is a widespread impression and a reasonably probable fact. It is impossible to speak with any houseowner in Baltimore of matters of real estate taxation without hearing a tale of woe, accompanied either by resentment or resignation, of over-assessment, of under-assessment, of inability to secure abatement for declines in market values here and of failure to take notice of sharp increments of value there. If conference be had with persons of larger or more technical experience in real estate values, these individual complaints become so specific and convincing as to make it well nigh impossible to escape the belief of a material and irregular divergence between assessed and actual values. If time and resources were available, it would be possible for us to confirm or to refute this popular impression by independent investigation."⁵

It is only proper to say, however, that since this statement was made there has been a vast change and improvement in the assessment conditions of Baltimore. In this interval no less than 114,991 parcels of property have been reassessed by the Appeal Tax Court on its own motion. In addition to this, there have also been 17,521 cases involving the review of properties at the instance of owners, and the assessment of new improvements and additions to old buildings.

The total number of separately assessed lots of ground in the city is approximately 130,000. Nine assessors give their exclusive attention to real estate. Besides this the Appeal Tax Court has a force of twenty-eight men engaged in clerical work and the assessment of personal property.

The State is chiefly concerned with an equitable assessment. This means equality as between property of the citizens in one county compared with the property of the citizens in another, and as between property of citizens in different parts of any county or city. Moreover, if parts of Baltimore are over-assessed and the assessment is kept high for the purpose of maintaining a low municipal rate, it is just as much the duty

⁵ Report of 1907, p. 110.

of the State to demand for these citizens a reduction of assessment.

While it has not been practicable to make an exhaustive investigation of assessments either in Baltimore or in all the other sections of the State, the following recent trustees' sales, taken from the records of the equity courts, will serve to give a comparison between sales prices and existing assessments:

TRUSTEES' SALES.⁶

No.	Assessment.	Sale Price.
1.....	\$1,961.00	\$1,995.00*
2.....	1,667.00	2,018.00*
3.....	666.00	850.00*
4.....	2,250.00	2,160.00*
5†.....	3,125.00	3,625.00*
6.....	3,267.00	3,900.00*
7.....	1,086.00	1,105.00*
8.....	1,619.00	2,075.00
9.....	1,250.00	1,675.00*
10†.....	600.00	315.00
11.....	4,617.00	4,900.00*
12.....	9,294.00	7,889.25*
13.....	892.00	1,175.00*
14.....	1,320.00	1,333.00*
15.....	27,000.00	18,500.00
16.....	2,150.00	3,400.00
17.....	1,120.00	1,150.00
18.....	1,263.00	1,125.00
19.....	1,263.00	1,700.00
20.....	1,263.00	1,800.00
21.....	1,933.00	2,550.00
22.....	5,077.00	4,750.00*
23.....	5,975.00	6,575.00
24.....	3,216.00	3,893.00*
25.....	32,000.00	27,400.00
26.....	1,672.00	2,090.00*
27.....	17,634.00	15,825.00*
28.....	1,700.00	2,320.00*
29.....	2,540.00	2,773.00*
30.....	2,914.00	3,600.00*
31.....	2,684.00	3,350.00*
32.....	4,000.00	4,675.00*
33.....	2,717.00	2,950.00*
34.....	1,283.00	1,230.00
35.....	5,600.00	6,300.00*
36.....	2,756.00	2,425.00*
37.....	7,050.00	10,050.00
Total.....	\$168,354.00	\$162,436.25

⁶ No attempt was made at selection. The sales were taken in the order in which they were reported to the Circuit Court and Circuit Court No. 2 of Baltimore City.

* Sold subject to annual ground rent; capitalized value of ground rent included in determining fee simple selling basis.

† Vacant property.

THE GROUND RENT SYSTEM AND ASSESSMENT.

The system of ground rents in use in Baltimore is one difficulty in the way of a comparison of sales and assessments.

Leases creating ground rents or annual reversions stipulate that lessees and their assigns shall pay all taxes and assessments levied on the property. The assessing officers do not assess the ground rents; their duty is to assess the lot and improvements (if any) without regard to liens, encumbrances or status of ownership.

This assessable or fee-simple selling value of a lot may be more or less than the leasing value per front foot; and where the lot is improved and the ground rent is therefore secured, not only by the land but also by the improvement, there is obviously still less relation between the value of the ground rent and the value of the lot.

A lot in the residence section may be worth \$800, while the ground rent thereon may be placed at \$75 a year; capitalized at 6 per cent., the rent would be \$1,250; this is because the rent is also secured by the improvements. On the other hand, a lot worth \$3,000 may carry a rent of \$60, which has a capitalized value of only \$1,000. In buying the leasehold interest the purchaser does not take into consideration merely the true value of the lot, but also what the improvement may be worth. The value of the ground rent to the owner does not fix the value of the lot; but the combined value of ground rent and leasehold interest has a very close correspondence to the combined value of lot and building.

There is a not uncommon impression that homes are assessed greatly beyond their value; the error in many cases is due to the fact that the owner fails to realize that by contract as well as by provision of law the leaseholder has assumed the obligation of paying taxes not merely on the leasehold estate but on the fee simple value of the property.

ADJOINING COUNTIES.

Under this head in Baltimore County* is set out some assessments of the property lying partly within Baltimore City and partly within Baltimore County.

* See post "Baltimore County."

SECURITIES AT THE 30-CENT RATE.

The assessment against this class of property in Baltimore City for 1913 was \$177,383,419, while for 1914 the assessment aggregates \$191,970,999.

PERSONAL PROPERTY.

In Baltimore City, as in all other localities where household property is subject to taxation, the administration of this tax has caused misunderstanding and complaint. In an effort to appease a certain class of owners whose claims were deemed to have merit, the Legislature of 1910 passed an act (Chapter 619) providing that "all bona fide residents of the State owning only household effects the value of which is less than \$300, shall be exempt from taxation on the same." This act applies to Baltimore City and also to Baltimore County, but not to the rest of the State.

Some doubt exists as to the constitutionality of the law because it is not general in its operation. The policy of the act has also been criticised on the ground that it discourages the acquisition of property and because the exemption of \$300 does not apply to *all* owners of household effects.

Automobiles, as a general rule, are assessed for the first year at two-thirds of their cost; for the second year at 50 per cent.; and for the third year at 40 per cent.

TAX MAPS.

The city has a complete set of plats for assessment purposes. With constant changes of values and re-assessments, it is not surprising that the system has become complicated; but there would seem to be room for simplification, so that the taxpayer may be able to ascertain his assessment more quickly than at present.

Real property assessments are made and entered according to location, while the collection of taxes thereon is made from alphabetical lists of owners.

The Appeal Tax Court is aware of the difficulties which arise from this dual system of bookkeeping and has secured

a substantial appropriation from the city for the purpose of improving its clerical records and bringing about greater harmony and co-ordination with the records of the City Collector.

RAILROAD ASSESSMENTS.

The method of valuing railroad property for taxation purposes in Baltimore is different from the system in any part of the State.

The unit of value of the right-of-way is \$25,000 per single-track mile. The assessment of single-track construction is \$6,500 a mile; double-track construction, \$15,000; triple, \$21,000, and quadruple, \$27,000.

Assessments consequently aggregate the following amounts per mile:

For single track (right of way and construction).....	\$31,500
For double track (right of way and construction).....	65,000
For triple track (right of way and construction).....	96,000
For quadruple track (right of way and construction).....	127,000

The right-of-way of the Union Railroad Company is assessed at \$75,000 per single-track mile, owing to its exceptional condition. This makes the assessment of one mile of double track (right-of-way and construction) \$165,000.

BALTIMORE CITY TAXABLE BASIS FOR 1913.

Real estate (full city rate).....	\$335,808,161	
Real estate (suburban rate).....	18,774,094	
Real estate (rural rate).....	29,383,350	
Personal—Individuals, firms and foreign corporations	\$48,169,754	
Less plant exemption.....	4,511,466	43,658,288
Shares of Maryland Corporations (estimated) ...	\$48,096,791	
Less plant exemptions.....	6,096,791	42,000,000
Distilled spirits in bond (estimated).....	900,000	
Securities (30-cent rate).....	177,385,419	
Deposits in savings banks (estimated 18¼ cents).....	94,000,000	
Total.....		\$741,909,312

BALTIMORE COUNTY.

Baltimore County, with a population according to the last census of 122,309, contains practically twice as many people as the next populous county. Its percentage of increase, between the periods of 1900 and 1910, was the greatest in the State. This county has the largest taxable basis of any of the counties of Maryland, and its assessment per capita is \$1,167.03. This is more than the per capita assessment of Baltimore City, which is \$922.96. The county is one of the largest counties in the State, with an area of 656 square miles, which is but slightly smaller than Garrett and Frederick Counties.

Many thousands of its citizens who pursue their daily occupations within the City of Baltimore live in Baltimore County, and this tendency is bound to continue.

The interests of Baltimore County are varied, and property values have a very large range. There are no less than 21,590 separate assessments on the tax books, and the basis of valuation for taxation purposes has increased steadily and constantly. This is one of the few counties in Maryland that has no debt.

Baltimore County completely surrounds Baltimore City on the latter's eastern, northern and western boundaries and nearly all of its southern boundary, the balance of the southern boundary of Baltimore City being the Patapsco river. The division lines between Baltimore City and Baltimore County are largely fictions, and city development extends into the county. As one leaves the city boundary, there is first a territory thickly settled; then the homes become fewer, and country homes are the rule in many cases with large grounds. Finally, within short distances, are the farms. The upper ends of the county are devoted exclusively to farming. In many parts of the county are large manufacturing plants.

One hears that the suburban portion of Baltimore County is carrying the entire county, while again the claim is made in some quarters that the farmers are paying the tax of the suburbanites, and that the farmer is getting the smaller part of the improvements. Investigation conclusively supports neither claim. In

the first zone is much property on the tax books at under-valuation, so in the next zone, and even so in the outlying sections. It is extremely difficult to figure the percentage of assessed valuation to actual value. In the first zone there is some property over-assessed, so in the second, and so in the third zone.

Comparisons have been made of property in the first zone with property of like kind in Baltimore City, and in the outlying territories properties have been compared with properties in those counties on which Baltimore County borders. The conclusion is that Baltimore County offers the usual conditions found in every part of the State—namely, lack of a system of assessment and scientific method of valuation.

One difficulty in study of assessment methods is the rapid change from tracts into lots in the proximity of Baltimore City. Ninety-five per cent. of the conveyances each day are lots.

Building permits are required in the First, Third, Ninth, Twelfth, Thirteenth and Fourteenth Districts, but in none of the others. At the time of development and erection of new buildings the lots are reassessed. It is inconceivable how any assessment can be complete in the congested territory of Baltimore County without plats.

SALES BY TRUSTEES.

Acres.	District.	Assessment.	Sale.
House and lot.....	9	\$2,485.00	\$3,075.00
" " ".....	9	1,735.00	2,800.00
3.....	1	3,650.00	5,760.00
25.....	8	2,500.00	4,500.00
88.....	9	10,530.00	13,475.00
12.....	9	4,550.00	7,225.00
2½.....	4	1,930.00	2,225.00
4.....	1	1,750.00	2,200.00
12.....	15	1,425.00	2,119.50
7.....	9	1,290.00	1,800.00
14.....	9	4,450.00	5,900.00
10.....	14	2,000.00	2,900.00
House and lot.....	12	1,000.00	1,400.00
" " ".....	12	1,000.00	1,375.00
2.....	11	1,000.00	2,400.00
37.....	6	444.00	586.00
10.....	14	1,625.00	2,250.00
50½.....	9	3,650.00	6,800.00
52.....	9	10,000.00	8,200.00
25¼.....	9	1,575.00	3,000.00
5 Lots.....	15	500.00	750.00
House and lot.....	3	2,950.00	6,166.67
" " ".....	9	750.00	500.00
" " ".....	12	900.00	1,270.00
Total.....		\$63,689.00	\$88,677.17

(Value of rents underlying leasehold property computed at 6 per cent.)

No endeavor was made to select large properties. Sales were selected as near as possible in the order in which they occurred.

ASSESSMENT METHODS.

Properties in different parts of the county have not the same value, and it would serve no useful purpose to contrast values in the First or Thirteenth Districts with like property in the Third, Ninth or Twelfth Districts.

The sale values per acre are at wide variance; even this statement will hold true of front-foot valuations on the eastern, northern and western boundaries of Baltimore City, and contrasts have been attempted only within communities themselves.

ROLAND PARK.

Roland Park is developed with an unusually high grade of houses, and building restrictions require the erection of houses costing not less than a certain amount; lots are sold on the square-foot basis. No other part of the State compares with this expensive and high-grade development.

Ten houses were selected at random and the assessments averaged. These ten showed an averaged assessment on lots of \$2,476.50, with improvements assessed at the average valuation of \$6,080. Selection was then made of ten of the best homes in the park and tax valuations showed an average assessment on lots of \$5,957.50, with an average assessment on improvements of \$12,015. One of the handsomest homes in the park, included in this average, cost \$40,000 to build and is assessed at \$9,000.

GREEN SPRING VALLEY.

Assessments of land in the Green Spring Valley vary greatly. In the most attractive part some land is assessed at \$25 an acre, some at \$150 an acre, and to the west, with like elevation, some are assessed at \$300 an acre. One of the most desirable tracts, of about 50 acres, has recently been sold at \$600 an acre—it is assessed at \$100 an acre.

Ten pieces of property adjoining, or practically adjoining each other were examined for purposes of comparing assessments, with the following result:

One tract at.....	\$90.00	an acre.
" " ".....	25.00	" "
" " ".....	300.00	" "
" " ".....	200.00	" "
" " ".....	40.00	" "
" " ".....	150.00	" "
" " ".....	40.00	" "
" " ".....	100.00	" "
" " ".....	200.00	" "
" " ".....	300.00	" "

Total number of acres in these tracts was 1,137, and the aggregate assessment was \$125,765. This produces an average assessment of \$110.60 per acre. The average value of this property was between \$300 and \$600 an acre.

FARMS.

In parts of Baltimore County farms are often sold at low figures—lower, in fact, per acre than many farms on the Eastern Shore of Maryland. In the Sixth District, assessments varied from \$7 per acre to \$25 per acre, the highest for farm land in this district. Buildings are assessed low—some barns being assessed at \$25. Twenty farms in this district, all under 100 acres each, had an average assessment per acre of \$17.66, with averaged assessed valuation on improvements of \$541. The average size of the farms examined was 47½ acres. Of those over 100 acres, the average assessment per acre was \$15.93; averaged valuation on improvements, \$810. They averaged 131½ acres.

ADJOINING COUNTIES.

Comparison has been made of properties lying partly in Baltimore City and partly in Baltimore County, and in comparison of properties on both division lines there has been eliminated properties with valuable fronts, either of which would necessitate a contrast of values between the two portions which would not be fair.

The following illustrates the contrast of the two assessments, the figures in the top line representing per acre the property in Baltimore County, and the amounts in the lower line the assessment per acre of part of the same tracts lying in Baltimore City:

	Per Acre.					
Baltimore County Assessment...	\$500	\$400	\$250	\$1,000	\$1,500	\$400
Baltimore City Assessment.....	800	500	850	1,200	4,000*	1,000

*Assessment made at the front-foot valuation.

The following shows contrast between Baltimore County and Carroll County:

	Per Acre.			
Baltimore County Assessment.....	\$40	\$25	\$30	\$30
Carroll County.....	30	33	32	50

SECURITIES AT THE THIRTY-CENT LOCAL RATE.

Aggregate value of this class of property in Baltimore County is \$44,384,410, which seems extremely high on a per capita basis when compared to per capita assessments in other parts of the State. It must be remembered, however, that a large number of men of means of Baltimore City have their legal residences in Baltimore County.

It is impossible to approximate what percentage of securities is assessed.

PERSONAL PROPERTY.

Personal property was classified by the Board of County Commissioners at the time of re-assessment, but no allowance made for differences as to grade. There are very few assessments on farming machinery over \$300. Furniture is assessed more often to the occupiers of suburban homes than to occupiers of farms. Live stock on farms is assessed without reference to grade and no doubt much of it escapes taxation. In Roland Park, assessments of furniture were noticed that would deserve investigation. In one case, the owner was assessed for \$6,000 worth of furniture, while the house in which this furniture was contained was assessed at \$9,000. In another case, the owner was assessed for \$7,000 worth of furniture and the house assessed at \$9,000. To all appearances, either the furniture is over-assessed or the houses greatly under-valued.

IMPROVED ROADS.

The entire State appropriation for Baltimore County for roads from the State loan funds of 1908, 1910 and 1912 has been spent on the turnpikes or main arteries from Baltimore City into the county—namely, Harford, Belair, Frederick, York, Falls, Philadelphia, Park Heights, Liberty and Westport roads. It is doubtful whether the improvement of these roads has increased the value of property as have new roads elsewhere in the State.

RAILROAD ASSESSMENT.

Railroads are valued by the Board of County Commissioners and are assessed to each district. Quadruple tracks are assessed at \$40,000 a mile, double tracks at \$25,000 a mile, single tracks generally at \$10,000 a mile. The double tracks of the Western Maryland Railway, however, are assessed at \$15,000 a mile in the Fourth District, while in the Third District they are assessed at \$25,000 a mile. Sidings are assessed at \$5,000 a mile, with some exceptions. The railroad assessment in nearly every case includes land, bridges, telegraph lines and signals.

DISTRICT ASSESSMENTS.*

District.	Real and Personal Property.
1.....	\$10,757,683
2.....	2,450,878
3.....	13,949,881
4.....	4,525,151
5.....	1,204,095
6.....	1,051,870
7.....	1,862,120
8.....	5,782,253
9.....	21,745,455
10.....	2,087,976
11.....	3,403,400
12.....	18,047,155
13.....	6,682,570
14.....	5,332,815
15.....	7,076,430
	<hr/> \$105,959,732
Securities (30-cent rate).....	44,384,410
Railroad property subject to local rate...	6,473,503
Baltimore City stock.....	496,090
Shares of Maryland Corporations.....	13,500,000
	<hr/> \$170,813,730

*Assessment of all items for 1913.

CALVERT COUNTY.

Calvert is the smallest county in the State, both in respect to area and population. Its situation on the western shore of the Chesapeake Bay, together with its being bounded on the southwest by the Patuxent River, gives it a large waterfront area. Unfortunately, however, for property values, the one railroad which passes through the county touches only its extreme northern edge, so that facilities for transportation are extremely meagre.

Calvert County has an area of 216 square miles and a population of slightly over 10,000, which has shown little tendency to increase. The taxable basis of the county is slightly over \$3,000,000, which represents an increase of about \$600,000, due to the reassessment of 1910. Since 1877 the entire increase in the assessable basis has amounted to only 25 per cent.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

While the assessment throughout the county is not uniform, its general average percentage to actual value is not far from 70 per cent. A fairly exact confirmation of this percentage is difficult to obtain due to the fact that the County Commissioners in many cases increase their assessment on transferred property to conform to the consideration set out in the deed. In other words, where property has been transferred, and the purchase price set out in the deed, an investigation will usually disclose that the property is assessed at an amount similar to the transfer price.

In some cases, however, where the County Commissioners were of the opinion that the purchase price set forth in the deed was considerably more than the real value of the property, the full increased assessment has not been made. In one instance, where certain waterfront property which was assessed at \$3,300 was sold for \$8,500, the Commissioners reached a reassessment of the property by taking one-third of the difference between assessment and sale price and adding it to the original assessment, which resulted in a final assessment of \$5,033.

Despite variations of this character and some lack of uniformity even in the assessment of adjoining farms, the general

average assessment for the county is about 70 per cent. of the actual value.

ASSESSMENTS AND SALE PRICES.

There are comparatively few transfers in Calvert County in which the consideration is given. The assessments in the present table represent those on the books at the time of the sale. Most of them have now been increased up to the amount of the sale price.

	Assessment.	Sale Price.
District No. 1.....	\$2,240 (87 Acres)	\$4,700
	811 (80 Acres)	1,200
	1,170 (24 Acres)	2,250
	3,000 (Town Property)	5,000
	1,000 (Solomon's Island)	1,600
	3,300 (100 Acres)	8,500
District No. 2.....	350	400
	2,456	3,000
	\$14,327	\$26,650

ASSESSED VALUE OF LAND PER ACRE.

No distinction is made on the assessment books between arable and wood land. Marshland is separately assessed. Much of the waterfront land is assessed at \$25 an acre, though there is one small tract upon which the assessment is \$50 an acre. Woodland is usually assessed at from \$4 to \$8 an acre and marshland at \$2. The assessment on interior land is often as high as its actual value, while waterfront land is assessed at a much lower percentage. The following table showing the average assessment for twenty-five consecutive farms gives a good idea of the assessment value prevailing throughout the county:

No. of Farms.	Total Acres.	Assessed Value.	Average per Acre.	High.	Low.
25	3,423	\$27,096	\$7 91	\$20	\$4

ASSESSMENT.

The only two incorporated towns within the county are Chesapeake Beach and North Chesapeake Beach. Although in the Third District, they are kept separate on the books. The assess-

ment of these towns is on the lot basis. Some of the town assessments have been considered too high by the County Commissioners and recent reductions in these assessments have been made.

PERSONAL PROPERTY.

There are no regular assessors except the County Commissioners, and it is impossible to form any estimate of how much personal property is missed. The increase in this class of assessment depends entirely on the County Commissioners, which necessarily results in a lack of uniformity. Live stock is assessed separately and usually according to certain predetermined values which may be termed list prices. Horses are assessed from \$40 to \$75, cows at \$20, sheep at \$3 and hogs at \$4.

SECURITIES AT THE THIRTY-CENT RATE.

There are no returns of securities in the county taxed at the 30-cent rate. According to the County Commissioners, this is due to the fact that none of this class of securities are held in the county.

RAILROAD ASSESSMENTS.

The Chesapeake Beach Railroad, the only one within the county, is assessed at \$3,000 a mile.

DISTRICT ASSESSMENTS.

REAL AND PERSONAL.

1.....	\$1,050,256 00
2.....	831,926 00
3.....	1,200,880 00
	<hr/>
	\$3,083,062 00

CAROLINE COUNTY.

With the exception of Talbot and Kent, Caroline County is the smallest of the counties composing the Eastern Shore. It has an area of 317 square miles and a population closely approximating 20,000. There are seven incorporated towns within the county, Denton, the county seat, being the most important.

Caroline County lies wholly inland, and has therefore entirely missed any increase in wealth due to the recent advances in the value of waterfront property. On the other hand, the adaptability of its land and location for the purposes of truck farming has caused a notable increase both in the value of land and in the number of residents within the county. In regard to this latter feature, the population of Caroline County increased from 16,000 in 1900 to 19,000 in 1910, while many of the neighboring counties were suffering a decrease. The stability of its values for truck farming development seems certain, and further increases in the total value of land throughout the county are steadily taking place.

The assessed basis of the county for 1912 was \$10,069,636; \$4,136,000 of this amount represented the increase due to the re-assessment of 1910. With the sole exception of Dorchester, this is the largest increase made by any of the Eastern Shore counties, or indeed any county of the State.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

The general basis of assessment in Caroline County is far from uniform, and it is, therefore, difficult to arrive at an accurate estimate of the average difference throughout the county between assessment and true value. The treasurer of the county is of the opinion that the variations between assessment and true value range from 50 to 90 per cent., with a general average of 75 per cent. for the county. Although there is some opinion to the effect that the average assessment is two-thirds of the true value rather than three-fourths, an opinion which is well supported by the total figures of the actual examples contained herewith, yet it seems proper to accept the 75 per cent. average as being more nearly correct in the aggregate. Assessments of adjoining prop-

erty in Caroline and Talbot Counties show a higher range of assessment in the former county and despite the great lack of uniformity pointing to any certain conclusion, yet general indications support the inference that assessments throughout Caroline County average at least 5 per cent. higher than those throughout Talbot. The tax officers in Talbot County also bear out the fact that the assessments in Caroline County are higher than their own.

ASSESSMENTS AND SALE PRICES.

Actual examples of the differences between assessments and sale prices are somewhat difficult to obtain, but the following examples of recent transfers are typical for the county. As mentioned before, the difference between the respective totals represents a difference of about 65 per cent., although the general average for the county may be 10 per cent. higher:

	Assessment.	Sale Price.
District No. 3.....	\$2,425 (81 Acres)	\$2,450
District No. 5.....	900	1,150
	3,975 (235 Acres)	5,000
	2,160 (69 Acres)	3,450
	1,200 (35 Acres)	2,000
	2,900 (76 Acres)	4,000
District No. 7.....	1,050 (50 Acres)	1,575
	3,000 (72 Acres)	5,415
	3,220 (84 Acres)	6,000
Total Assessment.....	\$20,830	Total Sale Price, \$31,040

ASSESSED VALUE OF LAND PER ACRE.

In variance to the practice of adjoining counties, farms in Caroline are assessed as a whole, no division being made in each farm between arable land and wood land. The lack of such division militates against exactness in assessment and separate farms vary greatly as to their assessment per acre.

In the report of the County Commissioners, the highest assessment of farmland per acre is given as \$75, but for all practical purposes \$50 per acre is the highest assessment for any considerable acreage. The general average assessment of farmland is said to be \$25 an acre, though it is probably somewhat less than this.

The following tables show averages of the assessments of farmland in two districts of Caroline County. District No. 1 contains some of the poorer land of the county, while the land in District No. 6 is extremely good:

DISTRICT No. 1.

No. of Farms.	Total Acres.	Total Assessments.	Average per Acre.	High.	Low.
33 (25 A. to 100 A.)...	1,853	\$29,887	\$16 13	\$30	\$8
18 (100 A. up).....	3,077	46,249	15 03	25	8

DISTRICT No. 6.

No. of Farms.	Total Acres.	Total Assessments.	Average per Acre.	High.	Low.
19 (25 A. to 100 A.)..	1,114	\$34,884	\$31 31	\$50	\$10
31 (25 A. up).....	5,647	202,119	35 79	50	18

TOWN ASSESSMENTS.

Town assessments for local purposes are considerably higher than those made by the county, due for the most part, it is said, to the provisions of municipal charters. Town property is not kept separately upon the assessment books, so the differences are not readily apparent. Assessments are made on the front-foot basis. In the smaller towns, such as Hillsboro, the assessments are at the rate of \$5 per front foot. In Denton, the county seat, the highest assessment is \$20 per front foot.

PERSONAL PROPERTY.

Household goods, live stock and other forms of personalty seem to be carefully assessed, though in respect to household goods probably at not more than one-half of their value. The average assessable value of horses is placed at \$100, cows at \$25, and automobiles \$500. Much of the taxes due upon personalty is said to be lost through owners leaving the county.

SECURITIES AT THE THIRTY-CENT RATE.

There are no securities taxed within the county at the 30-cent rate, the opportunity for securing income from this source being entirely neglected.

RAILROAD ASSESSMENTS.

The Delaware R. R. (Pennsylvania) is assessed at the rate, approximately, of \$4,000 a mile. This assessment includes lands, bridges, telegraph and telephone lines, wires, signals and appurtenances.

Side track is assessed at the rate of \$1,800 a mile.

DISTRICT ASSESSMENTS.

REAL AND PERSONAL PROPERTY (Not Separated).

District No. 1.....	\$815,217	District No. 6.....	\$1,322,054
District No. 2.....	1,532,642	District No. 7.....	1,343,085
District No. 3.....	2,276,690	District No. 8.....	869,066
District No. 4.....	1,335,261		<hr/>
District No. 5.....	1,246,681		\$10,740,696

CARROLL COUNTY.

The local rate of taxation per \$100 in Carroll County is the lowest in the State (viz—62 cents for 1912), and has been low for years; for many years it was under 50 cents. It is a very prosperous county and its per capita wealth compares favorably with any. The aggregate of its savings deposits is very large, and not one district is poor or ill-adapted to agriculture. It is rich in dairy products.

Equity sales or forced sales under decrees of court are rare, and the cases examined in the Circuit Court had peculiar circumstances, and consequently are not cited.

The following were the last sales of property by executors under orders of the Orphans' Court:

	Acres.	District.	Assessment.	Sales.
36.....		8	\$1,498 00	\$1,947 56
65.....		11	6,380 00	6,459 68
45.....		7	4,750 00	7,520 00
140.....		12	7,775 00	9,105 07
218.....		1	10,370 00	12,477 00
56.....		4	2,206 00	4,000 00
35.....		6	960 00	1,900 00
88*.....		4	3,714 00	8,500 00
72.....		4	3,322 00	6,350 00

A few private sales, quite recent, are submitted.

.....		7	\$10,833 00	\$18,000 00
Lot.....		1	2,400 00	2,400 00
67½.....		12	4,460 00	5,750 00
Lot.....		7	2,750 00	†2,800 00
90½.....		14	2,850 00	6,000 00
88.....		1	4,920 00	5,850 00
67.....		6	2,708 00	5,010 00
			<u>\$71,896 00</u>	<u>\$104,069 31</u>

DISTRICT ASSESSMENT.

Some properties in the county are assessed at their full value not looking to a forced sale, while other and possibly adjoining properties are assessed much below their value. Improvements are assessed low, especially farm improvements; these are very large and extensive throughout the county and the pride of the farmers.

*Sale of property on new State road.

†Sale of one-half.

Immediately prior to the last reassessment the assessors who were appointed met and discussed methods of assessment, but it seems that no thorough instruction was given nor any comprehensive plan outlined.

It appears as though an effort was made to reach satisfactory results, but the individuals were not experts and had to use their judgment without a comparative guide. Quite a few of the appraisements were lowered from the appraiser's returns, and none increased.

A few comparisons were made of property under the 1896 and 1910 assessments. The properties were familiar to the persons suggesting the particular properties, and in some cases the land was higher with a deduction in the improvements, and in others the land was lower with the increase on the improvements. Values, though, had actually increased.

The properties of the districts vary little in value, with a slight advantage to those properties adjoining Frederick County. New Windsor is probably the best district.

Ten farms, all over 100 acres, in this district averaged an assessment of \$40.03 per acre on the land, and averaged in size 139 acres with average assessed improvements of \$1,970. Ten farms, all under 100 acres, in the same district, averaged \$42.33 an acre, and in size 76 acres, while the improvements averaged \$1,995.

From the information obtained, the land was worth \$80.00 to \$100.00 improved, which would make the assessment less than two-thirds of the value. The assessments throughout the district vary from \$30.00 to \$52.00 per acre.

The poorest district is Freedom, in the southeast corner of the county, with assessments varying from \$10.00 to \$28.00. Ten farms in this district, all over 100 acres, have an average assessment of \$20.40 per acre, and \$1,325 for improvements, with an average area of 143.5 acres.

Of ten farms, all under 100 acres each, the average land assessment per acre is \$18.50, and average improvement of \$887.50, and average size of 63 acres.

Assessors in this county arbitrarily estimated farms of over 200 acres to be worth per acre \$5.00 less than small properties.

Carroll has the smallest percentage of wooded area of any county in the State; its wood has never been appraised according to age and condition by competent assessors. The assessment on such lots was about \$16.00 per acre.

The loss of \$2,100,000 of taxable basis in 1912 from 1911 was largely because of the decision of the Circuit Court holding that savings bank deposits were not properly taxable to depositors.¹

The tax-gatherers or collectors are the permanent assessors and receive \$1.50 for every \$1,000 added. They never reassess, but add new buildings and missed personal property.

ADJOINING COUNTIES.

At the time of the last reassessment several persons holding property lying partly in Carroll County and partly in Frederick County objected to the County Commissioners that their Carroll County holdings were being assessed about three times as high as similar property in Frederick County. Assessments in Carroll along the line are about \$45.00 to \$48.00 an acre in its best parts.

Some property in Hampstead District bordering on Baltimore County is assessed as high as \$50.00 per acre, others at \$24.00, some at \$30.00; along the Howard County line the property varies from \$10.00 to \$40.00 per acre.

STOCKS AND BONDS AT THE THIRTY-CENT RATE.

The aggregate assessment of securities in the county for 1912, as furnished by the County Commissioners, is \$2,177,802.

In this aggregate is included notes of firms and individuals, assessed at the ratio fixed by Section 194 of the Acts of 1896, ch. 120.

Those bearing 6 per cent. interest are assessed at 50 per cent. of face value; those 5 per cent. at $41\frac{2}{3}$ per cent.; those $4\frac{1}{2}$ per cent. at $37\frac{1}{2}$ per cent.; those 4 per cent. at $33\frac{1}{3}$ per cent.; those $3\frac{1}{2}$ per cent. at $29\frac{1}{6}$ per cent.

¹ See *Eck vs. Co. Com. of Carroll Co.*—Daily Record, October 26, 1911.

PERSONAL PROPERTY.

Furniture is fairly assessed to occupiers of the homes in the towns, particularly in the larger towns, but not so generally in the smaller ones or country territory. The aggregates are low.

Horses are assessed from \$80 to \$100 and very poor ones (or as described by the County Commissioners—those that the owners are keeping to die—) not at all. Cows from \$25.00 to \$35.00.

There are a few assessments against individuals in this county for farm machinery where the value is over \$300.00, which amount is the exemption allowed by Art. 81, Sec. 4.

Carroll County is one of the few counties which has assessment against this class of property.

TOWN ASSESSMENT.

Westminster, the county seat, has an assessment for local purposes of \$3,667,765, and is the same as the county or State assessment, although formerly when there was a limitation on the tax rate in the town, the assessment for local taxes was taken from the county books and a percentage added. The best part of Main street is assessed at \$100 per front foot, which is approximately the value. The buildings, however, are assessed much below the value; a few cases of sales show marked contrast between sales price and assessment.

There are seven other towns in the county of nearly the same size.

Properties in Union Bridge and New Windsor are assessed on the front foot basis. The best street in Union Bridge is assessed at \$15.00 per front foot, and the best in New Windsor at \$6.00. The value is about the same. Comparison of others is impossible, because the assessment is by lot method.

IMPROVED ROADS.

In the opinion of the best posted men in the county, improved roads have increased the value of large farms adjoining them from 20 to 30 per cent. and smaller properties 40 per cent.

Examination of sale values before and after completion of the roads would seem to indicate a much greater increase, but circumstances controlling these sales seem to deserve closer consideration than was afforded.

There is no change whatever in the taxable basis of properties abutting on these roads.

RAILROAD ASSESSMENT.

Railroads are assessed to each district.

The Western Maryland Railroad is assessed at \$7,500 per mile main track, and \$1,500 a mile for sidings, and the York, Hanover and Frederick Railroad Company at \$6,000 a mile.

The assessment includes land, bridges, telegraph etc., although it is claimed by some that the land constituting the right of way is not owned by the railroad companies, and is assessed in part to the owners of the fee. The truth of this claim was not verified.

DISTRICT ASSESSMENTS:

	District.	Real and Personal.	Securities, 30-Cent Rate.	Total.
Taneytown	1	\$2,100,292	\$117,640	\$2,217,932
Uniontown	2	1,483,778	169,470	1,563,248
Myers	3	1,295,874	59,234	1,355,108
Woolery's	4	1,475,510	37,370	1,512,880
Freedom	5	1,098,024	91,200	1,189,224
Manchester	6	1,950,188	108,476	2,058,664
Westminster	7	4,217,387	766,681	4,984,068
Hampstead	8	1,379,754	50,007	1,429,761
Franklin	9	664,970	10,745	675,715
Middleburg	10	978,950	263,487	1,242,437
New Windsor.....	11	1,625,703	255,165	1,880,868
Union Bridge.....	12	1,214,835	162,167	1,377,002
Mt. Airy.....	13	714,005	48,030	762,035
Berrett	14	896,611	38,130	934,741
				<u>\$23,273,683</u>
Stock of Corporations.....				<u>2,977,061</u>
Total assessment.....				<u>\$26,250,744</u>

CECIL COUNTY.

Cecil County lies in the extreme northeast portion of the State at the head of the Chesapeake Bay. It has a population of approximately 24,000, of which less than 3,500 are negroes. In size it is larger than Kent County, to which it is contiguous on the south, but smaller than Harford County, which lies directly adjacent to it on the west, separated only by the Susquehanna River.

Cecil County has an assessed basis of \$15,500,000, less than \$1,200,000 of which was an increase due to the general reassessment of 1910. The basis of the county has only increased 17 per cent. since the assessment of 1877. The amount of this increase is, with the sole exception of Frederick County, the smallest recorded in the State.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

The percentage of assessment to true value throughout the county is far from uniform. Different districts are apparently assessed at varying percentages of their true value. District No. 8, for instance, is assessed much lower on a general average than Districts 1, 2 and 3. In the districts themselves much discrepancy prevails. In most cases the valuation placed upon property by the owner was accepted as correct. While the prevailing lack of uniformity prevents any wholly satisfactory percentage of assessment to valuation being found, yet the evidence strongly points to the conclusion that $66\frac{2}{3}$ per cent. is the proper average for the county as a whole. Not only do certain of the tax officers of the county consider this as the correct percentage of the true value assessed, but the totals of the following concrete examples confirm this percentage as the proper one.

ASSESSMENTS AND SALE PRICES.

The following actual examples of the differences between assessments and sale prices are taken from the county records. The lack of uniformity in assessed value is strikingly shown:

	Assessment.	Sale Price.
District No. 2.....	\$1,000 (Rising Sun)	\$3,000
District No. 4.....	1,100 (56 Acres)	2,500
District No. 5.....	850 (56 Acres)	1,850
	400	1,500
District No. 6.....	2,970 (102 Acres)	5,000
	1,780 (70 Acres)	4,100
	2,465 (53 Acres)	3,200
District No. 9.....	12,555 (362 Acres)	15,000
Total Assessment.....	\$23,120	Total Sale Price, \$36,150

VALUE OF LAND PER ACRE.

The highest assessment of farmland within the county is at the rate of \$40 an acre, although the average is probably below \$25. In Rising Sun, District No. 6, much of the best farmland is assessed at from \$25 to \$30 an acre. The average market value of this land runs from \$50 to \$80 an acre. Wood, arable, and marsh land are all assessed separately and a clear division of value is made on different kinds of land. Marshland is assessed at from 50 cents an acre up, and lowlands from \$5 to \$15.

A good idea of the average value of farmland in the county may be obtained from the following tables. Both of these tables are based upon Chesapeake District, which is fairly representative of the value of farmland throughout the county. In Table No. 1 only farms from 25 to 100 acres are considered, in Table No. 2 farms from 100 acres up:

DISTRICT No. 2 (25 A. TO 100 A.).

No. of Farms.	Total Acreage.	Total Assessments.	Average per Acre.	High.	Low.
32	1,658	\$23,099	\$13 96	\$42	\$5

DISTRICT No. 2 (100 A. UP).

No. of Farms.	Total Acreage.	Total Assessments.	Average per Acre.	High.	Low.
40	8,362	\$221,889	\$26 54	\$35	\$5

TOWN ASSESSMENTS.

There are seven incorporated towns in the county. Instead of including town property with farm property in the several districts, as is customary throughout the State, the towns are as-

essed separately, and it is therefore possible to see at a glance just how much assessed property lies within each respective town. The following four towns give a clear idea of proportionate amount of real and personal property held within their corporate limits:

	Popu- lation.	Real.	Personal.	Total.	Per Cent., Personal to Real.
Elkton	2,600	\$1,503,280	\$240,355	\$1,743,635	15
Port Deposit.....	1,300	268,823	83,065	351,888	32
North East.....	.....	400,936	80,965	481,901	20
Rising Sun.....	450	226,541	109,741	336,282	48

Town lots are assessed on the front-foot basis. The assessments in Elkton run from \$3 to \$20 a front foot.

PERSONAL PROPERTY.

The assessed inventories of personal property have the evidence of being fairly complete, although assessments, of course, do not reveal the full value of the property. The usual assessment of household property averages about \$200. The average taxable values of horses is \$50, cows \$20 and automobiles \$400. The valuation is fixed by the assessors, who receive \$1 for each \$1,000 of property placed on the books. There is supposed to be one regular assessor for each district.

SECURITIES AT THE THIRTY-CENT RATE.

Compared to other counties in the State, the taxable basis of Cecil for 1912 contained a very large amount of securities at the 30-cent rate, amounting to \$2,423,290. About one-half of this amount has already been sworn off the books, but even at the present time the amount of this class of securities assessed in Cecil is high compared to many other counties of the State.

RAILROAD ASSESSMENTS.

Both the Philadelphia, Baltimore and Washington R. R. and the Baltimore and Ohio run through Cecil County. The assess-

ments are at the rate of \$25,000 a mile for main line double track, which includes bridges, telegraph and telephone lines, signals and appurtenances. Single track averages about \$10,000 a mile and side tracks are assessed at \$2,500 per mile.

DISTRICT ASSESSMENTS.

	Real.	Personal.
District No. 1.....	\$1,540,454	\$382,469
District No. 2.....	1,152,136	291,527
District No. 3.....	2,783,555	658,698
District No. 4.....	965,268	170,564
District No. 5.....	1,234,090	253,629
District No. 6.....	1,239,772	310,344
District No. 7.....	2,101,710	314,682
District No. 8.....	452,774	72,768
District No. 9.....	657,928	121,825

CHARLES COUNTY.

In area Charles County ranks as the eighth largest county in the State. It is the largest of the Western Shore counties and lies almost directly south of Washington, D. C. Although no portion of the county borders on the Chesapeake Bay, yet it contains much undeveloped waterfront property along the Potomac River, which forms almost its entire western and southern boundaries.

Despite its area of 462 square miles, the greater part of which is susceptible to cultivation, the assessed basis of Charles County is only \$5,500,000, \$1,500,000 of which was an increase due to reassessment of 1910. The assessment basis of the county seems quite well maintained, the real cause why values themselves are not higher being due, in a large measure, to the small white population. Indeed, Charles County, taking its area into consideration, contains the smallest percentage of white population in the State, the total, in round numbers, being white, 8,000; negro, 9,000. Although the negro population is largely taxpaying, yet, of course, the property owned by the colored race has not an important value.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

The general basis of assessment for Charles County represents somewhere between 75 and 80 per cent. of the true value of the property. The assessment basis is said to be uniform throughout all of the nine districts comprising the county. This uniformity is due to the fact that in the reassessment of 1910 two general assessors were appointed for the whole county and these assessors acted with the local assessor in each district. Indeed, the local assessor did little more than point out the property for the general assessors to value. The results attained were so satisfactory to the county that extremely small changes, aggregating less than \$10,000, were made in the assessments when they finally came before the County Commissioners acting as a Board of Control and Review.

ASSESSMENTS AND SALE PRICES.

There are not a large number of important real estate transfers in Charles County, and many of the deeds only contain a nominal consideration.

However, the following examples of the difference between assessment and sale price adequately bear out the statement that about 80 per cent. of the actual value is assessed. It should, however, be noted that the sales here given were made almost two years after the assessment, and therefore an increase in value is only natural:

	Assessment.	Acres.	Sale.
District No. 1.....	\$125	Town Lot	\$600
District No. 1.....	4,000	261 Acres	5,200
District No. 1.....	1,800	97 Acres	2,500
District No. 1.....	1,200	142 Acres	*2,500
District No. 3.....	3,496	268 Acres	4,100
District No. 3.....	3,000	245 Acres	3,500
District No. 3.....	2,000	136 Acres	2,300
District No. 4.....	1,225	85 Acres	1,650
District No. 5.....	4,050	344 Acres	5,000
District No. 5.....	1,270	12 Acres	2,000
District No. 6.....	2,631	121 Acres	3,000
District No. 8.....	5,280	336 Acres	5,100
Total Assessment.....	\$30,077	Total Sale Price,	\$37,450

ASSESSED VALUE OF LAND PER ACRE.

On account of the undeveloped character of the county the value of land per acre is extremely low, corresponding, in a large measure, to the low assessments. The highest assessment of farmlands in the county is at the rate of \$25 per acre; while the average assessment is probably between \$8 and \$10 an acre.

While marshland is assessed separately, arable land and woodland are averaged together, and therefore the assessment per acre of farmland is usually the total value of the whole land divided by the number of acres. It is obvious that such a method cannot be exact in the long run. Moreover, if one-half of a farm of 100 acres assessed at \$10 per acre is transferred, the assessment of each portion will, generally speaking, still remain at \$10 per acre, although the half that has been transferred may have been

*Land borders a new State road.

mostly arable land, while the half which was retained may have been mostly woodland. The failure to separate woodland from arable land is especially noteworthy, for the reason that practically one-half of the county is designated as woodland. Only one county in the State, Garrett, has considerably more woodland than has Charles.

As is to be expected in a somewhat sparsely settled county, the ownership of large tracts of land is the rule. This may be well seen from the large number of acres appearing in the totals of the following tables, several tracts of more than 500 acres going to make up the average result. District No. 1 is one of the best districts in the county and contains the county seat. In District No. 2 the land is decidedly less valuable:

DISTRICT No. 1.

No. of Farms.	Total Acres.	Total Assessments.	Average per Acre.	High.	Low.
30	7,628	\$84,519	\$11 08	\$25	\$6

DISTRICT No. 2.

No. of Farms.	Total Acres.	Total Assessments.	Average per Acre.	High.	Low.
25	5,493	\$37,144	\$6 77	\$10	\$4

TOWN ASSESSMENT.

There is only one incorporated town in the county, viz, the county seat, La Plata. Its population is not over 350. Land is assessed on the lot basis, the best lots running from \$500 to \$1,000 per acre. The bases for local and county purposes are the same, the total assessment of La Plata being \$216,647, of which amount \$148,382 is charged to realty.

PERSONAL PROPERTY.

It is said that personal property in Charles County is assessed at a much lower rate than real property. Household furniture seems to be assessed very sparingly, the average assessment on this character of property being probably less than \$100.

In regard to live stock the assessors neglected to return the separate number of horses, mules, etc.; and merely totaled each

class of animals together, returning the aggregate assessment. The result has been to make it impossible to trace the value of live stock when it dies or is transferred, for the individual assessment against each animal is unknown. The county officials, therefore, have to depend entirely upon the honesty of the individual taxpayer to maintain this class of personal assessment.

SECURITIES AT THE THIRTY-CENT RATE.

Three of the nine districts do not report any securities at the 30-cent rate. Of the total amount of \$243,627 assessed within the county, \$217,800 is returned from one district. Practically none of this amount has been sworn off the books since the re-assessment of 1910.

RAILROAD ASSESSMENTS.

There are two railroads running through the county.

The Philadelphia, Baltimore and Washington R. R. (Pope's Creek Branch) is assessed at \$7,500 a mile for single track and \$3,750 a mile for sidings.

The Washington, Potomac and Chesapeake R. R. is assessed at \$5,000 a mile.

The county's apportionment of rolling stock is \$197,485.

DISTRICT ASSESSMENTS.

	Real and Personal Prop- erty Not Separated.	Bonds at 30 Cents.
1.....	\$817,000	\$217,800
2.....	463,030	.....
3.....	487,627	1,000
4.....	686,801	.....
5.....	599,738	11,307
6.....	629,926	4,000
7.....	675,174	.....
8.....	735,798	8,520
9.....	308,421	1,000
	<hr/>	<hr/>
	\$5,403,515	\$243,627

DORCHESTER COUNTY.

Dorchester County is the largest county of the Eastern Shore and the fourth largest in the State. It has an area of 573 square miles, and a population of 29,000, a little over 9,000 of which is negro. In respect to population it also leads all the Eastern Shore counties. A very considerable portion of its area is composed of marshland, which formerly had slight value, but has recently undergone very profitable development.

The assessed basis of the county for 1912 was \$13,100,065, of which amount \$5,500,000 represented an increase due to the re-assessment of 1910. From 1877 to 1910, a period of thirty-three years, the assessed basis of Dorchester County increased only a million and a half dollars.

PERCENTAGE OF TRUE VALUE ASSESSED.

Assessments in Dorchester County were made fairly uniform in 1910 as far as the five assessing districts were concerned, and the assessments returned represented about 80 or 85 per cent. of the true value of the property. Indeed, the assessment work was so thoroughly done that in a number of instances the claim was made that the assessment was higher than the value of the property. The value of land in Dorchester County has, however, so rapidly increased in the last few years that the assessments at present only represent between 60 and 65 per cent. of the present value of the property.

ASSESSMENTS AND SALE PRICES.

The variation between assessed values and the amounts actually obtained upon sale is very well illustrated by the following examples taken from the latest records of the county:

District.	Assessment.	Sale Price.
1	\$2,528 (173 Acres)	\$7,000
7	3,400 (60 Acres)	6,500
7	14,700	25,000
8	5,834	9,200
8	5,295 (300 Acres)	10,500
9	5,092 (229 Acres)	7,300
9	5,130 (147 Acres)	8,000
9	6,625	10,500
9	10,025 (300 Acres)	12,500
9	7,636 (Trustee Sale)	14,200
13	34,615 (863 Acres)	57,000
13	8,700 (200 Acres)	12,000
14	5,000	7,000
16	3,940 (154 Acres)	9,000
	\$118,520	\$195,700

ASSESSED VALUE OF LAND PER ACRE.

In Dorchester County the assessors for the most part made a determined attempt to assess different kinds of land separately, and, therefore, in addition to the usual division of arable land, woodland and marshland, there are often found such further divisions as "cut-down land" (land from which the timber has been almost all cut off), "branch land," "swamp land" and "cripple land." The average assessment of farmland within the county is at the rate of about \$25 an acre. Marshland is assessed at from \$2 to \$10 an acre, the average being about \$4 or \$5 an acre.

The following table will show the average assessment of some of the best farmland in the county:

HURLOCK, DISTRICT 15.

No. of Farms.	Total Acreage.	Assessed Value.	Average per Acre.	High.	Low.
28	2,330	\$97,115	\$41 68	\$100	\$30

TOWN ASSESSMENTS.

There are four incorporated towns in Dorchester County, Cambridge, the county seat, being the only one of considerable size. Town and county assessments are not uniform. The present town assessment of Cambridge is said to be lower than that of the county, but town property is not separately kept on the county books and an exhaustive search would have to be made to determine the amount of this difference. Town property is also said to be assessed much nearer its true value than is farmland.

The highest assessment per front foot in Cambridge is \$55, and from this amount it runs down to \$3.

• PERSONAL PROPERTY.

Personal property is assessed most thoroughly, even chickens at 50 cents apiece being tabulated. The average taxable values of horses is \$70, cows \$20. Instead of assessing a new automobile at value and then changing the assessment each year to

allow for depreciation, the county assesses 60 per cent. of its cost value during the life of the machine.

SECURITIES AT THE THIRTY-CENT RATE.

There are a little over \$200,000 worth of securities at the 30-cent rate upon the books of the county. It is said that a most conservative estimate of the actual value of this class of securities in Dorchester County would be five times this amount.

RAILROAD ASSESSMENTS.

The Delaware R. R. is assessed \$6,000 a mile for single track and \$2,700 a mile for siding.

The Baltimore, Chesapeake and Atlantic R. R. is assessed at the rate of \$5,250 a mile for single track and \$1,500 a mile for siding.

DISTRICT ASSESSMENTS.

District	Real.	Personal.	Total.	Stocks and Bonds.
District 1.....	\$738,318	\$165,465	\$903,783	
2.....	729,708	162,057	891,765	
3.....	475,367	120,123	595,490	
4.....	216,780	80,969	297,749	
5.....	256,075	108,656	364,731	
6.....	143,188	89,525	232,713	
7.....	3,787,330	952,170	4,739,500	\$205,124
8.....	441,408	139,977	581,385	
9.....	372,549	104,341	476,890	15,980
10.....	152,427	107,497	259,924	
11.....	176,879	43,707	220,586	
12.....	354,756	69,009	423,765	
13.....	410,144	85,478	495,622	
14.....	417,019	84,569	501,588	
15.....	1,065,186	210,353	1,275,539	
16.....	167,759	60,449	228,208	
17.....	306,732	83,791	390,523	

FREDERICK COUNTY.

Frederick County is the second largest county in Maryland, containing an area of 660 square miles. It is, and has been for years, one of the richest counties in the State. It ranks third in regard to population, having 53,000 inhabitants, about 5,500 of whom are negroes.

The assessed basis of Frederick County amounts in round numbers to \$30,000,000, \$6,500,000 of which was due to the reassessment of 1910. From 1877 to 1910 the assessable basis of Frederick County decreased over \$3,000,000, so that the aggregate result of the present increase is slight. Indeed, the total assessed increase since 1877 amounts to only 14 per cent., which is lower than that of any other county in the State.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

Assessments in Frederick County are far from uniform. It is said that the assessors aimed at assessing seven-tenths of the value of property, but that the result will not average much over 50 per cent. of true value. An estimated average of 55 or 60 per cent. for the entire county will come as fairly near being accurate as the lack of uniformity among the assessments will permit.

This lack of uniformity is very well evidenced by the fact that the 1910 assessments in three districts were not only lower than existing assessments, but in a great many cases the valuations turned in by the owners were lowered. The result was so strikingly inequitable that the County Commissioners were forced to take a hand in the matter and increase the assessments so that the aggregate for each district would be higher than the amount of the last existing assessment.

SALE PRICES AND ASSESSMENTS.

The following examples of the differences between assessments and sale prices will serve to illustrate the amount of true value actually assessed:

District.	Assessment.	Sale Price.
Middletown	\$6,162	\$9,500
Frederick	4,750	9,500
Frederick	260	425
Catoctin	3,140	4,560
Jefferson	6,400	12,000
Middletown	3,000	4,375
Frederick	8,600	17,500
	\$32,312	\$57,855

ASSESSSED VALUE OF FARMLAND.

There has been some attempt to separate arable land and woodland on the assessment books, but it has not been carried out uniformly. Mountain land is, however, assessed separately.

The best farmland in the county is assessed at \$60 an acre. This character of land sells all the way from \$100 to \$200 an acre. It is said that large farms are assessed sometimes as low as one-quarter of their value, while in regard to smaller farms the percentage of value assessed is much higher. Mountain land is assessed from \$1 to \$5 an acre, most of it at the former figure.

The following table gives a clear idea of the assessed value of farmland in Middletown, District No. 3. This is one of the finest farm districts in Frederick County:

MIDDLETOWN, DISTRICT No. 3.

No. of Farms.	Acreage.	Assessed Value.	Average per Acre.
27 (100 Acres up).....	3,885	\$151,077	\$38 88
24 (25 to 100 Acres).....	1,285	45,929	35 74

TOWN ASSESSMENTS.

There are eight incorporated towns in Frederick County, the largest of which is Frederick City, the county seat. The assessable basis for town and county purposes are not the same in all cases. Frederick City for county purposes is assessed according to the lot plan, while for municipal purposes it is assessed on the front-foot basis. The assessment for municipal purposes is decidedly higher than for county purposes. All the other towns are assessed on a lot basis. The general claim is made that the average assessment in the towns is about seven-tenths of the value.

PERSONAL PROPERTY.

On account of the fact that there are no regular assessors other than the Board of County Commissioners, it is probable that much personalty escapes assessment. Horses are assessed at \$125 and cows at \$30.

SECURITIES AT THE THIRTY-CENT RATE.

Securities at the 30-cent rate are reported to the amount of \$1,003,738; \$425,298 of these are held in District No. 2, which includes Frederick City.

RAILROAD ASSESSMENTS.

The Baltimore and Ohio Railroad (Metropolitan Branch) is assessed \$10,000 a mile for single track and \$2,500 a mile for siding.

The York, Hanover and Frederick Railway Company is assessed \$5,000 a mile for single track.

The Western Maryland Railroad is assessed at the rate of \$6,000 a mile for main track and \$1,500 a mile for siding.

DISTRICT ASSESSMENTS.

District.	Real.	Personal.	Home Stock at 15c.	Home Stock at 30c.
1.....	\$1,346,084	\$253,259	.....	\$164,870
2.....	5,302,791	1,333,068.	\$746,000	425,298
3.....	1,444,601	264,090	11,200	26,000
4.....	418,498	92,577	.....	700
5.....	1,074,535	292,366	26,052	17,025
6.....	343,985	85,880	.....	500
7.....	845,609	157,410	.....	27,960
8.....	562,462	122,158	.....	14,400
9.....	1,143,739	271,375	.....	19,420
10.....	397,681	81,041	.....	81,825
11.....	911,899	200,090	.....	600
12.....	621,356	101,458	.....	.....
13.....	528,398	81,116	.....	70,000
14.....	677,125	117,527	.....	2,000
15.....	806,540	446,486	46,920	.....
16.....	615,742	116,477	12,250	.....
17.....	697,297	148,654	.....	18,500
18.....	533,312	108,796	.....	.....
19.....	464,763	96,127	.....	93,710
20.....	541,407	92,139	.....	.....
21.....	476,019	68,340	.....	17,500
22.....	674,013	181,577	.....	21,390
23.....	376,673	76,412	.....	1,000
24.....	383,636	50,190	.....	1,000
25.....	810,746	146,689	1,000	.....
26.....	982,051	158,084	23,775	.....
	<u>\$22,980,962</u>	<u>\$5,143,386</u>	<u>\$867,197</u>	<u>\$1,003,738</u>

Judgments, \$390,297.

Total: County basis, \$30,225,746; State basis, \$29,205,674.

GARRETT COUNTY.

Garrett County lies in the extreme western portion of the State. Although the largest county of Maryland, having an area of 681 square miles, yet on account of its rugged topography much of it is unsuitable to cultivation. It has a population of 20,000, not more than 150 of which are negroes. A large part of Garrett County was platted and laid off into military lots of 50 acres each, which were given to survivors of the Revolutionary War. The ease with which this property can be traced results in the fact that there is little acreage which escapes assessment.

The assessed basis of Garrett County is \$10,835,753, over \$3,000,000 being due to the reassessment of 1910 (which was not effective in Garrett until 1912). Since 1877 the assessable basis of the county has increased 224 per cent., which is a larger increase than that made by any other county in the State.

PERCENTAGE OF ASSESSMENT TO VALUE.

The assessment in Garrett County is said to be fairly uniform for the various districts, though fluctuating considerably in regard to neighboring properties. The assessors had 75 per cent. in mind when the assessments were made, and the general average throughout the county is probably from 5 per cent. to 10 per cent. lower than this. The assessments in Garrett County are, if anything, slightly higher than those in Allegany County.

SALE PRICES AND ASSESSMENTS.

The following actual examples of assessments and sale prices are taken from the latest county records. The aggregate assessments amount to 66 per cent. of the sale values:

	Assessment.	Sale Price.
District No. 3.....	\$2,987	\$3,300
	1,560	5,000
	4,956	5,200
District No. 5.....	1,384	2,300
	3,274	4,000
District No. 7.....	2,000	2,940
District No. 8.....	2,085	5,000
	898	3,000
District No. 10.....	1,695	2,400
	1,360	2,450
	270	500
District No. 14.....	5,350	6,000
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	\$27,819	\$42,090

ASSESSED VALUE OF LAND PER ACRE.

There is no classification under the head of arable land on the assessment books, but many of the larger farms are divided for assessment purposes and a different assessment per acre placed on each portion. Woodland is not assessed separately. Farmland is assessed from \$8 to \$100 an acre, "rough land" from \$1 to \$5 and "barren land" at \$1.

Coal lands are assessed at from \$5 to \$40 per acre, the average being about \$25.

The best farmland district is No. 3. The average assessment of this farmland is shown by the following table:

DISTRICT No. 3.

No. of Farms.	Total Acreage.	Total Value.	Average per Acre.	High.	Low.
31	4,885	\$72,526	\$14 85	\$40	\$8

TOWN ASSESSMENTS.

At variance with conditions in Allegany and other counties, town property in Garrett County is assessed higher on the average than is farmland. This is especially true in regard to Mountain Lake Park, where assessed and actual values practically correspond. In Oakland property is assessed on a lot basis, although this basis is closely governed by the frontage. The most valuable property in Oakland is assessed at \$40 a front foot.

All the towns have separate assessments for strictly local purposes, but these are said to correspond fairly well with the assessments made by the county. On the county books, town assessments are not kept separate from county property.

PERSONAL PROPERTY.

Personal property is well classified and is not assessed according to list prices. Assessors receive \$1.50 a thousand for new property placed on the books and there is one assessor in each district. There is not, it is said, much personal property missed. Horses are assessed from \$2 to \$500; cows at \$30 on an average.

SECURITIES AT THE THIRTY-CENT RATE.

There are no securities in the county taxed at the 30-cent rate. In explanation of this apparent omission it is said that there are only a few foreign stocks and bonds held by residents of the county and that these have not been deemed sufficient for consideration, but are assessed as other securities under ch. 120, 1896 sec. 194.

RAILROAD ASSESSMENTS.

There are two railroads in the county upon which taxes are levied. The Oakland and Confluence Railroad is assessed at \$4,000 a mile for main single track and \$1,500 a mile for siding.

The Western Maryland Railroad is assessed \$10,000 a mile on its main line and \$5,000 a mile on siding.

DISTRICT ASSESSMENTS.

District No.	Real.	Personal.	Total.
1.....	\$746,349	\$112,369	\$858,718
2.....	654,817	182,765	837,582
3.....	913,183	283,115	1,196,298
4.....	642,837	104,943	747,780
5.....	513,628	136,215	649,843
6.....	321,077	83,199	404,276
7.....	1,262,405	211,160	1,473,565
8.....	920,082	269,162	1,189,044
9.....	242,361	43,292	285,653
10.....	649,334	114,085	763,419
11.....	289,735	37,592	327,327
12.....	287,715	87,676	375,391
13.....	489,779	119,675	609,454
14.....	1,410,731	328,608	1,739,339

HARFORD COUNTY.

Harford County lies along the northern border of Maryland, being bounded on the west by Baltimore County and on the east by the Susquehanna River, which separates it from Cecil County. It has an area of 439 square miles and a population of 28,000, of which 5,000 is negro. The county contains a large amount of good farm land, some of the best of which is in the Deer Creek Valley region.

The assessed basis of the county is \$17,500,000.00, of which amount \$4,000,000.00 represents the increase due to the re-assessment in 1910.

PERCENTAGE OF TRUE VALUE ASSESSED.

The six districts of the county are said to be uniformly assessed with the exception of District No. 2, in which the assessment runs 20 or 25 per cent. higher than elsewhere in the county. The general average of assessment for the entire county represents about 66 per cent. of its real value. In the reassessment of 1910 there were six special assessors employed, and probably less than 5 per cent. of their estimates of value were changed by the County Commissioners. Between periods of reassessment there is no attempt whatever to place upon the books any increases in the value of real estate. As there are no assessors of personal property, with the exception of the County Commissioners, a large part of this also escapes taxation during periods between reassessments.

ASSESSMENTS AND SALE PRICES.

The following actual examples taken from recent records confirm the opinion that about two-thirds of actual value is assessed.

District.	Assessment.	Sale Price.
2.....	\$2,247	\$4,050
3.....	8,640 (300 Acres)	10,000
3.....	6,240 (148 Acres)	12,000
3.....	1,975	3,325
3.....	664	1,050
4.....	410 (7 Acres)	1,050
5.....	2,880	3,000
5.....	6,855 (97 Acres)	10,500
5.....	1,250	1,550
6.....	900	2,200
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	\$32,061	\$48,725

ASSESSED VALUE OF LAND.

The average assessment of good farm land in Harford County is at the rate of \$25.00 an acre. What is said to be the best farm in the county is assessed at \$40.00 an acre, although there are a few tracts of farm land just outside of Belair which are assessed as high as \$60.00 an acre.

Arable land, wood land and marsh land are for the most part assessed separately, although no designation is placed on the records describing the character of the several divisions of land. In a farm of 150 acres 50 acres may be assessed at \$25.00 an acre, 50 acres at \$15.00 an acre, and 50 acres at \$10.00 an acre, but it is impossible to tell, other than in a general way, the nature of these divisions. The only care of the County Commissioners seems to be to insure that the total assessment on land divided and sold corresponds to the total assessment of the same land as a single tract.

The average assessed value of good farm land in Harford County is well shown by the following table, which includes 30 farms appearing consecutively on the assessment books of the Third District (Belair):

THIRD DISTRICT.

No. of Farms.	Total Average.	Total Assessment.	Average per Acre.	High.	Low.
30	4,060	\$104,286	\$25 68	\$60	\$7

TOWN ASSESSMENTS.

Town assessments are uniform for municipal and county purposes. The assessments are made on the square-foot basis. As town property pays a different rate for county purposes than farm property, the total assessments are kept on file in the office of the County Commissioners.

PERSONAL PROPERTY.

Personal property at times of reassessment is valued in detail. The average taxable basis of horses is \$75.00; cows, \$25.00;

automobiles, \$400 to \$1,000. As previously mentioned, there are no regular assessors of personal property in Harford County, and the only new assessments that are turned in between periods of reassessment are those which happen to be made by the County Commissioners. On this account there is, undoubtedly, a very large amount of personal property which escapes taxation.

SECURITIES AT THIRTY-CENT RATE.

Securities at the 30c. rate amount to \$1,448,564, which is a very good showing compared to most of the other counties of the State. There is a definite effort to place this class of property on the books, and the results of this effort have been fairly satisfactory.

RAILROAD ASSESSMENTS.

The Baltimore and Ohio Railroad is assessed \$25,000 a mile for double track and \$5,000 a mile for siding.

The Philadelphia, Baltimore and Washington Railroad is assessed \$25,000 a mile for double track, \$7,500 a mile for single track and \$5,000 a mile for siding.

The Maryland and Pennsylvania Railroad is assessed \$8,000 a mile for single track and \$2,000 a mile for siding.

DISTRICT ASSESSMENTS.

District.	Real and Personal.	Towns.	Securities.	Railroads.	Totals.
1.....	\$2,085,595.	.....	\$533,200	\$524,621	\$2,094,174
2.....	3,546,405	\$443,274	145,884	569,100	3,566,463
3.....	3,408,351	645,193	564,286	111,095	4,506,735
4.....	2,656,110	.....	18,250	19,432	2,654,928
5.....	2,757,864	.....	117,100	64,503	2,810,461
6.....	2,199,389	.....	62,550	213,175	2,073,764

HOWARD COUNTY.

Howard County is another one of the counties of Maryland with great variety or classes of property. It is adjacent to Baltimore City and many of the owners of land are engaged in business in Baltimore City.

It is a small county, with an area of 249 square miles.

ASSESSMENT.

The following sales are cited, but many of them are foreclosures of mortgages, which have not been considered generally in statements of other counties:

Acres.	District.	Assessment.	Sale.
160.....	4th	\$6,325	\$7,000
75.....	5th	1,805	3,500
Lot—Ellicott City.....	2nd	3,100	2,600
Lot—Ellicott City.....	2nd	1,400	1,430
103.....	5th	3,280	3,950
62.....	4th	1,665	3,781 18
393.....	6th	10,075	6,400
93.....	4th	2,360	2,000
298.....	4th	12,815	20,000
Lot—Ellicott City.....	2nd	1,090	1,250
8.....	4th	200	225
Total.....		\$44,115	\$52,136 18

DISTRICT ASSESSMENT.

It would appear as though the assessed valuation of land is more uniform than in some other counties, and that there are not the same extreme assessments of farmland.

The best farms in the county are in the neighborhood of Clarksville, or the Fifth District. The farms in this territory are mostly large, ranging in size from 300 to 500 acres. The farmland of the Third and Fourth Districts is also valuable.

There are no classifications of lands such as arable, barren and wood land, and farms are assessed throughout at a unit of value.

The poorest district from a standpoint of farms is the First, but the assessment of part of it, known as Lawyers' Hill, brings the aggregate of assessment to a large figure. This is a suburban development. Land is assessed at Lawyers' Hill from \$200 to \$300 an acre, and some of the improvements are assessed rela-

tively high. A part of this district is devoted to trucking and these small farms are assessed higher than other parts of the county.

Ten farms, all under 100 acres, in the First District averaged an assessment of \$38.75 an acre, and had an average assessment of \$1,088 on improvements. The average size was 57 acres.

Of ten farms in this district, over 100 acres, the average assessment was \$31.53 an acre, with average improvements of \$1,602. The average size was 173 acres.

Farms in the Fifth District were also picked without selection for the purpose of averaging assessments. Ten farms, all under 100 acres, had an average assessment of \$17.78 per acre, with improvements assessed at the average valuation of \$515. The size was 63 acres.

Of these ten farms, over 100 acres, the average assessment per acre was \$23.38, and improvements \$1,579. The average size was 163 acres.

Improvements are, in part, assessed very low. In the "Hills of Howard County" are some of the finest country homes in the State of Maryland; probably the finest "manor" in the State is in this county.

Some of the assessments on these large properties are very low, an instance being noted of an \$8,000 assessment of a home worth many times this amount.

The largest assessment against any house was \$37,000, and it was not by any means against the most valuable in the county.

The manner of assessing lots at a minimum of \$100, whether the owner has one or twelve, is the same as in Anne Arundel County.

The total cost of assessing property last year amounted to \$250.30. Assessors are paid \$1.50 for every \$1,000 added to the taxable basis by their efforts. The reassessment of 1910 added 38 per cent. to the taxable basis.

ADJOINING COUNTIES.

Two owners having farms partly in Carroll and Howard Counties were examined for assessment. As far as investigation availed, the portions are of same value. As regards one case, the Howard County portion is assessed at \$24 an acre, while the part in Carroll is assessed at \$18.

The other shows an assessment in Howard of \$25, in Carroll of \$10.

SECURITIES SUBJECT TO THE THIRTY-CENT LOCAL RATE.

The aggregate assessment against this class of property is \$1,241,087.

PERSONAL PROPERTY.

By order of the board, horses were listed at \$50 to \$100, cows at \$25, brood sows at \$15, heifers at \$15 and calves at \$10. Automobiles were assessed arbitrarily without reference to make and age at \$400 to \$1,000.

Often the test of personal property for assessment against persons who owned no real estate was the ownership of a piano.

In only one instance was there a return at the time of the re-assessment under the Act of 1910 of farming machinery over \$300, which is the amount exempted.

TOWN ASSESSMENT.

The only incorporated town is Ellicott City. The assessment for local town purposes and State and county purposes is the same.

RAILROAD ASSESSMENT.

The only railroad in the county is the Baltimore and Ohio Railroad, the Washington Branch, being assessed at \$20,000 a mile for double tracks and sidings at \$5,000 a mile.

DISTRICT ASSESSMENTS.

	Real and Personal.	Securities.
1. Elkridge	\$1,658,455	\$708,450
2. Ellicott City.....	2,338,925	382,769
3. West Friendship.....	1,508,778	1,080
4. Lisbon	1,835,345	84,450
5. Clarksville	1,306,092	1,500
6. Guilford	1,604,495	55,740
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	\$10,452,090	\$1,233,989

KENT COUNTY.

Kent County is the second smallest of the Eastern Shore counties, containing an area of only 281 square miles. It lies almost due west of Baltimore, Queen Anne's County forming its southern and Cecil County its northern boundary. It has a population of 17,000, over 6,000 of which is negro. There are six incorporated towns within the county. Chestertown, the county seat, which is the largest of these, has a population of 2,850.

The assessed basis of Kent County is a little over \$10,000,000. The increase gained by the reassessment of 1910 was slightly more than \$1,500,000. The greater portion of the area of the county is splendidly suited for farm purposes, especially the growing of tomatoes. There is much waterfront property within the county, for which there is a fairly steady demand.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

The assessment value of land in Kent County seems to represent about 65 per cent. of its true value. It is said that the assessors had 75 per cent. in mind when they began the reassessment, but the total result obtained was about 10 per cent. below this amount. There were two general assessors for the whole county, so that as far as the various districts are concerned their work is said to be fairly uniform. Of the nine assessors employed six were farmers; two were mechanics and one worked in an office.

ASSESSMENTS AND SALE PRICES.

The following examples of the differences existing between sale price and assessment cover all of the seven districts of the county. The opinion of county officials that 65 per cent. of the value is assessed is admirably confirmed by the fact that the total assessment as extracted from the records represents 65.1 per cent. of the total sale price:

	Assessment.	Sale Price.
District No. 1.....	\$10,500 (300 Acres)	\$15,000
	4,800 (350 Acres)	6,780
	8,225 (207 Acres)	12,000
District No. 2.....	5,620 (150 Acres)	9,450
	7,735 (220 Acres)	11,000
District No. 3.....	5,000 (149 Acres)	8,000
District No. 4.....	2,660 (Chestertown)	3,800
	2,750 (Chestertown)	5,000
District No. 5.....	510 (16 Acres)	1,000
District No. 6.....	12,230 (301 Acres)	18,000
	8,000 (203 Acres)	12,000
	2,500 (100 Acres)	3,900
	5,800 (205 Acres)	10,000
District No. 7.....	8,526 (297 Acres)	14,000
Total Assessment.....	\$84,856	Total Sale Price, \$129,930

ASSESSED VALUE OF LAND PER ACRE.

Arable, wood and marsh land are assessed separately. The highest assessment of farmland in the county is \$50 an acre, though the best land is seldom assessed higher than \$45 an acre. The average assessment of farmland is somewhere in the neighborhood of \$30 an acre. Very good farmland customarily sells for between \$75 and \$100 an acre.

Twenty-five consecutive farms were taken in both the Second and the Sixth Districts. The Second District contains some of the best land in the county, while the average of the Sixth District is of a much lower grade.

DISTRICT No. 2 (VERY GOOD LAND).

No. of Farms.	Total Acreage.	Total Assessments.	Average per Acre.	High.	Low.
25	5,400	\$195,884	\$36 27	\$45	\$25

DISTRICT No. 6 (FAIR LAND ONLY).

No. of Farms.	Total Acreage.	Total Assessments.	Average per Acre.	High.	Low.
25	5,377	\$153,580	\$26 70	\$43	\$18

TOWN ASSESSMENT.

The six incorporated towns in Kent County have an aggregate assessed basis of \$2,195,044, or more than one-fifth of the value of the entire county. The assessment is the same for town and

county purposes, a condition not usually met with elsewhere. Property is assessed on the front-foot basis. The highest assessments in Chestertown are at the rate of \$125 a front foot and from this amount they run down to \$5 a foot and even less.

On the county books town property is not entered separately.

PERSONAL PROPERTY.

Personal property is assessed at a somewhat lower percentage than realty, but on account of the nature of the property it is not possible to estimate this percentage with any exactness. The assessors, who are appointed by the treasurer, each year endeavor to assess all new property, including improvements, but the yearly aggregate increase from this line of work is not even sufficient to make up for the insolvents. The assessors are paid 25 cents for each assessment.

Although there is no fixed list value for live stock, horses are usually taxed at \$50, cows at \$30, sheep and hogs at \$5 each; \$150 seems to be a somewhat customary valuation for household furniture, although numerous other valuations are recorded.

SECURITIES AT THE THIRTY-CENT RATE.

Securities to the amount of \$248,620 are taxed at the 30-cent rate. These securities are not separately totaled for each district.

RAILROAD ASSESSMENTS.

The Delaware Railroad (Pennsylvania) is assessed at \$12,000 a mile for single track and \$2,000 a mile for sidings.

The rolling stock apportioned to the county by the State amounts to \$147,000.

DISTRICT ASSESSMENTS.

REAL AND PERSONAL (NOT SEPARATED).

District No. 1.....	\$2,019,599
District No. 2.....	2,027,851
District No. 3.....	1,335,484
District No. 4.....	1,796,003
District No. 5.....	978,355
District No. 6.....	966,188
District No. 7.....	832,915

MONTGOMERY COUNTY.

Montgomery County is the fifth largest in the State, having an area of 518 square miles. It has a population of 32,000, over 9,000 of which is made up of negroes. Bordering as it does on the District of Columbia, suburban land values have greatly increased the assessable basis of the county. Splendid farm and pasture land has also contributed a large part toward making Montgomery one of the richest counties of the State.

The assessed basis of Montgomery County for State purposes for the year 1912 was \$19,889,225. Four and one-half millions of this amount represented an increase due to the reassessment of 1910. Since 1877 Montgomery County has increased its assessable basis 140 per cent., being exceeded only in this respect by Garrett County, Baltimore County, Allegany County and Caroline County in the order named.

PERCENTAGE OF TRUE VALUE ASSESSED.

In their return to the County Commissioners it is stated that the percentage of assessment to actual value in the whole county is about 50 per cent. It seems probable, however, that this is somewhat of an overestimate and that a percentage in the neighborhood of 40 per cent. would be more nearly correct. Indeed, the actual records show that assessments of one-third of actual value are quite usual. The United States Census Bureau estimated the percentage of assessment to true valuation at 43 per cent. As this 43 per cent. included buildings, which in Montgomery are assessed proportionately higher than farmland, the proper percentage is doubtless in the neighborhood of 40 per cent.

ASSESSMENTS AND SALE PRICES.

On account of the influence and activity of Washington real estate dealers the actual sale price of property seldom appears on the transfer records. However, the following concrete examples,

taken from the latest records, are typical of the variation between assessment and actual sale price:

Assessed value.	Price obtained.	Percentage assessed.
\$456	\$1,550	29%
675	2,050	33%
1,460	4,175	35%
2,400	6,700	36%
3,026	9,306	32%
13,295	41,000	32%
Totals.. \$21,312	\$64,781	33%

ASSESSED VALUE OF LAND PER ACRE.

Farmlands are variously assessed from \$12 to \$150 per acre. There is no very considerable amount of property assessed at over \$50 an acre. Arable and wood land are not separately assessed. In their report, the County Commissioners state that the average value of farmland for the county is about \$20. This seems to be a fair estimate.

The assessed value of 90 farms in Rockville District No. 4 were taken, each farm appearing consecutively on the latest assessment records of the county. In one-half of the farms considered the acreage was from 25 to 100, and in the other half the acreage began at 100 and ran from thence upward to the largest tract, which contained 347 acres. The following table will give a very good idea of the assessed value of land in Montgomery County:

ROCKVILLE DISTRICT No. 4.

Number of Farms.	Total acreage.	Total value.	Average acreage.	Average assessment per acre.	Lowest assessment per acre.	Highest assessment per acre.
45 (25 A. -100)...	2,419	\$43,240	53.7	\$17 87	\$5 00	\$50 00
45 (100 A. up)...	7,950	213,084	176.6	26 80	6 00	50 00
90 (as above)....	10,369	256,324	115.2	24 75	5 00	50 00

TOWN ASSESSMENTS.

There are twelve incorporated towns in Montgomery County, having an aggregate assessed value in the neighborhood of

\$3,000,000. The assessed basis of these towns is the same for municipal and county purposes.

Assessments are made on the lot rather than on the front-foot basis. Some of the property in Takoma Park is, however, assessed according to the number of square feet.

From the reports made by the several towns in the county it would appear that town property is assessed much nearer its true value than is farmland. One town, Glen Echo, claims that four-fifths of the actual value is assessed, while several reports state that two-thirds of the actual value is assessed.

PERSONAL PROPERTY.

There is much live stock within the county and not a little of it is said to be missed by the local assessors. The average taxable value of horses is \$75, cows \$20, automobiles \$250.

The assessed value of household furniture varies greatly from district to district. In the Rockville District the general variation runs from \$35 to \$800, while the average assessment is in the neighborhood of \$200.

Stock in trade is quite conservatively assessed. This may be inferred from the following typical instances of differences existing between licenses obtained and the stock in trade actually assessed:

Assessment.	Licensed For.
\$400	\$1,000
1,250	4,000
4,000	10,000

SECURITIES AT THE THIRTY-CENT RATE.

Every district in Montgomery County, except the Twelfth, reports stocks and bonds at the 30-cent rate, the aggregate amount totaling \$1,108,865. District No. 13, which borders on Washington, contains the largest assessment on this class of property.

RAILROAD ASSESSMENTS.

The Baltimore and Ohio Railroad is assessed at the rate of \$20,000 a mile for double track, \$12,500 a mile for single track and \$2,500 a mile for siding.

The Washington and Rockville Railway Company (electric) is assessed at the rate of \$10,000 a mile. Five cars belonging to this railroad are assessed at \$4,000 a car.

The Washington and Glen Echo Railway (electric) is assessed at the rate of \$2,500 a mile.

DISTRICT ASSESSMENTS.

District No.	Real Estate.	Personal Property.	Total Real and Personal.	Stocks and Bonds.
1.....	\$726,215	\$191,315	\$917,530	\$28,300
2.....	738,205	155,145	893,350	25,550
3.....	887,445	196,760	1,084,205	2,000
4.....	2,006,970	693,985	2,700,955	149,450
5.....	730,575	203,670	934,245	4,850
6.....	699,855	146,410	846,265	2,750
7.....	4,059,280	342,155	4,401,435	173,250
8.....	1,038,045	287,080	1,325,125	300,775
9.....	1,163,850	239,880	1,403,730	11,260
10.....	508,905	70,485	579,390	1,000
11.....	832,050	134,085	966,135	83,770
12.....	561,180	120,585	681,765	.....
13.....	3,116,470	420,435	3,536,905	325,910
Totals.....	\$17,069,045	\$3,201,990	\$20,271,035	\$1,108,865

STATE PURPOSES—TOTALS.

\$16,438,575	\$2,505,285	\$18,943,860	\$945,365
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PRINCE GEORGE'S COUNTY.

Prince George's County extends from Howard County on the north to Charles County on the south, a large portion of the western boundary of the county bordering on the District of Columbia. It is the seventh county of the State in point of area, containing 479.6 square miles. It has a population of over 36,000, a little less than one-third of which is negro. While the soil in some of the districts is excellent, yet taken as a whole the farmland is far less productive than the more northern counties. The county contains seven incorporated towns, one of which, Takoma Park, is shared with Montgomery County. Upper Marlboro is the county seat.

The assessed basis of the county is a little over \$16,000,000, \$3,000,000 of which was an increase due to the reassessment of 1910.

PERCENTAGE OF TRUE VALUE ASSESSED.

The percentage of true value assessed varies extremely from district to district. In some districts, such as Marlboro, large tracts of land are assessed at less than one-fifth of their actual value, while much land in other parts of the county is assessed at practically full value—in some cases even above full value. In addition to favoritism, one of the most important factors which contributed to this result was the fact that the returns made by the individual property holders as to the value of their property were accepted without change. This condition is strikingly shown by the schedule of returns of the general assessment of 1910. In the Marlboro District 120 out of 126 separate valuations placed on their property by owners were accepted by the assessors as correct and entered on the books. If this ratio were borne out through each district, it would mean that nineteen out of every twenty times the property owners' valuation was accepted. But even if this ratio is too high, a ratio of nine out of ten is said to be fair by some of the county authorities.

The necessary lack of uniformity, resulting from the methods just outlined, makes it somewhat difficult to arrive at the proper general average percentage of assessment to true value, but a

number of factors lead to the belief that the assessed value of the entire county does not represent more than 60 per cent. of its real value.

ASSESSMENTS AND SALE PRICES.

The following examples taken from the recent records of the county show actual instances of the difference between assessments and sale prices. It will be noted that in several cases the assessment is more than the sale price, a condition which is practically never met with elsewhere in the State:

District.	Assessment.	Sale Price.
4.....	\$300 00 (21 Acres)	\$231 00
5.....	480 00 (60 Acres)	750 00
5.....	7,015 00 (467 Acres)	16,000 00
5.....	984 00 (113 Acres)	800 00
10.....	650 00 (Laurel)	1,200 00
10.....	1,500 00 (Laurel)	1,500 00
12.....	1,440 00 (37 Acres)	1,200 00
12.....	935 00 (10 Acres)	1,200 00
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	\$13,304 00	\$22,881 00

ASSESSED VALUE OF LAND.

The average assessment of farmland throughout the county is placed by the County Commissioners at \$10 an acre.

Wood land and arable land are not usually separately assessed. Marshland, however, is customarily separated from farmland. The assessments on marshland run from \$1 to \$4 per acre.

Much land in the Marlboro District is assessed at \$25, which has a market price ranging from \$50 to \$100 an acre. The average assessed value of land in the Marlboro District is well shown by the following table, which includes practically all the large farms in the district:

MARLBORO DISTRICT.

No. of Farms.	Total Acreage.	Total As- sessed Value.	Value Assessed per Acre.	High.	Low.
10 (25 A.-100 A.).....	606	\$8,733	\$14 41	\$25	\$5
50 (100 A. up).....	10,548	199,182	18 40	25	5

In the Piscataway District, which is further to the south and lies partially along the Potomac River, the average assessment of land is still lower, as may be seen from the following table:

PISCATAWAY DISTRICT.

No. of Farms.	Total Acreage.	Total As- sessed Value.	Value Assessed per Acre.	High.	Low.
19 (25 A.-100 A.)...	1,022	\$11,003	\$10 77	\$25	\$6
26 (100 A. up).....	4,566	37,913	8 30	14	6

TOWN ASSESSMENTS.

Town assessments are made on the lot basis, rather than the front foot. Town property is not kept separate on the books of the county, which makes any comparison between town and county assessments impracticable.

PERSONAL PROPERTY.

Personal property is assessed separately and in some cases quite fully. The average taxable value of horses is \$50, cows \$15, automobiles \$300. Hogs are not assessed. There are three regular assessors of personal property within the county, but the districts which they must cover are so large that much personal property necessarily escapes taxation. In Districts Nos. 2 and 16 personalty is said to be decidedly under-assessed.

SECURITIES AT THE THIRTY-CENT RATE.

Prince George's County reports only \$142,879 worth of securities at the 30-cent rate. It is self-evident that this amount represents an extremely small percentage of the securities of this character which are held by residents of the county.

RAILROAD ASSESSMENTS.

The Baltimore and Ohio Railroad is assessed \$20,000 a mile for double track and \$5,000 a mile for siding.

The Philadelphia, Baltimore and Washington Railroad (Pope's Creek Branch) is assessed at the rate of \$5,000 a mile for single track and \$1,800 a mile for siding.

The Chesapeake Beach Railroad is assessed at the rate of \$3,000 a mile for both main line single track and siding.

ASSESSSED VALUE BY DISTRICTS.

District.	Real.	Personal.	Total.
1.....	\$1,623,960	\$89,071	\$1,713,031
2.....	1,253,632	58,185	1,311,817
3.....	549,937	80,297	630,234
4.....	479,389	83,831	563,220
5.....	477,128	110,954	588,082
6.....	849,783	59,324	909,107
7.....	867,358	91,532	958,890
8.....	294,842	58,360	353,202
9.....	315,801	38,450	354,251
10.....	1,335,955	210,550	1,546,505
11.....	377,770	86,506	464,276
12.....	562,158	70,495	632,653
13.....	883,074	60,450	943,524
14.....	930,645	79,140	1,009,785
15.....	491,855	58,013	549,868
16.....	1,662,779	123,698	1,786,477
17.....	1,592,338	140,407	1,732,745
18.....	882,349	63,458	945,807

QUEEN ANNE'S COUNTY.

In area Queen Anne's County contains 363 square miles, ranking as one of the largest counties of the Eastern Shore. In population, however, the county falls below Kent, its neighbor to the north, and Talbot and Caroline Counties, which are contiguous to the south. It contains no large centre of town population. Centreville, the county seat, contains less than 1,500 people and the other incorporated towns are quite small.

The assessed basis of the county is slightly over \$10,000,000, less than \$500,000 of which was added by the general assessment of 1910.

Although somewhat backward, both in regard to population and assessed basis, the land possesses all the fertility and richness native to the Eastern Shore. Large farms are the rule rather than the exception. In this respect it differs considerably from Caroline County, where the profits incident to truck farming have resulted in an important increase both in land values and in population. Waterfront farms in Queen Anne's, while in good demand, have not yet reached the prices prevailing in Talbot.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

In the report of the County Commissioners it is stated that the assessed basis represents about 50 per cent. of the true value of property within the county. This low percentage of assessment is in rather striking contrast to neighboring counties, which assess on the average from 15 to 30 per cent. higher. If the assessed basis of both Queen Anne's and Talbot Counties represented the real value of property in each, it would mean that land in Talbot is 60 per cent. more valuable than that in Queen Anne's. While considerable difference at present actually exists, it is, of course, nothing like 60 per cent.

The extremely low character of the assessment is directly attributable to the work of the general assessors in 1910. It is said that these assessors, all of whom were farmers, did not possess the training necessary for the attainment of an equitable result.

There is a strong opinion in certain quarters of Queen Anne's County that the present basis of assessment is not only manifestly unfair to the adjoining counties and to the State, but that it is also a decided detriment to the county itself. Instances are cited where outside capital, not entirely familiar with local conditions, has refused to purchase property upon making the discovery that the proposed sale price was several times the assessed value.

The assessment of 1910 is also said to be lacking in uniformity, although in this respect the defect is much less glaring than in some other counties which have a much higher assessed basis:

ASSESSMENTS AND SALE PRICES.

The following actual examples taken from the records of five of the seven districts comprising the county clearly show the great difference between sale prices and assessed value:

	Assessment.	Sale Price.
District No. 1.....	\$12,000	\$25,000
	5,500	15,000
	2,100 (Trustee sale)	4,680
	7,280 (200 Acres)	12,000
	6,035 (218 Acres)	11,000
	3,564 (140 Acres)	7,040
District No. 3.....	200 (Town property)	1,500
	9,000 (Mortgage sale)	14,000
	2,100 (Town property)	2,700
District No. 4.....	6,200	16,000
District No. 5.....	3,175	5,150
	20,000	45,000
	8,000 (Administrator's sale)	17,786
	15,810 (435 Acres)	26,000
District No. 6.....	6,483	9,319
Total Assessment.....	\$107,448	Total Sale Price..... \$212,175

The above examples furnish excellent cumulative evidence that, on the average, not more than 50 per cent. of the actual value of the land is assessed.

ASSESSED VALUE OF LAND PER ACRE.

Similar to the adjoining counties, land is usually divided into three classes, viz: arable land, wood land and marsh. The general average assessment is stated to be about \$15 per acre.

The highest assessed valuation per acre of arable land is \$50, but there are extremely few pieces of property in the county assessed at this rate. The highest average assessment for the best farmland is \$40 per acre, although the actual value of the land is more than twice this amount.

The total average of twenty-five consecutive farms, over 100 acres each, serves as a fair illustration of the actual assessment basis of arable land in the richest portion of Queen Anne's.

FIFTH DISTRICT (BEST ARABLE LAND).

Total No. Acres.	Total Assessed Value.	Average Value per Acre.	High.	Low.
5,287	\$181,923	\$34 50	\$50	\$22

In the Seventh District, in which the arable land is generally poorer than that throughout the rest of the county, the average assessment of twenty-five consecutive farms of over 100 acres each (wood land and marsh not considered) is as follows:

SEVENTH DISTRICT.

Total No. Acres.	Total Assessed Value.	Average per Acre.	High.	Low.
4,210	\$89,092	\$21 10	\$32 50	\$10

Woodland is assessed separately and usually at from \$5 to \$15 per acre. About 25 per cent. of the county is woodland. The assessment on marshland is customarily from \$2 to \$5 per acre.

TOWN ASSESSMENTS.

There are four incorporated towns in the county, the land in each one being assessed on a lot rather than on a front-foot basis. All of the towns are comparatively small, their combined population being under 2,500.

Town and county property are not kept separate on the assessment books. Each town has a separate assessable basis for local purposes, which is considerably higher than the county basis.

PERSONAL PROPERTY.

The 1910 assessments did not place upon the books any noticeable increase in the value of personal property. New personalty is supposed to be assessed each year. The assessors, of whom there is usually one in each district, receive 25 cents for each new piece of property which they place on the books regardless of the value involved. A typewritten list is furnished each assessor which gives definite valuations for various kinds of property. The assessor follows this list closely irrespective of the special character of the property.

LIST VALUE OF PERSONAL PROPERTY IN
QUEEN ANNE'S COUNTY.

One horse.....	\$100 00
Horses	50 00
Stallion	From \$100 00 to 500 00
Mules	75 00
Colts from one to three years old.....	25 00
Milch Cows.....	20 00
Yearlings	10 00
Oxen and Bulls.....	25 00
Sheep	4 00
Hogs for killing.....	5 00
Top Carriage.....	40 00
No-Top Buggy.....	25 00
Farm Wagon.....	25 00
Dearborn	15 00
Saw Mills.....	From \$200 00 to 400 00
Threshing Engine.....	From \$500 00 to 1,000 00
Threshing Wheat.....	From \$200 00 to 500 00
Power Corn Shellers.....	From \$100 00 to 250 00
Timber Wheels.....	From \$20 00 to 40 00
Piano	100 00
Organ	40 00
Wheat Binders.....	40 00
Drill	30 00
Roller	10 00
Gun	10 00
Mower	10 00
Corn Cutter.....	15 00
Stationary Engine.....	From \$300 00 to 700 00
Machinery for Creamery.....	From \$200 00 to 500 00
Hand Separator.....	50 00
Gasoline Engine.....	From \$200 00 to 400 00
Canoes	From \$20 00 to 75 00
Steam Launch.....	From \$100 00 to 500 00
Automobiles	From \$500 00 to 2,000 00
Bateau.....	From \$5 00 to 15 00
Bugeye	From \$400 00 to 800 00
Schooner	From \$600 00 to 1,500 00

The explanation of assessment of "one horse," \$100; horses, \$50, is said to be that the owner of one horse is usually a small property owner who might otherwise entirely escape taxation.

SECURITIES AT THE THIRTY-CENT RATE.

Four out of the seven districts make no return of any securities at the 30-cent rate, and of the total of \$313,331 taxed in the remaining districts, \$257,840 is assessed to one woman. Many securities of this class were sworn off shortly after the general assessment, and no determined attempt has been made to place more of this class of property upon the books.

RAILROAD ASSESSMENTS.

The Maryland, Delaware and Virginia Railroad, which owns about fifty miles of trackage in Queen Anne's, is apparently entirely unassessed, with the exception of a few stations, etc. amounting in all to \$7,510. There is also no assessment of the rolling stock of this road, although the greater part of it is entirely within the county.

The Delaware Railroad (Pennsylvania) is assessed at approximately \$6,000 a mile for single track and \$2,700 a mile for sidings.

DISTRICT ASSESSMENTS.

	Total Real and Personal (Not Separated).	Bonds, 30c. Rate.
First	\$1,448,720	.....
Second	1,341,082	\$7,780
Third	2,416,975	46,671
Fourth	971,963
Fifth	1,619,792	257,840
Sixth	1,288,912
Seventh	717,019
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	\$9,804,463	\$312,331

ST. MARY'S COUNTY.

St. Mary's County is the most southerly county of the Western Shore. It is considerably smaller in area than Charles County, which touches it on the north, having an area of 369 square miles. Its population, however, of 17,000 is one thousand larger than that of Charles, and the proportion of negro population is also somewhat less than in the latter county.

The assessed basis of the county, in round numbers, is \$5,000,000, of which amount \$1,500,000 is an increase due to the assessment of 1910. The increase from 1877 to 1910 was less than \$500,000.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

Seventy per cent. seems to fairly represent the general relation between assessment and actual values in St. Mary's County. This general average percentage is far from uniform throughout the county. This is due to the fact that interior land is, as a rule, assessed almost up to its real value (some say beyond its value), while waterfront property is assessed at much less than its selling price. A large part of the land in the interior of the county is rough and unproductive, while there exists a fairly active demand for waterfront property. This results in a steady increase in the value of the latter, while the price of land situated in the interior is more or less stationary, due in an extent to the lack of facilities for transportation.

ASSESSMENTS AND SALE PRICES.

Examples of the differences between assessments and actual sale prices are difficult to procure, but the following ten sales are fairly illustrative of the actual differences existing between them:

	Assessment.	Sale Price.
District No. 2.....	\$1,050 00 (25 Acres)	\$1,750 00
	13 40 (Building Lot)	600 00
District No. 3.....	1,500 00	2,800 00
	880 00	1,400 00
	60 00 (Building Lot)	425 00
District No. 4.....	1,530 00 (306 Acres)	2,000 00
District No. 5.....	250 00 (2 Acres)	400 00
District No. 7.....	3,180 00 (136 Acres)	*4,165 00
District No. 8.....	1,180 00 (135 Acres)	2,000 00
	3,650 00 (100 Acres)	5,000 00
	\$13,293 40	\$20,540 00

*Trustee's Sale.

ASSESSSED VALUE OF LAND PER ACRE.

Arable, wood and marsh land are not assessed separately, but the assessment per acre represents the supposed average value per acre for each entire tract. Practically the highest assessment per acre for the county is at the rate of \$50, although there is extremely little assessed at this figure. Indeed, there are not very many assessments which are more than \$25 an acre. The lowest assessment per acre is \$5. The average assessment in the less valuable portions of the county, such as Districts Nos. 4 and 5, run about \$7 or \$8 an acre.

The following table shows the average assessment on twenty-five farms situated in the Third District of St. Mary's County. This is a fairly average district and is the one in which Leonardtown is situated:

DISTRICT No. 3.

No. of Farms.	Total Acres.	Assessed Value.	Average per Acre.	High.	Low.
25	3,336	\$37,069	\$11 11	*\$47 50	\$5

TOWN ASSESSMENTS.

The only incorporated town in St. Mary's County is Leonardtown, the county seat. Here; the assessment, which is on the lot basis, is not kept separate from that of the Third District in which it lies. The assessment for local purposes is somewhat different from the county basis, but on the main is based on the county assessment books.

PERSONAL PROPERTY.

There are four permanent assessors in the county, who receive 25 cents for each \$100 of personal property turned in, but the system is said to be entirely unsatisfactory, and the opinion is held that any change would be in the nature of an improvement.

Live stock is assessed separately. The average assessed value of horses is \$75, cows \$20, hogs \$5. Up to the present time automobiles have not been assessed or taxed.

*This represents an assessment on more than 100 acres of waterfront, including wharf property. The next highest assessment is at the rate of \$18 per acre.

SECURITIES AT THE THIRTY-CENT RATE.

In four of the nine districts of the county there are assessments on stocks and bonds at the 30-cent rate, the total amounting in 1912 to \$88,829. Recent abatements will bring the present amount of stocks and bonds assessed within the county to less than \$75,000.

RAILROAD ASSESSMENTS.

There is only five and a half miles of railroad within the county, which is known as the Southern Maryland Railroad (Washington, Potomac and Chesapeake R. R.). The assessment on this is at the rate of \$5,000 a mile. Five miles of graded road on which no tracks have been laid is assessed at \$1 per mile. The county receives no tax on rolling stock.

DISTRICT ASSESSMENTS.

(REAL AND PERSONAL PROPERTY NOT SEPARATED.)

District No. 1.....	\$650,954
2.....	481,612
3.....	985,459
4.....	550,795
5.....	640,488
6.....	495,954
7.....	548,744
8.....	558,032
9.....	56,762
	<hr/>
	\$4,968,800

SOMERSET COUNTY.

Somerset County is the southernmost of all the counties on the Eastern Shore, which borders on the Chesapeake Bay; it has an area of 328 square miles. It is the leading county of the State in the crab industry. Crisfield, the largest town of the county, ships more hard crabs than any other town in the State, if not in the whole country, and it is one of the foremost, if not the foremost, in the shipping of soft crabs.

Within recent years trucking industry has developed rapidly and farms are in active demand. In the inner part of the county are large farms. The occupation of the people, inland, is entirely agricultural.

The following contrasts are fairly typical of forced sales in Somerset County, the selections being the last ones made and ratified at the time of investigation:

Acres.	District.	Assessment.	Sale Price.
175.....	Westover	\$5,800	\$9,000
		(prior sale private	\$14,000)
5.....	St. Peter's	100	153
20.....	Lawson	650	805
6.....	Lawson	650	812
180.....	East Princess Anne	4,600	4,000
61.....	East Princess Anne	1,080	600
House and lot....	Crisfield	2,300	2,725
5.....	Brinkley	100	300
7.....	St. Peter's	190	300
House and lot....	Crisfield	1,800	2,175
		<u>\$17,270</u>	<u>\$20,870</u>

The following transfers have been compiled from private sales:

Acres.	District.	Assessment.	Sale Price.
2.....	Westover	\$450	\$500
½.....	Deal's Island	290	360
25.....	Mt. Vernon	1,000	1,100
2½.....	Lawson	37 50	75
25.....	Mt. Vernon	500	1,500
71¼.....	Mt. Vernon	725	2,250
114¼.....	Dublin	2,300	3,100
Lot.....	Crisfield	300	600
71½.....	Westover	1,500	2,000
Marsh.....	Mt. Vernon	20	398
Lot.....	Crisfield	50	100
425.....	East Princess Anne	2,550	10,000
5¼.....	Deal's Island	275	350
27.....	Brinkley	260	600
10.....	Brinkley	875	1,350
250.....	Mt. Vernon	8,165	15,000
		<u>\$19,297 50</u>	<u>\$39,283</u>

A few offers of sale in the county are submitted, none of which were accepted by the owners. The offers were made in good faith by responsible parties.

Acres.	District.	Assessment.	Sale Offer.
325.....	West Princess Anne	\$15,150	\$20,000
100.....	West Princess Anne	7,500	20,000
365.....	West Princess Anne	8,000	20,000
525.....	Westover	21,500	36,000
100.....	East Princess Anne	8,965	20,000

DISTRICT ASSESSMENT.

The contrasts in property value between the different districts are not as marked as in Wicomico County, because the county is almost entirely devoted to agriculture. Land values have increased immensely, however, of late years through a large influx of non-residents. This statement applies more to the farms than to the towns.

The extremes of assessment are greater than in the adjoining counties, owing to local conditions that deserve a close study for explanation.

For instance, some parts of Deal's Island are assessed as high as \$120.00 an acre, which is nearer the value than many parts of other districts. It is true that the tracts are in small parcels and demand for them is constant.

The best district in the county is Brinkley District, and assessment varies from \$4.00 per acre to \$35.00.

In this district ten farms, all under 100 acres, averaged an assessment of \$18.00 an acre, with an average of 39 acres. Ten farms, over 100 acres, averaged \$11.00 an acre, with an average area of 153 acres. Some of the aggregate used for the average included improvements.

Ten farms, all over 100 acres, in Mt. Vernon District averaged an assessment of \$13.00 an acre and averaged in size 161 acres; while the same number of farms, all under 100 acres, averaged \$20.00 an acre assessment and size 48 acres each. Improvements in no case were included.

Improvements in the county are assessed very low, and on some of the best farms in the county with extensive improvements the assessment is nominal only. Examination, however,

showed spasmodic instances of very high assessment against some improvements.

There is also great diversity in assessments against woodlands, some instances being noted where there were \$35.00 an acre, while others are assessed much lower. The character of the woodlands was not examined by the investigator. The same disparity existed in assessments against marsh, varying from 50 cents per acre to \$3.00 per acre.

Somerset County was not assessed under the provisions of the reassessment act of 1910, owing to the fact that it had been reassessed the previous year.

ADJOINING COUNTIES.

Somerset County adjoins Wicomico County on the south and Worcester County on the west.

In the discussion under this head in Wicomico County instances of the two counties are cited, showing that the Somerset County side is assessed about twice as high as the Wicomico side.

Comparison with the neighboring county of Worcester is difficult owing to the fact that in the latter, land and improvements are assessed together. In Somerset, the land in many cases is more than the assessed value of both in Worcester.

STOCKS AND BONDS AT THE THIRTY CENT RATE.

This class of property is extremely small in amount, according to assessment, and the aggregate has not been reported to the State Tax Commissioner nor to this Commission. Examination shows but a very few persons against whom the assessment is levied, and the only ones, large in the aggregate, were those of trustees holding securities for beneficiaries of trust estates.

PERSONAL PROPERTY.

No information was obtained concerning the assessment against vessels, a large number of which are owned by residents of the county residing near Crisfield, although many efforts were made to obtain such information.

Horses were classified at \$25.00, \$50.00, \$75.00, \$100.00 according to age and condition, and it would appear as though the average approached \$75.00. Automobiles were listed at a very low figure. In one instance there was noted an assessment of a piano at \$600.00

Furniture is seldom assessed.

TOWN ASSESSMENTS.

The county seat of Somerset County is Princess Anne, which is a small town of about 1,100 people. It lies in two districts, East Princess Anne and West Princess Anne Districts.

The town's assessment for local purposes is \$622,000.00, and the aggregate of the two districts is \$2,151,528. The authorities claim that the municipal assessment is lower than the county or State assessment.

Crisfield, the largest town, lies in Crisfield District, but its corporate limits are not co-extensive with the limits of the district. The municipal assessment is \$1,616,462, and the district assessment is \$1,258,965.

Crisfield is assessed extremely low.

The highest assessment noted per front foot on Main street is \$20.00, while nearly all are at \$10.00.

In Princess Anne, a part of its Main street is assessed as high as \$25.00. Stores and dwellings on the principal streets in Crisfield are as low as \$550.00 (including land), and factories and warehouses (including land) are in some cases not assessed at more than \$350.00. The valuation would run well into the thousands.

The highest assessment of a dwelling is \$4,000.00 and \$12,000.00 would not buy it.

Locust street, Pine street, Seventh, Eighth, Ninth and Twelfth streets carry a small front foot assessment.

Crisfield is a heavy item to Somerset County, and from a cursory investigation is probably not assessed one-third of its value.

IMPROVED ROADS.

According to opinions of well-informed persons in the county, the State road from Princess Anne to Kingston has increased the value of the adjoining property from 50 per cent. to 80 per cent. Sales before and after completion would indicate a greater increase, but allowance must be made for consideration not apparent to the investigator.

The improved roads have not been the means of increasing the assessment in any one instance.

RAILROAD ASSESSMENT.

The railroads are assessed on the books of the East Princess Anne District, and the only road in the county is the N. Y., P. & N. R. R. The main track is assessed at \$7,000.00 a mile and second track at the same amount. Sidings are assessed at \$4,000.00, which are higher than in the adjoining counties. In addition, the land constituting the right of way is assessed at \$30.00 per acre. The Crisfield branch of N. Y., P. & N. R. R. carries an assessment of \$5,000.00 for main track and \$4,000.00 for side track.

Stations are separately assessed.

COUNTY ASSESSMENT BY DISTRICTS.

1. West Princess Anne.....	\$933,855 00
2. St. Peter's.....	222,675 00
3. Brinkley	856,055 00
4. Dublin	638,485 00
5. Mt. Vernon.....	351,915 00
6. Fairmount	390,565 00
7. Crisfield	1,258,965 00
8. Lawson	495,085 00
9. Tangier	91,285 00
10. Smith's Island.....	74,050 00
11. Dames Quarter.....	79,005 00
12. Asbury	294,675 00
13. Westover	555,695 00
14. Deal's Island.....	191,600 00
15. East Princess Anne.....	1,217,670 00
Total.....	<u>\$7,651,580 00</u>

TALBOT COUNTY.

Talbot County is one of the most favorably situated counties on the Chesapeake Bay. It admirably combines the advantages of good farmland and valuable waterfront sites. Although it is the smallest county of the Eastern Shore, containing an area of only 267 square miles, it has a population of 20,000, about 7,000 of which is negro. Three of its four incorporated towns have a population of over 1,000 each.

The assessed basis of the county is slightly over \$12,000,000, more than \$3,000,000 of which represents an increase due to the reassessment of 1910. The amount of this increase is not at all surprising when it is borne in mind that for a period of thirty-four years, namely, from 1877 until the completion of the last general reassessment, the assessable basis of the county increased only \$900,000, or at the rate of less than \$30,000 a year.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

The general basis of assessment for the county usually fluctuates between 60 per cent. and 80 per cent. of the real value. The difference in the percentage of true value assessed is not, as might be expected, a haphazard one, for since the general reassessment of 1910 the prevailing values throughout the county have been carefully watched, and the assessments throughout the several districts are fairly uniform. This difference in assessment arises almost entirely from the policy of the county in assessing farmland upon the theory of its actual income yield as a farm. Now, real estate values, especially in regard to salt water farms, have doubled and tripled in the last ten years due to the influx of Northern capital. For this reason there is much farmland which sells for a higher price than that which its mere value as a producing farm could command. It is contended that it would not be fair to assess farmers who have held on to their waterfront farms at the actual value of their property, for this in many cases would practically result in a forced sale. Acting on this principle, only the true value *as farmland* is sought to be taxed, the actual market values thus being treated as fictitious. In other portions of the county, where the conditions above re-

cited do not prevail, the assessment runs up to 75 per cent., or more, of the true value.

The most careful consideration of the evidence at hand seems to lead to the conclusion that, taken as a whole, the assessment in Talbot County represents about 70 per cent. of the true value of property. This conclusion is not only closely borne out by the actual examples of differences between assessment and sale price given herewith, but also by the general opinion that the assessed basis of the county before the reassessment of 1910 represented about 50 per cent. of the true value. As this former assessment amounted to \$9,048,915, the increase of \$3,141,000 would indicate that the present basis is 68 per cent. of the true value. The average of the following examples indicates a percentage of slightly over 67, and therefore the 70 per cent. as suggested is not likely to prove an underestimate.

ASSESSMENTS AND SALE PRICES.

Actual examples of differences between sale price and assessment taken from the latest records are as follows:

	Assessment.	Sale Price.
District No. 1.....	\$15,500 (291 Acres)	\$30,000
	16,530 (359 Acres)	24,000
	15,100 (250 Acres)	22,000
	3,000 (Easton)	6,200
	5,850 (Easton)	6,000
District No. 3.....	5,450 (208 Acres)	7,000
	2,350 (Manufacturing Plant)	2,250
	5,535 (70 Acres)	7,350
	5,625 (175 Acres)	7,000
	2,200 (68 Acres)	3,000
	12,500 (298 Acres)	25,500
District No. 4.....	5,450 (200 Acres)	5,950
	7,150 (200 Acres)	8,800
	1,925 (Town Lot)	2,250
	7,260 (170 Acres)	9,000
	7,630 (176 Acres)	13,000
	5,100 (141 Acres)	5,500
District No. 5.....	2,025 (26 Acres)	2,690
	2,680 (155 Acres)	3,075
Total Assessment.....	\$128,880	Total Sale Price, \$190,565

ASSESSED VALUE OF LAND PER ACRE.

Arable, wood and marsh land are usually assessed separately. The best arable land is assessed at \$55 an acre, while the general average for good farmland is \$35. Woodland is assessed at from \$15 to \$25 per acre, with an average assessment of about \$20. Twenty-nine per cent. of the county is wooded. There is some marshland which is assessed as high as \$10 per acre, but the vast majority of it does not run over \$5.

A fair idea of the assessed value of arable land in the Easton District, which contains some of the best land in the county, can be obtained from the following average values:

EASTON DISTRICT (100 ACRES OR OVER).

No. of Farms.	Total Acres.	Assessed Value.	Average per Acre.	High.	Low.
42	7,596	\$304,720	\$40 13	\$55	\$30

TOWN ASSESSMENTS.

There are four incorporated towns in the county, viz, Easton, Oxford, St. Michaels and Trappe. Town and county property are not kept separate on the assessment books, and it is, therefore, impossible to make any exact comparison between the total assessments for town and county purposes. There is no doubt, however, that the towns are assessed considerably higher for town than for county purposes, largely on account of the fact that charter provisions require that a certain rate must not be exceeded. On the other hand, the assessment itself can always be raised at will.

The highest assessment for town property in Easton is at the rate of \$50 per front foot.

PERSONAL PROPERTY.

The assessment of personal property in Talbot is a fairly continuous operation. This is necessarily the case, as the County Treasurer has only one assistant to help him in this important work. In the position of assessor the treasurer receives a yearly salary of \$300. It is said that the various districts are evenly

assessed. This statement is difficult to confirm for the reason that the personal property for several districts is not always separately totaled.

A typical assessment of personal property in Talbot is as follows:

"Household furniture, \$300; 4 horses, \$400; 4 cows, \$100; 23 sheep, \$115; 3 carriages, \$110; 1 bicycle, \$10; farm implements, \$300; motor, \$250." The motor in this instance is probably a \$500 car, as it is the practice to assess automobiles at one-half the purchase price.

SECURITIES AT THE THIRTY-CENT RATE.

Securities taxed in Talbot at the 30-cent rate amount to only \$560,437. The 1910 general assessment disclosed twice this amount of securities, but their owners almost immediately appeared before the Board of County Commissioners and went through the usual process of swearing them off. It is hardly necessary to add that the half million dollars' worth of securities on the books is only a small fraction of the amount held in the county. This is a condition quite as prevalent throughout the whole State as it is in Talbot County.

RAILROAD ASSESSMENTS.

The Delaware Railroad (Pennsylvania) is assessed at \$4,500 a mile for main track and \$1,000 a mile for sidings. The proportion of its rolling stock allotted to the county is \$113,161.

The Baltimore, Chesapeake and Atlantic Railway is also assessed at \$4,500 a mile for main track (including wire lines and bridges). There appears to be no assessment on sidings. The assessment on rolling stock amounts to \$15,890.

DISTRICT ASSESSMENTS.

	Real.	Personal.	Total.
District No. 1.....	\$3,550,377	\$953,571	\$4,503,948
District No. 2.....	.....	.....	1,903,160
District No. 3.....	2,230,520	473,505	2,704,035
District No. 4.....	.....	.....	2,326,320
District No. 5.....	.....	.....	932,280
Total.....			\$12,375,743

WASHINGTON COUNTY.

Washington County is the fourth most populous county in the State, being exceeded only in this respect by Baltimore County, Allegany County and Frederick County in the order named. Its population of 50,000 being distributed over an area of 457 square miles makes it more densely settled than Frederick County; to which it is immediately contiguous. Land suitable to practically every variety of purpose is found within its borders.

The assessable basis of Washington County in 1912 was \$32,689,096, \$10,500,000 of which was the result of the reassessment of 1910. From 1877 to 1910 the assessable basis of the county increased only a little over \$7,000,000. The yearly increases, aside from general assessments, are at present chiefly due to building operations on the edge of Hagerstown.

PERCENTAGE OF ASSESSMENT TO TRUE VALUE.

While the general average of the nine assessment districts is fairly uniform, yet this is far from the case in respect to neighboring and adjoining properties. The aim of the assessors seems to have been to assess 75 per cent. of the true value, and they were more or less successful in maintaining this average as to small property. When, however, large and valuable property was assessed the average dropped often to 50 per cent. and even less. The average for the entire county is probably 60 per cent.

The tax collector of Washington County is the sole assessor of new property, and there is no possible method of ascertaining how much personal property and new buildings are missed. It is self-evident, however, that it is a physical impossibility for a single individual, no matter how competent, not only to collect the taxes, but also keep in touch with all new buildings and personalty over an area of 457 square miles. Examples of the result of the lack of extra assessors may be drawn from the differences between assessment and sale price given below. In two of these cases, while the deed called for a house and lot, the house, which was probably recently built, had not been assessed at all.

ASSESSMENTS AND SALE PRICES.

Actual examples of the differences between assessments and sale prices are difficult to obtain in Washington County, as the Clerk of the Court fails to send to the County Commissioners the records of the transfers of real property as required by law. When property is sold the County Commissioners are, therefore, not able to enter any change on their books until the new owner chooses to notify them of the transfer.

	Assessment.	Sale Price.
Hagerstown	\$1,840	\$2,700
District No. 9.....	9,100	16,340
District No. 13.....	2,200	4,700
Hagerstown	*120	1,800
Hagerstown	*500	1,400
District No. 13.....	1,260	2,307
Hagerstown	2,364	2,900
Funkstown Pike.....	1,300	2,000
Hagerstown	2,500	4,500
District No. 13.....	13,850	22,912
Total Assessment.....	\$35,034	Total Sale Price, \$61,559

*House on property, but only lot assessed.

ASSESSED VALUE OF LAND PER ACRE.

Arable and wood land are, as a rule, not assessed separately. There is a great variety of land the assessment running from \$1 an acre to \$400 an acre, the land in the latter case lying just on the outskirts of Hagerstown. The highest assessment on the best farmland is at the rate of \$75 an acre, which character of land would be worth about \$200 an acre on the market. Good farmland will bring anywhere from \$90 to \$150 an acre. The average assessment of this kind of land is from \$40 to \$60 an acre. Lower-priced land is assessed much more nearly its true value than are the better grades.

The following table shows the average assessment on twenty-five farms in the Thirteenth District of Washington County, a district which includes some of the best farmland in the county:

DISTRICT No. 13.					
No. of Farms.	Total Acres.	Total Assessment.	Average per Acre.	High.	Low.
25	2,784	\$100,870	\$36 23	\$60	\$12

TOWN ASSESSMENTS.

The assessment on town property is much further away from its true value than is the assessment on farm property. The reason for this is that farm property is comparatively easy to value, but assessors are not sufficiently familiar with town values, and especially the assessment of large corporate property.

The assessment in all towns is upon the front-foot basis. The highest assessment of property in Hagerstown is at the rate of \$400 per front foot, while the selling price per front foot is as high as \$1,000. Property on the outskirts of the town is assessed at much more nearly its true value than that in the center of the city.

Acre tracts, when divided up into town lots, are reassessed.

PERSONAL PROPERTY.

As already stated, much personal property is lost on account of the fact that the tax collector is the sole assessor for the county. This is said to be especially true in regard to the personal property of corporations. There are no list prices. Good horses are assessed at \$100 to \$150. Cows are assessed at \$30.

SECURITIES AT THE THIRTY-CENT RATE.

The assessed value (1913) of securities at the 30-cent rate is \$1,808,634, of which amount \$1,400,617 is accredited to six districts, which include Hagerstown. Fifteen cents of the 30-cent rate goes to the towns, and 15 cents to the county, this being the construction given to the act which reads "30 cents for county and municipal purposes."

RAILROAD ASSESSMENTS.

There are a number of railroads within the county.

WESTERN MARYLAND RAILROAD.

Single track is assessed at \$6,500 a mile, double track at \$10,000 a mile, siding at \$1,500 a mile.

CUMBERLAND VALLEY RAILROAD.

Single track is assessed variously at \$6,000 and \$7,000 a mile, and siding at \$1,500, \$2,000 and \$5,000.

BALTIMORE & OHIO RAILROAD (Washington Co. Branch).

Single track is assessed at \$5,750 a mile, siding at \$1,500.

NORFOLK & WESTERN RAILROAD.

Single track is assessed variously at \$6,000 and \$7,000 a mile. No siding is listed.

HAGERSTOWN RAILROAD CO.

The Hagerstown Railroad Co., which owns and operates 28.66 miles of electric car lines in the county, is assessed at \$85,980, or at the rate of \$3,000 a mile. This assessment includes track, poles, wire; etc.

The only rolling stock returned to the county is an assessment on the Western Maryland Railway amounting to \$969,348. This return was made in 1911 and has not been changed since that time.

There are no assessments on the rolling stock of the electric road or the other steam roads appearing upon the books of the county.

DISTRICT ASSESSMENTS.*

	Real and Personal Prop- erty, Not Separated.	Stocks and Bonds at 30c.
1.....	\$768,076	.....
2.....	1,551,293	\$85,094
4.....	955,595	33,783
5.....	946,157	.....
6.....	959,898	74,963
7.....	864,876	20,889
8.....	527,418	675
9.....	893,856	127,446
10.....	723,792	7,575
11.....	332,591	1,350
12.....	813,176	.....
13.....	1,014,114	8,345
14.....	782,361	7,415
15.....	379,275	.....
16.....	611,773	26,229
18.....	643,225	8,103
19.....	669,529	5,150
20.....	447,428	1,000
23.....	718,428	.....
Hagerstown.....	16,095,536	1,400,617
	\$30,698,397	\$1,808,634

*Districts 3, 17, 21, 22, 24 and 25 are included in Hagerstown.

WICOMICO COUNTY.

Wicomico County, one of the lower Eastern Shore counties of Maryland, has an area of 368 square miles, and has shown within the past ten years a rapid growth of population and prosperity, brought about largely by increased transportation facilities. Salisbury, the county seat and largest town, has several manufacturing plants. This is the largest town on the Eastern Shore.

Sales of real estate under decrees in equity are more frequent than in Somerset and Worcester Counties, but are small in amount.

Development of real estate in lots or small farms is not unusual, and tracts are diminishing in size rapidly, especially in and near the town of Salisbury, which is growing rapidly in wealth and population.

The following cases of sale under decrees are cited:

Acres.	District.	Assessment.	Sale Price.
58.....	Willards	\$360 00	\$935 00
House and Lot.....	Salisbury	3,000 00	6,600 00
36.....	Nutters	1,100 00	1,400 00
Lot.....	Nanticoke	300 00	340 00
290.....	Parsons	3,200 00	5,200 00
176.....	Tyaskin	1,988 00	3,750 00
Lots.....	Nanticoke	3,230 00	5,535 00
8.....	Trappe	125 00	375 00
Lot.....	Salisbury	2,660 00	5,000 00
		<u>\$15,963 00</u>	<u>\$29,135 00</u>

The following private sales and offers show a few of the recent transactions only:

Acres.	District.	Assessment.	Sale Price.
190.....	Salisbury	\$5,750 00	\$16,000 00
Lot.....	Salisbury (condemnation).....	5,600 00	
	Awarded by municipality, \$16,000; Court's award.....		20,000 00
800.....	Salisbury	40,000 00	*70,000 00
House and Lot.....	Salisbury	2,400 00	5,000 00
150.....	Willards	3,000 00	4,000 00
44.....	Willards	350 00	750 00
150.....	Salisbury	10,200 00	20,000 00
384.....	Dennis	3,000 00	†7,680 00
	Nanticoke, per acre.....	15 00	*30 00

*Offer refused. †Withdrawn.

DISTRICT ASSESSMENTS.

There are fourteen assessment districts in the counties, and the value of the property varies greatly. Near Salisbury, farm lands are valuable and property in the districts adjacent to the N. Y., P. & N. R. R. is increasing rapidly in value.

Property in the immediate vicinity of the county seat (Salisbury) is assessed \$60.00 an acre for the highest assessment, and the best farm in the entire county, which contains 496 acres, carries an assessment of \$50.00 an acre.

Improvements throughout the county are assessed considerably nearer the value than the lands, and more in proportion than similar improvements in the adjoining counties. Land, however, is not assessed as high as in Somerset, while the fact remains that it is more valuable and more quickly salable.

Delmar District is conceded to be assessed more equitably than any other district, with assessments varying from \$15.00 to \$40.00 per acre.

Assessments in Willards District vary from \$4.00 to \$15.00 an acre; Black Barren, from \$6.00 to \$25.00. Some tillable property in Salisbury District is assessed as low as \$5.00 per acre.

Ten farms of Quantico District averaged an assessment of \$11.00 per acre, with average size of 147 acres. Improvements in addition.

Ten farms of Camden District, with an acreage of 41 acres average in size, show an average assessment of \$10 per acre. Improvements in addition.

Dennis District is assessed in the aggregate for an amount less than the aggregate of the assessment of 1896.

Marsh lands are assessed about \$3.00 per acre. The Board of County Commissioners claim that timber land is appraised by competent appraisers; the selling value of timber is \$5.00 to \$6.00 per 1,000 foot stumpage. It is impossible to estimate ratio of assessment to valuation in the whole county, as it appears that some property is assessed near the value, while other is assessed at such a low fraction that estimate would be impossible.

ADJOINING COUNTIES.

Trappe District is separated from Somerset County by the Wicomico River, and property along the north or in Wicomico

County is assessed at varying figures of \$15.00 to \$20.00 an acre, while in Somerset County the figure is about \$30.00 an acre. The assessment of Districts Nos. 4, 6 and 14, bordering on Worcester County, compares favorably with that county.

STOCKS AND BONDS AT THE THIRTY-CENT RATE.

The number of individuals against whom there is any assessment is so small as hardly to be noticed, and within the last few years some additional ones have been stricken off the books at the request of protestants.

The authorities of Salisbury have not listed separately this class to the Commission, and the whole assessment in the report of the county to the State Tax Commission is \$1,063,225.

PERSONAL PROPERTY.

There is no attempt to list personal property at a uniform basis. Securities on the books, so called (consisting of notes), are assessed one-half of the return value.

Assessments against furniture are small.

Horses at the last assessment were classified at \$100, \$75, \$50 and \$25. Horses not considered worth \$25 were not put on the books.

TOWN ASSESSMENT.

Salisbury and Sharpstown are the only towns of consequence in the county, Delmar being omitted for the reason that it lies partly in Delaware and Maryland, and information from town officials not being satisfactory.

The municipal or local assessment of Salisbury is \$5,096,125. It lies in three districts—viz, Salisbury, Camden and Parsons—and the aggregate assessment of these three districts for county and State purposes is \$5,317,797. Salisbury necessarily is a small part of these districts.

This town is assessed on the front-foot basis: Main street is assessed at \$80 a front foot, and not a foot can be purchased for \$150. The highest assessment of Division street in the downtown section opposite the Courthouse is \$40 per front foot, and which cannot be purchased at \$150.

In the residence section the assessment per front foot on the same street varies from \$3 to \$20. Philadelphia avenue is

assessed as low as \$2 a front foot in places; Poplar Grove, \$12 to \$15.

Near the railroad station some instances of property were noticed assessed on the acre basis, which should carry a front-foot basis. Some few factories and office buildings are assessed a fractional part of their value.

No report has been received from Sharpstown.

IMPROVED ROADS.

Improved roads have increased the value of abutting property from 50 to 150 per cent., and property immediately adjoining such highways is in great demand for development purposes near the towns and for a small farm development in outlying sections. The assessing officers claim an advance from $33\frac{1}{3}$ to 50 per cent. in taxable basis of the property immediately abutting on the improved roads, but examination does not show a result as claimed.

RAILROAD ASSESSMENT.

The N. Y., P. & N. R. R. is assessed at \$6,000 a mile for main track (including land), and sidings at \$2,000 a mile (including land).

The Baltimore, Chesapeake and Atlantic Railway Company is assessed at \$4,000 a mile main track and \$2,000 a mile for sidings; both include land and right of way. There are additional assessments against some lands of the railroad in different parts of the county.

COUNTY ASSESSMENT BY DISTRICTS.

1. Barren Creek.....	\$590,715 50
2. Quantico	654,339 00
3. Tyaskin	422,026 75
4. Pittsburg	420,236 50
5. Parsons	1,862,788 00
6. Dennis	196,316 25
7. Trappe	520,997 00
8. Nutters	337,559 00
9. Salisbury	2,179,790 00
10. Sharpstown	361,737 00
11. Delmar	705,608 00
12. Nanticoke	390,574 00
13. Camden	1,275,219 00
14. Willards	187,057 00
Total.....	<u>\$10,105,330 00</u>

WORCESTER COUNTY.

Worcester County is in the extreme southeast corner of the State at the lower end of the Eastern Shore, and is the only county of Maryland that borders on the Atlantic Ocean. It has an area of 491 square miles. Worcester County contains the largest nursery business in the State which covers thousands of acres. The occupation of its residents is largely agricultural.

Sales of real estate under decrees of the Circuit Court are not frequent, and in most cases are of property of small value.

The following embraces the last sales of property where assessments were obtainable.

Acres.	District.	Assessment.	Sale Price.
58.....	Newark.....	\$400 00	\$450 00
House and Lot.....	Snow Hill.....	2,500 00	1,905 00
20.....	Snow Hill.....	650 00	390 00
House and Lot.....	Pocomoke City.....	1,200 00	2,015 00
2.....	East Berlin.....	50 00	112 50
150.....	Atkinson.....	900 00	1,000 00
111.....	Snow Hill.....	1,100 00	1,200 00
		<u>6,800 00</u>	<u>7,072 50</u>

The following recent sales, selected at random, will illustrate assessment and sale value—no attempt has been made of selection, the last sales being considered:

Acres.	District.	Assessment.	Sale Price.
100.....	Snow Hill.....	\$1,500 00	\$1,800 00
House and Lot.....	Stockton.....	500 00	500 00
272.....	Atkinson.....	3,500 00	5,500 00
13¾.....	West Berlin.....	150 00	400 00
115.....	St. Martin's.....	725 00	1,200 00
5,000.....	Snow Hill and Stockton.....	40,000 00	*110,000 00
317.....	Snow Hill.....	12,000 00	30,000 00
100.....	Snow Hill.....	3,000 00	6,000 00
50.....	Snow Hill.....	2,500 00	4,000 00
		<u>\$63,875 00</u>	<u>\$159,400 00</u>

DISTRICT ASSESSMENT.

In all but the Second and Eighth districts in the county lands and improvements are assessed together and it is difficult to con-

*Said to be isolated and exceptional.

sider the manner of assessment without examination of assessors' reports.

In the chief towns of the county, Snow Hill, Pocomoke City, Berlin and Ocean City, property is not assessed on a front-foot basis, and it is impossible to compare the assessment between them or to compare the main thoroughfares with those of towns of like size and industry in the adjoining counties of Wicomico and Somerset.

Newspapers do not publish lists of transfers and the considerations are seldom, if ever, set out in the deeds, and information had to be obtained by indirect means.

The best district is Snow Hill District or District No. 2. There is no system of taxing the woodland of the county.

The county was assessed in 1909, prior to the general State reassessment in 1910, and the County Commissioners claim to have taken the return of the local assessors in very few cases. An examination of the prior assessment of the county, made in 1896, shows that little attention was paid to prior valuation and would indicate that the County Commissioners, sitting as a board of review, realized the enormity of their task.

It is claimed by the board that there was an attempt to equalize between adjoining parties.

Woodlands in parts are assessed \$8.00 an acre, with no addition for grade and growth of timber. Some instances of assessments will suffice. In Costens District assessment per acre varies from \$2.00 to \$35.00, with an average less than \$10.00, but the difficulty of estimate is on account of land and improvement being listed together.

Stockton District varies from \$3 to \$20 (probably highest in district).

District No. 6 varies from \$3 to \$25.

Ten farms, all less than 100 acres, average an assessment of \$23.92 per acre, and average in size 45 acres; and fifteen farms, varying from 100 to 500 acres, averaged \$9.05 per acre; average size, 295 acres. These aggregates included improvements.

Some of the hotels at Ocean City are assessed relatively high, others extremely low, as compared to asking price.

ADJOINING COUNTIES.

Districts Nos. 6 and 7, adjoining Wicomico County, are valued at a price less than in Wicomico, but regards must be paid to the difficulty, because land and improvements are assessed as one in Worcester. There is a marked contrast between the assessment of Worcester and Somerset Counties in favor of the latter county.

SECURITIES AT THE THIRTY-CENT RATE.

There are no securities taxed within the county at the 30-cent rate, the opportunity for securing income from this source being wholly disregarded.

PERSONAL PROPERTY.

The County Commissioners, sitting as a board of review, claim to have classified personal property with a view to reaching an assessment indicative of value; there were three classifications of horses—\$200, \$100 and \$25.

It would appear that automobiles were assessed without regard to age and condition. Securities, as listed by the board, mean notes and are taxed at the full rate, of a valuation of one-half.

TOWN ASSESSMENT.

The town of Snow Hill is assessed on the lot plan, and has no plat showing size of lots. It would appear that lots are the usual basis of sales. The town lies exclusively in one district with an aggregate assessment of \$1,054,156.79 (of which \$35,000 has an outlying rate of 30 cents), and the whole district is \$2,076,573.66.

East Berlin District includes part of the town of Berlin with its local assessment of \$888,140, and the Ocean City resort with \$550,000, while the aggregate county and State assessment of the entire district is \$1,783,477.65. These aggregates include a small fractional part of the district.

The local assessment of Pocomoke City is \$1,455,775, while the entire district carries a county and State assessment of \$2,164,860.22. The town is a small part of the entire district.

IMPROVED ROADS.

In the opinion of county officials and others versed in values, the improved roads built by the State entirely have increased the value of adjoining property from 25 to 50 per cent.

RAILROAD ASSESSMENT.

The railroads are assessed to each district.

The N. Y., P. & N. R. R. traverses one district only, and pays on a valuation of \$6,000 a mile for main track and on two miles of siding at \$4,000 per mile.

The B., C. & A. Ry. Co. is assessed in several districts, but uniformly at \$4,000 a mile for main track and \$2,000 a mile for sidings.

The Del., Md. & Va. Ry. is assessed at \$4,000 a mile for main track and \$2,000 a mile for sidings.

The assessment in all cases includes assessment against the land or right of way.

Stations are separately assessed.

COUNTY ASSESSMENT BY DISTRICTS.

1.....	\$2,164,860 22
2.....	2,076,573 66
3.....	1,783,477 65
4.....	418,990 00
5.....	529,475 00
6.....	277,025 00
7.....	430,075 00
8.....	1,008,180 00
9.....	1,159,813 80
Total.....	<u>\$9,848,410 33</u>

REASSESSMENT IN MARYLAND.*

There has never been in Maryland a period when reassessments were made at regular intervals, or when assessments for State purposes were made under a method of continuing revaluation. The first State-wide assessment was made in 1777¹ immediately following the adoption of the Constitution of the preceding year, and the only purpose of making it and levying a tax upon the basis of the same was to aid America in its war with Great Britain. The rate was two shillings on the pound.

It will serve no practical purpose for our use to recite all the acts² passed about this period and prior to 1812, when the next act³ of general importance was passed. This Act imposed a State tax on real estate, after a lapse of years when no State tax was levied, and many of its provisions are still on the statute books, having been re-enacted from time to time. Then came irregular periods when no general property tax for State purposes was levied, and when the expenses of the government were small and were paid from receipts, mostly from licenses and from dividends on investments⁴. Then after several years, during the close of which the State embarked in many hazardous enterprises, a State general property tax became a lasting necessity and at an extra session of the General Assembly the Act of 1841⁵ was passed providing for a reassessment of all the property of the whole State. This was after a lapse of twenty-nine years. Then fol-

*NOTE.—Throughout this article attention is only directed to property appraised by local assessors, and upon which the State tax is paid to the local authorities and accounted for by them to the State Comptroller. It does not include assessment against shares of stocks of banks and Maryland corporations, savings bank deposits nor the real or personal property of railroad corporations. Railroad property is subject only to local taxation.

¹Chapter 21.

²The Acts of 1785, Chapter 41, provided for the reassessment of personal property of the State, and the Acts of 1792, Chapter 121, and Acts of 1797, Chapter 89, provided for a reassessment of all property, but it is doubtful if the assessments were actually made. There were numerous other acts about this period.

³Chapter 191.

⁴Hanna's Financial History of Maryland (J. H. U. Series).

⁵Chapter 23. (This Act established the Appeal Tax Court of Baltimore City, Section 24).

lowed the Acts of 1852⁶, 1866⁷, 1876⁸, 1896⁹ and 1910¹⁰. Consequently in the last one hundred years the State of Maryland has had but seven acts for general reassessment.

There have been, however, acts in great number, supplemental to these, and time after time counties have seen the necessity for a new assessment of their territory in order that revenue sufficient to pay local expenditures could be obtained with a low tax rate. Baltimore City has a continuing method of assessment with provisions for total revision in the course of every five years¹¹, and many of the cities and towns have powers under their charters for periodical reassessing¹².

The State Tax Commission¹³ of 1888 has incorporated in its report an exhaustive study of taxation in Maryland of great value from a historical standpoint, and it seems hardly necessary to attempt to add to it.

Few States, if any, have had appraisements of their whole territory at such irregular and rare intervals, and the trend of all State governments having a State tax levied against real estate is now towards equalization boards and continuing assessments.

Prior to the investigation of tax conditions in Ohio by the Special Tax Commission of 1908, taxes there were collected on decennial appraisements.

Speaking of this manner of delayed assessments, that Commission says:

“The least tolerable of these wrongs results from the decennial appraisalment. It is manifest that in growing communities in this State the whole character, and necessarily the value, of any given piece of real estate may radically change within a period

⁶Chapter 337.

⁷Chapter 157.

⁸Chapter 178.

⁹Chapter 120.

¹⁰Chapter 300.

¹¹City Charter of Baltimore, Section 164a.

¹²For legislation for Baltimore City, see report of the Advisory Committee to the Mayor of Baltimore, 1907, J. H. Hollander, chairman.

¹³This Commission was appointed under the provisions of the Acts of 1886, Chapter 488, and was composed of John P. Poe, president; Charles M. Armstrong, secretary; Richard T. Ely, Ph. D., James Alfred Pearce (afterwards an associate judge of the Court of Appeals), and James McSherry (afterwards chief judge of the Court of Appeals). Judge McSherry did not sign the report owing to his election to the bench before the report was formulated.

much shorter than ten years. Instances have been brought to our attention where, within a few years after the last decennial appraisal, the commercial center of a city has completely shifted, so that millions of dollars of increased value have escaped taxation, and in other cases the values as determined by such decennial appraisal have been materially reduced. So with outlying farm property. In some communities instances have been shown where at the last decennial appraisal property put on the duplicate at acreage prices has become city lots, and has increased in value many fold, although remaining at the old assessment. This is not only unfair to taxpayers in general, because of the escape of the actual value of property from taxation, but it works a hardship to individuals whose property is sometimes continued at a high assessment despite a change in circumstances which has greatly reduced its value. The sufferers from such injustice are without a remedy until the next decennial appraisal."

Ohio accepted the recommendation founded on the report of its Commission, and has now a quadrennial assessment.

The conditions found in this State are analogous, and the same criticism applies to all cases of reassessment after long intervals.

It must not be assumed, however, that the aggregate of assessments of the political units have remained the same between the periods of general State reassessment. As before stated, Baltimore City reassesses continuously (Baltimore City has the status of a county), and the counties without exception provide for the assessment of new buildings and omitted personal property.

There are one hundred and ten cities, towns and villages in the State which have a separate local assessment. From the report made by these to this Commission, Oxford in Talbot County, Kensington in Montgomery County, Grantsville in Garrett County and Laurel in Prince George's County have a reassessment every three years, and Church Hill in Queen Anne's County and Thurmont in Frederick County, every five years. In some of these, however, the new basis is for local or municipal purposes only and the State basis remains the same.

Reassessment in Maryland has always been treated as a legislative question, but all students of taxation admit that it is prop-

erly an administrative question. Here it has only been ordered after a great public clamor and when the demand therefor has been incessant. Such neglect is analogous to building an improved street or highway and allowing the same to wear until it has to be practically rebuilt.

When reassessment is made a legislative question, it inevitably becomes a political party question, with all its attendant evils. For instance, when the demands for relief and better readjustment became incessant about 1873, the Legislature of 1874 met the cry and passed the Act of 1874, ch. 514. This Act is supposed to have been drawn by one of the leading lawyers¹⁴ of the State, and yet when the bill was finally engrossed for signature by the Governor the words must have been changed. The language of the Act was brought to particular attention in the case of *Maxwell vs. State*¹⁵. It appears that the Legislature had passed an act, after its usual course through committees of both houses and engrossing committees, which provided that all property in the State, real, personal and mixed, should be *exempt* from taxation except cemeteries, charitable institutions and other property usually within the category of exempt property, which was the direct opposite to what was intended. The aid of the Court of Appeals was invoked to have it give to the words a meaning which was supposed to have been intended. The Court very properly refused and declared the act unconstitutional. It is generally conceded that the act was changed maliciously or otherwise when the bill was engrossed for signature by the Governor, although it is possible that the error occurred in due course. Reassessment was delayed for two years, until the next session of the Legislature.

The circumstances leading to the passage of the general reassessment Act of 1896 merit recording in the history of the State more fully than is here afforded, and it is generally believed that the story is not now preserved. The agitation began about 1888 or 1889, and became most pronounced during the latter year. Indeed, throughout the whole year Baltimoreans were agitated by weekly addresses delivered before an aggressive taxpayers'

¹⁴Charles J. M. Gwinn is generally conceded to be the author of this Act, also those of 1876 and 1890, and the compromise Act of 1894.

¹⁵40 Md. 273.

association¹⁶. Suffice it to say that at the next session of the Legislature an act for reassessment was passed and yet vetoed by the Governor to satisfy his Eastern Shore constituency. It may properly be said that the history of this reassessment should occupy a prominent part in the political history of the State¹⁷.

In the next session of the lawmakers at Annapolis there appeared another bill, the provisions of which were very inquisitorial for listing of personal property and which contemplated penalties in the way of commitments for false or inadequate returns instead of fines. The bill had provisions for what were termed sliding scales, but which properly was a method of classification of property at different rates for local taxation. During the whole session the bill was the subject of contention, and after a long fight and failures of several conference committees of both houses to agree it was passed in the closing hour of the last session¹⁸. As the bill was not signed by the Governor of the State within the time fixed by the Constitution, it was a nullity.

The Governor during the following winter called a convention of persons interested in taxation, with a view of reaching a satisfactory agreement on a new bill for the next session, and the State Tax Commissioner presided over the deliberations of this convention. Public-spirited citizens raised a fund of about \$10,000 for the expenses of such convention. An account of the proceedings was not published and it is now impossible to obtain a report of their findings, if any.

In the succeeding session¹⁹ two bills were introduced—one drawn by individuals at the request of the Governor, and the bill of the previous session. It looked as though there would be an agreement. But not so. The question of listing of personal property again arose, and in addition a mortgage tax was proposed, and a bitter fight developed on the attempt to have the

¹⁶The name of this association was "The Landlords' Mutual Protective Association of Baltimore City." Among some of those who delivered addresses were Charles J. Bonaparte, John K. Cowen, Samuel Snowden, Thomas W. Hall, C. M. Armstrong, F. C. Latrobe, Thomas Ireland Elliott, William L. Marbury, Joseph Packard, Jr., and William J. Ogden. The pamphlets are very rare and valuable.

¹⁷Kent, "Story of Maryland Politics."

¹⁸Maryland has a limited session of ninety days.

¹⁹Journals of the Senate and House, 1890, 1892 and 1894.

State pay one-third of the cost of the assessment in each county. One bill, however, passed the Senate and was promptly killed in the House. Relief was finally granted by the passage of the act in the session of 1896, after a fight of eight years.

The reassessment of 1910 was promptly accomplished, although there was an attempt by several counties to be exempt from its provisions, for no reason other than the cost²⁰ of the assessing.

The essential features of the Acts of 1876, 1896 and 1910 are identical. Each county was divided into districts, with three assessors to the district, and the Act of 1910 authorized the Governor to appoint two assessors in each district and the county commissioners one assessor.

There are sixty-eight assessing districts in the counties which were included in the general reassessment Act of 1910, and the qualifications for appointment as appraisers were more political than otherwise. Moreover, it is extremely doubtful if a sufficient number of properly equipped men could be obtained and trained in such a short time to assess all the lands, improvements and personal property as a general reassessment contemplated. The task of selection imposed on the Governor was impossible of satisfactory result; the task imposed on the local appraiser was equally difficult, however conscientious the individual might be.

There were no attempts nor regulations concerning equalization.

It is a significant fact that the late reassessments have failed to provide for any agency for equalization. It is more surprising, because during the first years of the last century, when the contributions from direct taxation were small, the Legislature was anxious that persons should be treated equitably.

The Commission of 1888 in its sketch on this says:

"One of the most marked characteristics of the legislation of this period is the constant effort to equalize taxation. These provisions look to equalization as between individuals and localities, and extend not only to real estate, but also to certain kinds of personal property, the value of which would not vary in different parts of the State, and which would be correctly valued by weight or other physical standards, according to fixed schedules em-

²⁰See "Cost of Reassessment."

bodied in the law. The classes of personal property in question were silver plate, bar and pig iron and slaves. Instead of leaving silverware to be valued according to the varying and perhaps defective judgment of a large number of assessors distributed through the different sections of the State, the assessment laws required the assessors to value it by weight at so much per ounce, and thus secured uniform valuation for all the silverware in the State. Some of the acts contained a similar provision for crude iron. Slaves were valued according to age and sex, at the rates set in the statutory schedules; but the assessors were to allow for infirmities and defects, and it was provided 'that the said assessors shall be at liberty and are hereby directed to estimate male slaves who are tradesmen at such value as they may adjudge them to be worth, regarding their respective trades and their proficiency therein.'

"The necessity of some regulation which would control the assessors in the different counties in their valuations of land, so as to prevent some counties from escaping their due share of the State tax by means of valuing their land at inadequate rates, was felt in Maryland then, as it is in New York, Illinois and elsewhere now. This was provided for in 1785 by a law which fixed the average value per acre for each county, and required the commissioners of the tax to value the lands in their respective counties accordingly. The Act particularly specified the manner of making the assessment. The commissioners were first to ascertain the number of acres of taxable land in their county. This was to be multiplied by the average value per acre, fixed by the Act, thus fixing the 'real property basis' for the county. All the land in the county was then to be valued at its real worth, and divided into classes according to value, and it was then to be legally appraised, so to speak, by assigning to all the lands in the county their ratio of the total legal basis 'in just proportion according to their relative value.' If there were any towns in the county, the sum of the actual value of the real and leasehold property therein, as fixed by the assessors, was to be deducted from the total legal basis before apportioning it to the land in the county, except Baltimore town, which was not to be included in Baltimore County. This law continued in operation until 1841. After its passage every general assessment law of that period

(the second) expressly adopted it, and directed its provisions for equalization to be observed.

"It is a remarkable fact that the principle of equalization, which was recognized and enforced by law for more than half a century, was laid aside when the general assessment law of 1841 went into operation, since which time there has been no attempt to equalize the valuations of visible personal property or land. Of late other States have adopted systems for equalizing the valuations of land, but we abandoned the principle forty-five years ago."²¹

A COMPARISON OF THE LAST THREE ASSESSMENTS.

A close study of the plats set out on the following pages is interesting from several viewpoints, and while it is to be borne in mind that these aggregates do not include all items subject to taxation, but only those accounts upon which the tax is paid directly to the local collectors, yet they embrace real and personal property, including securities, which, however, were listed in the personal property classification until 1896. The lists include the same items at each reassessment.

Real estate embraces by far the largest portion of the assessments, and a close study shows that assessments in some counties have at times been less than that of the preceding year.

²¹Written twenty-five years ago.

The following table will illustrate to what extent the losses have occurred in the period cited:

TABLE²² SHOWING NUMBER OF TIMES THE STATE ASSESSMENT OF EACH COUNTY AND BALTIMORE CITY HAS INCREASED OR DECREASED COMPARED WITH THE PRECEDING YEAR FROM 1877 TO 1912.

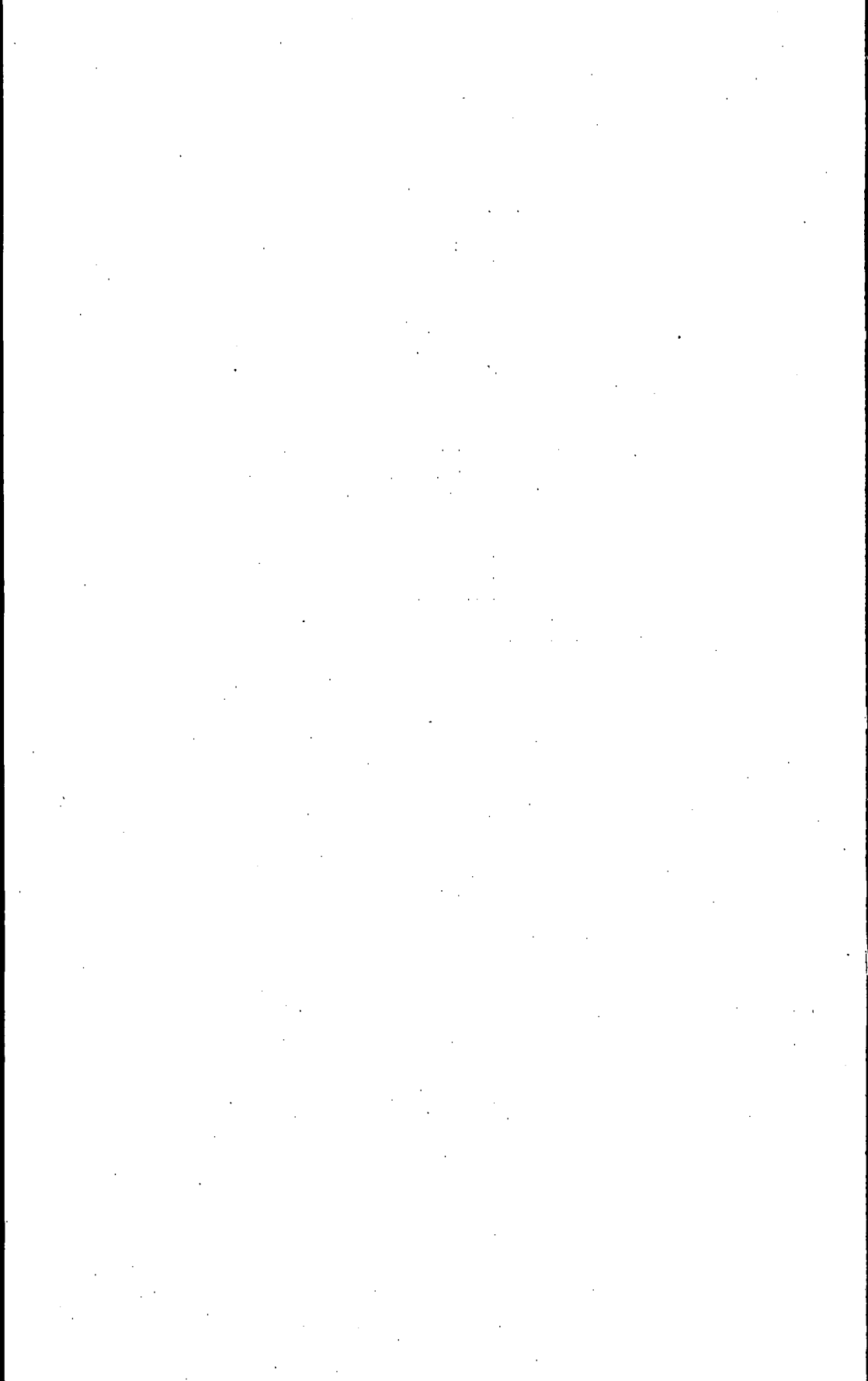
	No. of Times Decreased.	No. of Times Increased.
Allegany	12	23
Anne Arundel.....	13	22
Baltimore City.....	3	32
Baltimore County.....	7 ²³	28
Calvert	16	19
Caroline	7	28
Carroll	16	19
Cecil	14	21
Charles	13	22
Dorchester	10	25
Frederick	16	19
Garrett	11	24
Harford	15	20
Howard ²⁴	16	18
Kent	10	25
Montgomery	4	31
Prince George's.....	8	27
Queen Anne's.....	10	25
St. Mary's.....	18	17
Somerset	14	21
Talbot	13	22
Washington	11	24
Wicomico	10	25
Worcester	11	24
The State.....	4	31

²²Compiled from reports of the Comptroller of the Treasury of the State.

²³A large portion of the territory of Baltimore County was annexed to Baltimore City in 1888.

²⁴The assessments in 1901 and 1902 were identical.

(See note at beginning of article).



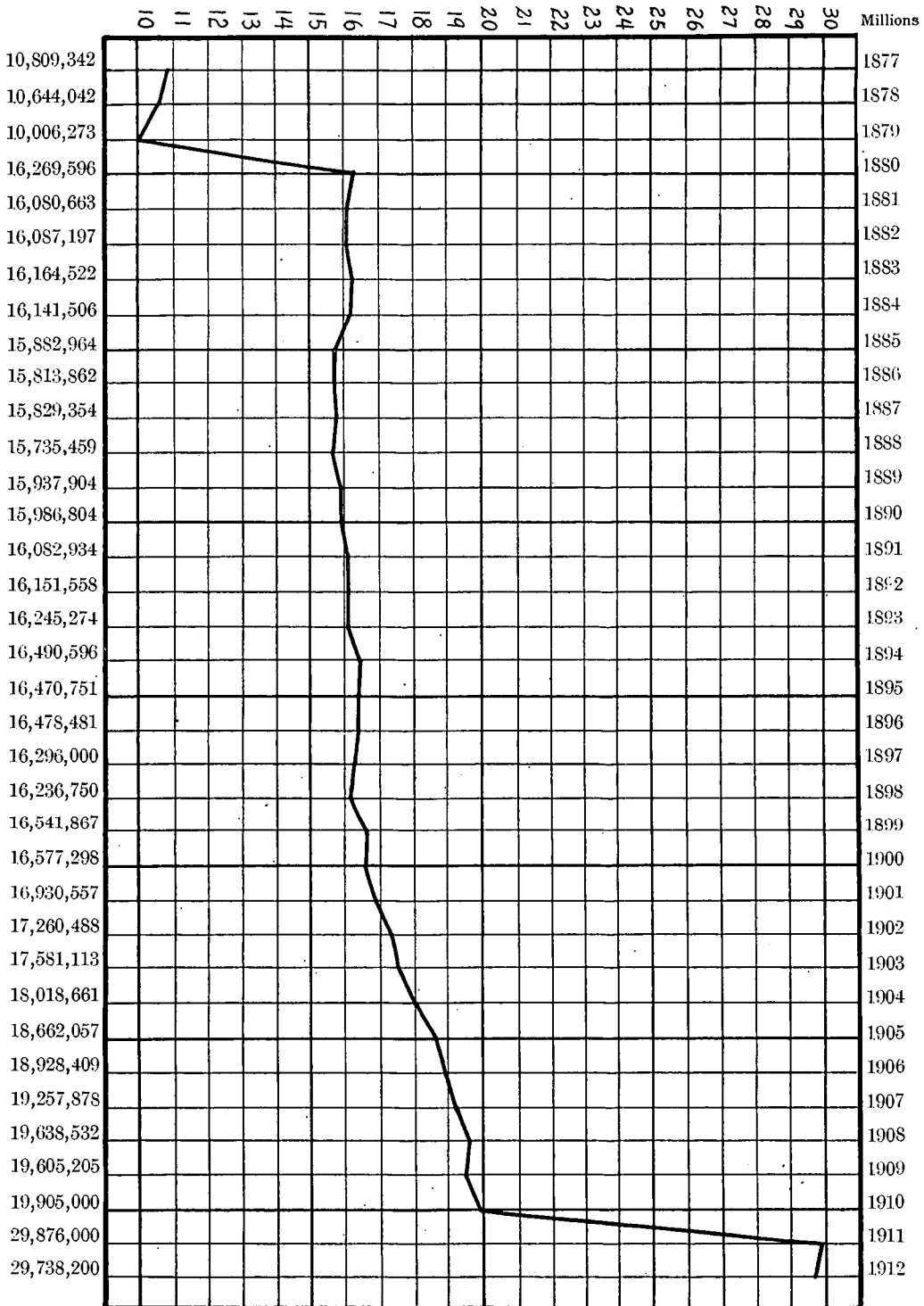
ASSESSMENTS FOR STATE PURPOSES

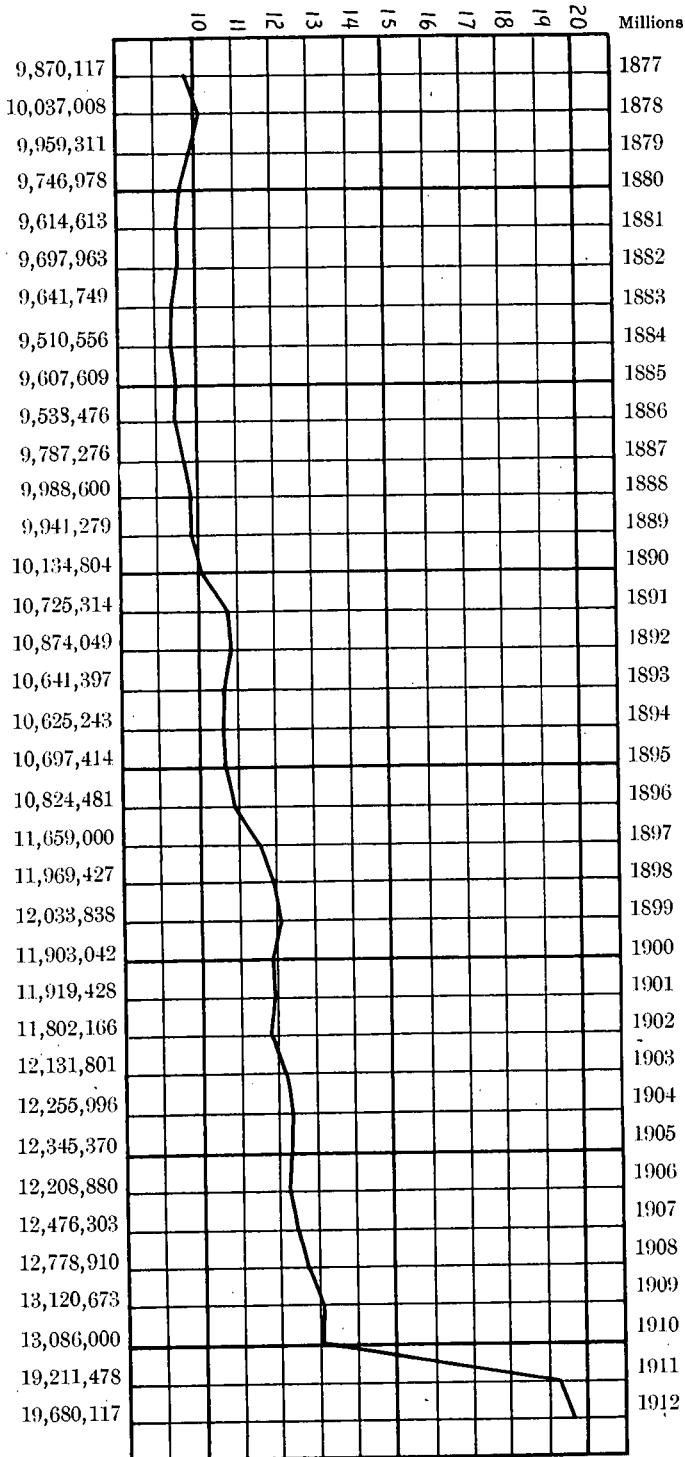
DIAGRAMS SHOWING CHANGE OF ASSESMENT FROM YEAR TO YEAR OF REAL AND PERSONAL PROPERTY (INCLUDING SECURITIES OTHER THAN STOCKS OF MARYLAND CORPORATIONS) FROM 1877 TO 1912 INCLUSIVE.

THE DIAGRAMS:

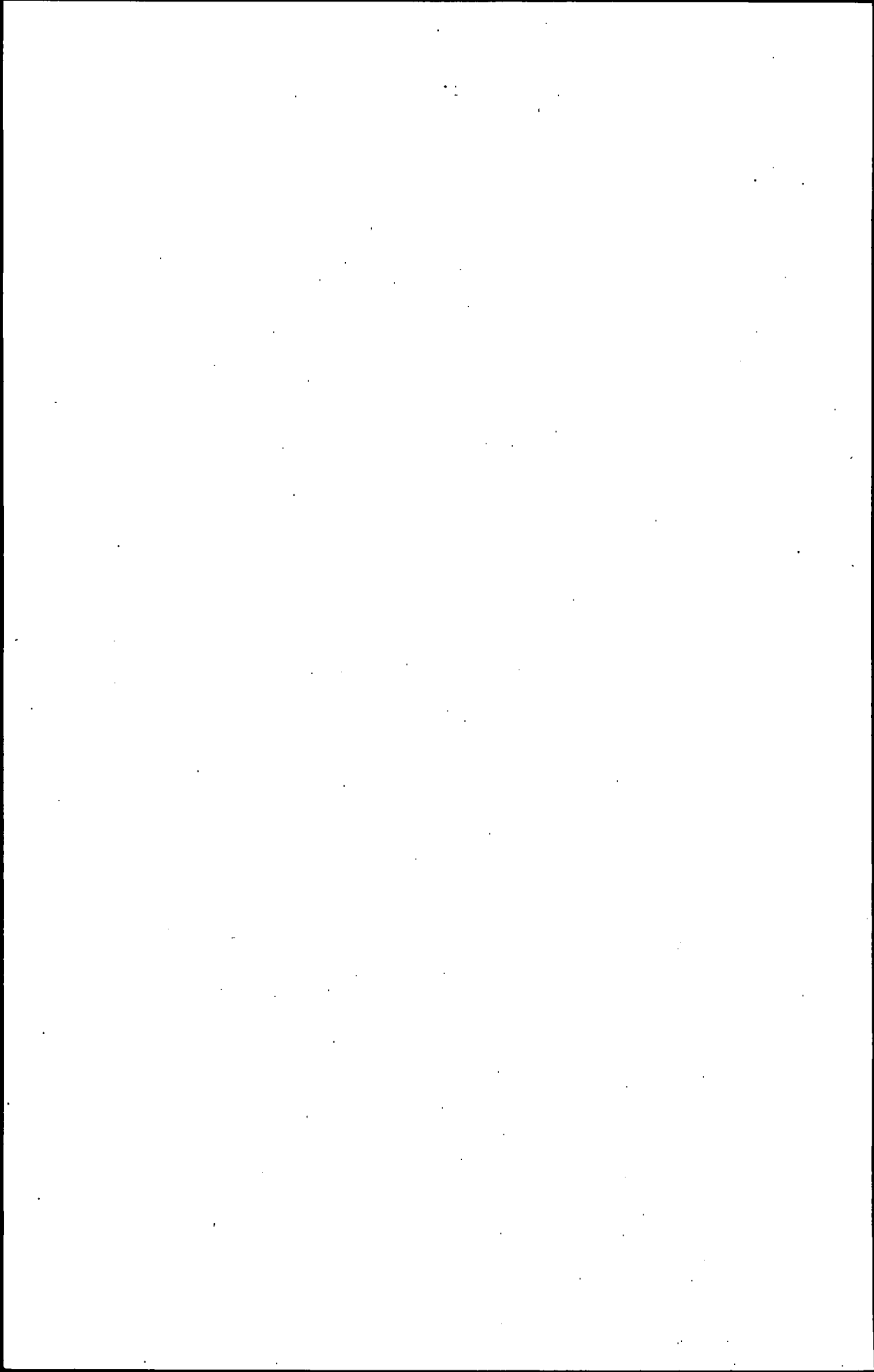
The curved or broken lines on the plats indicate the assessment for the years, expressed in million dollars. The exact amounts of assessments are shown at the bottom of each plat.

The general contrast between the varying lines is impressive, and besides each diagram is worth close consideration, which contrast a column of figures setting forth assessments might not so readily disclose.



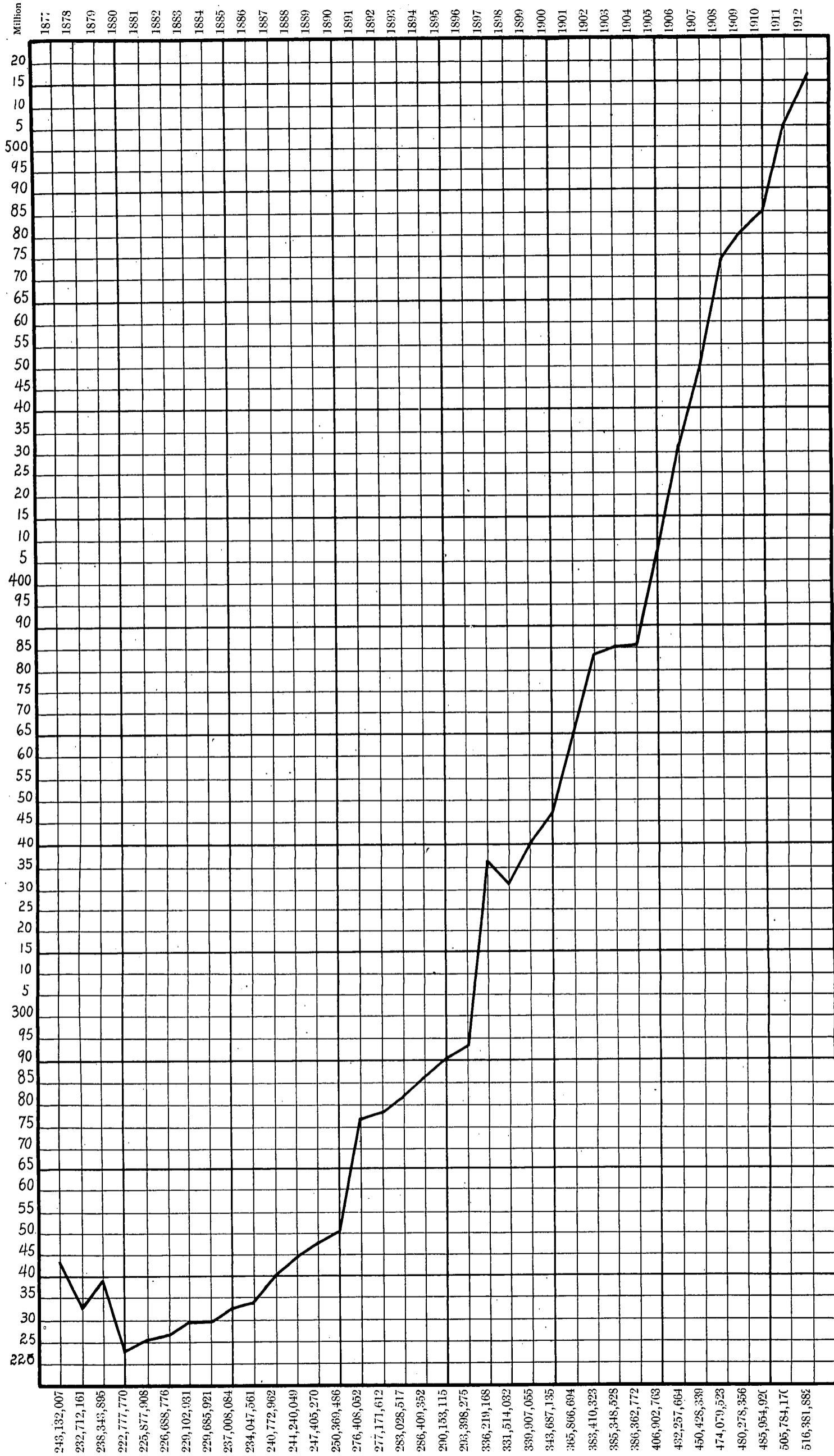


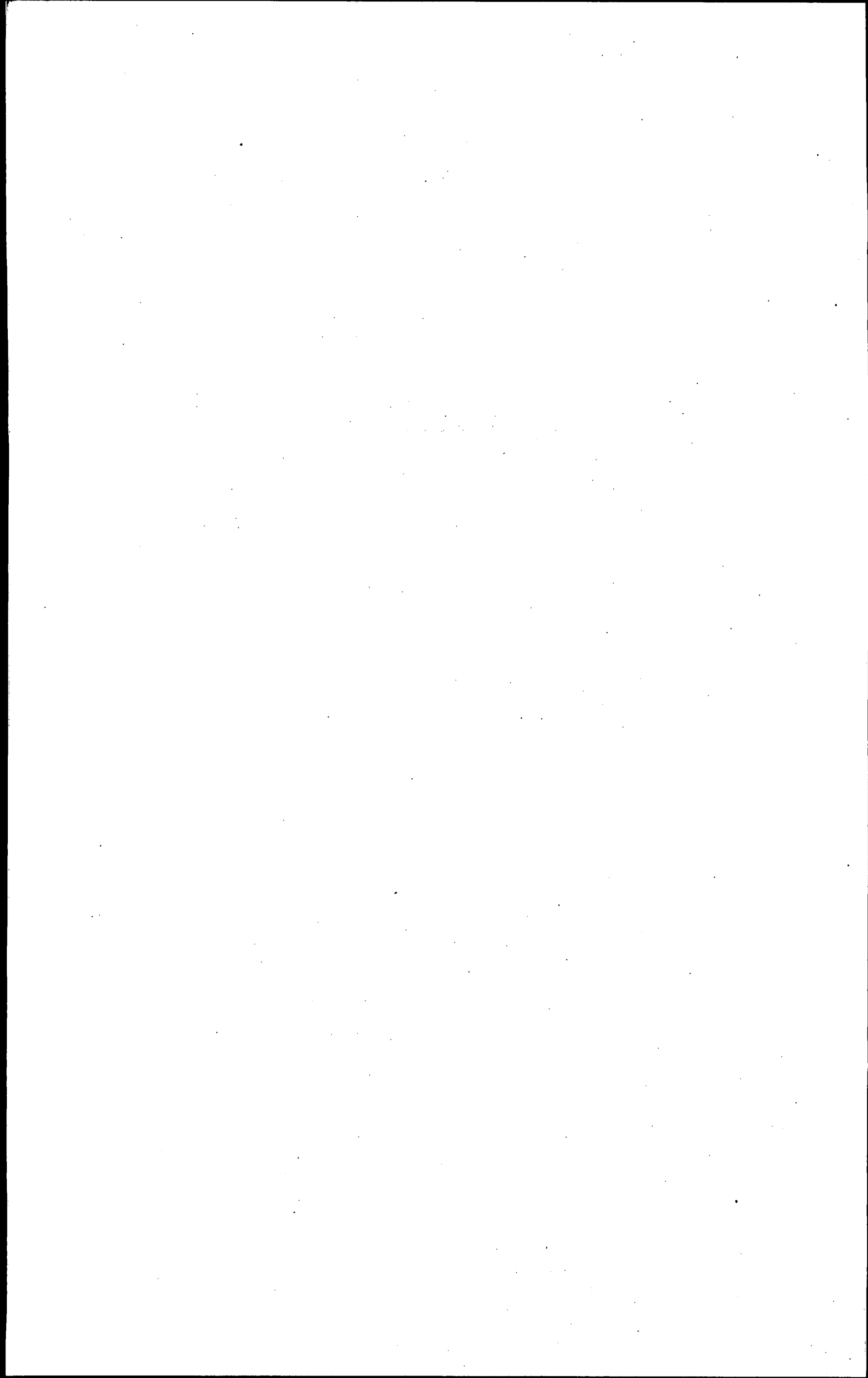
ANNE ARUNDEL COUNTY



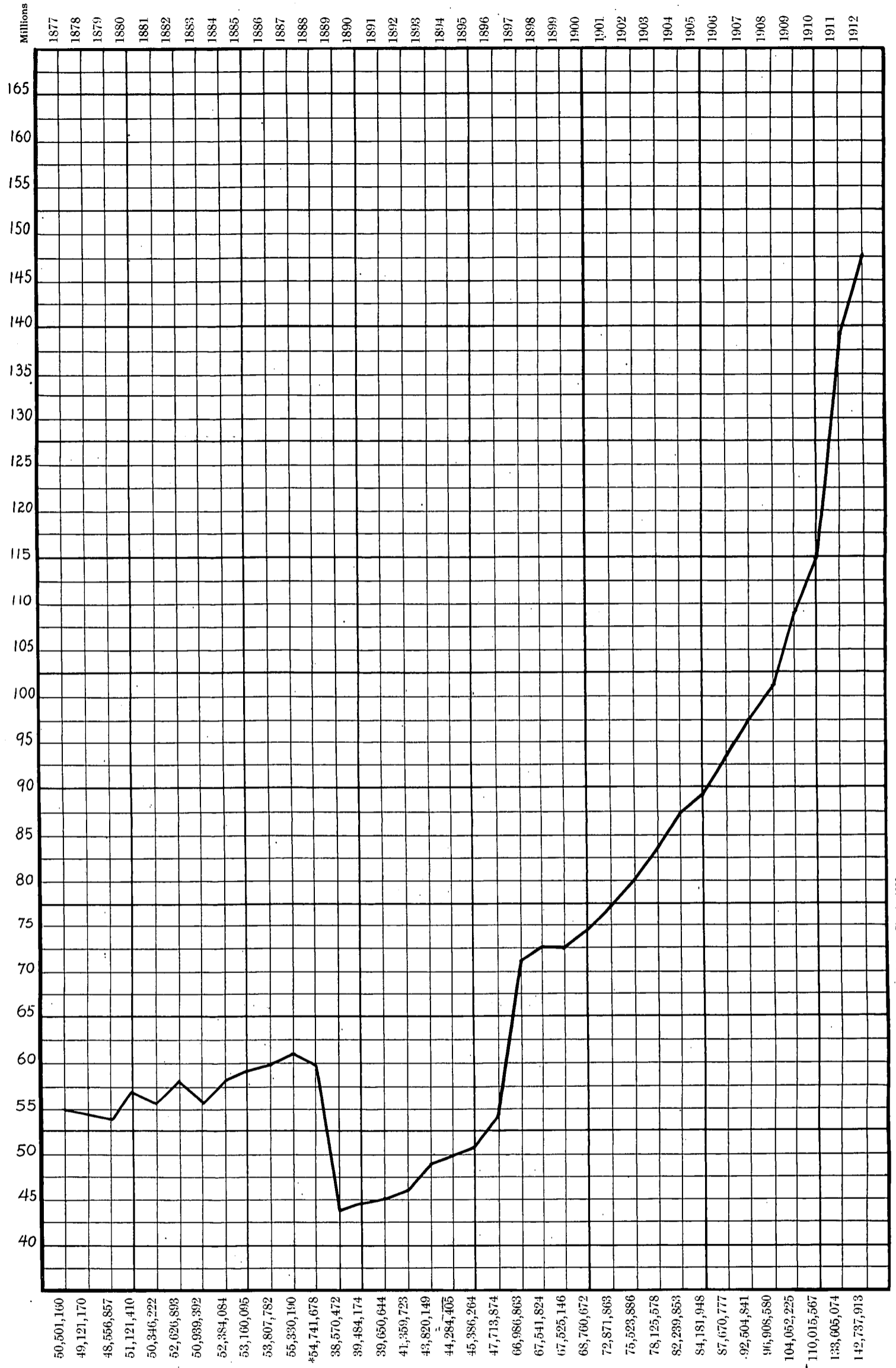
Scale: One-fifth size of other Counties (except Baltimore County)

BALTIMORE CITY

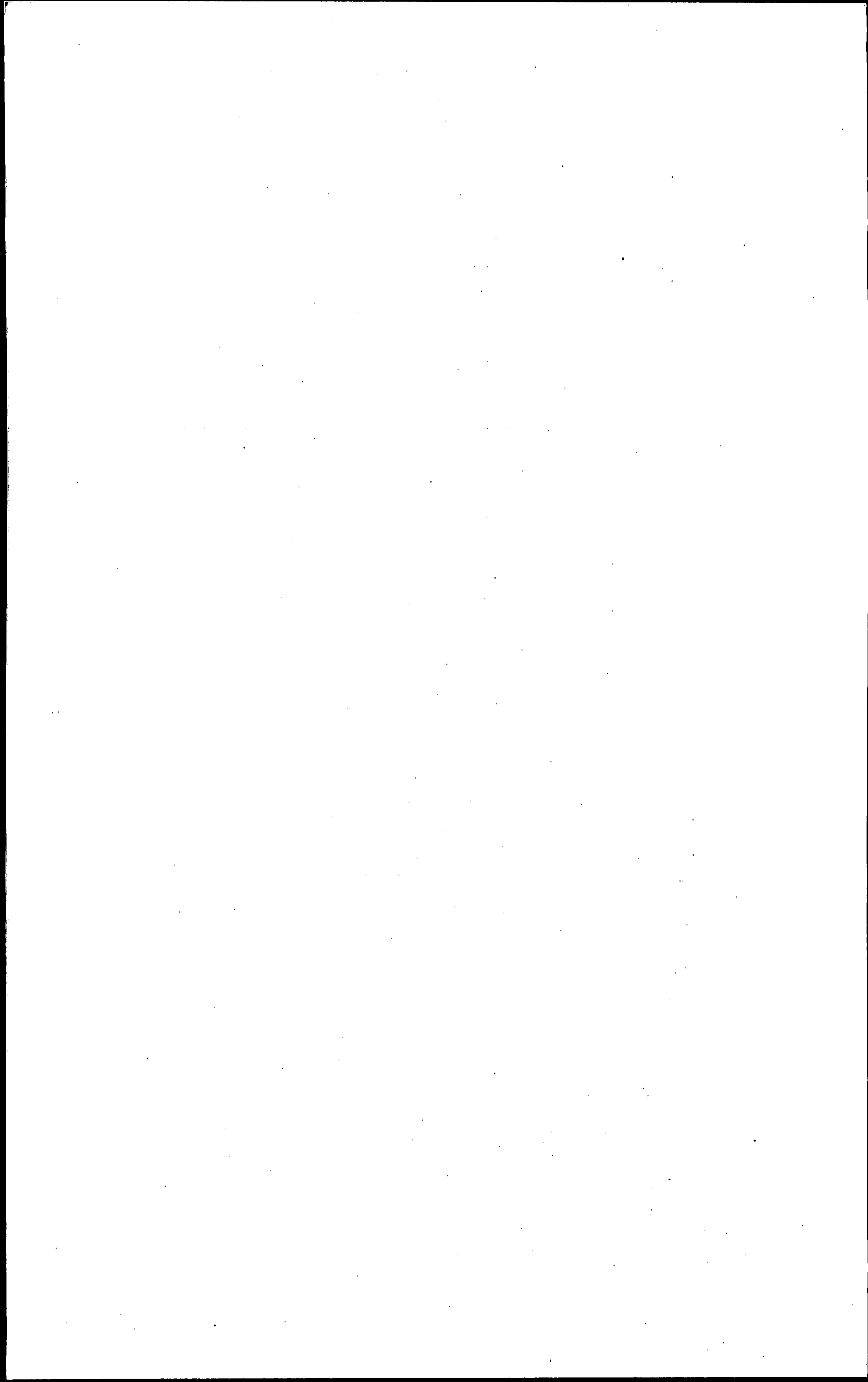


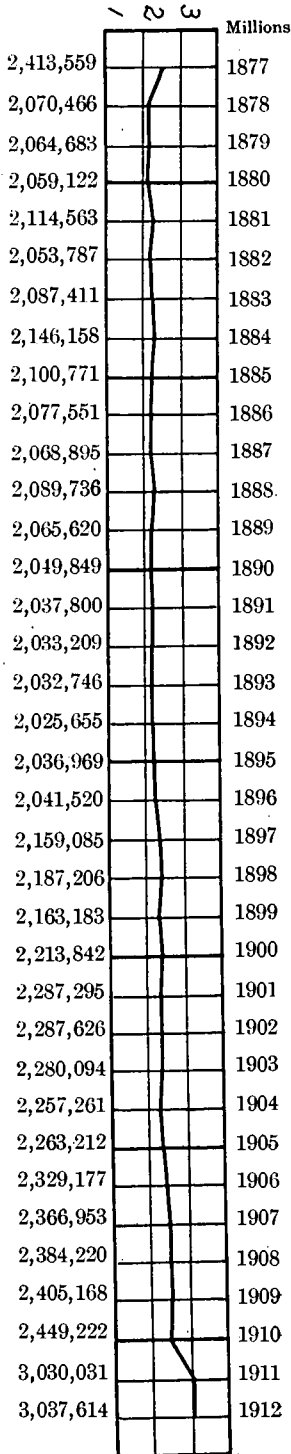


BAITIMORE COUNTY

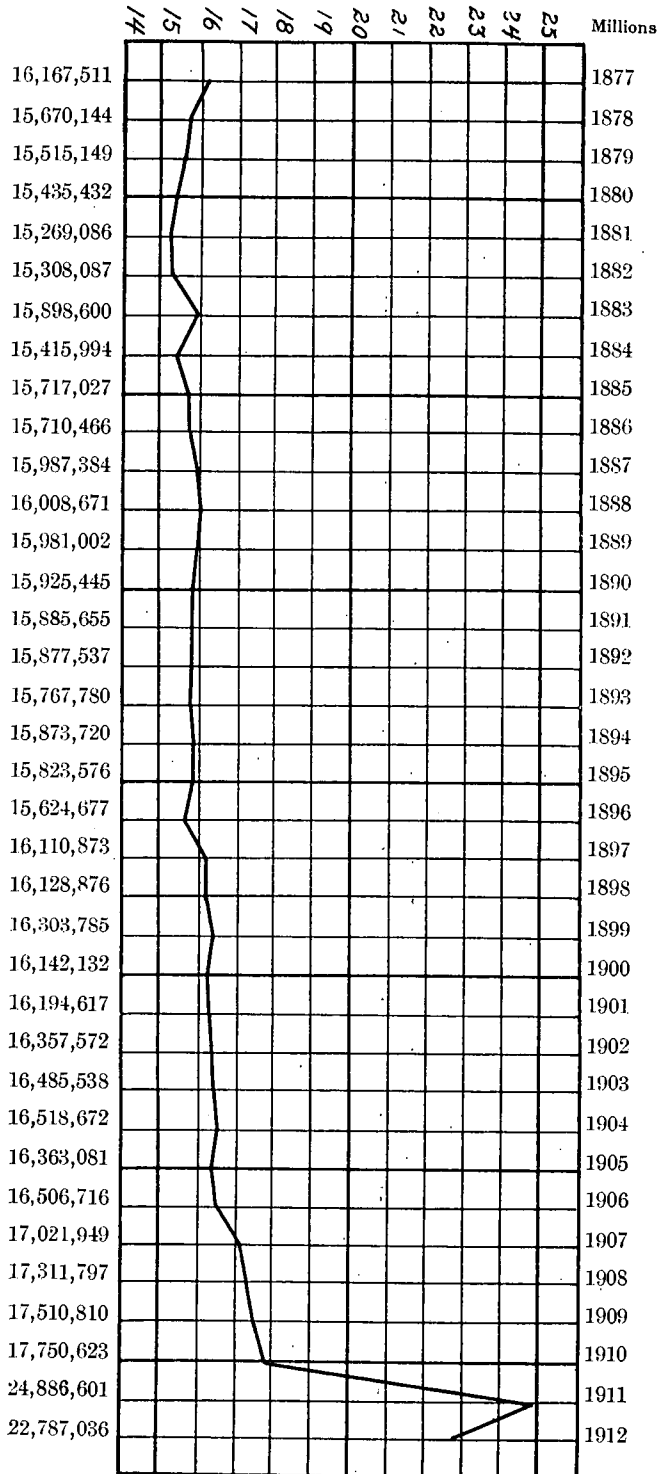


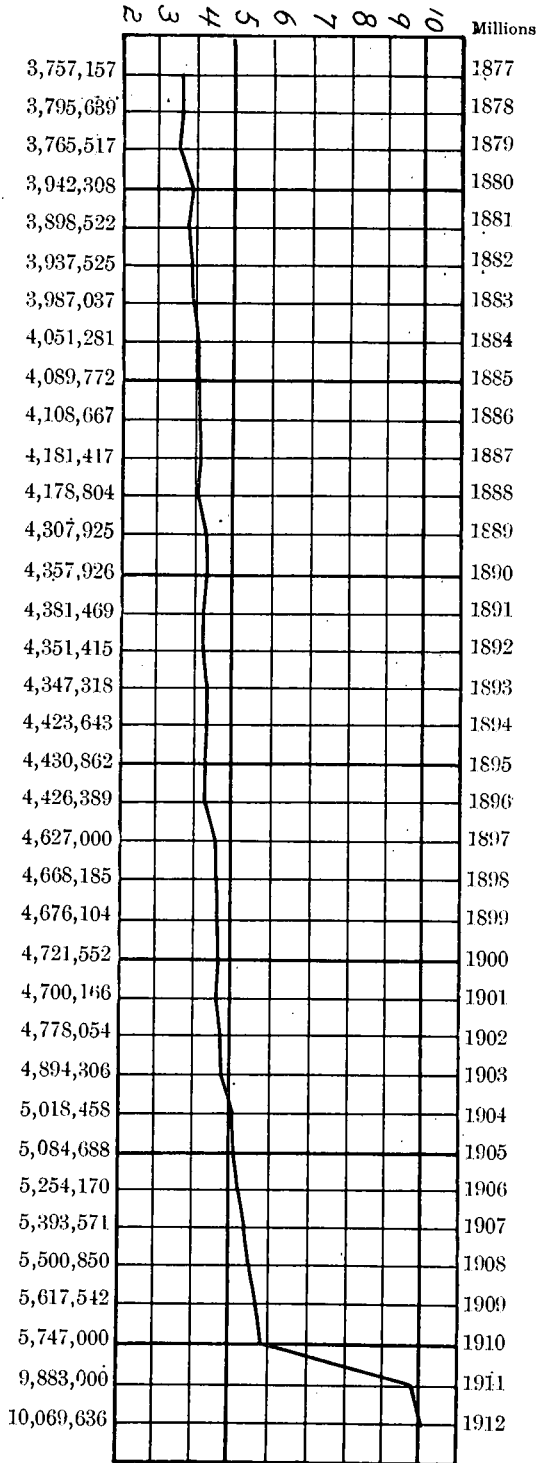
*Part of territory of Baltimore County annexed to Baltimore City in 1888.





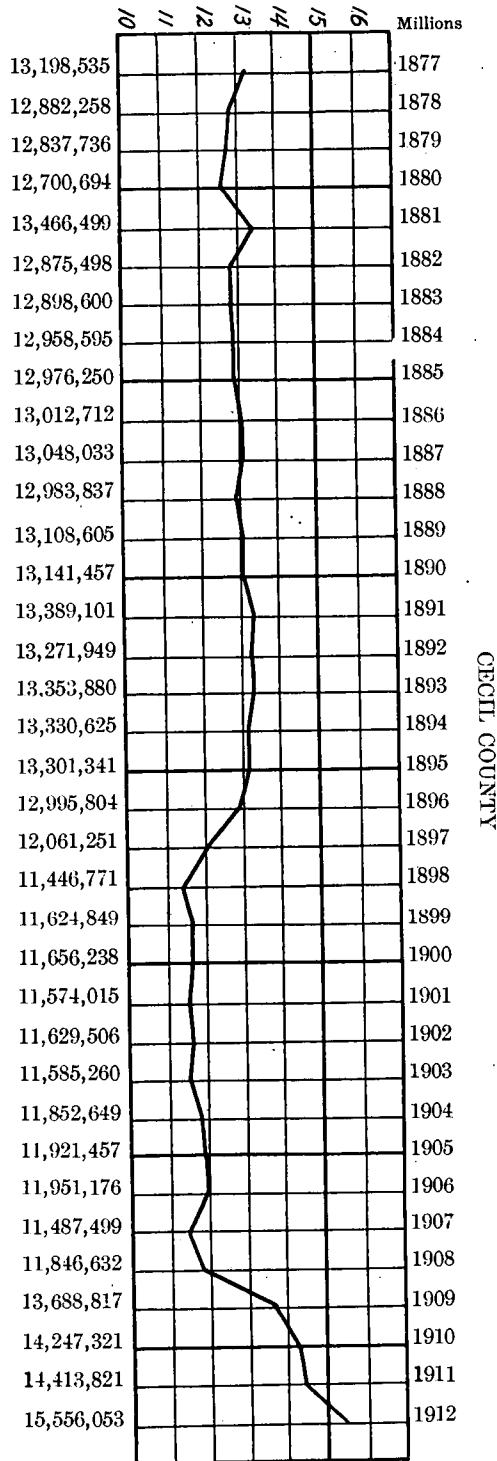
CALVERT COUNTY

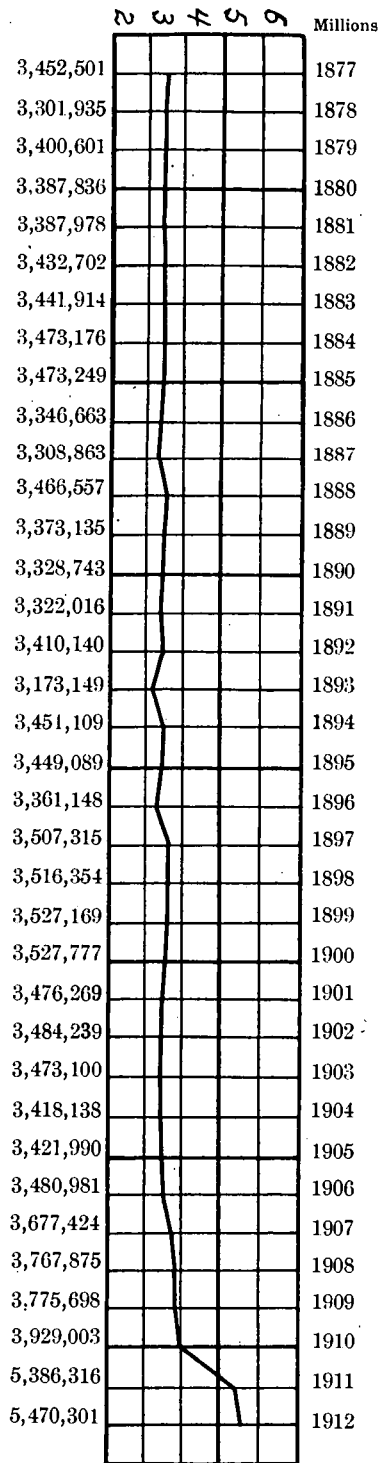




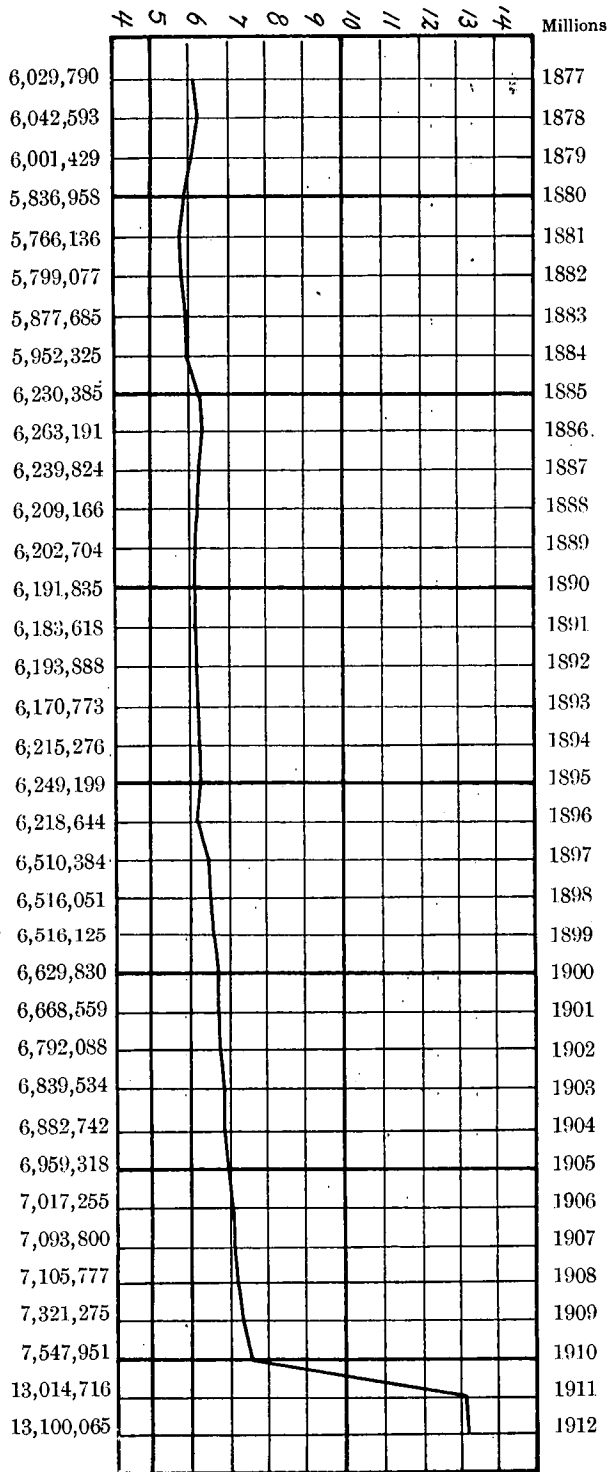
CAROLINE COUNTY

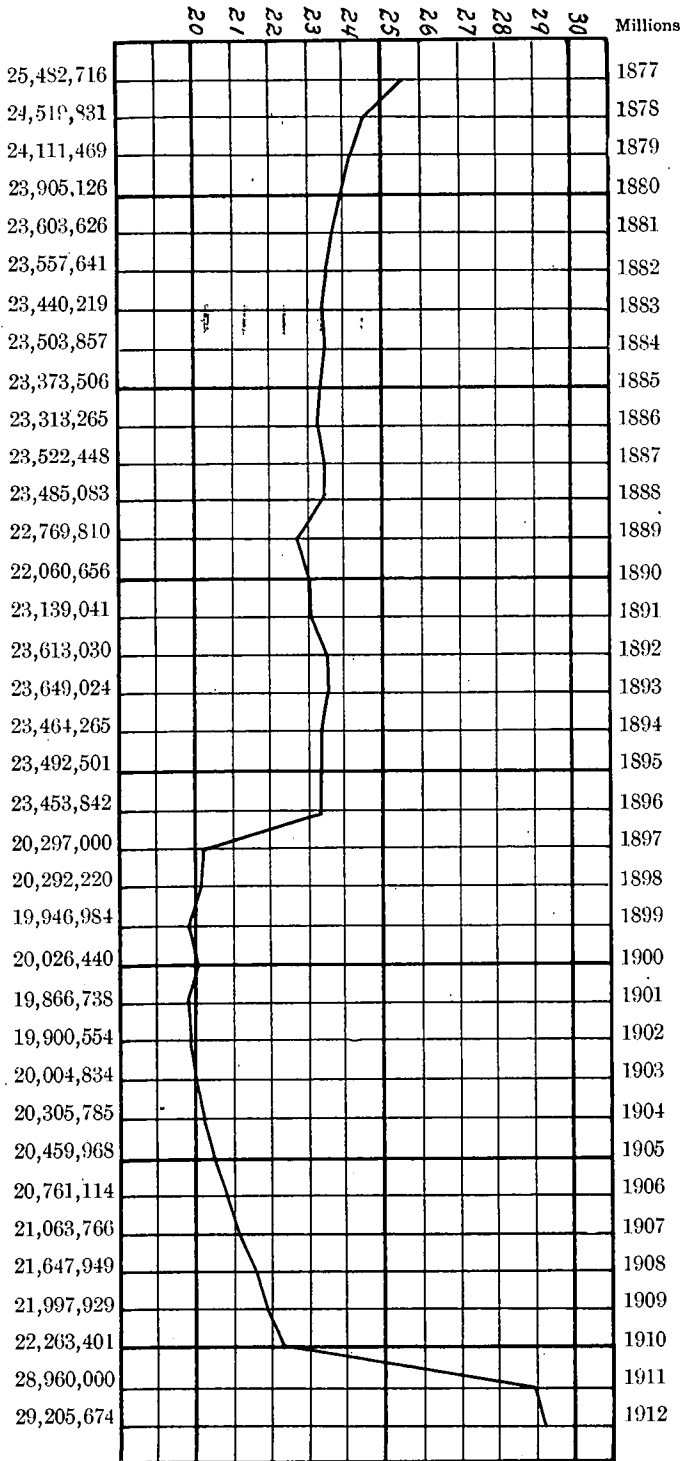
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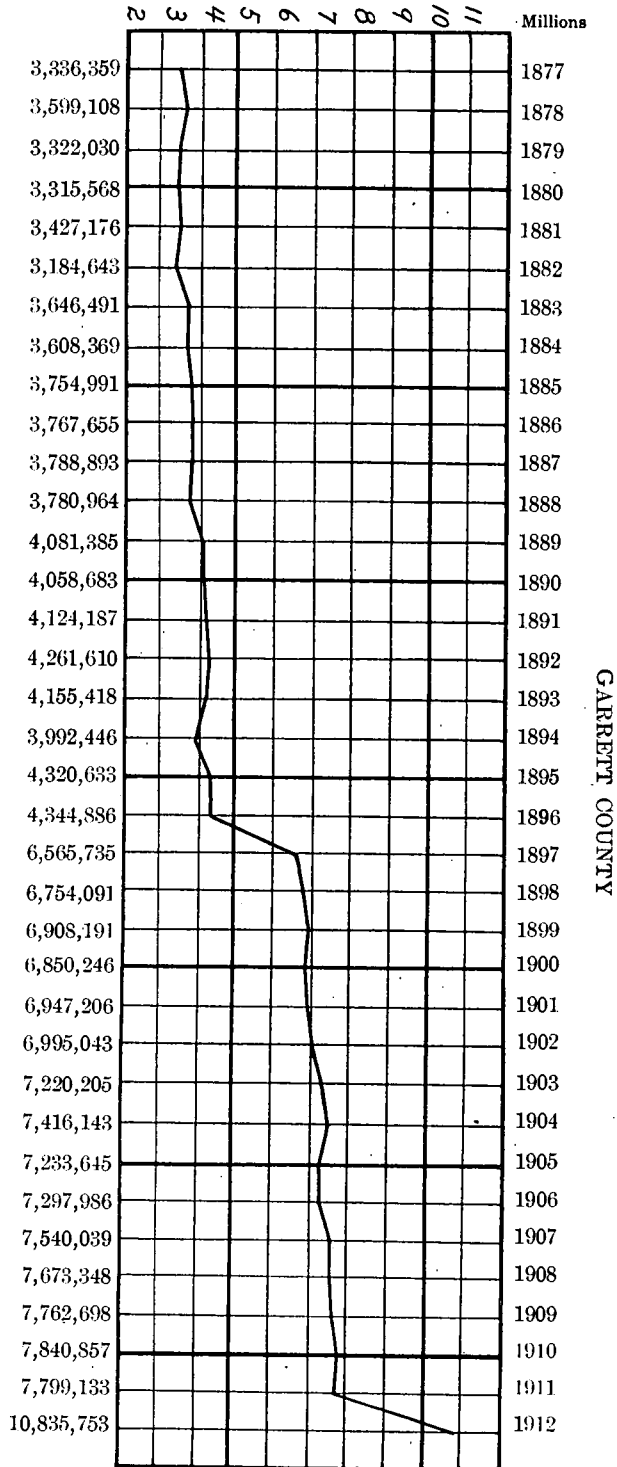


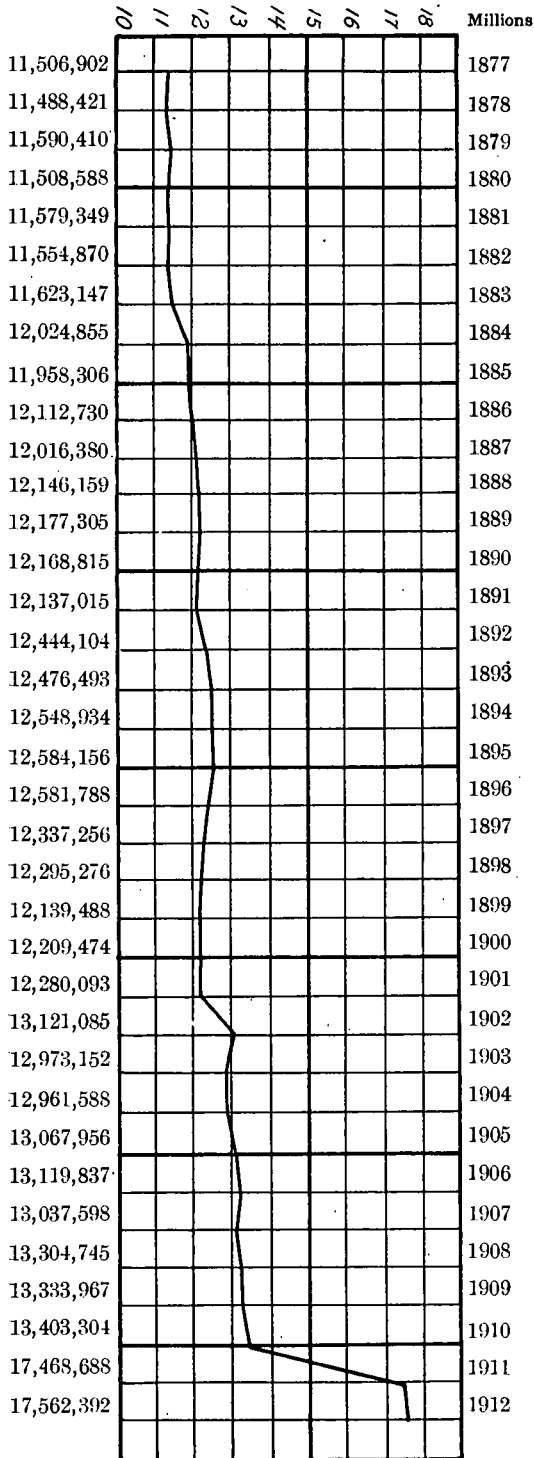
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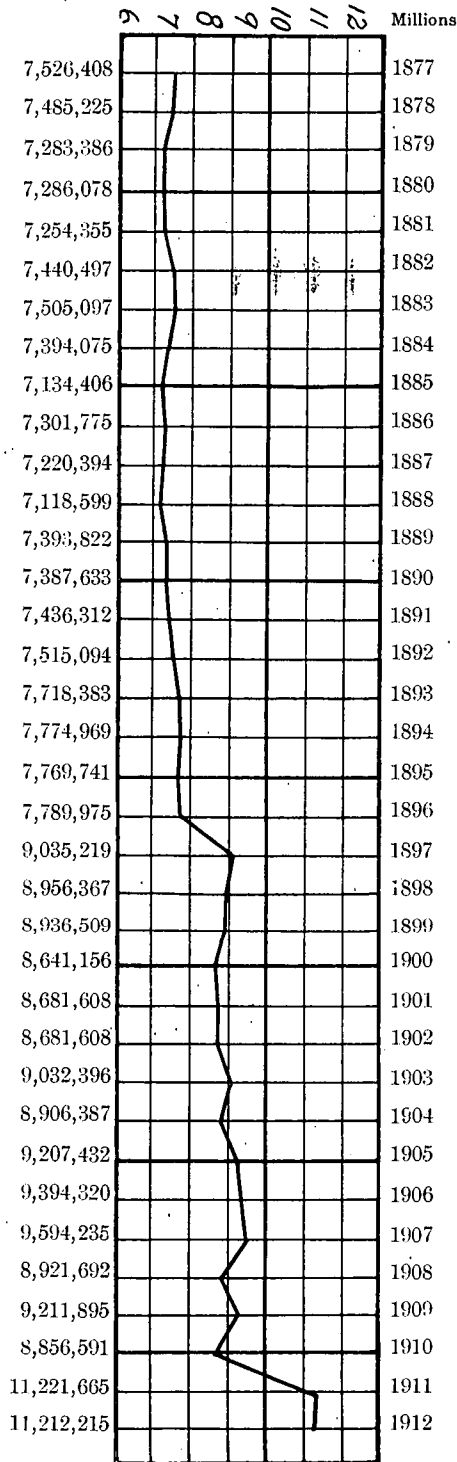


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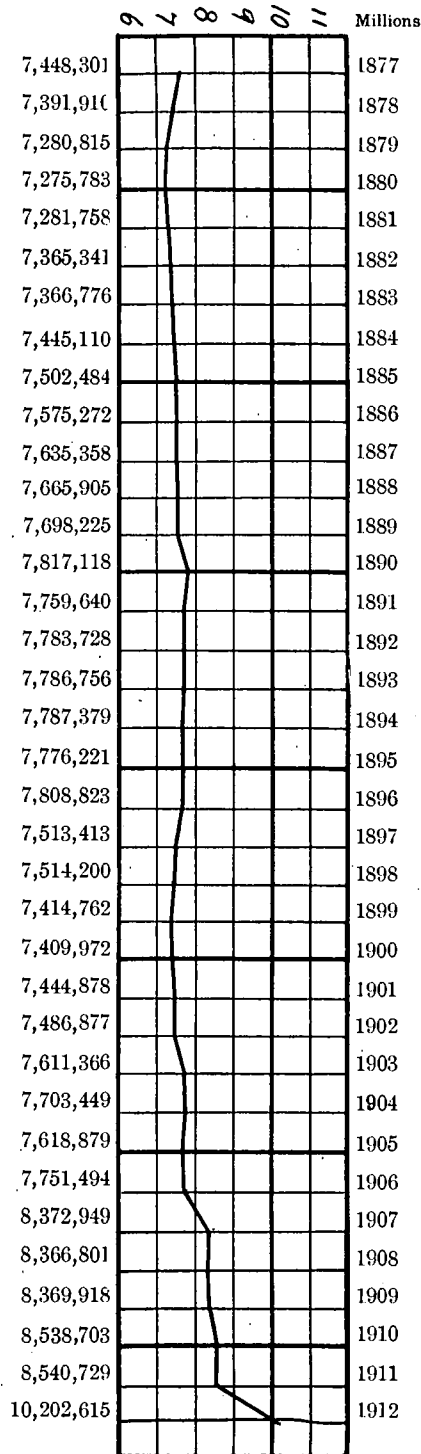




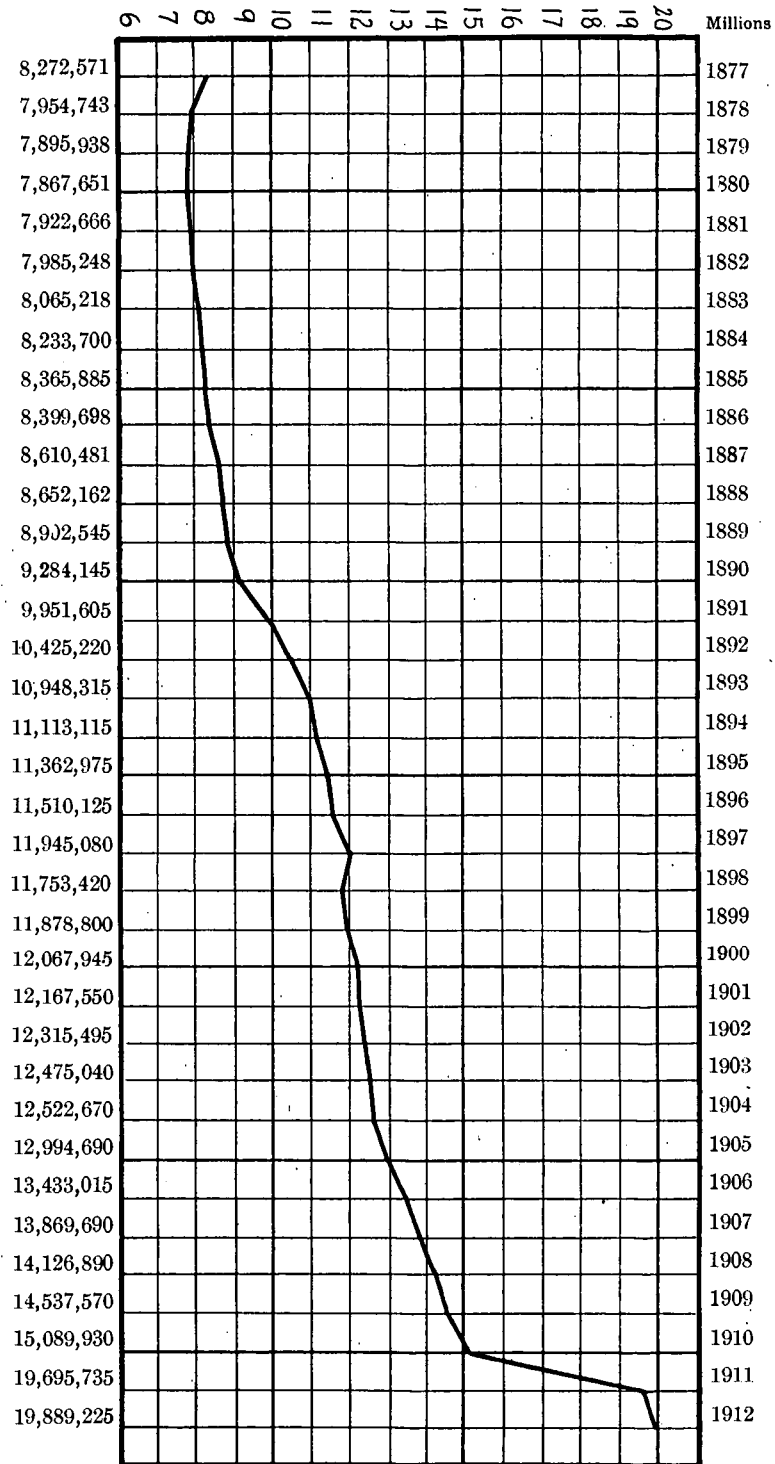
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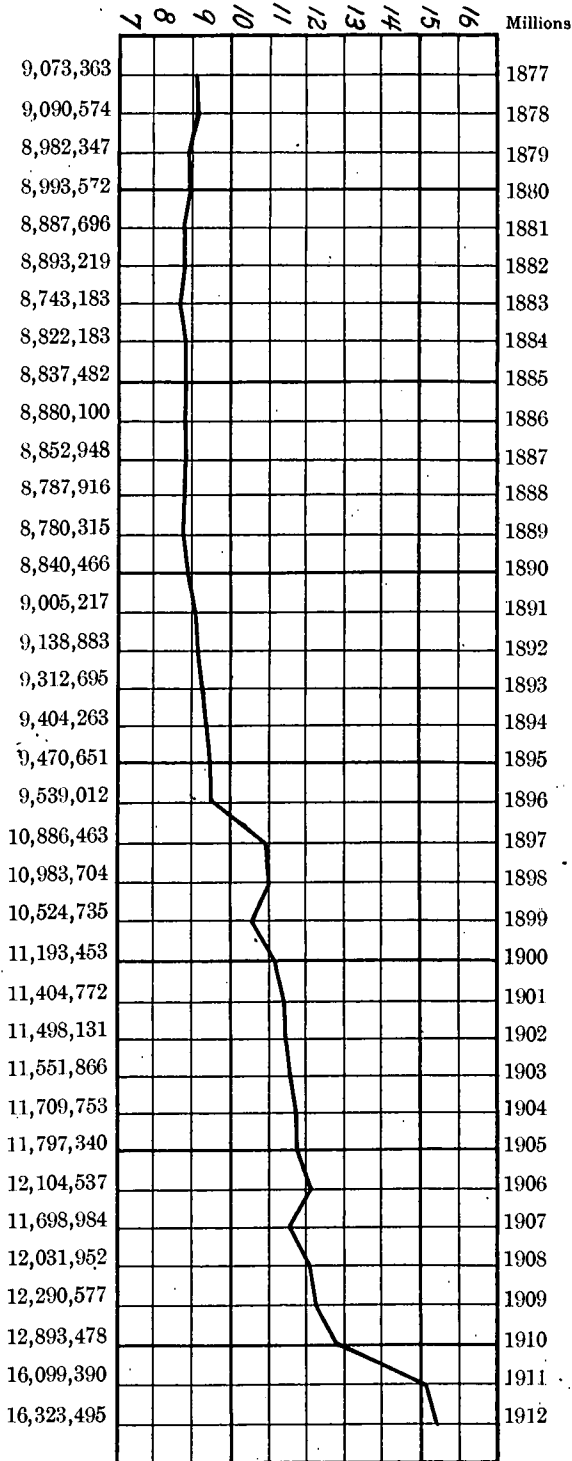
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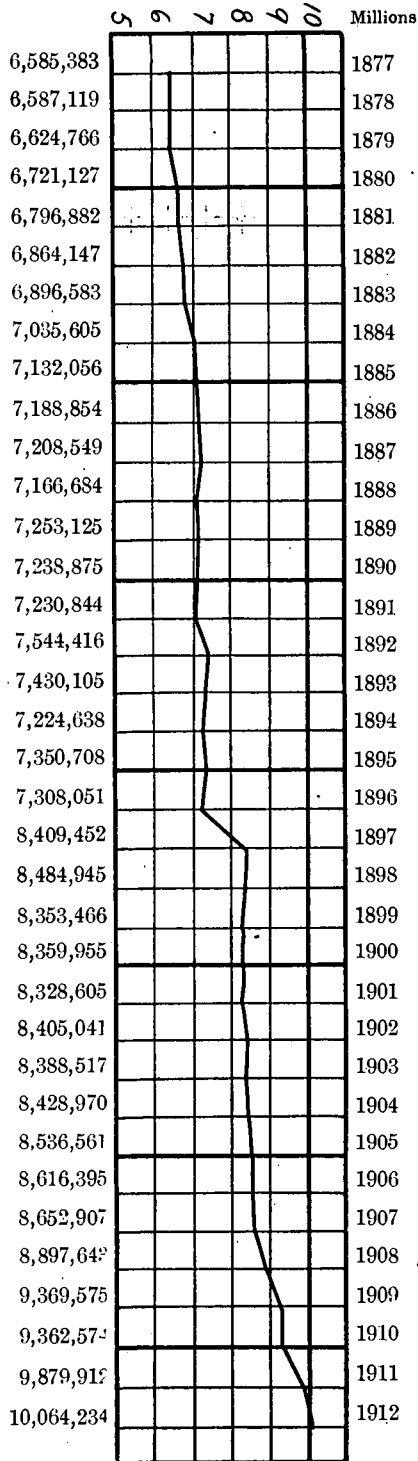
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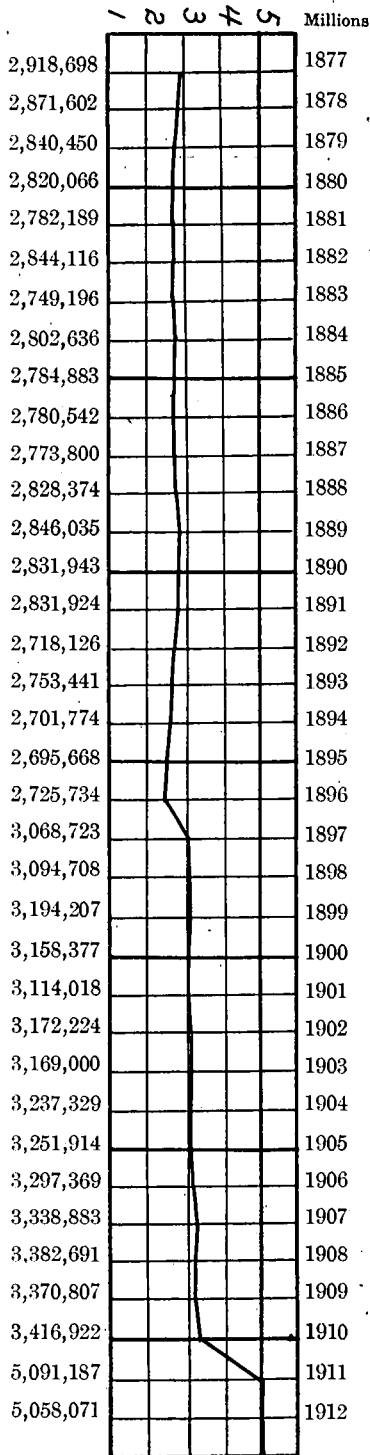
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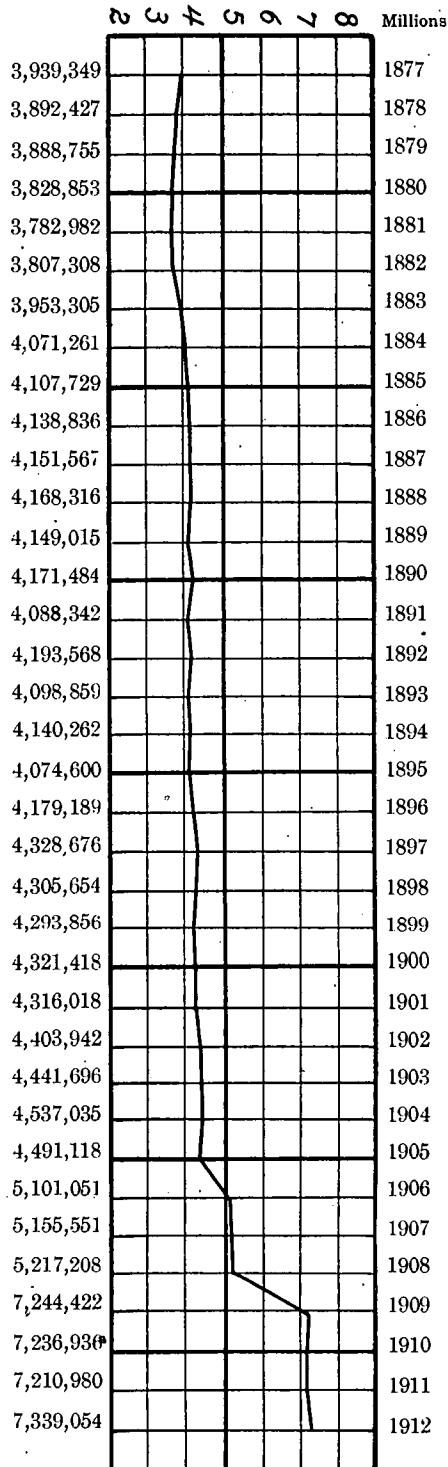


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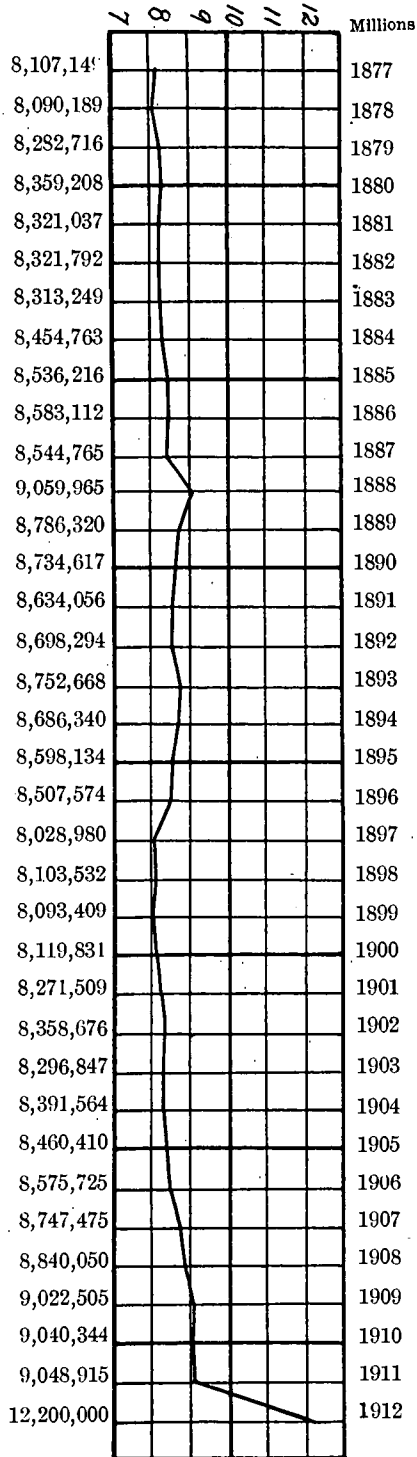


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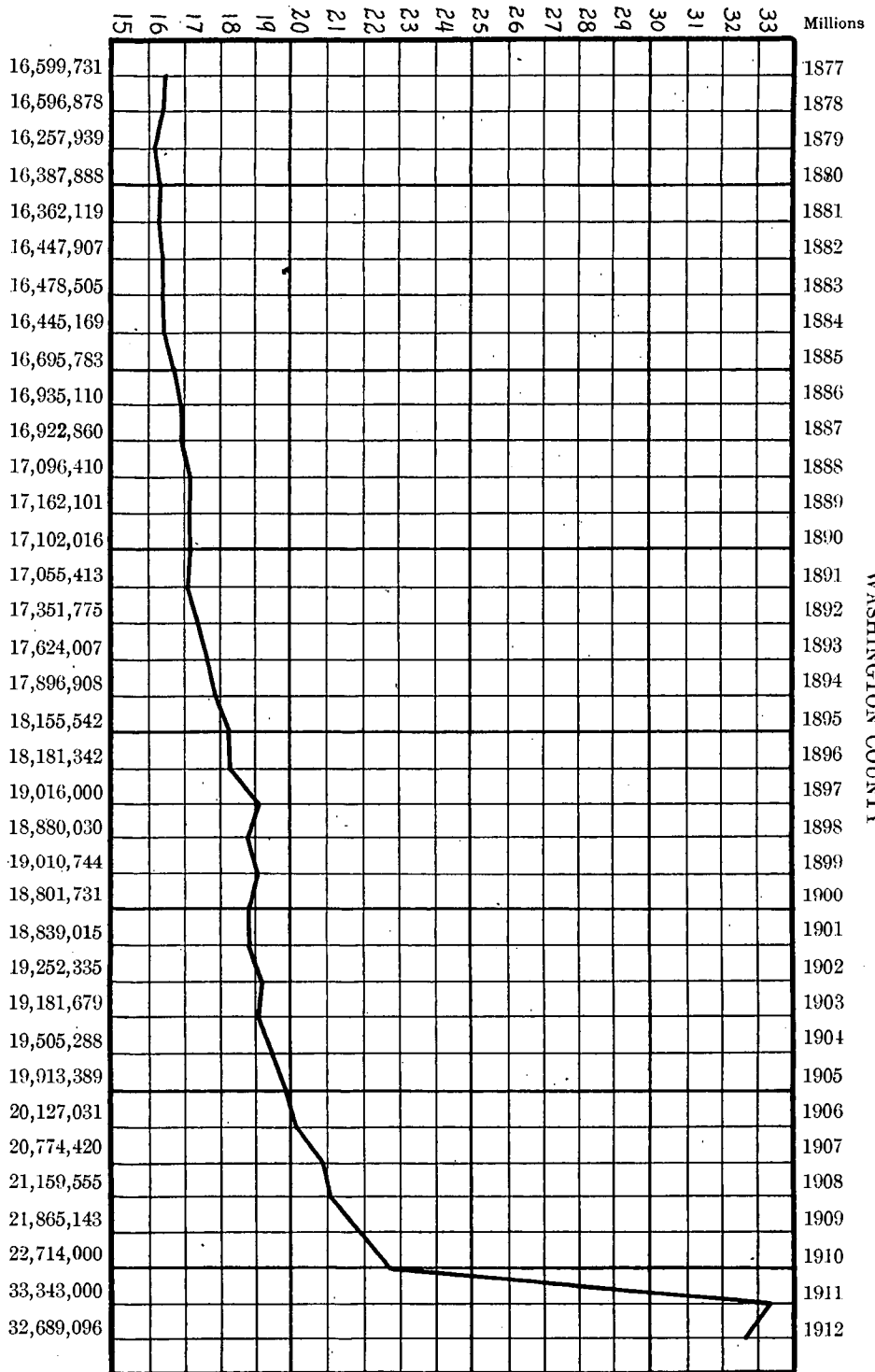
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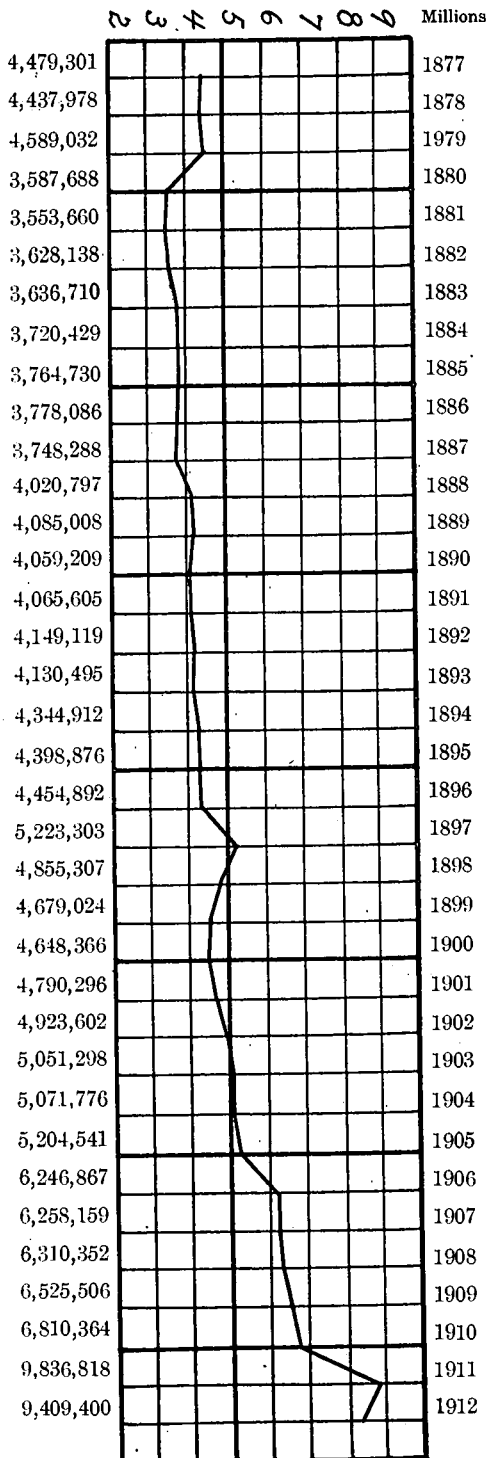


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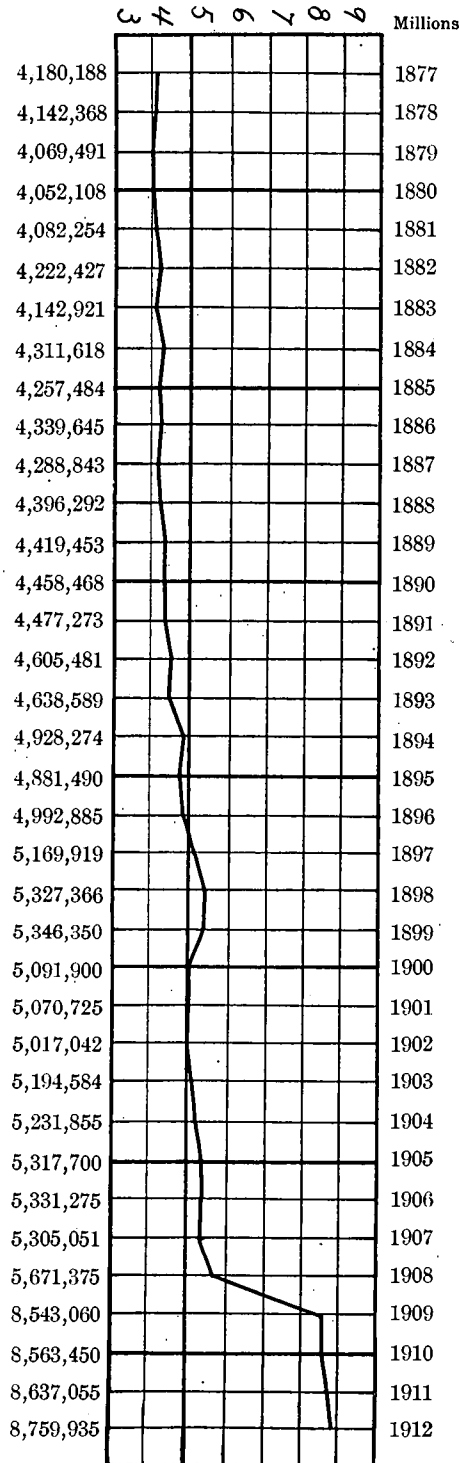


TALBOT COUNTY





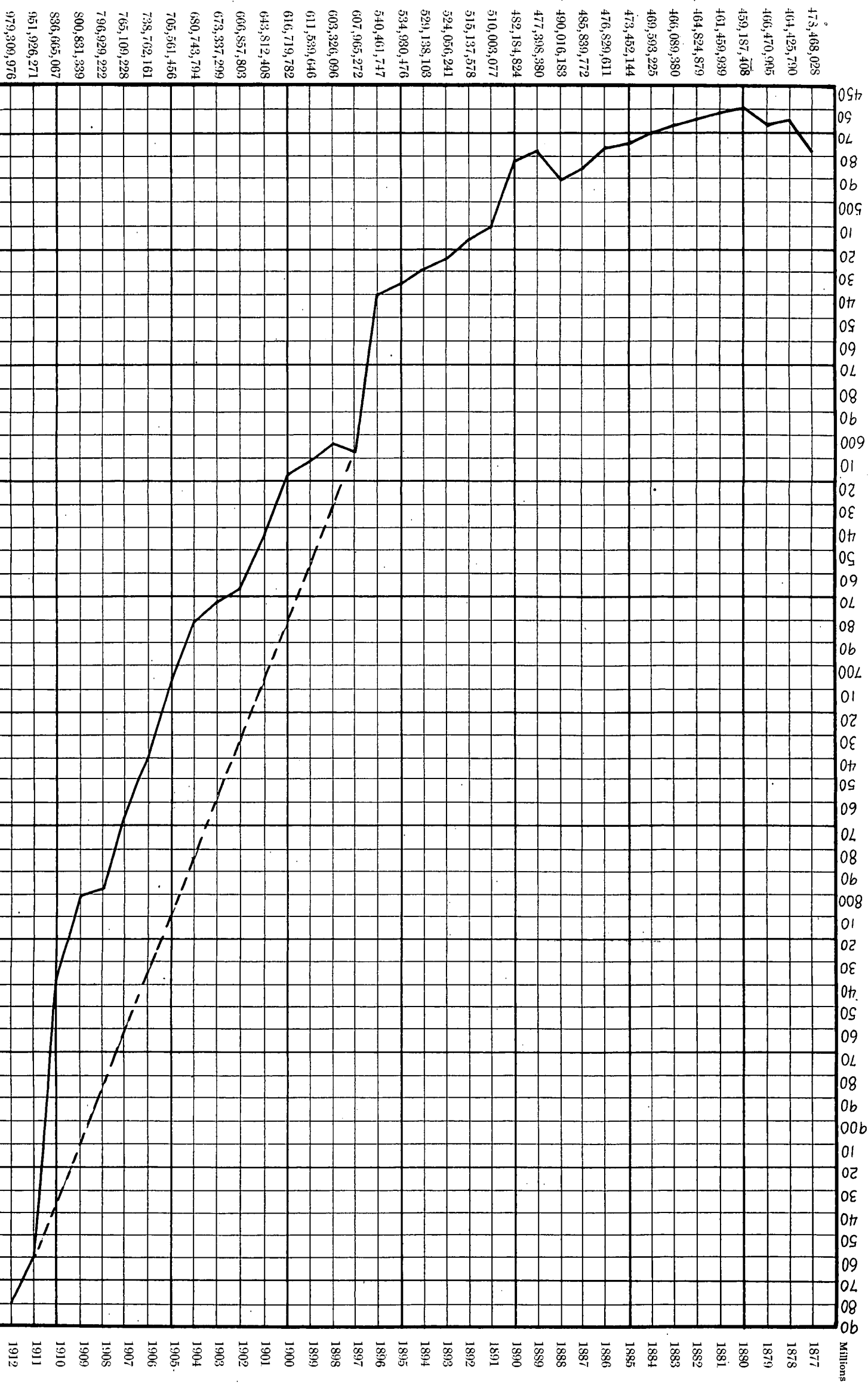
WICOMICO COUNTY



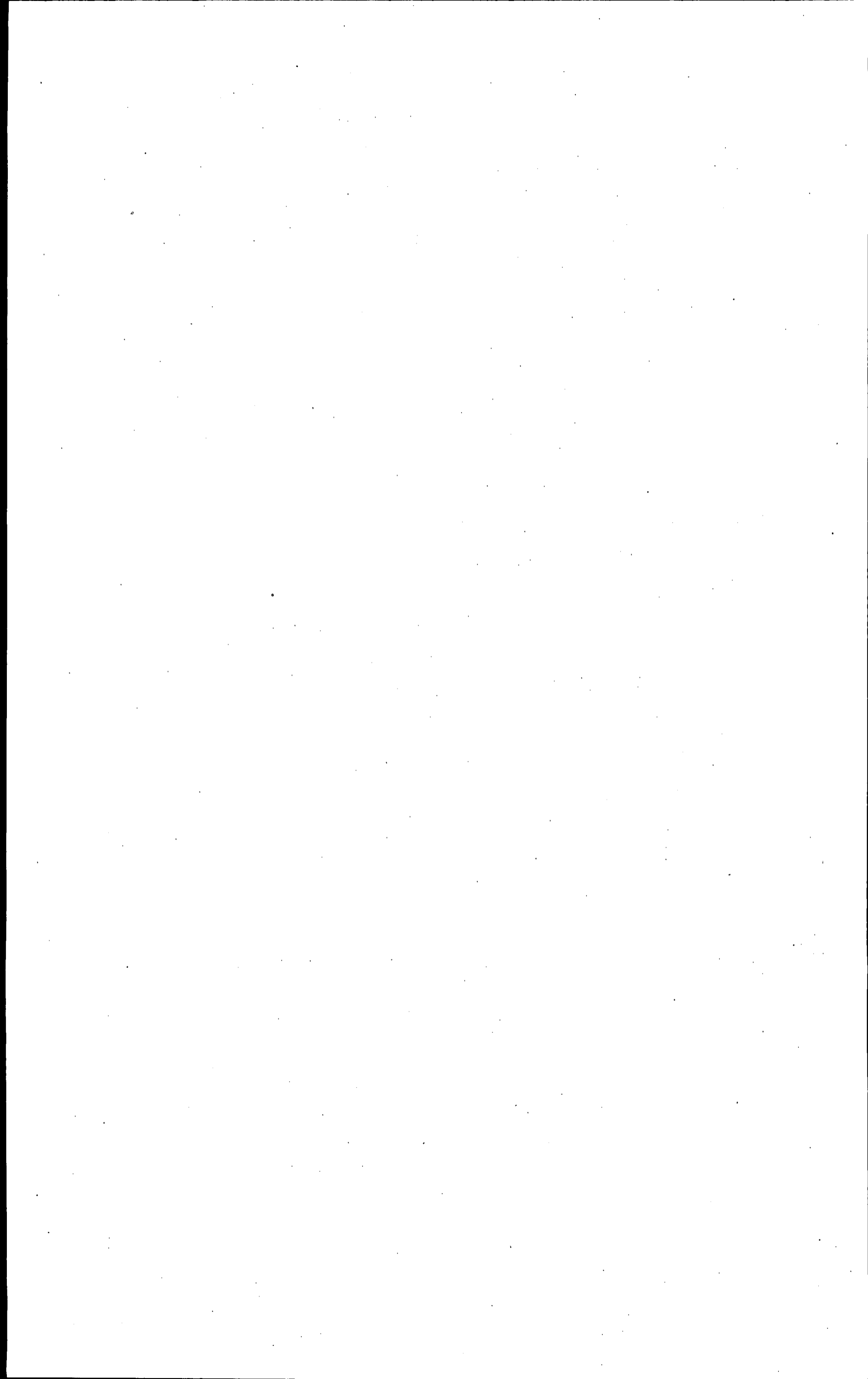
WORCESTER COUNTY

REASSESSMENT IN MARYLAND

THE STATE



Scale: One-tenth size of other Counties except Baltimore County and Baltimore City. One-half size of Baltimore City and One-quarter size of Baltimore County. (Showing projected line of uniform increase.)



Allegany County reached a high point of assessment in 1880, and receded therefrom until 1894, when it surpassed this former high mark, but again began to recede until 1898, since which time its new assessments have been generally increasing.

Eliminating from consideration the changes brought about by the reassessment of 1910, Anne Arundel, Calvert, Caroline, Carroll, Charles, Dorchester, Harford, Howard, Kent, Prince George's, Queen Anne's, St. Mary's and Wicomico Counties have been almost constant with variations increasing or decreasing; while Talbot County, until 1912, showed a net change in the years between 1877 and 1911 only of \$900,000; it may be stated that it was less in 1911, compared with the assessment for 1888. This condition is inconceivable to one familiar with that county.

Baltimore City showed a marked depression from 1877 to 1888, since which time it has with one exception increased on a large original basis of valuation; Baltimore County's loss of assessment of 1888 was occasioned by annexation of part of its territory to Baltimore City, since which time its change of basis has been most marked.

Cecil County showed and has maintained a loss beginning with 1895 until 1909, while the depreciation in Frederick County began in 1877 and continued until the reassessment of 1910. Garrett County's²⁵ aggregate of increase is 224 per cent., the highest in the State, caused no doubt by maintaining the increase of basis as established in 1896. Montgomery County has been consistent in increase, and so has Washington County until after reassessment of 1910, since which time it has receded about \$650,000. Carroll County, too, has lost since reassessment, \$2,100,000. There were reassessments in Somerset and Worcester Counties in 1908 under provisions of local laws. The State's change is about constant.

Unless there is some fundamental reason for the losses of assessment, such as panics or financial depression, the conclusion must be that the lack of proper administration is the cause. The panics of the United States may be disposed of when it is stated that in the years under consideration there was a depression²⁶ in 1884, in the years immediately preceding and following 1893, and

²⁵Garrett County was formed in 1872 under provision of Chapter 212 of that year.

²⁶Juglar: "Brief History of Panics in the United States."

that of 1907. Only the panic of 1893 was general in the sense that reflection should be shown in real estate values, especially farms, and was of long duration, and it was not until years later that there was complete recovery. Those of 1884 and 1907 were short-lived, with little reflection in real estate values. It seems impossible to find any sufficient cause to account for the frequency and amount of the decreases in assessment.

The Baltimore fire of 1904 destroyed over \$25,000,000 in tangible property included in the taxable basis,²⁷ but the recovery was quick and no lasting effect is noticed in the assessment. Improved assessment methods in the city contribute largely to this result.

The assessments between the periods may be contrasted by a summary as expressed in the two tables immediately following and sufficiently explained in the caption:

TABLE²⁸ SHOWING INCREASE OF ASSESSMENTS OF REAL AND PERSONAL PROPERTY AND SECURITIES FROM 1877 TO 1912, INCLUSIVE.

1. Baltimore City.....	\$273,249,875
2. Baltimore County.....	92,236,753
3. Allegany County.....	18,928,858
4. Washington County.....	16,089,365
5. Montgomery County.....	11,616,654
6. Anne Arundel County.....	9,810,000
7. Garrett County.....	7,499,394
8. Prince George's County.....	7,250,132
9. Dorchester County.....	7,070,275
10. Carroll County.....	6,619,525
11. Caroline County.....	6,312,579
12. Harford County.....	6,055,490
13. Wicomico County.....	4,930,099
14. Worcester County.....	4,579,747
15. Talbot County.....	4,092,851
16. Frederick County.....	3,742,958
17. Howard County.....	3,685,807
18. Queen Anne's County.....	3,478,851
19. Somerset County.....	3,399,705
20. Kent County.....	2,754,314
21. Cecil County.....	2,357,518
22. St. Mary's County.....	2,139,373
23. Charles County.....	2,017,800
24. Calvert County.....	624,055
The State.....	500,841,948

²⁷Personal property of Maryland corporations not included in this aggregate.

²⁸See note at beginning of this article.

Table²⁹ Showing Percentage of Increase of Assessments of Real and Personal Property and Securities from 1877 to 1912, inclusive.

(REASSESSMENTS IN 1877, 1897 and 1911.)

	Per Cent.
Allegany.....	175
Anne Arundel...	99
Baltimore City...	112
Baltimore Co....	182
Calvert.....	25
Caroline.....	168
Carroll.....	40
Charles.....	58
Cecil.....	17
Dorchester.....	117
Frederick.....	14
Garrett.....	245
Harford.....	22
Howard.....	48
Kent.....	36
Montgomery....	140
Prince George's.	79
Queen Anne's...	52
St. Mary's.....	73
Somerset.....	86
Talbot.....	50
Washington.....	97
Wicomico.....	110
Worcester.....	109
THE STATE...	104

(29). See note at beginning of this article.

A PARTICULAR STUDY OF THE 1910 REASSESSMENT.

Further examination of the assessment of counties showing an increase of county assessment of 1911 as compared with 1910 would prove that the increase was not sudden, but of gradual growth. For instance, Allegany's advance of \$10,000,000 did not accrue in values to that county in one year. It was an evolution of values. This applies to all counties which show a marked contrast between the years immediately preceding and following the reassessment, such as Washington, Anne Arundel, Caroline, Dorchester and Baltimore Counties.

Without analyzing at this time the ratio of assessment to valuation, consider what the State and local communities have lost in the way of taxes. Local county assessments and State assessments are practically the same, with the exception of railroad properties added to county assessments.

Take Allegany County for illustration. The \$10,000,000 increase should be distributed over fourteen years, and any calculation tending to show what the State has lost is more or less theoretical, and not conclusive.

In the natural course of events, the State assessment for the year 1911 without reassessment would have shown the average increase. The gross increase as compared with the preceding year, which was prior to the return of the new assessment, was \$115,000,000 in the whole State. The average increase from 1897 to 1911 was less than three per cent., and it is fair to assume that this average would have been maintained without any reassessment. The taxable basis for 1911 would consequently have been \$860,000,000 for the State, leaving an increase directly attributable to reassessment of \$91,000,000.

Distribute this over the fourteen years, and charge the same with the State rate for the year, and we have a result something like this for each year's additional income:

	Computed Assessment Based on Average Increase Between Periods of Reassessment.	Computed Increase of Assessment.	State Rate Per Hundred (Cents.)	State Loss of Taxes.
1898.....	\$632,500,000	\$29,200,000	17¾	\$51,830.00
1899.....	657,100,000	45,600,000	17¾	80,940.00
1900.....	681,700,000	65,000,000	17¾	115,375.00
1901.....	706,300,000	62,500,000	17	106,250.00
1902.....	730,900,000	64,100,000	17	108,970.00
1903.....	755,500,000	82,200,000	17	139,740.00
1904.....	780,100,000	99,400,000	22½	223,650.00
1905.....	804,700,000	99,200,000	23½	233,120.00
1906.....	829,300,000	90,600,000	23½	212,910.00
1907.....	853,900,000	88,800,000	16	142,080.00
1908.....	878,500,000	81,600,000	16	130,560.00
1909.....	903,100,000	102,300,000	16	163,680.00
1910.....	927,700,000	91,100,000	16	145,760.00
				\$1,854,865.00

What the assessment should have been is derived by charging a constant increase, uniform throughout the years between the periods of reassessment. The actual increase of assessment for State purposes has not been constant; in fact, immediately following reassessment there was a decided loss. The difference of assessment upon which is computed the State loss by applying the rate is the actual difference from what was assessed and the computation of what should be the assessment.

The result is not flattering, at least, and far from pleasing, if we even allow for vast discrepancies; but, nevertheless, the study is instructive as a guide for future action. Beginning now after reassessment, the attention directed to this condition should point to a better method of assessment.

³⁰Allowance must be made for failure in collections. See post—"Collection of Taxes."

FURTHER CONSIDERATION OF THE REASSESSMENT ACT OF 1910.

The Act of 1910 providing for a general reassessment was passed at the close of the session. It was too late to be of benefit for the State basis of that year, but it was contemplated that by 1911 the whole would have been completed for use in levying the State tax. Baltimore City, owing to its continuing assessment and the mandate requiring a revision of all property every five years, was exempted, as were Somerset and Worcester Counties owing to reassessments in 1908.

All other counties were consequently within the mandate of the law, but for some reason or other four counties failed to report by 1911, and the levy was laid on the former basis. Had there been some central State agency compelling them to comply, there would have been direct responsibility. The counties that failed to report were Cecil, Garrett, Kent and Talbot. Three of these—Cecil, Garrett and Kent—had not reported by January, 1912, in time for that year's assessment, according to the report of the State Tax Commissioner to the Legislature, although the change of assessment between 1911 and 1912 would indicate that they may have levied on a new assessment.³¹

The Comptroller of the State in his annual report for the fiscal year 1912, which was submitted to the session of the General Assembly at the beginning of the session, drew attention to this fact by the following statement:

Page IX. "The new assessment of 1910 increased the basis from \$836,665,067 in 1910 to \$951,926,271 in 1911, or an increase of \$115,261,204, despite the fact that several counties, viz, Garrett, Kent, Cecil and Talbot, levied and collected the 1911 levy on the old basis of assessment. Therefore, these counties do not show the new basis, but the old. Had these counties completed their assessments as required by law, the present basis would be much larger, and the State and counties would have derived the benefits accruing therefrom. Such a

³¹Under date of January 7, 1913, the State Tax Commissioner reported to this Commission that Cecil and Garrett had not at that time filed their assessment, and that Kent filed its report January 19, 1912.

course was not fair or equitable to the other counties, and the local taxing authorities of such delinquents are guilty of gross laches in not being more expeditious in the performance of their duties."

If this was a reprimand, that is all there was to it. Local taxing authorities are not over-sensitive, and there was no agency to compel compliance nor any action to bring the delinquents to account.³²

The amount of tax receipts lost by this neglect is speculative, though considerable. However, a most important principle is involved, because it is fundamental that every person should contribute to the support of the government according to the actual worth of his real and personal property.

Additional Bibliography:

Adams, Thomas S.: "Taxation in Maryland."

Bankard: "Taxation Under the New and Old Assessment Laws" (1897).

Richard M. McSherry: "Talks on Taxation in Maryland."

³²A similar neglect occurred in 1841, but the Legislature of 1842 passed a law requiring the authorities in default to report immediately taxes to be collected after a semi-annual period. (Chapter 116.)

COST OF RE-ASSESSMENT OF THE COUNTIES
UNDER THE ACT OF 1910.

Allegany.....	\$32,000.00
Anne Arundel.....	14,884.23
Baltimore	34,451.23
Calvert	2,933.05
Caroline	5,764.88
Carroll	16,951.63
Cecil	10,000.00
Charles	4,171.00
Dorchester	17,239.44
Frederick	27,199.19
Garrett	6,795.52
Harford	12,471.05
Howard	4,723.20
*Kent	
Montgomery	11,000.00
Prince George's.....	13,933.94
Queen Anne's.....	8,367.71
†Somerset	3,410.00
St. Mary's.....	7,158.85
*Talbot	
Washington	29,199.89
Wicomico	8,412.03
†Worcester	5,000.00
	\$276,066.80

* No report.

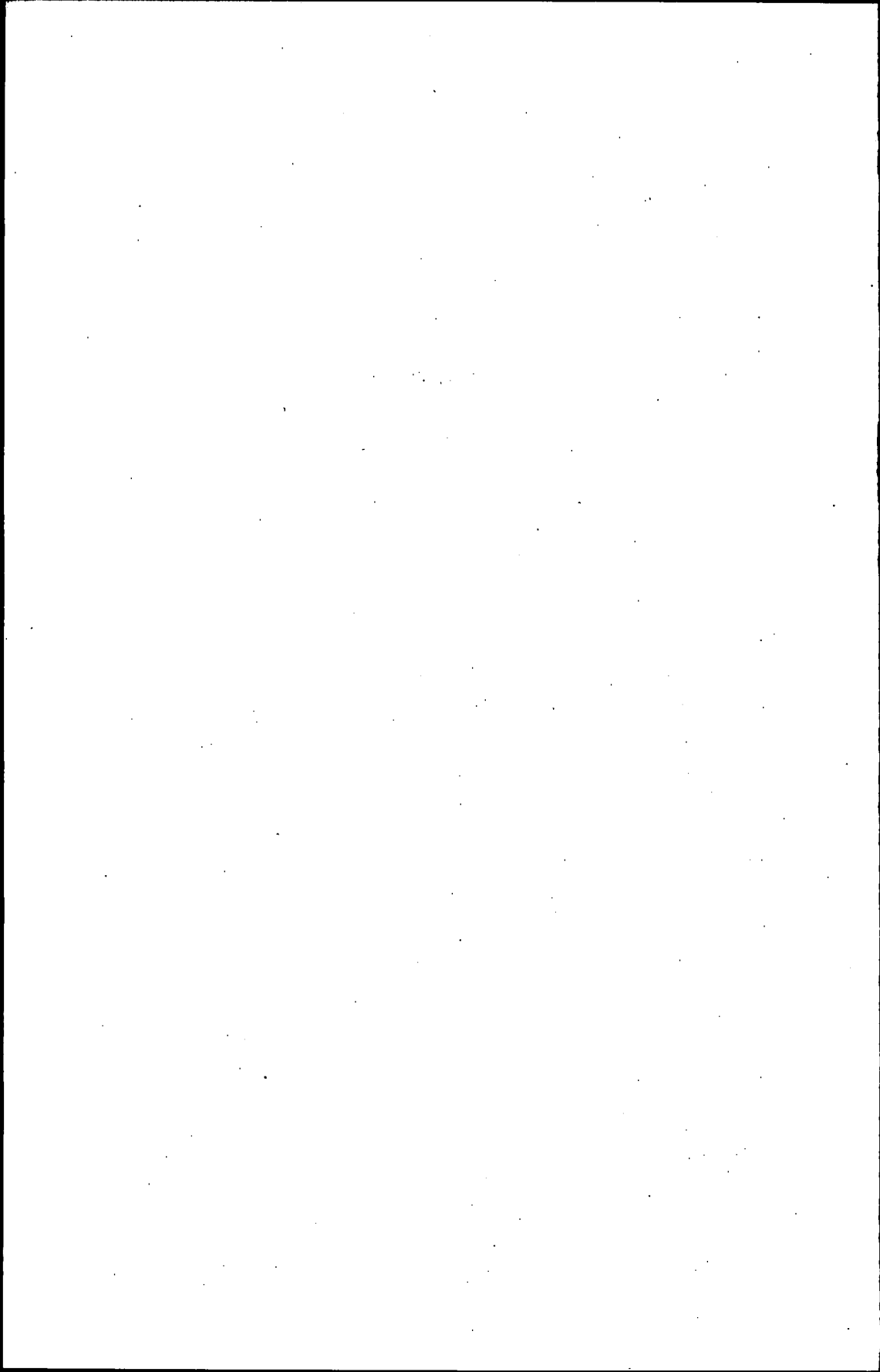
† Re-assessment in 1909.

(The cost of re-assessment in 1896 in Baltimore was \$186,000.)

ASSESSORS EMPLOYED IN REASSESSMENT OF 1910.

County.	Number Employed.	Occupations of Assessors.
Allegany	35	Not classified.
Anne Arundel.....	9	6 farmers, 2 merchants, 1 clerk.
Baltimore County...	37	Farmers, mechanics, carpenters, merchants.
Calvert	5	4 farmers, 1 merchant.
Caroline	16	Farmers, canners, merchants.
Carroll	22	"Mostly farmers."
Cecil .....	..	*
Charles	12	11 farmers, 1 school teacher.
Dorchester	27	24 farmers, 1 doctor, 1 merchant, 1 real estate agent.
Frederick	49	Not classified.
Garrett	16	All farmers.
Harford .....	..	*
Howard	9	5 farmers, 1 butcher, 1 builder, 1 weigher, 1 clerk.
Kent	10	7 farmers, 2 mechanics, 1 clerk.
Montgomery	19	16 farmers, 2 contractors, 1 architect.
Prince George's....	33	*
Queen Anne's.....	..	All farmers.
St. Mary's.....	13	All farmers.
Somerset	3	1 farmer, 1 lumberman, 1 merchant.
Talbot	7	4 farmers, 2 merchants, 1 attorney.
Washington	44	"Farmers, auctioneers, merchants, school teachers, doctors, gentlemen of leisure."
Wicomico	18	Not classified.
Worcester	10	4 farmers, 3 merchants, etc.

* No report.



COLLECTION OF TAXES.

The subjects of assessment and collection are so closely related and dependent that it has seemed necessary to make a thorough investigation into collection methods at some length.

The fiscal control of the State of Maryland is vested to a large extent in the Comptroller of the Treasury and the State Treasurer.¹ It would appear as though the framers of the Constitution contemplated that the Comptroller should be the financial adviser of the State, and not the bookkeeper.

He is charged with the duty of making all estimates and furnishing the Legislature with information to fix the tax rate.

As far as investigation goes, there has never been an audit of collection accounts of local communities, except at the instance of local officers, and there is no specific authority for such audit, except for Baltimore City. The duties of the State Auditor do not require him to audit books of collectors of taxes.

CHANGES IN THE MANNER OF COLLECTING TAXES.

In any discussion of taxation in Maryland, when a study is attempted of condition in the past, it must constantly be borne in mind that a State tax has not always been imposed, because a direct property tax was an exception rather than the rule. Indeed, until the year 1841 a direct property tax was very seldom imposed.

The first imposition of any tax occurred in 1777, and it is significant that the first act² recognized the urgent need of the funds and allowed a discount.

This discount, however, was different from discounts at present allowed in Maryland and was a 6% allowance paid by the State for the use of money in advance. It was distinctly a commercial discount. Not only were current bills discounted, but taxes for future years were discounted³ in order that the State could obtain large sums of money.

¹Constitution (1867), Article 6, Section 1.

²Acts 1777, Chapter 21, Section 29.

³Tax Commission Report (1888), page CXLVIII.

Taxes under the first levies were payable semi-annually;⁴ but as their amount decreased, the provisions of law for two payments were changed. Until 1874 (Act 1874, Chapter 483, Section 83), corporations paid taxes semi-annually.

The Sheriff was the first collector of State taxes in Maryland. After the tax necessities of the Revolutionary War had been provided for, the direct tax was not imposed until 1812.

The provisions of the Act of 1812⁵ followed closely those of 1777, except that there were no provisions for semi-annual payments. The greatest changes, however, in the manner of collecting taxes occurred about 1822,⁶ when a direct property tax was levied once more, after having been suspended for years. This act established a system different from that heretofore in force and provided for a levy of a fixed amount on each county, which should be paid to the State free of all costs of collections and other charges. Heretofore rates per cent. on \$100 of valuation were levied on the assessed value of each county. This manner of levying taxes was resorted to but four times,⁷ although a fixed sum was levied occasionally on the communities for special purposes in subsequent years.

⁴See Act 1777 above referred to.

⁵Chapter 191.

⁶Chapter 53.

⁷The amount levied in each county was as follows for the year 1823, when the charge was the heaviest:⁸

Allegany	\$948
Anne Arundel	3,924
Baltimore County*	19,468
Calvert	964
Caroline	900
Charles	2,696
Cecil	2,380
Dorchester	2,204
Frederick	5,668
Harford	2,140
Kent	1,686
Montgomery	2,044
Prince George's	3,076
Queen Anne's	2,252
St. Mary's	1,580
Somerset	2,216
Talbot	1,656
Washington	2,948
Worcester	1,964

\$60,714

(Carroll, Garrett, Howard and Wicomico Counties and Baltimore City were formed subsequently.)

⁸Acts 1822, ch. 139.

*Includes Baltimore City.

The reason that the levying of taxes in this manner was changed and a rate fixed instead of a definite lump sum can probably be attributed to the same influences which brought about the change of law which resulted in the consolidation of the offices of the "Levy Court of the County" and the "Commissioner of the Tax for the County" into one body of County Commissioners.⁹ The officials of the Levy Courts were appointed by the Governor and Council, while the Commissioner of the Tax was appointed by the Legislature. Until this consolidation was brought about there was direct State responsibility on the part of the central appointees.

A striking effect of the change from central control to local control is seen about the year 1841 in the difficulty of the State in collecting its revenues. This was the period of financial crisis in Maryland State affairs, brought about by State aid to public improvements and when the needs of prompt collections were imperative. But local collecting officers under local influence failed to realize the importance of prompt collections, and concerned themselves with local financial affairs to the detriment of the State.

The advisability of levying a sum of money upon each county based upon the percentage of its assessable value to the assessable value of the State is deserving of some consideration, and is the method followed in nearly all other States. In Maryland, after the rate has been computed and the assessed valuation of each county ascertained, the amount of taxes is then charged not as against each county, but as against the individual holders of property in each county. The collection is then left to local officers.

The detail of the collection system is discussed under the following heads:

- Percentage of collection of taxes by local authorities.
- Methods and costs of collection.
- Dates when local taxes are due.
- Discount. Interest. Penalties.
- Insolvencies.

⁹The first act was the Act of 1826, chapter 217, applicable to Baltimore County. The change in each county was brought about by a separate act.

PERCENTAGE OF COLLECTION OF STATE TAXES OF
THE LOCAL COMMUNITIES OF MARYLAND.

The taxable basis of Maryland for 1912 was \$979,309,976, and the rate levied on this amount was 23¼c. on the \$100. Consequently the tax on real and personal property to be paid by collectors should have been \$2,276,895.69. Under the provisions of law¹⁰ State taxes are due the first of January and are due and payable the first of the succeeding January and bear interest therefrom at 6%.

The Comptroller's year, however, does not coincide with the tax year and ends on the 30th of September, so consequently any report of collection of current taxes is misleading unless this discrepancy in dates is taken into account; again, too, discount must be considered, but this subject is treated separately.

In 1912, according to the report of the Comptroller, the State received on account of taxes of 1912 \$1,581,224.36, or 69.4% of the taxes of 1912, from the several counties and city.

The following table shows the amount of the levy laid on the taxable basis of each county in 1912, the amount of the taxes paid during the State fiscal year on account of such levy and the percentage of collection of the 1912 taxes:

Counties.	Levy.	Collection.	Percentage of Collection. ¹
Allegany	\$69,141.31	\$44,388.42	.64
Anne Arundel	45,756.27	25,000.00	.54
Baltimore City	1,200,587.88	954,780.75	.79
Baltimore County	331,865.65	203,727.74	.61
Calvert	7,062.45	6,709.33	.95
Caroline	23,411.90	0.00	.00
Carrroll	52,979.84	42,679.40	.80
Cecil	36,167.82	0.00	.00
Charles	12,718.45	7,618.22	.59
Dorchester	30,457.65	10,000.00	.32
Frederick	67,903.19	64,508.03	.95
Garrett	25,193.13	12,000.00	.47
Harford	40,832.56	25,000.00	.61
Howard	26,068.40	10,461.18	.40
Kent	23,721.08	20,530.42	.86
Montgomery	46,242.45	25,000.00	.54
Prince George's	37,952.13	15,300.00	.40
Queen Anne's	23,399.35	3,442.84	.14
St. Mary's	11,760.02	10,500.00	.89
Somerset	17,063.30	1,378.03	.08
Talbot	28,365.00	18,000.00	.63
Washington	76,002.15	50,000.00	.65
Wicomico	21,876.86	19,000.00	.87
Worcester	20,366.85	11,200.00	.55
The State.....	\$2,276,895.69	\$1,581,224.36	.69

¹Maximum that can be collected is 95%. (See Interest, Discount and Penalty.)

¹⁰ Article 81, Section 48.

From examination of the above table showing percentage of collection of current taxes, it appears that there is a variance of from 00% to 95%, and this condition requires a full investigation and criticism of the laws and administration of collection.

In this connection, must be taken into account the 5% discount to September 1st, the 4% discount to October 1st and the 3% discount to November 1st, and the dates when local taxes are due.

If the reason for this delayed payment of current bills is the law of the local community alone, we should expect percentage of collection in the counties in year after year of current taxes to be uniform. Howard County affords a fair illustration of the manner and lack of uniformity in the percentage of collection of taxes.

The percentage of collection of current taxes in Howard County has varied from 81% in 1902 to 21% in 1908. Frederick County is the most consistent in the ratio of the collection of current taxes, as it has collected practically 95% each year in the last ten years. The following table shows the percentage of collections of current taxes in each of the counties and Baltimore City.

Table¹ showing the percentage of collection² of current State³ taxes⁴ to the levy⁵ for the years from 1902-1912, inclusive:

	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912
Allegany .....	.61	.68	.58	.63	.65	.65	.64	.64	.62	.60	.64
Anne Arundel..	.69	.58	.58	.62	.54	.72	.73	.71	.57	.35	.54
Baltimore City.	.77	.74	.69	.72	.74	.74	.71	.76	.78	.80	.79
Baltimore Co..	.61	.59	.60	.63	.63	.61	.61	.60	.63	.64	.61
Calvert .....	.92	.90	.94	.94	.91	.92	.96	.89	.92	.90	.95
Caroline .....	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Carroll .....	.72	.70	.74	.78	.81	.82	.93	.87	.88	.76	.80
Cecil .....	.45	.00	.40	.40	.41	.40	.40	.00	.00	.00	.00
Charles .....	.62	.70	.70	.69	.85	.91	.94	.90	.58	.62	.59
Dorchester ....	.66	.68	.68	.37	.36	.67	.70	.67	.66	.00	.32
Frederick .....	.95	.95	.95	.95	.95	.95	.95	.95	.94	.94	.95
Garrett .....	.55	.57	.68	.83	.66	.90	.81	.76	.80	.58	.47
Harford .....	.00	.45	.41	.41	.45	.43	.42	.42	.42	.39	.61
Howard .....	.81	.65	.40	.34	.45	.39	.21	.51	.33	.34	.40
Kent .....	.95	.89	.90	.90	.89	.90	.82	.83	.80	.74	.86
Montgomery ..	.41	.38	.31	.35	.47	.67	.66	.64	.49	.46	.54
Prince George's	.53	.58	.40	.42	.43	.48	.46	.51	.48	.42	.40
Queen Anne's..	.93	.93	.91	.89	.91	.92	.86	.90	.84	.87	.14
St. Mary's.....	.67	.37	.93	.91	.92	.90	.91	.91	.96	.73	.89
Somerset .....	.30	.00	.01	.01	.17	.12	.00	.08	.06	.07	.08
Talbot .....	.90	.89	.90	.91	.94	.93	.93	.86	.83	.65	.63
Washington ...	.86	.85	.95	.88	.84	.90	.88	.85	.68	.64	.65
Wicomico .....	.56	.53	.00	.00	.00	.56	.95	.95	.88	.95	.87
Worcester ....	.35	.67	.61	.68	.36	.62	.89	.80	.58	.60	.55
The State..	.70	.69	.66	.67	.68	.72	.69	.71	.71	.69	.69

Some counties return to the State from year to year the identical amount of current taxes irrespective of the change in the State tax rate, the change in the amount of assessable property of the county and the amount of taxes which the county has to pay.

For instance, Montgomery County reported exactly \$15,000 of collection of current taxes in each of the fiscal years 1906, 1907, 1908 and 1909, notwithstanding the fact that levies in the county in those years varied from \$22,191.50 to \$31,567.59.

Harford in the years 1907, 1908, 1909 and 1910 reported the collection of \$9,000 in each year. Many other counties show such a condition, but not to quite such a marked extent, and many show payments of a flat amount in dollars year after year. Examina-

¹Compiled from reports of the Comptroller.

²Consideration of direct property taxes includes tax on real estate, personal property and securities.

³State taxes are payable January 1st. Discount to September 1st 5%; to October 1st, 4%; to November 1st, 3%. After January 1st interest is chargeable.

⁴95% is maximum that can be collected, as State fiscal year ends September 30th and all taxes collected to September 1 are entitled to 5% discount.

⁵State taxes are collected (with some exceptions) with local taxes, and fiscal year varies in different counties.

tion of the tables of collection of taxes of each county at the end of this article demonstrates to what extent this is resorted to.

These collections are summarized in a table showing the aggregate of levies and the aggregate of collections, and from these are computed the percentage of collections of the counties.

Table¹ showing aggregate of levies,² amounts of collection of current³ taxes;⁴ amount of collections of all taxes levied from 1902 to 1912, inclusive—(tax on Maryland Corporations and Baltimore City stock not included) :

	Aggregate of levies.	Aggregate amounts of collections of current taxes.	Aggregate amounts of collections of current and back taxes.
Allegany	\$448,435.16	\$282,771.09	\$391,617.21
Anne Arundel	296,326.99	172,200.00	248,629.04
Baltimore City	9,486,732.16	7,171,054.52	8,573,442.07
Baltimore County	2,121,229.40	1,312,921.55	1,939,642.06
Calvert	52,733.36	48,859.33	49,370.56
Caroline ⁵	132,802.81	0.00	101,776.34
Carroll	389,426.98	312,585.89	353,288.29
Cecil	272,145.24	57,966.58	228,746.36
Charles	84,548.61	61,022.06	75,346.63
Dorchester	177,104.99	79,700.00	129,792.92
Frederick	481,170.48	456,643.57	456,643.57
Garrett	166,659.90	113,050.00	142,974.39
Harford	299,256.18	125,000.00	275,089.80
Howard	203,158.42	87,677.67	177,825.88
Kent	175,468.17	150,759.48	162,534.93
Montgomery	314,196.63	153,623.01	282,461.46
Prince George's	273,321.70	124,723.64	233,749.75
Queen Anne's	190,897.67	153,382.52	155,613.28
St. Mary's	78,030.31	65,245.61	72,401.51
Somerset	120,481.23	9,193.97	96,375.01
Talbot	192,543.53	161,250.00	167,907.45
Washington	491,098.02	391,192.55	430,223.50
Wicomico	140,244.50	83,515.98	131,358.78
Worcester	156,412.50	83,980.00	116,157.91
The State	\$16,744,424.94	\$11,658,318.54	\$14,992,968.70

¹Compiled from reports of Comptroller of the Treasury from 1902 to 1912, inclusive.

²Levies in report include those on real property, personal property and securities.

³State taxes are due January 1st. Discount to September 1st, 5%; to October 1st, 4%; to November 1st, 3%. After January 1st, interest at 6%.

⁴State taxes are collected with local county taxes, and fiscal year varies in different counties.

⁵In 11 years Caroline County has not reported the collection of any current taxes.

Table¹ showing percentage² of collection³ of current⁴ State taxes⁵ to total levies aggregated from 1902 to 1912:

	Percentage.
Allegany	63.0
Anne Arundel	58.1
Baltimore City	75.5
Baltimore County	61.9
Calvert	92.6
Caroline .....	.00
Carroll	80.2
Cecil	21.3
Charles	72.1
Dorchester	44.3
Frederick	94.9
Garrett	67.8
Harford	41.7
Howard	43.1
Kent	85.8
Montgomery	48.9
Prince George's	45.6
Queen Anne's	80.0
St. Mary's	83.6
Somerset	7.6
Talbot	83.7
Washington	79.6
Wicomico	59.5
Worcester	54.1
The State	69.6

In this connection reference is made to Table 13 of the annual report of the Comptroller, showing taxes due from collectors on account of State taxes.

The following table shows the collection of all taxes for the fiscal year ending September 30, 1912, classified as to payment on account of each year's taxes.

¹From reports of Comptroller.

²Maximum 95%, because of 5% discount allowed on current State taxes.

³See post. Beginning of Fiscal Year in the Counties.

⁴State taxes are payable as of 1st January. Comptroller's year and reports to 30th September.

⁵Includes only tax on real and personal property and securities.

COLLECTION OF TAXES

TABLE SHOWING COLLECTION OF ALL TAXES BY LOCAL COLLECTORS FROM OCTOBER 1, 1911, TO SEPTEMBER 30, 1912, CLASSIFIED FOR YEARS.

COUNTIES	1893	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	Total
Allegany.....										\$1,274.90	\$2,127.85	\$17,556.18	\$44,388.42	\$65,347.39
Anne Arundel.....												16,589.48	25,000.00	41,589.48
Baltimore City.....		\$8.98	\$704.49	\$50.12	\$1,037.10	\$1,210.50	\$1,015.86	\$1,084.36	\$1,855.08	9,725.64	33,379.40	102,914.14	954,780.75	1,108,468.41
Baltimore Co.....					2.86	3.01	3.79	412.47	486.48	527.83	4,745.32	91,546.47	203,727.74	301,449.77
Calvert.....												19,300.00	6,709.33	19,200.00
Caroline.....										9.07	6.66	4,776.23	42,679.40	47,471.36
Carroll.....												31,312.19	31,312.19	31,312.19
Cecil.....											1,695.54	2,314.55	7,618.22	11,628.31
Charles.....											2,683.78	10,000.00	10,000.00	22,683.78
Dorchester.....												4,500.00	64,508.03	64,508.03
Frederick.....										50.02	325.60	22,241.39	12,000.00	16,875.62
Garrett.....												14,921.62	25,000.00	47,241.39
Harford.....												18,668.22	15,300.00	33,968.22
Howard.....												21,370.31	25,000.00	46,370.31
Kent.....			54.70	8.67	44.23	201.37						18,668.22	15,300.00	33,968.22
Montgomery.....										240.13		9,333.15	3,442.84	3,682.97
Prince George's.....										741.17	3,645.09	2,030.00	1,373.03	15,214.88
Queen Anne's.....								112.44				18,000.00	18,000.00	19,500.00
Somerset.....											1,832.96	15,011.04	50,000.00	65,836.00
St. Mary's.....												15,011.04	50,000.00	65,011.04
Talbot.....												1,001.94	11,200.00	12,201.94
Washington.....														19,064.03
Wicomico.....	\$84.03													19,064.03
Worcester.....								316.59	94.97	1,023.22	1,408.85	1,001.94	11,200.00	15,045.57
Total.....	\$84.03	\$8.93	\$759.19	\$758.79	\$1,083.99	\$1,414.83	\$1,020.65	\$1,925.89	\$2,437.54	\$13,591.98	\$52,730.22	\$409,026.70	\$1,581,224.36	\$2,066,067.15

From report of Comptroller of the State, 1912.

From this table it appears that the State received during the last fiscal year taxes on account of the following levies:

Received on account of 1912 taxes.....	\$1,581,224.36
Received on account of 1911 taxes.....	409,026.70
Received on account of 1910 taxes.....	52,730.22
Received on account of 1909 taxes.....	13,591.98

In addition, the State also receives small amounts from different communities on account of taxes levied prior.

This table, taken in conjunction with a fuller tabulation at the end of this article, is interesting as showing the extent of delayed payments. Calvert, Frederick and Wicomico Counties reported collection of no taxes for any year prior to the current year.

In regard to Wicomico County, it would appear that allowing the full 5% discount on account of all taxes there were still some amounts not accounted for. As regards Frederick County, it appears that in every year taxes are promptly paid and that by October the first of each year all taxes for that year have been forwarded to the Comptroller, less the discount allowed by law for prompt payments. Calvert County collects taxes very promptly.

But with these considerations, the discount methods of collectors (which are discussed later) must be remembered.

Caroline and Cecil Counties reported the collection of no current taxes, but only collections of 1911 taxes.

The following counties in addition reported collection of no other taxes than those levied for 1911 and 1912:

Anne Arundel,
Harford,
Howard,
Kent,
Prince George's,
St. Mary's.

In this connection also it is interesting to note the interest paid by counties, which is hereinafter set forth, and the relation of discounts to the aggregate amounts.

METHODS AND COSTS OF COLLECTION OF STATE TAXES.

State taxes are collected with local taxes and by the same official collecting local taxes. But there is no uniformity in the State in the manner of making collections.

The trend today is toward the County Treasurer system. The County Treasurer in the communities which have adopted this system is the collector of all taxes, State and local, and also clerk to the County Commissioners. In most communities this official receives a salary.

In some other counties there are collectors of taxes who report directly to the State Comptroller and in some other counties collectors who report to the County Treasurer, who in turn remits States taxes to the Comptroller.

In Allegany and Worcester Counties there are three collectors of taxes who account directly to the State Comptroller for State taxes and to the County Treasurer for local county taxes. In Carroll County there are fourteen such collectors who account for State revenue to the State Comptroller and to the County Treasurer for local funds. In Dorchester County, though, in each of the seventeen districts there is a district collector of State and county taxes; all taxes are forwarded to the County Treasurer, who in turn remits State taxes to the State Comptroller. Under the present plan in Dorchester County it is impossible to ascertain from the County Treasurer if taxes have been paid on a piece of property in the part of the county remote from the county seat, notwithstanding the fact that the County Treasurer has to receive this money. As far as information has reached the Commission, this last condition exists only in Dorchester County.

THE DISCOUNT SYSTEM OF COLLECTORS.

Article 81, Section 48 of the Code of Public General Laws provides for discount as follows:

"All persons and incorporated institutions that shall pay their State taxes on or before the first day of September of the year for which they were levied shall be entitled to a deduction of five

per centum on the amount of said taxes; all that shall pay the same on or before the first day of October of the said year shall be entitled to a deduction of four per centum, and all that shall pay the same on or before the first day of November of the said year shall be entitled to a deduction of three per centum; and at the time of receiving said taxes the proper officers shall make the deductions aforesaid and note the same upon the receipts given to persons or incorporated institutions so paying, but nothing contained in this section shall extend to the taxes payable on the public debt of Maryland or the stock loans of the City of Baltimore."

Maryland through local governing bodies levies taxes on individual property, and it appears that some local collectors act on the theory that the collection of taxes may be handled as best suits their own convenience rather than the interest of the State. It would not be possible for the State to obtain any collector if collectors were personally charged with amount of taxes due from each community.

The State taxes are levied upon each piece of property by the County Commissioners. The local collector is notified by the Commissioners of the assessment of the individual and he readily computes the amount of State and local taxes. This officer makes no effort to collect taxes when first levied because the owner gets the same benefit during January that he gets in August. At the end of August he estimates what accounts are good and has his note discounted at a bank for the difference between the amount of collected taxes and the amount he estimates will be collected, and then sends this amount to the State Comptroller. The collector then pockets the discount. After the discount period has expired he makes every effort to collect taxes, not for the State of Maryland, but for his own benefit.

These notes are easily discounted, are well secured and are termed tax notes. In some parts of the State the profits have been very large.

A system which allows such a condition to exist is woefully lacking in the first elements of sound finance.

In Caroline and Wicomico Counties within recent years the county authorities themselves anticipate the payment of State taxes and thus save for their respective counties the amount of

discount. Wicomico County makes it within the 5% discount period, and Caroline before the expiration of the 3% period.

COST OF COLLECTION.

It stands to reason that the overhead expenses of having fourteen collectors, as in Carroll County, and three collectors, in Allegany and Worcester Counties, are greater than the expenses incident to a single collector in other counties; and if the cost is chargeable to the person as an additional levy or paid out of county funds, the result is the same.

There is no longer any question that the charge of State collection can be made a charge against State taxes since the decision in *Allen vs. State*.¹¹ The difficulty, however, that this Commission has encountered is the lack of any audit of the accounts of local collections. Reliance has been placed on published reports of the State Comptroller and special reports to this Commission.

But attention has been called to this subject by recent litigation in Anne Arundel County, when attempt was made to charge the expense against State taxes.¹²

The law of Maryland is set out in Article 81, Section 73, and is as follows:

"The County Commissioners and the Mayor and City Council of Baltimore shall levy upon their respective counties and the City of Baltimore such commission as will, in their judgment, insure a speedy collection of said taxes, not exceeding 5 per centum on the amount to be placed in the hands of said collectors for the counties for collection, except in Calvert County, where it shall not exceed 6 per centum, and not exceeding 2 per centum on the amount to be placed in the hands of said collector for the City of Baltimore; said commission to be levied for the use of said collectors, respectively, and to be collected as other charges are collected. The Governor shall fix the commission of collectors appointed by him, not to exceed 10 per centum on the amount placed in their hands for collection; and the said commissions

¹¹ 98 Md., 700.

¹² See *Cecil vs. Linthicum* (1913), Circuit Court for Anne Arundel County.

shall be levied by the county or city authorities, or by the tax board, and collected by said collectors. This section shall not apply to Talbot County."

This section of the law contemplated imposing additional charge on the taxpayers, but this is seldom resorted to.

The only communities that levy on property a commission in addition to the State rate in order to pay the cost of collection are:

Allegany, 2%.
 Baltimore City, $\frac{1}{2}$ of 1%.
 Calvert, 5%.
 Charles, 5%.
 St. Mary's, 10%.
 Worcester, 5%.

The County Treasurers are paid salaries, forming part of local expenditures, and in some communities paid commissions from county receipts.

The payment of a commission from county receipts is practically the same as a payment on the State levy, except that in the former the charge would be a county expense when it should be a State expense, while in the latter the charge is distinctly a State charge.

The commission which the collectors receive varies from $\frac{1}{2}$ of 1% to 10%, and the following table sets out the information in regard to the cost and manner of collections.

But the commission is levied on a sum that is constantly changing, owing to two conditions—first, the change in State tax rate, and second, the change in taxable basis, $\frac{1}{2}$ of 1% levied on a State rate of 31 cents on the \$100 on the taxable basis of Baltimore City means that the State tax for Baltimore is \$.31155; a commission of 5% levied on the taxpayers in those counties which allow such a commission means a State rate of \$.3255; 10% commission means a State rate of \$.341. In some counties where the assessable basis has increased within recent years, and the increase of tax rate from 16 cents as in 1910 to 31 cents in 1913, the amount of commission has increased considerably. As the amount of taxes increased the fee of treasurers or collectors increased. In some of the counties and Baltimore City collectors receive a salary in addition to the commission.

COMPARATIVE STATEMENT SHOWING METHOD OF
PAYMENT OF COLLECTION OF TAXES (Other Than
Commissions Paid in Some Localities for Collection of Local
Taxes).

Allegany	2% commission levied on taxpayer.
Anne Arundel	Salary \$1,200, and 2% commission paid out of county receipts for State collection.
Baltimore City	Salary \$2,000, and commission of $\frac{1}{2}$ of 1% levied on taxpayer for State collection.
Baltimore County	Salary \$3,000, and in addition commission on taxes distrained for.
Calvert	5% commission levied on taxpayer.
Caroline	Salary \$1,200, paid out of county receipts.†
*Carroll	2% to 3% commission according to districts. Paid out of county receipts.
Cecil	Salary paid out of county receipts.
Charles	Salary \$1,200, and 5% commission levied on taxpayer for State collection.
*Dorchester	Salary \$1,600, paid out of county receipts.
Frederick	1% paid out of county receipts.
Garrett	1½% commission paid out of county receipts.
Harford	Salary \$1,500, and 2% commission paid out of county receipts for State collection.
Howard	Salary paid out of county receipts.
Kent	Salary \$1,500, paid out of county receipts.
*Montgomery	Salary \$2,000, paid out of county receipts.
Prince George's	Salary \$3,000; 3½% commission paid out of county receipts for State collection.
Queen Anne's	Salary \$1,800, paid out of county receipts.
*Somerset	Salary \$1,800, paid out of county receipts.
St. Mary's	Salary \$1,200, and 10% levied on the taxpayer.
*Talbot	Salary \$1,800, paid out of county receipts.
Washington	Salary \$3,300, paid out of county receipts.
*Wicomico	Salary \$1,800, paid out of county receipts.
*Worcester	5% commission levied on taxpayer for county and State collection.

(Salary of County Treasurer in Carroll is \$1,500.)

(Salary of County Treasurer in Worcester is \$1,200.)

(Salary of County Treasurer in Allegany not reported.)

*County Treasurer is clerk to County Commissioners.

†Commission of 3% allowed on collections after March of following year.

(NOTE.—From reports of county officials to the Commission for the Revision of the Taxation System of the State of Maryland and City of Baltimore.)

As stated before, county taxes are paid at the same time as local taxes and the time for payment of local taxes is fixed by local laws applicable to the particular county.

The method of fixing such a time by the Legislature has been followed without any definite policy, and the State now has a condition that is hardly conceivable.

The following table shows dates when taxes are levied and when they may first be paid:

COMPARATIVE STATEMENT SHOWING DATE OF
BEGINNING OF FISCAL YEAR; ALSO DATE WHEN
LOCAL TAXES MAY FIRST BE PAID.

	Fiscal Year.	Collections Begin.
Allegany	3d Tuesday in April.	June.
Anne Arundel	1st July.	1st July.
Baltimore City	1st January.	1st January.
Baltimore County...	1st May.	May.
Calvert	1st July.	1st August.
Caroline	1st July.	1st July.
Carroll	15th June.	15th June.
Cecil	1st September.	*
Charles	1st July.	1st July.
Dorchester	1st July.	15th August.
Frederick	1st July.	1st July.
Garrett	1st April.	2d Tuesday in April.
Harford	1st May.	1st June.
Howard	1st June.	August.
Kent	12th June.	1st August.
Montgomery	1st July.	1st July.
Prince George's	Last Monday in March.	1st May.
Queen Anne's	1st June.	1st August.
Somerset	1st July.	1st Tuesday in July.
St. Mary's	1st August.	1st August.
Talbot	1st July.	1st July.
Washington	15th June.	15th June.
Wicomico	1st July.	20th July.
Worcester	1st June.	20th August.

*No report.

NOTE.—From special reports made to the Commission.

DISCOUNT, INTEREST AND PENALTIES.

State taxes are due the first of January in the year in which they are levied and under the law shall be considered in arrears on the first of January next succeeding the date of their levy.

Taxes paid on or before the first day of September of the year for which they are levied are entitled to a reduction of 5% discount; if paid on or before the first day of October, 4%; and if paid on or before the first day of November, 3%.

Effort has been made to ascertain the discount loss to the State in any one year, but without success, owing to the fact that the fiscal year of the State begins the first of October, and all taxes collected after that date may or may not be paid within the discount period. This information is therefore difficult to ascertain.

The following table shows the amount of the discount loss to the State in the year 1912 to the 30th of September, but in considering such table it must be borne in mind that the aggregate should be increased by discounts to the first of November:

Allegheny ²	\$1,952.71
Anne Arundel	1,315.79
Baltimore City	51,209.08
Baltimore County	11,614.73
Calvert	353.12
Caroline ³	1,000.00
Carroll ⁴	2,069.89
Cecil	788.41
Charles	432.08
Dorchester	278.00
Frederick	3,395.16
Garrett	631.58
*Harford .....	.....
Howard	834.01
Kent	1,085.55
Montgomery	1,941.51
Prince George's	1,048.09
Queen Anne's	262.28
Somerset	210.76
*St. Mary's .....	.....
Talbot	947.37
Washington	2,508.52
Wicomico	1,000.00
*Worcester .....	.....
	\$84,878.64

²Second District missing.

³Estimated by county officials.

⁴Two districts missing.

*No report.

The act now on the statute books was passed in 1847¹³ and has remained the same without any change. Corporations also are allowed discounts for prompt payment.

Amount of discount on State¹ taxes to October 1, 1912, on account of 1912 taxes of the counties of Maryland and Baltimore City as reported by local collectors to the Commission for the revision of the tax laws—(no report received of discount in October and November).

INTEREST.

Under the law interest is payable on taxes after the first of January from the year in which levied and are not considered by the Comptroller as part of taxes, but are carried into receipts of the State under separate head of interest.

The following table shows the amount of interest paid by the several communities, and it is a significant fact that Calvert, Caroline, Frederick, Howard and St. Mary's Counties paid no interest on deferred taxes to the State during the past year.

In this connection attention is directed to the last paragraph of the section concerning the payment of interest, which reads as follows:

"This section shall not apply to Harford, Garrett or Talbot Counties."

The full import of these words is not exactly clear, and no explanation has been given to the section. It would appear as though Harford, Garrett and Talbot Counties are not required under the law to pay any interest on deferred State taxes.

The question as to whether interest paid on taxes in arrears is interest or taxes would seem to be a legal question for determination.

Amount of interest paid on account of taxes in arrears by collectors of State taxes of the several counties and City of Baltimore to the Comptroller of the State from October 1, 1911, to September 30, 1912:

¹Taxes paid on or before September 1st are subject to 5% discount; 1st of October, 4%; and 1st of November, 3%.

¹³ Chapter 266.

COLLECTION OF TAXES

235

Allegany	\$544.19
Anne Arundel	410.52
Baltimore City	6,374.92
Baltimore County	756.12
Calvert	
Caroline	
Carroll	55.41
Cecil	296.50
Charles	10.53
Dorchester	316.22
Frederick	
Garrett	25.03
Harford	8.61
Howard	
Kent	28.33
Montgomery	576.47
Prince George's	19.98
Queen Anne's	84.87
St. Mary's	
Somerset	323.19
Talbot	164.97
Washington	409.85
Wicomico	627.51
Worcester	484.47
	<hr/>
Total	\$11,517.69

(From Report of State Comptroller of Maryland to Commission for Revision of the Tax Laws.)

(Where no amounts are set out, counties paid no interest.)

There is no provision of the law concerning payment of a penalty on State taxes, although local communities impose penalties in many cases in the nature of a flat charge, which once incurred remains.

In this connection attention is directed to the fact that taxes in Maryland are not a preferred claim, except in administration of decedent's estate the executors or administrators are required to pay all taxes due from their decedents as preferred claims and to the exclusion of all others except the necessary

funeral expenses. In proceedings in equity cases it is necessary for officials to file claims for the allowance of such taxes.¹⁴ The matter is more or less far-reaching, and unless the claim is made a preferred claim and a lien in bankruptcy cases in Federal courts, the State and local communities are likely to lose the amount thereof.

The New York law, as at present applied, allows a period within which taxes can be paid, and after the expiration of said period imposes a penalty in the way of an interest charge of 7%, so consequently it is not to the advantage of any person to allow their taxes to be in arrears, but to the advantage of taxpayers to borrow at 6% and pay taxes and save 1%.

INSOLVENCIES.

This term has a local meaning in Maryland communities and applies to the assessments on personal property which the local taxing authorities consider cannot be collected.

It is not possible to distinguish under the present system what part of failures of collections is due to the failure on real estate and what part to personal property. The law authorizes the State Comptroller to allow to local collectors for insolvencies or removals, but it apparently has been the practice of County Commissioners at the time that they allow for insolvencies on account of local collections to also allow for insolvencies on State collections.

The laws concerning the forced collection of taxes varies practically with every county and the time in which the sale must be made. The number of years of arrearages of taxes to allow a sale, together with the law, is very complicated, and it has been impossible to get reports from local communities governing the same. In some communities properties are sold if taxes are one year in arrears.

Taxes in arrears arising from assessments on personal property are usually obtained by distraint, but, again, there is no uniformity throughout the State.

¹⁴ Blakistone vs. State, 117 Md., 237.

COLLECTION OF OTHER REVENUES.

State taxes on shares of stock of Maryland corporations are paid by the corporations directly to the State Comptroller, and the corporations have the right to deduct the amount thereof from each stockholder at the time of paying a dividend, but the taxes are due the first of January, and in many cases assessments are not computed by the State Tax Commissioner until several months later. The amount of insolvencies of Maryland corporations are apparently large.

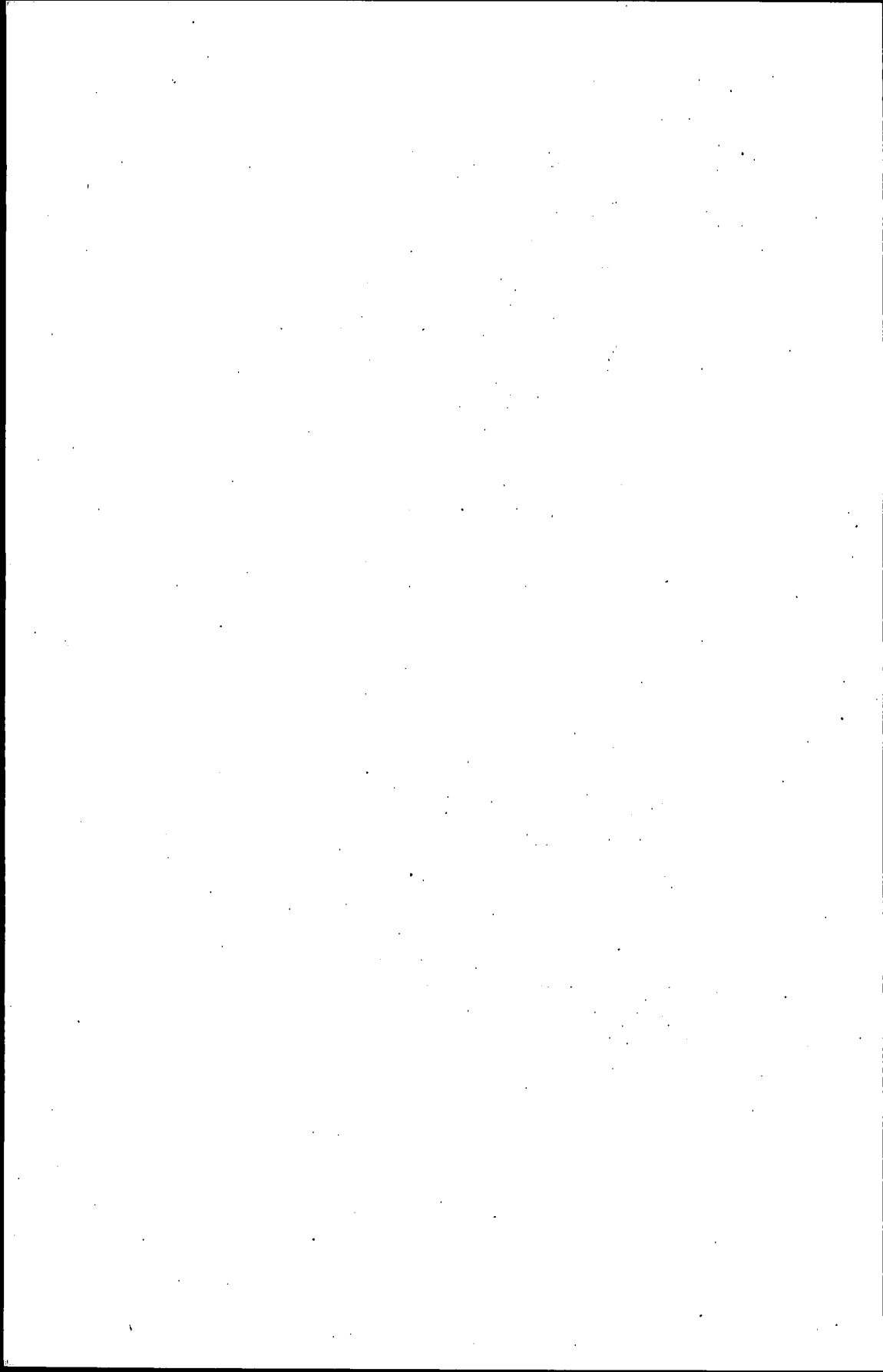
The following table shows the percentage of collections of current taxes levied against Maryland corporations for the fiscal years 1905 to 1912, inclusive:

1905.....	76%
1906.....	86%
1907.....	75%
1908.....	70%
1909.....	66%
1910.....	70%
1911.....	72%
1912.....	67%

Of course, allowances must be made for discounts to which they are entitled and to difficulties obtained in ascertaining the assessment in time for payment of current years.

Gross receipts taxes are also paid directly to the State Comptroller and are due on or before the first day of July in each and every year, and after a month's allowance are required to pay a penalty of 5%.

The collection of revenue of Clerks of Courts, Sheriffs, Registers of Wills (including collateral inheritance taxes) properly belongs to the discussion of the fee system, and is therefore not treated under the discussion of collection of taxes.



COLLECTION OF STATE TAXES OF EACH OF THE
COUNTIES OF THE STATE AND BALTIMORE
CITY

FROM 1902 TO 1912
(INCLUSIVE)

Tables* showing collection of taxes of each of the counties of Maryland and Baltimore City for each year from 1902 to 1912, inclusive, with arrangement of each year's taxes credited to the year in which paid, and the total taxes levied upon each county and Baltimore City.

Also showing the aggregate of levies and aggregate of collection of taxes for these years, with percentage of collection for the same period.

(The amounts in the vertical columns show payments on account of levies; the amounts in the horizontal columns, the payment in the State's fiscal year.)

*The State allows a discount of 5 per cent. if taxes are paid on or before the first day of September of the year for which levied, 4 per cent. if paid on or before the first day of October, and 3 per cent. if paid on or before the first day of November. The taxes in this compilation are the net amount. Discount is not reported, but net amount. Interest on deferred taxes is not included.

REPORT OF THE COMMISSION

CHARLES COUNTY.

	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	Total
1902.....	\$3,725 00											
1903.....	1,700 66	\$4,325 00										
1904.....	81 70	619 64	\$5,345 96									
1905.....	88 02	575 14	1,204 38	\$5,560 45								
1906.....		56 42	722 83	1,404 16	\$7,000 00							
1907.....		1 94	38 81	498 46	744 87	\$5,200 00						
1908.....					14 28	346 27	\$5,700 00					
1909.....								\$5,500 00				
1910.....								118 48	\$3,683 87			
1911.....								16 06	2,079 36	\$7,356 54		
1912.....										4,009 99	\$7,618 22	
Taxes.....	\$5,596 38	\$5,578 14	\$7,312 00	\$7,463 07	\$7,759 15	\$5,546 27	\$5,700 00	\$5,694 54	\$5,773 23	\$11,366 63	\$7,618 22	\$75,346 63
Levies.....	\$5,923 20	\$5,904 27	\$7,690 81	\$8,041 68	\$8,180 31	\$5,883 88	\$6,028 60	\$6,041 11	\$6,286 40	\$11,849 90	\$12,718 45	\$84,548 61 30.9%

COLLECTION OF TAXES

DORCHESTER COUNTY.

	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	Total
1902.....	\$7,600 00											
1903.....		\$8,000 00										
1904.....	3,293 98		\$10,500 00									
1905.....		2,869 55		\$6,000 00								
1906.....			4,031 35		\$6,000 00							
1907.....				9,547 00		\$7,500 00						
1908.....					9,692 52	2,957 91	\$8,000 00					
1909.....								\$8,000 00				
1910.....									\$8,000 00			
1911.....										0 00		
1912.....											\$10,000 00	
Taxes.....	\$10,893 98	\$10,869 55	\$14,531 35	\$15,547 00	\$15,592 52	\$10,557 91	\$10,440 21	\$10,676 62	\$10,683 78	\$10,000 00	\$10,000 00	\$123,792 92
Levies.....	\$11,546 55	\$11,627 22	\$15,486 17	\$16,354 39	\$16,490 55	\$11,350 08	\$11,369 24	\$11,714 04	\$12,076 72	\$28,682 38	\$30,457 65	\$177,104 99 73.2%

REPORT OF THE COMMISSION

HARFORD COUNTY.

	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	Total
1902.....	0 00											
1903.....	\$21,490 85	\$10,000 00										
1904.....	158 54	10,490 96	\$12,200 00									
1905.....		748 83	14,900 00	\$12,800 00								
1906.....			1,104 82	17,010 05	\$14,000 00							
1907.....			156 66	32 04	15,910 39	\$9,000 00						
1908.....						10,994 23	\$9,000 00					
1909.....						233 24	11,506 55	\$9,000 00				
1910.....							195 66	11,472 68	\$9,000 00			
1911.....									11,443 41	\$15,000 00		
1912.....										22,241 39	\$25,000 00	
Taxes.....	\$21,648 89	\$21,239 79	\$23,361 48	\$29,842 09	\$29,910 39	\$20,227 47	\$20,702 21	\$20,472 68	\$20,443 41	\$37,241 39	\$25,000 00	\$275,089 80
Levies.....	\$22,305 84	\$22,054 36	\$29,163 57	\$30,709 74	\$30,831 61	\$20,860 16	\$21,287 59	\$21,334 35	\$21,445 29	\$38,431 11	\$40,832 56	\$299,256 18 91.9%

REPORT OF THE COMMISSION

KENT COUNTY.

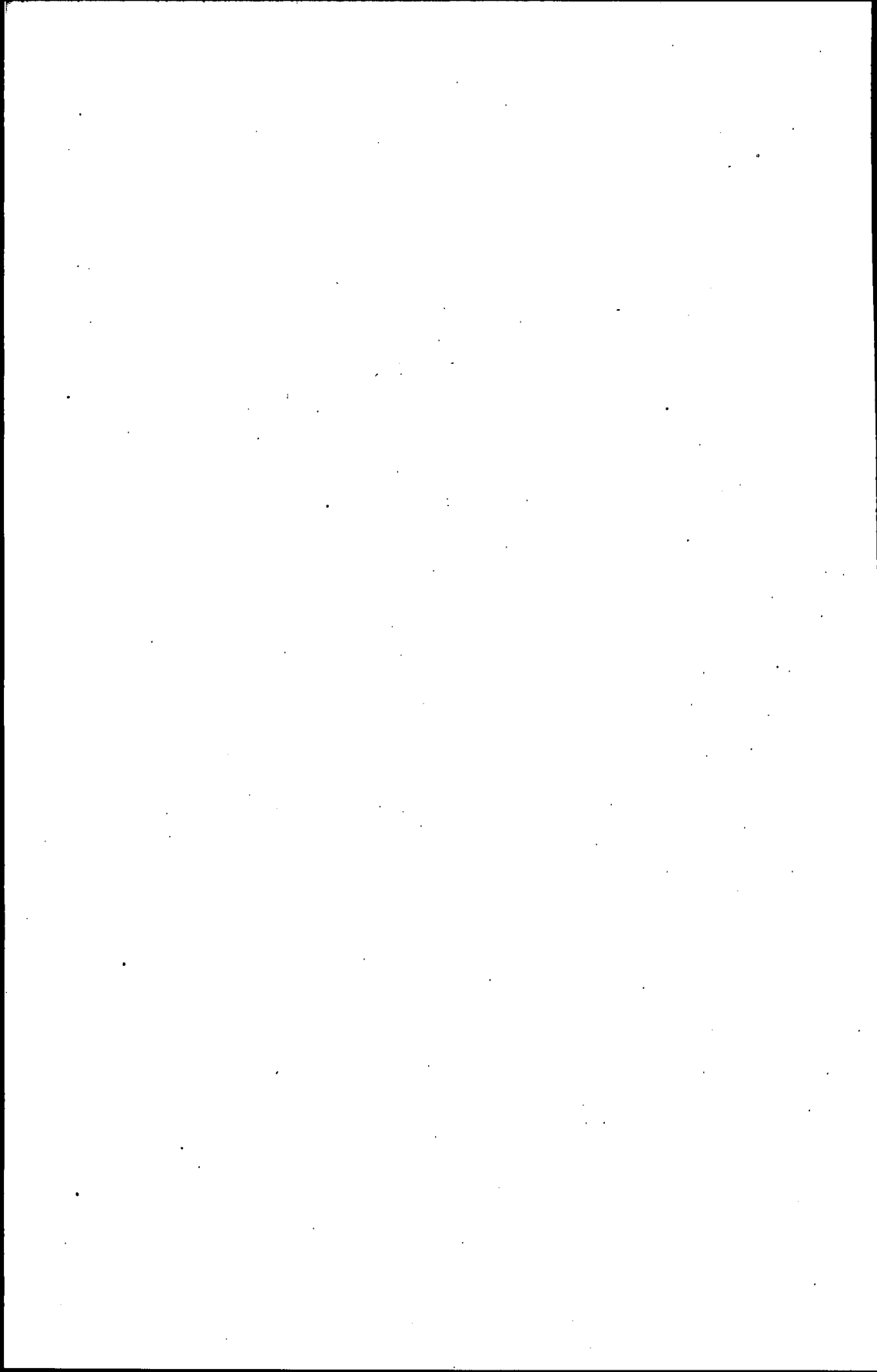
	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	Total
1902.....	\$12,092 97											
1903.....		\$11,220 49										
1904.....		1,002 23	\$15,582 10									
1905.....			477 50	\$16,081 35								
1906.....				707 66	\$16,280 00							
1907.....					755 17	\$11,972 15						
1908.....						394 83	\$11,000 00					
1909.....						147 37	1,338 68	\$11,000 00				
1910.....							57 88	1,350 00	\$11,000 00			
1911.....								130 00	1,844 44	\$14,000 00		
1912.....										3,570 19	\$20,530 42	
Taxes.....	\$12,092 97	\$12,222 72	\$16,059 60	\$16,789 01	\$17,035 17	\$12,513 85	\$12,396 56	\$12,480 00	\$12,844 44	\$17,570 19	\$20,530 42	\$162,534 93
Levies.....	\$12,727 69	\$12,889 27	\$17,382 76	\$17,904 37	\$18,216 01	\$13,396 72	\$13,386 88	\$13,391 87	\$13,661 92	\$18,789 60	\$23,721 08	\$175,468 17 92.6%

REPORT OF THE COMMISSION

WICOMICO COUNTY.

	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	Total
1902.....	\$4,719 00											
1903.....	3,026 04	\$4,450 00										
1904*.....			0 00									
1905.....	125 12	3,356 54	\$3,309 61	0 00								
1906.....		405 17	2,634 33	\$5,700 00	0 00							
1907.....			37 07	5,830 70	\$12,881 28	\$5,700 00						
1908.....				218 15	1,398 86	13 65	\$9,591 73					
1909.....						\$3,833 77		\$9,918 76				
1910.....									\$9,500 00			
1911.....										\$20,558 95		
1912.....											\$19,000 00	
Taxes.....	\$7,870 16	\$5,211 71	\$10,981 01	\$11,848 85	\$14,280 14	\$9,597 42	\$9,591 73	\$9,918 76	\$9,500 00	\$20,558 95	\$19,000 00	\$131,358 78
Levies.....	\$3,370 12	\$5,587 20	\$11,411 50	\$12,230 67	\$14,680 14	\$10,013 06	\$10,096 56	\$10,440 81	\$10,896 58	\$21,641 00	\$21,876 86	\$140,244 50
												33.5%

*There were no collections in 1904 of any taxes subsequent to 1902.



TAXATION OF CORPORATIONS*

The present law for the taxation of corporations was passed in the year 1878,¹ and since then there has been little if any change in the manner of their taxation, notwithstanding the fact that the development of ordinary business corporations has occurred almost entirely within recent years.

The subject of taxation of corporations is a large one, and it is necessary to confine the discussion within reasonable limits.

To acquire a knowledge of the subject the different manner of taxing domestic and foreign corporations must be borne in mind.

The real estate of all corporations, domestic and foreign (except railroad companies) is taxed for State and local purposes in the same manner as the real estate of individuals. The personal property of foreign corporations is taxed like that of an individual.

The real estate (and also the personal property) of railroad companies is taxable for local purposes, but not for State purposes. The tax on gross earnings is treated as in lieu of the State tax on property. The shares of railroad companies paying the State gross receipts tax and local taxes on real and personal property are exempt from both local and State taxation.

The shares of domestic corporations, valued in the manner hereinafter described, and those of foreign corporations pay the same rate of State tax; but domestic corporations pay the local rate or rates of the respective communities in which the shareholders reside, while the shares of foreign corporations (if dividend-paying) are taxed throughout the State at the fixed and uniform rate of 30 cents on the \$100 valuation for local purposes plus the general property rate for State purposes. Certificates of indebtedness and bonds of domestic and foreign corporations are taxed in the same manner at the residence of the holder.

*See post: "Taxation of Shares of Stocks of Banks; Other Financial Corporations."

¹ Chapter 178.

THE DEVELOPMENT OF THE LAW FOR THE TAXATION OF CORPORATIONS.

The first act requiring corporations to pay the tax on shares was passed in 1841,² when the State tax was imposed on shares held by nonresidents of the State, collectible through the corporation; a year later, the principle of collection at the source was extended so as to apply to all stockholders.³ These acts required the corporations to withhold the State tax from the dividend. They did not apply to the local taxes.

None of these acts provided any method of valuation and such values continued to be determined by local assessors. Under an act of 1847,⁴ the County Commissioners of the counties, or the levy courts, or in Baltimore city the Appeal Tax Court, placed a valuation upon the shares held within their respective jurisdictions, with deduction allowed for the assessed valuation of real and personal property. This valuation determined the assessment of shares for State, local and municipal purposes. Local taxes were collected directly from the shareholders, unless the corporation paid the county and municipal taxes, which it had the right to do.

There was no material change in the law until 1872,⁵ when the practice of annual assessment of the shares of domestic corporations was introduced. In 1874,⁶ an act was passed which required payment of county and municipal taxes by nonresident shareholders and required the corporations to deduct the amount of such taxes from the dividends.

In 1878⁷ there were many changes in the law, the chief of which was the creation of the office of State Tax Commissioner, which was required to value shares of banks and domestic corporations for all State and local taxation. About this time⁸ the Court of Appeals decided that it was prohibited double taxation to tax both the shares of the corporation and the real and personal property belonging to the corporation. To meet this decision the Act of 1880, Chapter 20, was passed.

² Chapter 23, Section 17.

³ Acts of 1841, ch. 281. Acts of 1843, ch. 289.

⁴ Chapter 266, Section 5.

⁵ Chapter 127.

⁶ Chapter 483.

⁷ Chapter 178.

⁸ Frederick County vs. Farmers and Mechanics National Bank, 48 Md. 188.

PRESENT METHOD OF ASSESSING SHARES OF STOCK.

Corporations (domestic) subject to the tax on shares are required to report⁹ annually to the State Tax Commissioner and furnish him with all such information concerning the affairs of the corporation as may be required. Section 153 of Article 81 of the Code requires the corporation to report to the State Tax Commissioner the number of shares outstanding, the par value per share, "and such information in regard to the value of the same as may be required by the said Commissioner." The number of shares held in each county or city is reported¹⁰ by the corporation to the county or city in which such shareholders reside.

Corporations pay directly to the State Comptroller the State tax levied upon the net assessment of all outstanding shares, including those of non-resident holders, and the corporations pay to the several counties¹¹ and incorporated cities the respective local taxes due on the shares held by residents of these communities. The Code of Public General Laws has provisions for determining to what localities the local tax on shares held by non-residents shall be paid.¹²

From the aggregate valuation of the shares, as determined by the Commissioner, is deducted the assessed valuation of the real estate (the State and local taxes on which are directly paid to the local collector of State and local taxes) as appears from the certificates of the same furnished by the County Commissioners of the counties and Appeal Tax Court of Baltimore city.

The law expressly provides that "in no case shall the stock of any corporation, in the aggregate, be valued at less than the full value of the real estate and chattels, real and personal, held by or belonging to such corporation in the several counties and city of Baltimore, whether the shares of said stock are quoted on

⁹ Article 81, Section 151.

¹⁰ Article 81, Section 159.

¹¹ The Act of 1900, giving Allegany County all the local taxes on all stock of its corporations, no matter where owned, is invalid, because it violates Article 3, Section 51, of the Constitution. *Mayor and City Council of Baltimore vs. County Commissioners of Allegany County*, 99 Md. 1.

¹² Article 81, Section 150.

the market or not."¹³ This rule of minimum valuation, mandatory in form, is intended to insure a gross valuation of the shares not less than the value of the real estate plus the tangible personal property of the company located in Maryland, the clear purpose of which was to make certain that the net assessed value of the shares (after deduction of credits) should fully reflect the value of the tangible personal property, thus preventing, as far as possible under any system of share taxation, any discrimination in favor of corporations as against firms or individuals owning similar property.

From this aggregate is also deductible, for State purposes,¹⁴ any investments in stock of the State of Maryland, from the interest on which the State tax is deductible. Section 163, Article 81, of the Code also provides for the deduction for local purposes of certain issues of Baltimore city stock, such deduction being, however, limited to the corporate shares which are taxable in Baltimore city and on which a proportionate credit of such city stock investments is given by the City Collector of Baltimore. Baltimore city stock upon which the State tax has been paid or is payable by the city of Baltimore (under Sections 107 to 110, Article 81, of the Code) is deductible for State purposes from all the shares of the corporation wherever held.

Section 163 also allows a deduction, for State and local purposes, of the net assessed value of any shares of other banks or domestic corporations held by the corporation "as an investment of any part of its capital or surplus."

Domestic corporations "actually engaged in the business of manufacturing" are allowed a credit (for local purposes only) of the value of their tools, machinery, manufacturing implements or engines.¹⁵ This credit is confined to shares taxable in the cities, towns or counties which have local laws exempting the

¹³ See *American Coal Company vs. Allegany County*, 59 Md. 185; *Mayor and City Council of Baltimore vs. Canton Company*, 63 Md. 218; *Skinner Drydock Company vs. Mayor and City Council of Baltimore*, 96 Md. 42. The fact that the capital is invested principally in patent rights does not exempt the shares of stock from taxation or permit the value of the patents to be deducted from the value of the shares. *Crown Cork and Seal Company vs. State*, 87 Md. 687.

¹⁴ *Schley vs. Lee*, 106 Md. 394. As a matter of fact, there has not for many years been issued any State stock from the interest on which the State tax is deductible.

¹⁵ *Anne Arundel County vs. Sugar Refining Company*, 99 Md. 486.

machinery of manufacturers; and, as in the case of the credit of Baltimore city stock, the deduction is only of such proportionate part of the shares as the assessed value of the shares taxable in such district or districts bears to the assessed value of the entire issue of shares.

The purpose of this provision was to give to Maryland manufacturing corporations the benefit of local plant exemption laws or ordinances, since the mere *exemption* of the machinery, without an express provision for the *deduction* of its value from the shares of the corporation, would give no advantage to such corporation. This results from the fact that all the personal property of Maryland share corporations (except railroads) is already exempt from the direct taxation under Section 4 of Article 1 of the Code.

THE ASSESSMENT OF TANGIBLE PROPERTY OF CORPORATIONS.

REAL ESTATE.

The real estate of corporations is assessed locally, exactly as the real estate of individuals, by local assessors, and is included in the aggregate of assessed valuation for that community,¹⁶ and the tax is paid in the same manner as the tax on property of an individual. This statement, however, is subject to one qualification.

Cities (except Baltimore city) and towns in the State form parts of a county, which is the assessment unit. The assessment of the property within limits of such cities and towns is in many cases separately and differently assessed for county or State purposes from what it is for municipal purposes.

This subject of the different manner of assessment of the same property is discussed elsewhere,¹⁷ but as regards the real estate of corporations there is a limitation on the power of municipal assessors to assess the real estate of corporations for municipal purposes.

¹⁶ The real estate of a corporation located in another State is not properly deductible. *American Coal Company vs. Allegany County*, 59 Md. 185.

¹⁷ See ante: "Assessment in Maryland."

As far as known, the question first arose in court in the city of Cumberland. Individual properties there are assessed at one valuation for county and State purposes and at another valuation for local municipal purposes. When the local assessors attempted to equalize the assessment of the real estate of corporations with that of adjoining property objection was raised by the corporations and the question reached the court.¹⁸ The lower court decided that the county and State assessment must be also the assessment for local purposes, because of the peculiar provisions of the code under which credits or deductions for real estate are allowed on the basis of the assessment for State and county purposes.

The vice of the condition lies in the fact that similar adjoining properties may thus have different valuations for municipal purposes; and as long as this dual basis exists injustice as between adjoining property holders, in the payment of municipal taxes, will continue. The system is also unfair to the municipal corporation. The ruling allows a corporation owning real estate in a block to have an assessment of, say, \$150 a front foot, while the adjoining property of exactly the same value, owned by an individual or firm or railroad company or foreign corporation, may have to pay at a \$300-a-foot valuation.

The same condition was exposed in the municipal re-assessment in Frederick in 1909, and exists in a number of other cities and towns where this vicious dual system obtains.

As Baltimore city has the legal status of a county, the State assessments are the same as the city assessments.

PERSONAL PROPERTY.

As regards the assessment of personal property of corporations there is a greater contrast and injustice. Personal property of individuals is assessed locally, while the personal property of domestic corporations, though not directly assessable, is valued by the officers of the corporations and reported by them to the State Tax Commissioner. The law contemplates that the full

¹⁸ First National Bank vs. Mayor and City Council of Cumberland, Circuit Court for Allegany County, December, 1906. Opinion by Boyd, C. J. (The case was appealed to the Court of Appeals of Maryland, but was abandoned.)

value of the tangible personal property in the State (as well as the real estate) should be reflected in the gross valuation of the shares. Investigation, however, shows that there are many corporations which own valuable personal property paying little or no indirect tax on this class of property.

There have been no facilities for the commission to have a careful analysis made of these valuations of personal property by corporations or of the resultant assessments on their shares, but numerous instances have been brought to notice which show that the net assessed valuations of the shares reflect either no valuation at all or else an inadequate valuation of the personal property.

OBJECTIONS TO THE METHOD OF TAXING SHARES INSTEAD OF TAXATION OF TANGIBLE ASSETS OF CORPORATIONS.

There is serious objection to the present method of taxing corporations, especially so-called business corporations, both from the standpoint of the law and of the administration, which may be epitomized as follows:

Maryland business corporations are discriminated against as compared with like corporations in other States.

Corporate excess is uncertain and many intangible elements determine the value of shares, and these elements cannot be properly assessed by any method; and when these elements are taxed (indirectly) there is an unfair discrimination in favor of firms and individuals in the same line of business as against whom these elements are not taxed.

Personal property should not be valued by officials of corporations who themselves pay the tax. Officers of corporations are human, and the frailty of nature means that some officers are conscientious while others are not.

It is a virtually impossible task for the State Tax Commissioner sitting in Annapolis to value equitably personal property in all parts of the State.

Some corporations may be unknown to the State Tax Commissioner, especially because prior to 1908 charters were filed in the clerk's offices of the local courts and there were no records

in any central State office; reports show that there are but 3,497 domestic corporations reporting.

Compliance with the law means that officers should annually submit statements disclosing the secrets of business. The method is extremely inquisitorial.

The Constitution (Article 3, Section 51) contemplates that "goods and chattels permanently located shall be taxed in the city or county where they are located," and the law recognizes the justice of this doctrine in taxing the real estate of all corporations where it is situated, though, curiously enough, real estate is not, under the Constitution, required to be so treated.

The protection and care of personal property from fire and by the police are properly local charges.

The compulsory disclosure of the internal and private affairs of companies, and the annoyance and red tape of annual reports have operated materially to the disadvantage of cities and counties.

The taxation of the shares of such corporations (at the residences of the shareholders) rather than the direct taxation of the assets where located, operates as an embargo on the investment of capital where a higher local rate prevails at the residences of the shareholders than at the situs of the property. There is, for example, little inducement under the present system for the investment of Baltimore capital in county enterprises.

The principle of asset taxation* as applied to business corporations has been recommended by commissions which have devoted their entire attention to the study of corporations, and this method is sound in theory and far easier to administer with justice to corporate interests and others contributing to taxation than is the present cumbersome and unscientific method.

*"The State may elect to tax either the capital stock or the real and personal property of the company." State vs. Penn. R. R. Co., 40 Md. 22.

TAXATION OF CORPORATIONS

TAXATION OF MARYLAND CORPORATIONS.

Table showing aggregate and net assessment (with deductions) of corporations made by the State Tax Commissioner, and the aggregate net amounts certified to the city and counties.
 Amount of taxes levied against said corporations, and amount of collections on current bills, and collection of all taxes during year from said corporations, other than tax on real estate.

Year.	Aggregate value of Shares.	Credits.			Aggregate Net Assessments upon which State Tax is levied, and to be paid directly to the Comptroller.	Aggregate Net Assessment certified to the counties and city.	Amount of State taxes due.	Amount of State taxes collected during same year in which levied (current collections).	Total payments from incorporated institutions on account of shares of stock.
		Real Estate.	Amount of credits allowed for investments paying taxes.	Mortgages held by Homestead or bldg. asso. and non-taxable securities held by corporations.					
1905.....	\$125,129,455 00	\$48,944,415 00	\$14,966,633 00	\$2,077,752 00	\$59,110,657 00	\$61,874,207 00	\$138,684 60	\$106,493 44	\$125,215 87
1906.....	185,120,198 00	55,301,506 00	17,397,878 00	2,723,838 00	59,696,576 00	58,114,912 00	140,287 90	121,268 45	145,803 72
1907.....	141,119,607 00	58,677,086 00	16,058,819 00	2,877,775 00	63,505,977 00	52,425,546 00	101,600 49	75,362 89	91,825 71
1908.....	158,359,812 00	65,233,000 00	3,693,526 00	3,725,563 00	85,704,733 00	84,232,974 00	137,132 37	95,363 54	102,877 78
1909.....	170,799,974 76	73,115,017 00	4,137,403 50	4,031,582 76	89,515,971 50	82,232,225 00	143,225 55	94,754 11	107,592 59
1910.....	177,208,340 00	76,934,736 00	4,262,451 00	4,918,522 00	91,087,631 00	74,695,273 00	145,739 49	102,844 64	129,428 12
1911.....	184,067,133 00	82,450,408 00	4,146,111 00	6,158,597 00	91,312,017 00	77,660,354 00	200,866 44	144,693 12	157,615 10
1912.....	197,298,591 00	91,175,019 00	4,312,135 00	6,617,849 00	95,198,888 00	90,399,540 69	221,325 07	151,242 23	163,801 60
							\$1,228,861 91	\$392,022 42	\$1,024,160 49
								Percentage of collection 73%	Percentage of collection 83%

MANUFACTURING COMPANIES.¹⁹

What has been said concerning the taxation of domestic corporations applies to the taxation of manufacturing corporations, and, if anything, the effect of corporate excess taxation is felt more keenly by this than by any other class.

The relationship between manufacturing industries and wealth is close and important; indeed so close and important that the Bureau of Census states "the increase of manufacturing capital may be taken as an index of the changing value of real property and of the aggregates of private wealth."

Unfavorable tax laws, such as are in force in Maryland today, not only keep manufacturers out of the State but tend to deprive manufacturers already located here of the ability to compete on equal terms with similar manufacturers in neighboring States. This unfortunate condition has prevailed for many years in sharp contrast with the policy of sister States, which have taxed manufacturing industries most leniently.

One of the chief criticisms of Maryland's tax policy regarding manufacturers is that it does not pay, even as to the amount of taxes collected. The case in point is a good example of the fact that a high tax rate often results in a low return. Manufacturers are not anchored to the State. A few, taxed at a high rate, will not yield the same sum as will be produced by a comparatively low tax on a large number of manufacturing plants. Increases in property values, due to the location of new industries, are of even more importance than the direct tax on the industries themselves.

Present conditions should not be allowed to continue any longer. These conditions have forced numerous manufacturing industries not only to incorporate but also to locate their plants outside of Maryland. It is of basic importance that the tax laws of Maryland should be changed so as to afford manufacturing industries privileges equal to those offered in competing States.

¹⁹ See "The Vital Need of Legislation on the Taxation Question" (of manufacturers)—H. Findlay French, Esq., Baltimore, January, 1912.

The following tabulation shows some of the disadvantages under which the Maryland manufacturer suffers:

CAPITAL STOCK TAX.	PERSONAL.	REAL.
New York—Local only. New Jersey—None. Pennsylvania—State only. Delaware— $\frac{1}{20}$ of 1 per cent. Maryland— $\frac{2}{8}$ per cent.*	Largely not reached. Net only. Tangible: none. Largely exempt. Exempt when capital stock tax paid.	Varies only in regard to amount of true value assessed.

BONUS, OR ORGANIZATION, TAX FOR DOMESTIC CORPORATIONS.

In 1890 the Legislature provided that all incorporations under the laws of Maryland, either by general or special law, except railroad companies, cemetery, benevolent, charitable and like associations, should be subject to a State fee of $\frac{1}{8}$ of 1 per cent. of the amount of authorized capital stock. A fee was also provided for subsequent increases in the amount of capital stock. The law has been amended in minor particulars, but the rate for both incorporations and increases is $\frac{1}{8}$ of 1 per cent. of authorized capital stock at the present time. The receipts from this source in 1912 were \$26,554.84.

FOREIGN CORPORATIONS.

The law provides that foreign corporations, except those which are required to pay gross receipts taxes, shall pay as a franchise tax to the State annually for the use of the State \$25 for every full \$50,000 of capital employed in the State up to \$500,000, but in no case less than \$25; if the amount of such capital is more than \$500,000 and not more than \$5,000,000, then an additional amount equal to 1-40 of 1 per cent. on the excess; and if more than \$5,000,000, then an additional amount at the rate of \$30 for every \$1,000,000 of such last-named excess.²⁰

²⁰ Article 23, Section 95.

*Local rates vary.

By the above provisions a foreign corporation employing \$10,000 or even less in the State, pays an annual tax of \$25. A corporation employing \$99,000 would pay the same amount. The probable intent of the Legislature was to impose an additional amount of tax upon sums employed between \$50,000 and \$100,000, but due to the omission of any specific provision upon that subject the increase in the tax does not come into operation until the employed capital reaches the sum of \$100,000. This point has been the subject of considerable criticism.

In the annual report of the Comptroller of the State for the year 1911 attention was directed to the taxation of foreign corporations and the present law was criticised.

The Comptroller says:²¹

“(By the provisions of law foreign) * * * companies are required to pay the tax to the State Treasurer before the first day of April in every year, and if not paid by the first day of November following, it becomes obligatory upon the Comptroller, under Section 71, to place said bills in the hands of the Attorney-General for collection by suit, but the statute nowhere provides for any mode by which the Comptroller is advised of the amount of capital employed by such companies within the State, and only through the courtesy of the Secretary of State in transmitting such information to this office has the Comptroller been enabled to enforce the collection of this tax. In my judgment this statute should be so amended that at the time of the filing of their certificates with the Secretary of State they should be required to also file a like certificate with the Comptroller, setting forth the amount of capital employed within the State, in order that the Comptroller should have in his own office proper returns upon which to base the tax. Further, I deem it important that additional powers be granted to him whereby he may able to call for and enforce supplemental reports, if necessary, in order that the actual amount of capital so employed be ascertained. As the statute now stands, the Comptroller is required to collect this tax without any provision whatever being made for any returns to his office upon which this tax is to be based, and as a matter of fact it is possible for the largest foreign corporations doing business in this State, with visible property of hundreds of thou-

²¹ Report of Comptroller, 1911, pp. 14 and 15.

sands of dollars, to make a return of only \$5,000 of capital employed and therefore pay a tax of only \$25, while several large foreign corporations employed in Maryland return no capital at all.

"Again, the statute further provides that this tax of \$25 shall be levied upon every full \$50,000 of capital employed by it in this State.' Therefore if the capital employed be \$99,999, the tax is only \$25, or no more than if the capital employed were \$50,000. In my judgment, this provision should be so amended as to read 'at the rate of \$25 for every \$50,000 of capital employed,' thereby subjecting the actual amount of capital employed to the operations of this tax. Domestic corporations are required to pay taxes upon actual values, therefore why should there be any discrimination against them in favor of foreign corporations?"

The following table has been compiled from a report to the Commission by the Secretary of State of Maryland, and shows the total number of foreign corporations classified according to the capital employed, which have complied with the law:

TABLE SHOWING NUMBER OF FOREIGN CORPORATIONS
(Other than corporations subject to the gross receipts tax) which have filed their certificates with the Secretary of State, 31st March, 1913.

	Capital of \$50,000 or less	Over \$100,000 and less than \$150,000	Over \$150,000 and less than \$200,000	Over \$200,000 and less than \$250,000	Over \$250,000 and less than \$300,000	Over \$300,000 and less than \$350,000	Over \$350,000 and less than \$400,000	Over \$400,000 and less than \$450,000	Over \$450,000 and less than \$500,000	Capital, \$500,000	Over \$500,000 and less than \$5,000,000	Over \$5,000,000	Total
Number of corporations.....	515	37	11	16	8	3	4	2	5	0	16	0	617

From report of the Secretary of State of Maryland.
Aggregate receipts as reported to the Commission for 1912, \$25,797.68.

The stock of foreign corporations is taxed for State purposes at the same rate as the stock of domestic corporations, but is taxed wherever held in the State for local purposes at the uniform rate of 30 cents on the \$100.

There is no return of the business of foreign corporations to any State officer in Maryland, and consequently their affairs are not subject to the same inquisitorial and searching examination that domestic corporations are subject to. They pay an annual franchise tax to those States in which chartered.

The present law discriminates in favor of foreign corporations against domestic corporations.

Foreign corporations pay also the tax on real estate and personal property for State and local purposes "as if the same belonged to a natural person."²² Foreign steam railroad companies, subject to the gross receipts tax, are exempt from State taxation on real and personal property.²³ The Baltimore and Ohio Railroad Company, except the Washington branch, is exempt also from local taxation.

ENTRANCE FEE, FOREIGN CORPORATIONS.

The Legislature of 1898 imposed an entrance fee upon all foreign corporations, except telephone, banking, insurance and railroad companies, electric light or construction companies and oil or pipe-line companies, of \$25 for the privilege of doing business in the State. This fee is paid to the Secretary of State, and is still in force. The receipts from this source in 1912 were \$1,437.21.

GROSS RECEIPTS TAXES.

The gross receipts tax of 1872 was the first passed in Maryland. It applied to railroads only and remained in force until the passage of the general gross receipts act of 1894. This law, although having undergone frequent changes, is still in effect. It is a source of considerable revenue to the State and now embraces all classes of public service corporations, except electric

²² Article 23, Section 97.

²³ Article 81, Section 159.

railway companies and freight car companies. Another exception is the Baltimore and Ohio Railroad, which pays a special tax instead.

RAILROAD COMPANIES.

Foreign and domestic steam railroad companies pay a graduated tax based on domestic gross receipts per mile, as follows: For the first \$1,000 or less, $1\frac{1}{4}$ per cent.; from \$1,000 to \$2,000, 2 per cent., and $2\frac{1}{2}$ per cent. upon gross receipts per mile above \$2,000.²⁴

Railroads whose lines are located partly within and partly without the State are taxed on such portion of the entire gross receipts as the length of their lines in the State bears to the total length of their lines wherever located.²⁵

The Baltimore and Ohio Railroad Company has a special contract with the State whereby it escapes the regular gross receipts tax and pays instead a tax of $\frac{1}{2}$ of 1 per cent. upon gross earnings in Maryland.²⁶

Steam railroads are specially exempt from further taxation for State purposes, but with the exception of the Baltimore and Ohio are taxed locally for local purposes on real and personal property in practically the same manner as individuals.²⁷

An act²⁸ of 1908 provides that a railroad changing its motive power in whole or in part from steam to electricity shall continue to be subject to all the provisions of the laws of this State relating to the taxation of railroad companies whose roads are worked by steam power. Under the present laws it is pos-

²⁴ Acts 1906, Chapter 712. "Gross receipts or gross earnings" as used in this statute do not include "any income derived from the investment of the capital or surplus of any of the corporations mentioned in said section, and in the case of the use of moneys received or deposited, they shall include only the difference between the receipts, earnings or revenues derived from the use of such deposited moneys, and the interest paid on such deposits." Article 81, Section 166.

²⁵ Article 81, Section 164.

²⁶ Acts 1878, Chapter 155.

²⁷ A railroad company holding property in the city of Baltimore under a 99-year lease from the city is liable under the terms of the lease to pay all taxes, assessments, etc., but should be assessed only on the value of the leasehold estate. Such property is taxed in the same manner as property similarly held by individuals. Appeal Tax Court vs. Western Maryland Railroad Company; Same vs. Union Railroad Company, 50 Md. 274 (1878); P., W. & B. R. R. Co. vs. Appeal Tax Court, 50 Md. 397 (1879).

²⁸ Chapter 154.

sible for three similar electric railroad lines to be taxed under three distinctly different systems. First, a domestic company originally of the electric type, would pay the capital stock tax and the general property tax on real property for State and local purposes by the same rule as domestic corporations in general. Second, a foreign company would pay the general property tax on real and personal property for State and local purposes, "as if the same belonged to a natural person." Third, a domestic or foreign railroad, which was originally a steam railroad but which had been converted into an electric railroad, would pay the gross receipts tax for State purposes and the general property tax for local purposes, the rolling stock being treated like the rolling stock of steam railroads.

OTHER TRANSPORTATION COMPANIES, TRANSMISSION AND ELECTRIC LIGHT COMPANIES.

The following corporations, domestic and foreign, pay a tax on gross receipts within the State measured in the same manner as that employed in the case of railroads:

Telegraph or cable, express or transportation (except railroads, steam or electric), and sleeping-car companies, pay to the State for State purposes a tax of $2\frac{1}{8}$ per cent.; telephone and oil pipe-line companies, 2 per cent.; electric light companies, 1 per cent.; electric construction, and gas companies, $1\frac{1}{8}$ per cent. Domestic corporations are in addition taxed on capital stock.

FREIGHT CAR COMPANIES.

The property of freight car companies consists almost entirely of cars and the right to run them over certain railroads. Under the present law such cars are assessable in Maryland to the railroads over which they are operated, but it is quite probable that little, if any, of the property of these companies is now listed for taxation in this State.

As a rule freight car companies are most successfully taxed in other States by the gross receipts method, and while the revenue from a State gross receipts tax in Maryland on freight car com-

panies, at a reasonable rate, would not aggregate a large sum, such a tax would, if properly administered, produce sufficient State revenue to be worthy of consideration.

FOREIGN FERTILIZER COMPANIES.

Foreign guano, phosphate and fertilizer manufacturing corporations are taxed for State purposes $1\frac{1}{2}$ per cent. on gross receipts, while domestic corporations and individuals, or partnership concerns engaged in the same industry, are not subjected to the tax. In fact, this class of corporations constitutes the only instance in which any industry is taxed in Maryland on gross receipts, and there is no good reason why this class should be singled out for the application of a special tax.

REVENUE FROM GROSS RECEIPTS TAXES.

The revenue from the gross receipts taxes constitutes the principal item of State receipts from corporate taxation, and since the enactment of the present law has brought to the State a substantial income.

STATE RECEIPTS FROM GROSS RECEIPTS TAXES.
State Revenue from Corporate Gross Receipts Taxes, 1908-1912.

	1908	1909	1910	1911	1912
Railroads.....	\$663,074 83	\$506,533 14	\$539,376 41	\$592,994 10	\$589,768 37
Telegraph.....	1,150 17	2,307 59	1,510 59	948 45	1,773 92
Telephone.....	45,489 04	44,462 08	46,319 80	53,883 79	55,921 32
Express.....	3,000 00	3,978 13	3,542 15	4,146 39	18,500 00*
Sleeping Car.....	1,383 77	1,365 83	1,542 22	1,580 52	1,598 11
Electric Light.....	45,750 03	47,702 02	52,152 36	67,304 99	72,910 45
Gas.....	1,764 76	2,095 94	2,919 07	2,844 52	2,063 29
Fertilizer.....	3,669 65	2,008 39	2,153 61	2,068 66	1,806 19
Title Insurance.....	72 22	62 91	122 52	1,303 11	1,472 91
Trust and Guaranty.....	50,248 55	31,869 56	40,481 73	33,387 59	34,771 56
Total.....	\$715,602 72	\$642,385 59	\$630,121 46	\$760,462 02	\$780,586 12

* Seven years' taxes from one company.

REPORT OF THE COMMISSION

STATEMENT SHOWING AMOUNT OF REVENUE RECEIVED BY THE STATE FROM CORPORATIONS DURING THE LAST FIVE YEARS.

	1908	1909	1910	1911	1912
Gross receipts.....	\$715,602 72	\$642,385 59	\$690,121 46	\$760,462 02	\$780,586 12
Capital stock.....	102,877 78	107,592 59	129,428 12	157,615 10	163,801 60
Insurance.....	257,569 41	256,271 24	261,641 27	253,618 50	126,434 38
Bonus on Corporations.....	12,056 03	36,471 52	22,995 86	24,027 89	26,554 84
Foreign Corporations:					
Tax.....	5,225 00	10,258 39	18,305 03	22,458 02	25,797 58
Fees.....	5,229 55	4,045 80	2,925 35	871 15	1,437 21
Savings banks.....	49,843 77	51,148 44	53,805 74	55,913 10	58,562 07
Penalties on corporations.....	1,153 57	231 35	511 82	239 05	799 66
Total from corporations.....	\$1,149,557 83	\$1,108,404 92	\$1,179,734 65	\$1,275,204 83	\$1,183,973 46

TAXATION OF SHARES OF STOCK OF BANKS: OTHER FINANCIAL CORPORATIONS.

Nearly all the statements made concerning the method of assessing shares of stock of Maryland corporations apply to assessment of shares of banks, and all the criticisms made against the further continuance of those methods apply with equal force to corporations of this kind.

In regard to banks, the assets can more readily be discovered and appraised, and yet it would seem that the general administration of the law in assessment of bank shares has been no better or worse than the assessment of other corporations. Prior to 1907 the State Tax Commissioner arbitrarily deducted one-quarter of the value of the total assets of financial institutions before assessing the shares; but the Court of Appeals of Maryland, in *Schley vs. Montgomery County*,¹ held this deduction to be unconstitutional, and since then the entire assets are supposed to be assessed.

Banks are more than State-wide in their activity and reach out through the entire territory in which the merchants of the same community do business.

Under the present system of banking, there are three central reserve cities in the country—viz, New York, Chicago and St. Louis—and a number of other or secondary reserve cities. Baltimore is one of these.

¹ 106 Md. 407.

NATIONAL BANKS OF THE EASTERN STATES AND STATES CONTAINING THE TEN LARGEST CITIES
CLASSIFIED BY CAPITAL PAID IN.

Total No.		\$25,000	Over \$25,000, less than \$50,000	Over \$50,000, less than \$100,000	Over \$100,000, less than \$250,000	Over \$250,000, less than \$1,000,000	Over \$1,000,000, less than \$5,000,000	Over \$5,000,000
471	New York.....	97	12	123	166	39	26	8
198	New Jersey.....	45	9	60	68	13	3	.....
834	Pennsylvania.....	187	19	293	245	68	20	2
28	Delaware.....	5	3	13	6	1	.....	.....
108	Maryland.....	31	3	38	20	9	7	.....
131	Virginia.....	30	10	43	32	11	5	.....
448	Illinois.....	117	14	102	127	31	1	.....
186	Massachusetts.....	3	.....	25	110	36	10	2
133	Missouri.....	30	13	33	41	6	9	1
378	Ohio.....	91	14	102	127	31	12	1
99	Michigan.....	13	4	29	44	6	3	.....
231	California.....	67	4	57	75	15	11	2

The reserve cities seek banking connections in all parts of the country, and are desirous of obtaining the deposits, loans and clearances of banks in smaller communities. Under our complicated system of State government, it is not surprising that some communities can offer greater inducements than others; as far as consistent with conditions within the State, Maryland should not cause its banks to be handicapped. It is certainly true that the additional cost to local banks, due to higher tax rates as compared with other cities, makes it necessary for financial institutions to charge a higher rate of interest, and that this additional burden falls upon business houses and more especially upon the smaller houses, which cannot form banking connections with New York or Philadelphia.

THE BANKING CONDITION IN MARYLAND.

Ten years ago the total capital in Maryland of national banks was \$17,050,000; in 1912 it was \$17,607,000. This was an increase of only \$557,000, or 3 per cent., which compares most unfavorably with other States.

Baltimore City has over two-thirds of the total banking capital of the State.

The following shows the changes that have taken place in the amounts of capital, surplus and undivided profits in ten years in Baltimore:

	1903.	1912.
Capital	\$12,403,260	\$11,790,710
Surplus	6,514,400	7,970,010
Undivided profits	1,532,060	2,082,787

Compared with the increases of banking capital that have occurred in other States, the Maryland increase is far from satisfactory.

ARE THE PRESENT BANKING RESOURCES OF MARYLAND ADEQUATE?

Innumerable requests have been made by the commercial interests in Baltimore for increased credits and for a development of banking facilities. Any person interested can receive sufficient assurances that the business interests have not sufficient available banking funds to successfully carry on their business. This complaint is not exceptional, but general, and nearly all classes of business men who are large borrowers must have either Philadelphia or New York financial connections.

At the last meeting of the Legislature many business men testified before the Finance Committee of the Senate that inducements had been made to have them do all of their banking through institutions located in other States.

There is no doubt that these conditions exist, and taxation is an important factor.

AGGREGATE RESOURCES OF ALL BANKS (WITH TOTAL NUMBERS THEREOF) OF THE TEN LEADING CITIES IN THE UNITED STATES. (JUNE 7, 1911.)

CENTRAL RESERVE CITIES (BANKS).

Rank.		National.	Other Banks.	Total.	Total Resources.
1	New York.....	40	105	145	\$4,568,137,868
2	Chicago.....	11	73	84	1,109,915,194
4	St. Louis.....	8	36	44	418,439,401
RESERVE CITIES.					
3	Philadelphia.....	33	73	106	1,042,911,827
5	Boston.....	20	43	63	842,588,479
6	Cleveland.....	7	23	30	323,331,544
7	Baltimore.....	17	35	52	276,970,459
8	Pittsburgh.....	24	57	81	534,792,016
9	Detroit.....	3	14	17	177,703,714
10	Buffalo (not reserve city).....				
11	San Francisco.....	10	37	47	452,160,002

From 1911 Report of Comptroller of Currency. Table 100, page 806.

PER CAPITA RESOURCES OF ALL BANKS IN THE TEN LEADING CITIES.

New York.....	\$958 48
Chicago.....	508 00
St. Louis.....	609 08
Philadelphia.....	673 28
Boston.....	1,256 65
Cleveland.....	576 75
Baltimore.....	496 00
Pittsburgh.....	1,001 67
Detroit.....	381 78
Buffalo.....	
San Francisco.....	1,084 57

1910 Census. 1911 Report of Comptroller of Currency.

That there is necessity in Baltimore for increase of banking capital is apparent from the increase shown in bank clearances, the increase in Baltimore being large as compared with the increase of clearances in other cities.

This information is set forth in the following table:

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING HOUSES OF THE TEN LEADING CITIES OF THE UNITED STATES FOR THE YEARS ENDING SEPTEMBER 30, 1912, AND SEPTEMBER 30, 1911, AND PERCENTAGE OF INCREASE.

	Exchange.		Increase. Expressed in Thousands.	Percent- age of Increase.
	1912	1911		
New York.....	\$96,672,301,000	\$92,420,120,000	\$4,252,181	4.5%
Chicago.....	14,864,488,000	13,821,387,000	1,043,111	7.5%
St. Louis.....	3,978,870,000	3,827,444,000	151,426	3.9%
Philadelphia..	7,878,577,000	7,683,683,000	194,894	2.5%
Boston.....	8,865,807,000	8,306,738,000	559,069	6.7%
Cleveland.....	1,101,007,000	1,001,569,000	99,438	9.9%
Baltimore.....	1,893,003,000	1,740,368,000	152,635	8.7%
Pittsburgh...	2,687,970,000	2,539,143,000	148,827	5.8%
Detroit.....	1,087,893,000	943,717,000	144,176	15.2%
San Francisco.	2,621,035,000	2,372,725,000	248,310	10.4%

Table 101, page 776, Report of Comptroller of the United States, 1912.

Objections advanced by some to any change in the method of taxing banks or providing for a classification are two: First, the statement is made that the banks of Baltimore are already very profitable, and second, that the banks do not enter into the commercial activity of the community.

As regards the first objection, there is confusion in the minds of some persons between capital stock and invested capital. While many of the banks in Baltimore and Maryland pay large divi-

dends on their capital stock, the only fair calculation which can be made is as to what return this dividend represents on the invested capital, namely—capital, surplus and undivided profits. This is emphasized by the fact that a considerable number of banks in recent years have had additional capital stock paid in at a premium, said premium going to the surplus account, but in reality, and as far as income yield is concerned, being part of the invested capital.

The following compilation is conclusive on this point:

RATIO OF EARNINGS AND DIVIDENDS OF NATIONAL BANKS.

	Ratio of Net. Earnings to Capital and Surplus.	Ratio of Dividends to Capital and Surplus.
New York.....	9.48	10.39
Chicago.....	8.34	8.93
St. Louis.....	5.17*	6.97
Philadelphia.....	6.02	3.93
Boston.....	6.83	4.67
Cleveland.....	6.82	5.99
Baltimore.....	5.73	5.63
Pittsburgh.....	6.09	5.05
Detroit.....	..	..
San Francisco.....	6.84	5.26
STATES—		
Northeastern Group.....	7.02	4.92
Eastern.....	8.18	6.94
Southern.....	9.62	7.02
Middle Western.....	8.19	7.04
Western.....	11.95	9.11
Pacific.....	9.38	7.19

Table 59, page 275, Report of Comptroller of United States.

*Table is for year ending July 1st, 1912. On July 1st (?), 1912, National Bank of Commerce of St. Louis charged off \$5,748,000 accumulation of losses.

From this it appears that the net earnings of Baltimore banks are lower, with one possible exception, than any other city, and further examination shows that little, if any, earnings are passed to surplus.

As regards the second objection, the following table shows percentage of loans and discounts to total resources, and from this tabulation the local banks are high in percentage of loans:

PERCENTAGE OF LOANS AND DISCOUNTS TO TOTAL RESOURCES
OF NATIONAL BANKS OF THE TEN LEADING CITIES.
(SEPTEMBER 4, 1912.)

	Loans and Discounts.	Resources.	Percent- age.
New York.....	\$950,898,024 00	\$1,762,727,538 51	53.9%
Chicago.....	321,980,303 88	571,760,771 90	56.3%
St. Louis.....	110,984,225 94	213,752,601 12	51.9%
Philadelphia.....	232,705,012 94	440,526,799 47	52.8%
Boston.....	214,285,449 01	357,580,688 17	59.9%
Cleveland.....	56,542,491 47	104,839,707 34	53.9%
Baltimore.....	64,166,269 76	114,007,393 29	56.2%
Pittsburgh.....	138,169,756 35	295,086,128 55	46.1%
Detroit.....	37,075,404 71	65,094,345 08	56.9%
Buffalo.....	.....	.....	.....
San Francisco.....	119,489,975 57	240,847,989 14	49.6%

TAXATION AN IMPORTANT FACTOR.

Adverse tax laws directly contribute to this unsatisfactory condition.

As one proof of this fact, there may be recited the consolidation (January 1st, 1913) of the Merchants National Bank and the Mechanics National Bank into the Merchants-Mechanics National Bank, with a resultant loss of banking resources of \$400,000. In 1911 the National Bank of Baltimore absorbed the Third National Bank, with an aggregate book value of \$646,000, and also the

Commercial and Farmers National Bank, with combined capital, surplus and undivided profits of \$604,000.

Immediately thereafter the bank (the National Bank of Baltimore) showed increase of only \$180,000 of banking funds, being a loss of \$1,030,000. Within recent years the Manufacturers National Bank, with capital, surplus and undivided profits of \$587,000, went out of business.

Only a short while ago the Mercantile Trust and Deposit Company retired \$500,000 and the Maryland Trust Company retired also \$500,000. On April 1st, 1910, the Baltimore Trust and Guarantee Company and International Trust Company consolidated. Prior to consolidation the Baltimore Trust and Guarantee Company had capital of \$800,000 and surplus of \$2,000,000. The International had \$1,500,000 capital and \$1,000,000 surplus. The capital of the consolidated company—the Baltimore Trust Company—is \$1,000,000, with surplus of \$2,500,000, a difference of \$1,800,000 compared with the two companies.

OBJECTIONS TO THE LOCAL METHOD.

The main objections to a continuation of the present system of taxation of banks may be stated as follows:

First.—Banks are taxed more heavily than are banks in most of the neighboring States, especially in those States with which Maryland is in competition.

Second.—Banks are taxed too heavily in proportion to their earning capacity.

UNIFORMITY.

It is desirable that the same kind of property, subject to like protection, should be subject to the same rate of taxation in all parts of the State.

Banks depend upon the community interest for prosperity. It is quite immaterial where the shares are owned. The present law in Maryland recognizes the community value because it provides that the proportion of shares held by non-residents shall be taxed where the bank is located. The present method of imposing varying rates of taxation on the shares according to residence of stockholders is the worst kind of fiction.²

² See discussion of this subject ante: "Taxation of Corporations."

Because of the difference in the local rates of taxation assessed against shareholders, many of the banks in Maryland distribute to certain holders who reside in counties with a low tax rate the difference between the maximum rate levied against any shareholder and the rate levied against the particular holder. This is termed the equating of taxation. The method of equating is only required of banks in one other State.

THE 1 PER CENT. METHOD.

Pennsylvania enacted in 1897 the 1 per cent. bank tax bill, or a tax of 1 per cent. on capital of banks or four mills on capital, surplus and undivided profits. New York, in 1901, passed an act imposing 1 per cent. on capital, surplus and undivided profits, and since then other States have adopted this uniform rate. The increase in tax revenue from banks and the addition of large sums of bank resources have justified the legislation in these States.

Every special commission on taxation within recent years which has studied this particular subject has reached the conclusion that the method of imposing a uniform rate is sound.

The most exhaustive report of bank taxation is that contained in the "Report of the Commission on Revenue and Taxation" of the State of California, 1906. The conclusions³ of the commissioners were as follows:

First.—All banks and all moneyed capital should be taxed alike (*i. e.*, in the same manner and at the same rate).

Second.—The tax should be a State tax and the banks should be exempt from all other taxes except local taxes on real estate.

Third.—The tax should be based upon the capital of the banks, including accumulated surplus and undivided profits.

Fourth.—The shares of stock should be assessed or valued at their book value, or the amount paid in thereon, plus the pro rata of the accumulated surplus and profits.

Fifth.—The rate should be 1 per cent. on the book value of the shares, less real estate taxed locally.

Sixth.—All real estate should be taxed locally.

Seventh.—Private banks and bankers should be taxed in the same manner as other banks on the capital employed by them in their business.

³ Page 244 et seq.

The recommendations were adopted as a constitutional amendment in 1910.

The Virginia Commission of 1912 considered the 1 per cent.⁴ tax in a very exhaustive report.

The most recent recommendation is that of the New Jersey Commission, April 1st, 1912.⁵ That Commission made the following recommendations to the Legislature:

"Banks are established primarily for the purpose of receiving deposits and discounting paper. The argument that they should be treated exactly like an individual citizen is fallacious. They are not investing institutions and cannot properly be compared with the individual citizen who buys an exempt mortgage or bond for investment purposes at a low rate of interest. The bank is dealing in money in substantially the same manner that the merchant deals in goods. The banking business should pay a fair return for the privileges enjoyed, especially as in practice the money of depositors in which banks deal is seldom assessed.

"We believe a plan of taxing banks and trust companies substantially the same as that employed in Pennsylvania, New York, and several other States will be fair to these institutions. * * *

"We suggest that the shares of banks be assessed by ascertaining and adding together the capital, surplus and undivided profits, and deducting therefrom only the assessed value of real estate owned by the bank, the balance (to be divided according to the number of shares as now) to be taxed at the fixed rate of 1 per cent., uniform throughout the State. This would place all banks on a parity and impose the same rate on banking capital without regard to the residence of the shareholder. * * *

"We believe also that the simplest method of collecting this tax is to have the bank collect it from the shareholder (as in New York), and that one-half the revenue should go to the district where the bank is located and one-half to the county. * * *"

The conclusion reached by the special committee on taxation of the National Tax Association (1911)⁶ was also in favor of the uniform rate of taxation of banks.

⁴ Chapter V, p. 211 of the Report.

⁵ Page 48 et seq.

⁶ Report, Vol. V (1911), p. 316.

DEDUCTIONS.

New York, Pennsylvania, California, and possibly other States, allow no deductions for real estate or other securities.

The present law of Maryland allows deduction of real estate, other tax-paying shares and non-taxable securities (*e. g.*, stock of the State of Maryland).

Banks of Baltimore are also entitled under the Gans act⁷ to a credit of taxes on such proportion of its holdings of certain designated city stock as its city and non-resident holdings bear to the whole capital.

Table showing percentages of increase in number of National Banks, increase in capital and increase in deposit of National Banks from 1902 to 1912:

	Percentage of Increase in Number of National Banks, 1902-1912.	Percentage of Increase in Capital of National Banks, 1902-1912.	Percentage of Increase in Deposits of National Banks, 1902-1912.
<i>New England States:</i>			
Maine	— .16	— .24	.78
New Hampshire.....	.00	— .02	.51
Vermont .....	.04	— .20	.58
Massachusetts	— .19	— .12	.51
Rhode Island.....	— .37	— .40	.53
Connecticut	— .02	— .05	.71
<i>Eastern States:</i>			
New York.....	.29	.25	.82
New Jersey.....	.53	.28	1.21
Pennsylvania .....	.37	.23	.65
Delaware .....	.21	.09	.49
Maryland .....	.24	.03	.65
<i>Southern States:</i>			
Virginia .....	.68	1.43	1.65
West Virginia.....	.68	.78	1.14
North Carolina.....	.73	1.38	1.90
South Carolina.....	1.19	1.03	1.40
Georgia	1.37	1.55	1.61
Florida	1.28	2.28	2.36
Alabama .....	.97	1.21	1.19
Mississippi .....	.47	.40	.83
Louisiana .....	.06	1.03	.54
Texas .....	.40	.74	1.51
Arkansas	2.26	2.43	1.83
Kentucky .....	.42	.29	.77
Tennessee .....	.71	.71	.94

(—) indicates a decrease.

⁷ Act of 1908, ch. 124.

	Percentage of Increase in Number of National Banks, 1902-1912.	Percentage of Increase in Capital of National Banks, 1902-1912.	Percentage of Increase in Deposits of National Banks, 1902-1912.
<i>Middle Western States:</i>			
Ohio .....	.16	.14	.51
Indiana .....	.58	.53	.71
Illinois .....	.47	.58	.77
Michigan .....	.13	.20	.90
Wisconsin .....	.20	.34	.65
Minnesota .....	.47	.36	1.53
Iowa .....	.37	.33	.94
Missouri .....	.58	.56	.53
<i>Western States:</i>			
South Dakota.....	.77	.84	1.58
North Dakota.....	1.06	.88	1.42
Nebraska .....	.82	.56	1.14
Kansas .....	.37	.22	.59
Montana	1.52	.95	1.17
Wyoming .....	.81	.76	1.29
Colorado	1.30	.91	.27
New Mexico.....	1.05	.82	1.44
Oklahoma	2.52	3.46	3.42
<i>Pacific States:</i>			
Washington	1.35	2.49	1.56
Oregon	1.37	2.38	1.51
California	4.42	2.40	2.67
Idaho	1.63	2.52	1.71
Utah .....	.69	.93	1.35
Nevada	10.00	20.24	9.77
Arizona .....	.16	.74	1.13

Compiled from report of Comptroller of the Currency of the United States, 1912.

COMPARATIVE TABLE SHOWING TAXATION METHOD, RATES, DEDUCTIONS, ETC., OF BANKS.*

City	Basis of Assessing Bank Shares	Deductions Allowed	By Whom Assessed	Total Tax (1) Rate Per \$100, 1912	How Tax Rate is Determined	How Taxes are Distributed
New York	Capital, surplus and undivided profits	None (2)	Local Assessors	1.00	Special fixed rate	All payable (3) to County where bank is located
Chicago	33% of capital (4) surplus and undivided profits	Real estate assessed 33% of value	Local Assessors	4.40	General property tax rate	All taxes payable (6) in County where bank is located
Philadelphia	At option of bank, either on capital, surplus and undivided profits, or capital	None	State Auditor-General	.40 (6) or 1.00	Special fixed rate	Paid directly to the State
St. Louis	50% of capital (7) surplus and undivided profits	Real estate assessed at 50%	Local Assessors	2.22	General property tax rate	All taxes payable at location of bank
Boston	Market (8) value	Real estate	Local Assessors	1.64	General property tax rate	To localities (8) where shareholders reside, but in case of non-resident shareholders, to the State
Cleveland	Capital, surplus and undivided profits	Real estate	Final valuation (9) by State Tax Commission	1.36	General property tax rate	All taxes payable (10) in County where bank is located
Baltimore	Market (11) value	Real estate (12) and certain securities	State Tax Commission	2.12% (13)	General property tax rate	Taxes are payable (13) at place of residence of shareholders
Pittsburgh	At option of bank, either on capital, surplus or undivided profits, or capital	None	State Auditor-General	.40 (6) or 1.00	Special fixed rate	Paid directly to the State
Detroit	Capital, surplus and undivided profits	Real estate	Local Assessors	2.358	General property tax rate	At place of residence of shareholders
Buffalo	Capital, surplus and undivided profits	None (2)	Local Assessors	1.00	Special fixed rate	All payable (3) to County where bank is located
Cincinnati	Capital, surplus and undivided profits	Real estate	Final (9) valuation by State Tax Commission	1.484	General property tax rate	All taxes payable (10) in county where bank is located

Newark	Market value	Real estate and tax exempt securities	Local tax authorities	2.04	General property tax rate	To localities where shareholders reside, but in case of non-residents, to the County where bank is located
New Orleans	Capital, surplus and undivided profits	Real estate	Local Assessors, but subject to revision by State Board of Equalization	2.845	General property tax rate	All taxes payable at location of bank
Jersey City	Market value	Real estate and tax exempt securities	Local tax authorities	2.20	General property tax rate	To localities where shareholders reside, but in case of non-residents, to the County where bank is located
Indianapolis	76% of capital (14) surplus and undivided profits	Real estate assessed 76% of value	Local Assessors, but final valuation can be fixed by State Tax Commissioners	2.19	General property tax rate	All taxes payable in County where bank is located
Providence	Market value	Real estate & U. S. & R. I. Bonds	State Tax Commissioners	.40 (15)	Special fixed rate	To State, but in case of non-resident shareholders, the tax is returned to municipality where bank is located
Louisville	Capital stock, surplus and undivided profits	Real estate	Local Assessors	2.54	General property tax rate	Taxes are payable in County where bank is located
Rochester	Capital surplus and undivided profits	None (2)	Local Assessors	1.00	Special fixed rate	All payable (3) to County where bank is located
Atlanta	60% of market (16) value	None (17)	Local Assessors	2.40	General property tax rate	All taxes payable at location of bank
New Haven	Market value	Real estate	State Board of Equalization	1.00 (18)	Special fixed rate	All to State
Richmond, Va.	Capital stock, surplus and undivided profits	Real estate and (20) certain debts of the shareholders not exceeding 100% of total value of all shares	Local Assessors	1.75 (19)	Special rate for State and general property tax rate for city	Optional with shareholder to pay at place of residence or at location of bank
Wilmington, Del.	Capital, surplus and undivided profits	Real estate	State Authorities	.20	Special fixed rate	To State

*Reprinted from the Municipal Journal (Baltimore), August 29th, 1913. Compiled from data collected by the Department of Legislative Reference. (See notes on page 300.)

NOTES.

(1) In all cases, except where otherwise stated, the real estate of banks is subject to the same taxes as the real estate of individuals, payable in the locality where it is situated.

(2) No deduction is allowed either to the bank or to the shareholders on account of debts, etc.

(3) Total tax is paid to the County Treasurer where bank is located, regardless of place of residence of shareholders. In addition to the special tax of 1 per cent, the real estate of the bank is subject to the general property tax.

(4) All property in Chicago is assessed at one-third of its real value, so that the tax rate on full valuation would be \$1.47.

(5) Taxes are payable in county where bank is located, regardless of place of residence of shareholders, but to the City, State, County, etc., according to their respective levies.

(6) In addition to the special tax, the real estate of the bank is subject to the general property tax where it is located.

(7) The State Board of Equalization fixes the basis of assessment, usually about 50 per cent. of real value, the same basis used for other classes of property.

(8) The State Tax Commissioner of Massachusetts, in a letter of March 14, 1913, writes as follows:

"The shares of stock of national banks located in Massachusetts are personal property subject to taxation under the laws of this Commonwealth. The tax upon all shares of each national bank is laid as a tax upon the individual shareholders, but the tax is made payable by the bank directly to the treasury of the city in which the bank is located; in the payment of this tax, the bank is the agent of the shareholders; and for the recovery from the shareholders of the tax paid by the bank, on account of shares of stock, the bank has a lien upon such shares. The rate at which the shares of stock of national banks are thus taxed is the rate prevailing for the then current year in the city or town in which the bank is located. Full details as to the assessment and as to the residence of the different shareholders are submitted each year by every Board of Assessors to this department, and it is the business of this department by a system of debits and credits to see to it that eventually each city and town receives the tax paid by all national banks in this Commonwealth on account of any shares of stock owned by residents of such city or town. The tax upon shares of national banks located in Massachusetts, which shares are owned by non-residents of Massachusetts, is retained by the Commonwealth herself and is collected by the Commonwealth from the cities and towns to which such tax has in the first instance been paid.

"The shares of stock of trust companies and of national banks taxed as herein indicated are valued at the market value. This market value may or may not closely correspond to the aggregate of the capital surplus and undivided profit. In the case of such national banks or trust companies as have no market value for the shares of stock established by actual transactions in the market, the valuation placed upon the shares by the local Board of Assessors or by the Tax Commissioner, as the case may be (i. e., by the former in the case of national banks, by the latter in the case of trust companies) will very closely correspond to the aggregate of the capital, surplus and undivided profits. In such cases, however, an item of major importance in the determination of the share value will be the dividends paid by the institution. In Massachusetts we have no county tax as suggested. Taxes are assessed by and paid to one of two authorities,—first, the city or town; second, the State. In all cases the rate at which property is taxed by the city or town is the rate prevailing in such city or town for the then current year. As a matter of fact, for the year 1912 these municipal rates varied from as low as \$3.00 per thousand to as high as \$25.00 or \$26.00 per thousand."

(9) County authorities assess the shares, but final valuation is fixed by the State Tax Commission.

(10) Taxes payable in county where bank is located, regardless of place of residence of shareholders.

(11) Actual worth or fair selling value, and not book value, is contemplated by the Constitution. *Schley vs. Montgomery Co.*, 106 Md. 407.

(12) The net assessed value of the shares of other Maryland banks or corporations owned by the bank on January 1st and six months before is allowed as a credit against all the shares of the bank. Certain issues of Baltimore City stock (if owned January 1st and six months before) are allowed as a proportionate credit, but only against shares taxable in Baltimore City, which includes shares held by non-residents of the State. See Code P. G. L. (Bagby's Ed.), Art. 81. Sec. 163.

(13) The direct State tax of 23¼ cents (for 1912) is charged upon the entire net assessed value of the shares. The general property rate in Baltimore for local purposes is \$1.89 (1912) making total rate of \$2.12¼ on shares taxable in Baltimore. The local tax on shares is paid at the respective local rates and to the respective localities where the shareholders reside. Shares of non-residents of the State are taxed in the locality where the bank is situated.

(14) To equalize with real estate and other property, all of which is assessed at 75 per cent. of real value.

(15) The 40-cent rate also applies to all intangible property and savings deposits.

(16) To equalize with real estate, which is assessed at 60 per cent. of real value.

(17) Real estate of bank not assessed, as it is included in value of shares.

(18) The real estate of banks subject to local taxes, but the amount of said taxes is deducted from the 1 per cent tax on market value of shares.

(19) Special rate for State is 35 cents, and in addition the regular city tax rate, which for 1912 was \$1.40.

(20) Section 17 of the law relating to "Tax on Banks and Trust and Security Companies" contains the following:

"In assessing said shares there shall be deducted from the actual values of the shares held by the stockholders the amounts of bonds, demands and claims owing by them as principal debtors and not otherwise deducted from their taxable property, but not deducting any money that may be due on account of the purchase of securities which are non-taxable; provided that such deductions from the assessments of such shares of any bank, banking association, trust or security company shall not in any case exceed ten per centum of the total actual value of all its shares of stock."

TABLE* SHOWING AMOUNTS OF DEPOSITS IN THE SAVINGS BANK, SUBJECT TO THE FRANCHISE TAX OF 25 CENTS ON THE HUNDRED DOLLARS, IN THE SEVERAL COUNTIES AND BALTIMORE CITY AS REPORTED TO THE STATE TAX COMMISSIONER, JANUARY 1st, 1911.

	No. of Banks Reporting.	Deposits.
Allegany	1	\$101,657 12
Anne Arundel	1	578,816 00
Baltimore City	20	88,099,719 71
Baltimore County	2	147,416 85
Calvert	0	0
Caroline	0	0
Carroll	5	829,091 01
Cecil	0	0
Charles	1	34,207 00
Dorchester	0	0
Frederick	9	3,536,854 02
Garrett	0	0
Harford	1	61,271 00
Howard	0	0
Kent	0	0
Montgomery	1	991,525 00
Prince George's	0	0
Queen Anne's	1	26,000 00
St. Mary's	0	0
Somerset	0	0
Talbot	3	113,414 23
Washington	4	1,111,808 96
Wicomico	0	0
Worcester	3	233,592 23
THE STATE	52	\$95,865,373 13

*Compiled from Table C, No. 2, Report of State Tax Commissioner, 1912.

TRUST COMPANIES.

The shares of trust companies are assessed in the same manner as shares of other corporations, and the tax thereon paid in the same manner.

In addition to the tax on shares, trust companies pay a State tax or franchise tax of $2\frac{1}{2}$ per cent. upon their gross receipts or earnings.⁸

SAVINGS BANKS.

Article 81, section 91, provides as follows: "Every savings bank, institution or corporation organized for receiving deposits of money and paying interest thereon shall pay annually a franchise tax, to the amount of $\frac{1}{4}$ of 1 per centum on the total amounts of deposits held by such savings bank, institution or corporation. * * * *"

Examination of the report of the Bank Commissioner shows that banks other than banks designated as savings banks have savings deposits or time deposits, and from report of the Comptroller, many of these are not taxed.

The law no doubt contemplates that all savings deposits should be subject to a like tax. In some counties there are no deposits of savings paying the franchise tax.

INSURANCE COMPANIES.

Foreign insurance companies are required to pay an annual license; the charge for life companies is \$300, and for all others \$100. Prior to 1913,⁹ all companies paid \$300 except casualty companies.

Foreign fire, marine and inland companies pay a tax of 2 per cent. on amount of premiums collected in the State, with allowance for sums paid for re-insurance and cancellations; the premium of life and casualty companies is $1\frac{1}{2}$ per cent.

In addition, agents of foreign companies each pay an annual license of \$10. In some other States this agent's fee of \$10 is imposed only against corporations of those States which impose

⁸ Article 81, section 167.

a similar fee, and this retaliatory measure works to the disadvantage of some Maryland corporations.

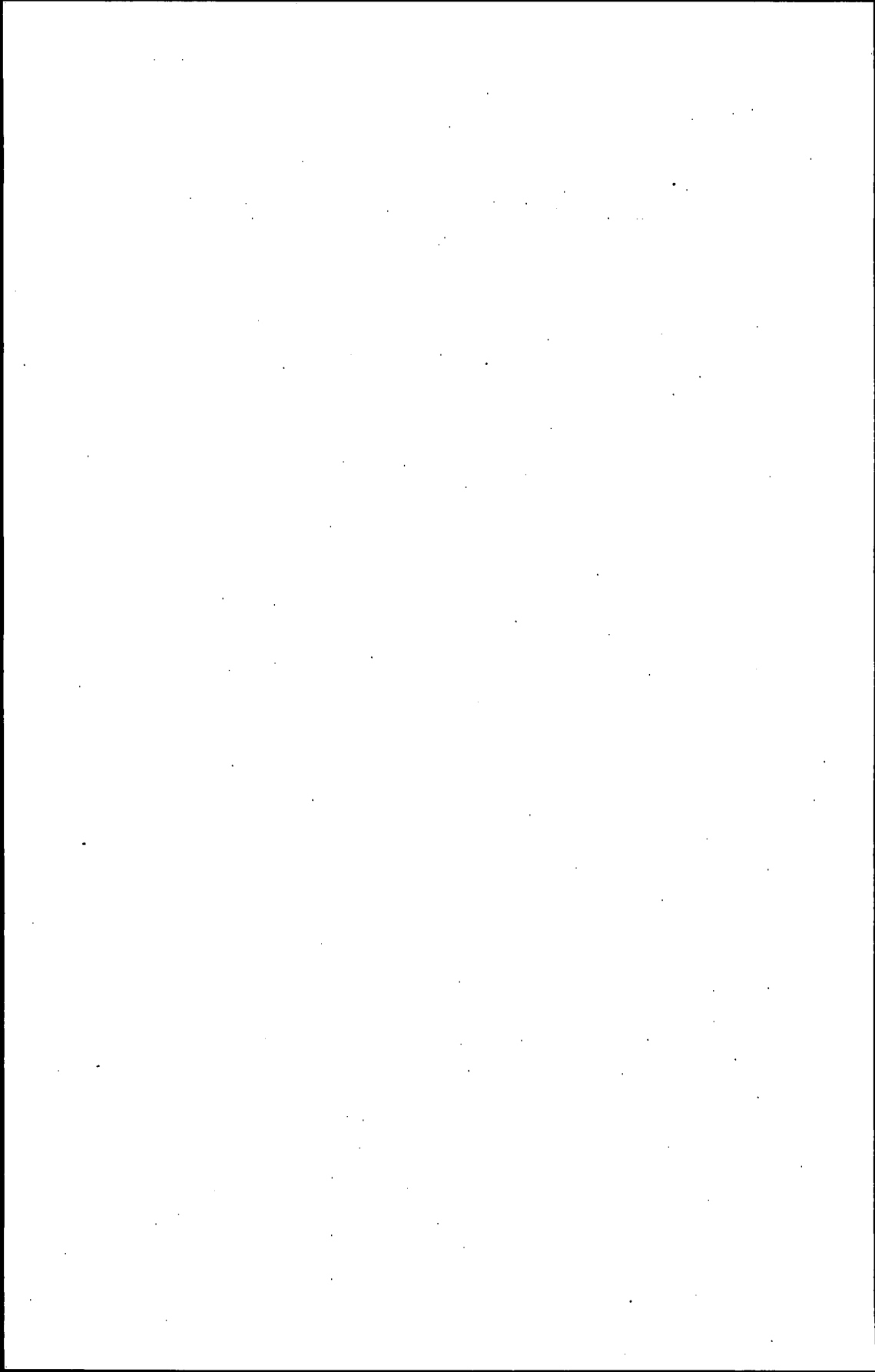
Domestic companies pay a gross receipts tax.

The fiscal year of the Insurance Department is from December 1 to November 30, while the fiscal year of the Comptroller is from October 1 to September 30, which makes it impossible to make an exact comparison of any given period. They should be uniform.

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⁹ Acts of 1912, ch. 207.



TAXATION OF INTANGIBLE PERSONAL PROPERTY.

By "intangible personal property" is meant corporate bonds and certificates of indebtedness and the stock of foreign corporations, taxed at a rate according to the classification as provided under Article 81, Section 214, of the Code of Public General Laws. The term elsewhere implies money, credits and securities.

Under the Maryland law such securities are taxed in all communities at the uniform local rate of 30 cents on the \$100 of value, or 3 mills, and in addition are subject to the State rate. The State tax in 1913 was 31 cents on the \$100, making the aggregate of taxes to be paid on a bond assessed at \$1,000, \$6.10. Prior to the increase of the State rate from 16 cents on the hundred, there was little objection to the sum of the rates imposed. Objection is made, and with much justice, that the total taxes are too high, and that the good effect and intent of the law are lost.

This condition raises the question of classification for State purposes, which eventually may have to be considered. The State rate should not be greater than the local rate. The law should provide for a maximum aggregate rate and an equitable division between the State and the localities. On a 4½ per cent. investment of \$1,000, yielding \$45 a year, a tax of \$6.10 is too high for this class of property.

The 30 cents per \$100, or 3 mill tax, is a local rate. Many of the holders of such securities live in communities which have a municipal rate of taxation in addition to the county rate. The percentage of the division of the sum between the counties and municipalities shows no uniformity. Some counties return to municipal officers 15 cents on \$100 (or 1½ mills) for resident holders within the municipalities, while some report no contribution.

In some counties of Maryland assessment of "securities," so called, are in reality promissory notes of firms and individuals assessed at a percentage of value as fixed by the Act of 1896, chapter 120, section 194.

The theory of the Maryland law which taxes this class of property at a low rate is sound in principle, and has been the

subject generally of favorable comment by students of taxation. Numerous special commissions on taxation have been impressed with results in Maryland, which results, unfortunately, have not been generally satisfactory up to the present time.

Many citations could be incorporated commending the Maryland method, but Professor Bullock, of Harvard, has summarized it in a way that is striking. He says, among other things:

"The experience of Pennsylvania and Maryland under imperfect laws and with imperfect methods of administration should lead to a revision of the opinion that it is impossible to collect any sort of a tax on intangible wealth. Is it not possible that these commonwealths have found a practical, if not an ideal, method of removing the worst evils in American State and local taxation?"¹

SECURED DEBT TAX OF NEW YORK.

The present secured debt law of New York is in sharp contrast to the Maryland law providing for a low annual rate on classified intangible personal property.

In 1911, New York State extended its method of commuting taxes on certain classes of intangible personal property through the enactment of the "secured debt" tax law. The plan of the measure is practically the same as that which has been applied to mortgage taxation in that State for several years past.

The "secured debt" tax is designed to reach bonds and other debts secured by mortgages upon property in any State other than New York. It resembles the mortgage recording tax in that the rate is the same ($\frac{1}{2}$ of 1 per cent.) and in the further fact that it is paid but once, and having been paid, the security upon which it is levied is exempt from all other direct taxes. It differs from the mortgage recording tax in that it is optional instead of compulsory, and is entirely for State purposes, whereas the mortgage recording tax is for State and local purposes. The rate of both these taxes is low—very low, indeed—when the life of the security extends over a long period of years, and it cannot be considered as the equivalent of the annual rate adopted in any of the States which have inaugurated the low uniform rate

¹"The Taxation of Intangible Property," 2nd vol. International Tax Association Report, 137.

system of taxing securities. The owner of a bond running for five years pays the same rate of tax that he would pay if the bond were to run 100 years, and it is urged by many friends of the tax that this inequality should be corrected.

The "secured debt" tax law permits the holder of the security to present it or a description of it to the State Comptroller, pay a registration tax of $\frac{1}{2}$ of 1 per cent. upon its face value, have a stamp to that effect affixed and canceled by the State Comptroller, and thereafter to hold such security free from State and local taxation, or to sell it as tax exempt. The application to have the security taxed by this method is of course purely voluntary. But the impulse to make the application is greatly strengthened by the provision in the law that the holder of the secured debt who has failed to register his securities is denied the right to offset his just debts against the secured debts. The holder knows also that if he does not have his securities registered and fails to conceal them from the assessor, he will have to pay the general property tax for State and local purposes upon the full face value thereof, and this would amount even in one year to several times as much as he would have to pay by the secured debt tax method.

The receipts from the tax in the year ending September 30, 1912, was about \$1,800,000, and the expense of collection was only about \$25,000. A large part of this is new-found revenue, as it comes from a class of property which is generally concealed from the assessor. It is the general impression that the receipts will decrease when most of the bondholders of the State have registered their bonds, but the constantly increasing sale in New York of bonds of public service corporations may in a large measure compensate for this factor. Railroad and other bonds can be sold tax exempt if they have been registered under the secured debt tax law, and thus they enter into competition with public bonds for the capital available for the purchase of tax-exempt securities. It is contended that this factor has a decided tendency to lower the prices obtainable by the State and municipalities in the sale of their bonds and that for this reason the real benefits derived from the tax are greatly diminished.

Michigan in 1913 adopted a secured debt law similar to the New York act.

THE ADMINISTRATION OF THE LAW IN MARYLAND.

In Maryland, as elsewhere, the great problem is in actually discovering the stocks and bonds held within the State. This task is difficult. Owners of stocks and bonds are not apt to disclose the ownership of these securities except under strong pressure. The ownership of a large proportion of the stocks and bonds held in Maryland is never disclosed in the lifetime of the holders, but comes to light upon the settlement of their estates. If the rate of taxation against stocks and bonds is high, the owners are much less liable to voluntarily disclose them than if the rate is low.

An illustration of this occurs in Baltimore. The Maryland law for the taxation of intangible personal property was passed in 1896, following the Pennsylvania act, and provided for a uniform rate of 3 mills throughout the State, in addition to the State rate, which at that time was $17\frac{3}{4}$ cents on the \$100. This rate superseded a local rate in Baltimore of about \$2.00, plus the State rate, under which there were at that time only about \$6,000,000 worth of securities on the tax books of the city.

The following have been the assessments in Baltimore since the present law went into effect :

1897.....	\$58,703,795	1906.....	\$120,423,814
1898.....	60,699,686	1907.....	150,947,733
1899.....	61,890,764	1908.....	146,688,857
1900.....	65,789,903	1909.....	148,234,010
1901.....	68,879,484	1910.....	158,666,848
1902.....	89,880,484	1911.....	165,834,235
1903.....	94,336,562	1912.....	179,412,676
1904.....	85,971,333	1913.....	177,385,419
1905.....	104,221,227	1914.....	191,970,999

It is impossible to say what percentage of the total securities owned in Baltimore that these assessments represent. The Baltimore City Commission² of 1907, which devoted a great deal of time to a study of this particular subject, made the following comment on this phase of the subject :

"The total assessment of 'securities' in Baltimore for the 1908 basis is \$146,688,857. This aggregate is made up from precisely 3,300 separate accounts. Of these 3,300 accounts, 8 accounts

² Report of the Advisory Committee on Taxation and Revenue, 1907, p. 146.

are corporations returning \$52,408,092, or 35.7 per cent. of the total basis; 1,011 accounts are trust estates returning \$26,906,838, or 18.3 per cent. of total basis, and 2,281 accounts are individuals returning \$67,373,927, or 46 per cent. of the total basis.

"That there are within the entire city limits of Baltimore, and out of its total population of at least 550,000 souls, only some 2,281 persons who own 'securities'—whereas no less than 1,011 trust estate accounts are so favored—is either an astonishing revelation or a manifest absurdity. It should be clearly remembered that such tax-liable 'securities' include every kind of bond or certificate of indebtedness—except such well-understood exemptions as the obligations of the United States, the State of Maryland and the city of Baltimore—and every kind of corporate stock other than the shares of Maryland incorporated companies. To accept the testimony of the city's tax books and believe that the entire individual ownership of such forms of wealth in Baltimore is concentrated in 2,281 persons is an impossible strain upon even the most optimistic credulity. It would mean either that Baltimore is the meanest and poorest of cities as to personal wealth or that the concentration of such wealth in the hands of a limited number of individuals has advanced farther than in any civilized community in the world.

"Of course, neither of these fanciful assumptions has a vestige of truth. The fact that only 2,281 individuals return holding of taxable securities can only have one possible explanation to any reasonable mind, and that is that the existing methods of assessment fail to secure anything like thorough return for purposes of taxation of such forms of wealth."

If this criticism was applied to Baltimore City, after the important results obtained, what would be the criticism of the assessment of intangible property in the counties, where results have been much more meagre?

In 1912 there was no assessment of this class of property in four counties, viz: Calvert, Caroline, Garrett and Worcester. There is no information at hand showing the change of assessments of this classification in the other counties, but it is within the range of possibility that some counties have at present less securities on their books than in 1896.

Tax officials in the counties of the State complain of the great difficulty in ascertaining this class of property, and comment on the small part assessed.

The following table shows the amount in each county:

AMOUNT OF STOCKS AND BONDS ASSESSED FOR THE YEAR 1912 IN EACH COUNTY AND BALTIMORE CITY SUBJECT TO THE UNIFORM LOCAL RATE OF 30 CENTS PER \$100. (STATE TAX PAID THEREON IN ADDITION.)

Allegany	\$439,526 00
Anne Arundel	567,985 00
Baltimore City	179,412,676 00
Baltimore County	42,589,400 00
Calvert	None
Caroline	None
Carroll	2,177,802 00
Cecil	2,423,290 00
Charles	243,627 00
Dorchester	205,124 00
Frederick	1,876,935 00
Garrett	None
Harford	1,448,564 00
Howard	1,134,346 00
Kent	248,620 00
Montgomery	1,108,865 00
Prince George's	142,879 00
Queen Anne's	313,331 00
St. Mary's	88,829 00
Somerset	*
Talbot	560,437 00
Washington	1,808,634 00
Wicomico	1,040,475 00
Worcester	None
Total	\$237,822,345 00†

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*Amount not ascertainable.

†One county not included.

INHERITANCE TAXATION.

In about five-sixths of the States, there are statutes imposing some form of tax on inheritances, and in most of these States the tax applies not only to collateral inheritances but to direct inheritances as well. Maryland was one of the first States to impose the tax, being preceded only by Pennsylvania, Louisiana and Virginia. Since the enactment of the original provision in 1845 there has been very little change in our inheritance tax law with the exception of the increase in rate in 1908 from $2\frac{1}{2}$ per cent. to 5 per cent. While this increase in rate has materially added to the State revenue, it must be remembered that the burden is still placed entirely upon collateral inheritances, and that in contrast to the trend of legislation in other States the rate is fixed and not progressive.

The following table is submitted for the purpose of showing a general comparison of the Maryland inheritance tax with those of other States:

INHERITANCE TAX.

List of States of the Union With the Main Provisions of Inheritance Tax Laws, If Any, Giving Rates, Exemptions, Etc.

STATES	Dates of Earliest and Most Recent Act	Lineal		Collateral		Special Features
		Rates %	Exemptions	Rates %	Exemptions	
Alabama, a.....	No law					
Alaska.....	No law					
Arizona.....	1912	1	5000-10000			Graded and Progressive
Arkansas.....	1901	1-8	1000-3000		500-5000	Graded and Progressive
California.....	1893	1-5	10000-24000b		500-1000	Progressive
Colorado.....	1901	2-4	10000		500-2000b	Progressive
Connecticut.....	1889	1-3	5000b		500	Progressive
Delaware.....	1869				500-3000b	Progressive
District of Columbia.....	No law				500	Graded
Florida.....	No law					
Georgia.....	No law					
Hawaii.....	1892	2	5000b			
Idaho.....	1907	1-3	4000-10000b		5	Progressive
Illinois.....	1895	1-2	20000b		14-15	Progressive
Indiana.....	1913	1-3	2000-10000b		2-10	Graded and Progressive
Iowa.....	1911				14-15	Graded and Progressive
Kansas.....	1906				5c	
Kentucky.....	1906				5	
Louisiana.....	1828	2	10000		5	Progressive
Maine.....	1893	1-2	500-10000b		4-7	Progressive
Maryland.....	1845				5	
Massachusetts.....	1891	1-4	1000-10000		2-8	Graded and Progressive
Michigan.....	1893	1	2000b		5	Progressive
Minnesota.....	1875	1-3	3000-10000b		2-15	Progressive
Mississippi.....	No law					
Missouri.....	1895				5	
Montana.....	1897	1	7500		5	

INHERITANCE TAXATION

Nebraska.....	1901	1913	1	10000b	2-6	500-2000b	Progressive
Nevada.....	1878	1913	1-5	10000-20000	2-25	0-10000	Graded and Progressive
New Hampshire.....	1892	1911	.....	.....	5	0	.....
New Jersey.....	No law	1912	.....	.....	5	500	.....
New Mexico.....	1885	1913	1-4	5000	5-8	1000	Graded and Progressive
New York.....	1847	1913	1	2000-10000	3-10	0	Graded
North Carolina.....	1903	1913	1-3	10000-20000	1-25	0-500	Graded and Progressive
North Dakota.....	1893	1913	.....	.....	5	500	.....
Ohio.....	1903	1908	1 f	5000-10000b	1-5g	100-500b	Progressive
Oklahoma.....	1826	1909	1	50000b h	2-6	500-2000b	Progressive
Oregon.....	No law	1905	.....	.....	5	250	.....
Pennsylvania.....	No law	1901	1-3	200	3-9	200	Progressive
Porto Rico.....	No law	.....	.....	.....	.....	.....	.....
Rhode Island.....	1905	.....	.....	.....	.....	.....	.....
South Carolina.....	1891	1913	1-3	3000-10000b	1-15	100-1000b	Graded and Progressive
South Dakota.....	1901	1909	1-1-1	5000	5	250	Progressive
Tennessee.....	1901	1907	.....	.....	2-12	500-2000	Progressive
Texas.....	1896	1907	5	10000i	5	10000	Tax limitation
Utah.....	1844	1913	.....	.....	5	0	.....
Vermont.....	1901	1910	.....	.....	5	0	.....
Virginia.....	1887	1907	1	10000i	3-12	0	Progressive
Washington.....	1868	1913	1-3	25000	3-15	0	Tax limitation, Graded and Progressive
West Virginia.....	1903	1913	1-3	2000-10000b	1-15	100-500	Progressive
Wisconsin.....	.....	1909	2.	10000	5	500	.....
Wyoming.....	.....	.....	.....	.....	.....	.....	.....

g. Alabama had an inheritance tax law in 1848. Constitution of 1901 says 2 1/2 per cent. may be imposed, but Legislature has never passed statute.

b. This applies to each person.

c. Aliens 20 per cent.—alien brothers and sisters 10 per cent.

d. Applied to aliens only.

e. Kansas Legislature inadvertently repealed this law in 1913.

f. Supreme Court held statute constitutional, but repudiated the arithmetical progression method of computing the tax, holding but one increase of rate over the primary rate in any class is provided for.

h. Estates of less than \$10,000 are exempt.

i. Exemption to widow \$10,000, and each other lineal \$10,000.

There is claimed to be some sentiment among the people of Maryland that our tax on inheritances should be extended to apply to inheritances and transfers passing to direct heirs.

The suggestion has also been made that the exemption against estates passing to collaterals should be enlarged and the present fixed rate should be changed to a progressive rate. Under the present Maryland law estates of \$500 do not pay the inheritance tax. This exemption applies to the total estate, and hence any estate over \$500 left equally to a number of different heirs would be taxed, although the individual share may be very small. It would seem that the exemption should be varied according to the degree of consanguinity and that it should apply to each beneficiary and not to the estate as a whole.

The policy of Maryland has been to confine the inheritance tax to the estates of resident decedents and tangible property located within the State belonging to estates of non-residents. The State has never attempted to apply the tax to stocks in Maryland corporations owned by estates of non-resident decedents and to certain other forms of intangible property of estates of non-resident decedents. While several of the States have adopted the policy of making the tax apply to intangible property of non-resident estates wherever there was any legal opportunity of levying the tax, the tax should not be made to apply where the conscience would clearly show that such a tax would be unjust. It is impossible, however, for Maryland to adopt a policy which will eliminate all possibility of double taxation on inheritances, and the fact that this State is most liberal in the exemption of estates of non-resident decedents does not guarantee that other States will adopt the same liberal policy. Its example should, however, exert an influence against double taxation, and it should not be influenced to change its policy in the matter by the mere fact that some other States have adopted a selfish policy.

During the fiscal year ended September 30, 1912, the State received from the collateral inheritance tax \$289,600.

The following table shows a classification adopted largely from several States which are administering the inheritance tax on the progressive rate plan:

BENEFICIARY.	\$1,000 or Under.		Over \$1,000, but not over \$10,000.		Over \$10,000, but not over \$25,000.		Over \$25,000, but not over \$50,000.		Over \$50,000, but not over \$75,000.		Over \$75,000, but not over \$100,000.	
	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax
1. Charitable, educational or religious societies or institutions in the State; trusts for charitable purposes in the State; city or town in the State for public purposes	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax	No tax
2. Husband, wife, father, mother, child, adopted child, stepchild	No tax	No tax	1%	1%	1%	1%	2%	2%	3%	3%	4%	4%
3. Lineal ancestor, except father or mother; lineal descendants, except child; lineal descendant of adopted child; lineal descendant of stepchild; wife or widow of son; husband of daughter	No tax	No tax	1%	2%	3%	3%	4%	4%	5%	5%	6%	6%
4. Brother, sister, half-brother, half-sister, nephew, niece	No tax	No tax	2%	3%	5%	5%	6%	6%	7%	7%	8%	8%
5. All others	No tax	No tax	5%	6%	7%	7%	8%	8%	9%	9%	10%	10%

Bequests to charitable, educational and religious institutions are taxed in Maryland at the same rate as other collateral bequests. In considering this phase of the question, some thought should be given to the possibility that if the State exacts the inheritance tax from bequests to these institutions, it may take money out of its own pocket, for the reason that the more the State depletes the fund the more it may be forced to contribute to the support of these institutions. Furthermore, in taxing such funds the State may discourage bequests of this character, and in the end the amount collected from the inheritance tax upon them be but a small part of the loss of public revenue.

But there is another side to this question. The tax is imposed upon the theory of the benefit of the right to succession. The immediate need of the State to the tax may be greater than the indirect benefit of having the estate passed to a charitable, educational or religious institution.

In addition to the inheritance tax, the State of Maryland exacts from executors and administrators a tax of 10 per cent. of the commissions allowed them by the Orphans' Court. These commissions vary, at the discretion of the court, from 2 per cent. to 10 per cent. of the value of estates of \$20,000 or less. If the estate is valued at more than \$20,000, the commission cannot exceed 2 per cent. on the balance over \$20,000. This commission on the amount of allowance has some of the elements of an inheritance tax. The State receipts from this source amounted in 1912 to \$63,223.

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TAXATION OF STOCK AND BONDS ISSUED BY STATE AND LOCAL COMMUNITIES.

The subject of taxation of the securities, stocks and bonds issued by States and local communities has received a vast amount of attention within recent years with satisfactory results in legislative changes.

The fundamental principle was laid down by the Supreme Court of the United States in *Weston vs. Charleston*,¹ which held that such a tax on public debt was a tax on the power of States, counties and cities to borrow money and an interference with a governmental function.

A tax, too, against a public debt is a tax by the Government against itself to pay itself, and, as has been aptly put, is a tax against the shadow of a thing which public policy demands shall be exempt.

At the first conference of tax officials from the several States, constituting the National Tax Association, held in Columbus, Ohio, in 1907, this question of exemption of public obligations of State, counties and cities received consideration, and among the first resolutions adopted was the following:

"WHEREAS, The United States Supreme Court truly stated that a tax on public debts is a tax on the power of States, counties and municipalities to borrow money,

Resolved, That the public debts of all States, counties and municipalities should everywhere be exempted from taxation."

According to the very latest reports, the following States exempt State bonds from all taxation:

Alabama.

Arizona.

Arkansas.

California.

Connecticut.

Delaware.

Georgia.

Minnesota.

Mississippi.

Nevada.

New York.

New Jersey.

New Mexico.

North Carolina.

¹² Peters 449.

Idaho.	Oklahoma.
Indiana.	Pennsylvania.
Kansas.	Rhode Island.
Louisiana.	South Carolina.
Maryland.	Utah.
Maine.	Vermont.
Massachusetts.	Virginia.
Michigan.	Wyoming.

In addition to these States, public bonds are virtually exempted in the States of Washington and Montana by administrative practice, while Ohio will vote on a Constitutional amendment exempting all bonds issued by the State, counties, cities, or other political subdivisions of the State, in November, 1913. This was formerly the policy of this State, a previous similar amendment having been adopted by a vote of 655,508 to 139,062, but the framers of the Constitution of 1912 omitted this provision from the Constitution, and consequently action was required again.

According to some students of this question, the only States which have any State debt and tax their own bonds in the hands of their residents are New Hampshire, Tennessee, Iowa and Texas, and in only one of these—namely, Tennessee—is the State debt over \$2,000,000. In this connection, it is proper to add that Tennessee in 1903 passed an act exempting its bonds from State taxation, but the Supreme Court of the State held this act unconstitutional.

Officials from Nebraska, North Carolina, Oregon, Vermont, Montana, Colorado and Washington express the opinion that all public bonds should be exempt from taxation.

In the following States the bonds, stocks and securities issued by the counties, cities and other political subdivisions are exempt from taxation:

Alabama.	Mississippi.
Arizona.	Nevada.
Arkansas.	New Jersey.
California.	Georgia.
Delaware.	Idaho.
Maine.	Iowa.
Minnesota.	Indiana.
Michigan.	Kansas.

Louisiana.	Oklahoma.
Massachusetts.	South Carolina.
New York.	Utah.
New Mexico.	Wyoming.

It will consequently be noticed that the following cities, among many others, have their bonds and stocks exempt from all taxation:

New York.	Boise.
Buffalo.	Indianapolis.
Rochester.	Kansas City, Kan.
Syracuse.	Topeka.
Albany.	Grand Rapids.
Newark.	Lansing.
Jersey City.	St. Paul.
Cleveland.	Duluth.
Cincinnati.	Des Moines.
Toledo.	Boston.
Columbus.	Lowell.
Atlanta.	Cambridge.
Savannah.	Springfield, Mass.
San Francisco.	Oklahoma City.
Los Angeles.	Guthrie.
Salt Lake City.	Little Rock.
Wilmington, Del.	Phoenix.
Montgomery.	Cheyenne.
Mobile.	Oakland.
Detroit.	Sacramento.
New Orleans.	

In only one instance, as far as our information goes, does a State tax its own bonds and exempt the bonds of its municipalities, and that state is Iowa.

An interesting subject for determination under the principle of interstate comity is the exemption of the public debts of other States held by residents of States which exempt their own bonds. This question should be considered by conferences of taxation in the country.

THE CONDITION IN MARYLAND.

There is no general statute which provides that bonds or stock issued by the State of Maryland should be exempt from taxation,² but every separate act in the last 20 years which has provided for a loan has stipulated that such stock or bonds should be exempt from all State, county and municipal taxation.

Prior to the session of the Legislature of Maryland of 1908, with the exception of stock issued by Baltimore City, it was the almost universal rule of the Legislature of the State to grant to communities the right to issue stock or bonds free from all taxation (State, county and municipal); but in the session of 1908, and since then, a number of issues have been made subject to State taxation. It was only at the last two sessions that the question of extra territorial exemption has received any consideration. For instance, does it lie within the power of the Legislature of Maryland by a *special* act to authorize the County Commissioners of Montgomery County to issue its stock in payment of a debt, and to provide that such stock shall be exempt from taxation in Allegany county?³

Issues of stock or bonds of counties and municipalities of Maryland may be divided as regards the taxation thereof into six groups, viz:

- A. Those not exempt from any taxation.
- B. Those exempt from all taxation, county, municipal and State.
- C. Those exempt from all county and municipal taxation, but subject to the State tax by direct assessment against the holder.
- D. Those exempt from local taxation in the county of issue, but subject to local taxation elsewhere in the State (and to State taxes throughout the State) by direct assessment against the holder.

²See Art. 31, sections 112-113-114 Code of Public General Laws.

³See Baltimore vs. Allegany County—99 Md. 1.

- E. Those exempt only from municipal taxes in the town of issue, but taxable for county and State purposes throughout the State by direct assessment against the holders.
- F. Those exempt from local taxation in the locality of issue, but subject to local taxation elsewhere in the State by direct assessment against the holder; and subject to the State tax at the source, *i. e.*, by deduction thereof from the interest payable on the stock.

It would be a tremendous task to classify all the loans issued by the communities of Maryland into their proper classes, because of their great number; for instance, in one session—namely, that of 1908—thirty-four separate acts were passed authorizing bond issues.

A few references, however, will suffice to illustrate the different groupings.

A. *These acts contain no reference to taxation.*

- Salisbury Loan; Acts 1902, ch. 463.
- Cumberland Loan; Acts 1910, ch. 478.
- Thurmont Loan; Acts 1910, ch. 9.
- Hagerstown Loan; Acts 1910, ch. 528.
- Montgomery County Loan; Acts 1912, ch. 697.
- Montgomery County Loan; Acts 1912, ch. 65.
- Allegany County Loan; Acts 1912, ch. 74.
- Union Bridge Loan; Acts 1912, ch. 622.
- Thurmont Loan; Acts 1912, ch. 629.
- Frostburg Loan; Acts 1912, ch. 730.

B. *These acts provide exemption from all taxation.*

- Carroll County Loan; Acts 1900, ch. 242.
- Hyattsville Loan; Acts 1900, ch. 216.
- Dorchester County Loan; Acts 1902, ch. 206.
- La Plata Loan; Acts 1902, ch. 629.
- Charles County Loan; Acts 1902, ch. 44.
- Montgomery County Loan; Acts 1904, ch. 641.

Rockville Loan; Acts 1904, ch. 228.
Wicomico County Loan; Acts 1904, ch. 100.
Garrett County Loan; Acts 1906, ch. 788.
Salisbury Loan; Acts 1906; ch. 466½.
Easton Loan; Acts 1910, ch. 117.
Dorchester County Loan; Acts 1910, ch. 486.
Talbot County Loan; Acts 1910, ch. 545.
La Plata Loan; Acts 1912, ch. 770.
Easton Loan; Acts 1912, ch. 747.
Pocomoke City Loan; Acts 1912, ch. 164.

C. These acts authorize exemption from all county and municipal taxation throughout the State.

Allegany County Loan; Acts 1902, ch. 115.
Kensington Loan; Acts 1902, ch. 72.
Somerset County Loan; Acts 1902, ch. 32.
Anne Arundel County Loan; Acts 1906, ch. 313.
Denton Loan; Acts 1906, ch. 332.
Crisfield Loan; Acts 1906, ch. 131.
Centreville Loan; Acts 1906, ch. 225.
Annapolis Loan; Acts 1908, ch. 345.
Cecil County Loan; Acts 1908, ch. 734.
Prince George's County Loan; Acts 1908, ch. 112.
Annapolis Loan; Acts 1910, ch. 663.
Kitzmillersville Loan; Acts 1910, ch. 491.
Ellicott City Loan; Acts 1912, ch. 340.
Chestertown Loan; Acts 1910, ch. 468.
Betterton Loan; Acts 1910, ch. 124.
Oxford Loan; Acts 1910, ch. 617.
Hancock Loan; Acts 1910, ch. 33.
Berlin Loan; Acts 1910, ch. 521.
Calvert County Loan; Acts 1912, ch. 720.
Preston Loan; Acts 1912, ch. 702.
Chestertown Loan; Acts 1912, ch. 706.
Hurlock Loan; Acts 1912, ch. 771.
Brunswick Loan; Acts 1912, ch. 590.
Betterton Loan; Acts 1912, ch. 174.
Princess Anne Loan; Acts 1912, ch. 562.

D: ⁴*These acts authorize exemption within the county of issue.*

Montgomery County Loan; Acts 1910, ch. 672.
Talbot County Loan; Acts 1910, ch. 108.
Wicomico County Loan, Acts 1910, ch. 12.
Baltimore County Loan; Acts 1912, ch. 345.
Centreville Loan; Acts 1910, ch. 77.
Frederick City Loan; Acts 1910, ch. 48.
Brunswick Loan; Acts 1910, ch. 557.
Queen Anne's Loan; Acts 1910, ch. 582.
Church Hill Loan; Acts 1910, ch. 467.
Ocean City Loan; Acts 1910, ch. 397.
Sudlersville Loan; Acts 1912, ch. 396.
St. Mary's County Loan; Acts 1912, ch. 209.
Wicomico Loan; Acts 1912, ch. 661.
Annapolis Loan; Acts 1912, ch. 118.
Greensboro Loan; Acts 1912, ch. 123.
Ridgely Loan; Acts 1912, ch. 578.
Church Hill Loan; Acts 1912, ch. 811.
Chestertown Loan; Acts 1912, ch. 550.
Dorchester Loan; Acts. 1912, ch. 692.
Vienna Loan; Acts 1912, ch. 54.
Frederick County Loan; Acts 1912, ch. 66.
Centreville Loan; Acts 1912, ch. 129.
Queen Anne's County Loan; Acts 1912, ch. 769.
Frederick City Loan; Acts 1912, ch. 39.
Myersville Loan; Acts 1912, ch. 442.
Frederick County Loan; Acts 1912, ch. 404.
Hyattsville Loan, Acts 1912, ch. 11.

⁴The Acts of 1912, ch. 99, authorizing a bond issue by the City of Cambridge, provided for exemption in the following unusual form:

"Said bonds and every part thereof and the interest thereon being exempt from all county and municipal taxation in Dorchester County, whether laid directly or indirectly in the hands of any corporation or individual holder thereof."

Here is a plain effort not only to exempt the bonds from direct local taxation in Dorchester County, but also to exempt the shares of all banks or corporations of the State (holding these bonds) held by residents of Dorchester County, to the extent that the bonds enter into the value of such shares. This would accord a privilege to these bonds which is not even given to the bonds of the United States Government.

Another act for Dorchester County (1912, ch. 104) contains a similar clause.

E. These acts authorize exemption within the city or town of issue.

Kensington Loan; Acts 1910, ch. 240.

Garrett Park (Montgomery County) Loan; Acts 1910, ch. 366.

F. To this classification belongs only the stock issued by the Mayor and City Council of Baltimore.

Investigation shows that in practice the only public obligations that actually pay any State tax are those in classification "F," or where the State tax is payable through the City Register of Baltimore on Baltimore City Loans, through deduction from the interest, because its issues alone require payment at the source.

By contract between the City of Baltimore and the taxable holders of its stock, the State tax, as to practically all of the outstanding issues, is now paid directly by the city in behalf of the holders.

Even where the obligations of the counties and towns of Maryland are legally liable to State and local taxation, the liability is rarely enforced. Where the obligations are exempt from local taxation, wholly or in part, but subject to State taxation, the securities as shown by the investigation of the commission are never assessed for any purposes. This is due to the fact that the holders—either innocently or otherwise—treat the local exemptions as a complete relief, or that the assessors are not accurately informed and likewise extend the local exemption so as to cover the State tax as well. The complicated state of the law furnishes some excuse for these common mistakes. In the reports to the Commission, returned by local officials, many of the issues are classed as exempt from all taxation, when as a matter of fact they are not exempt from State taxation under the terms of the enabling act, and in some cases not even exempt from local taxation except in the county of issue.

It is evident that the rule to be applied should be uniform throughout the State. No sound reason can be advanced for discriminating in favor of given localities. All bonds of cities and counties are generically alike. Sound policy justifies the total exemption of all public obligations from direct taxation. The State of Maryland has long recognized this by exempting her

own obligations. But whatever be the rule, it is certain that it should be uniform both as to liability to taxation and method of collection of the tax.

In order to get the expression of county and municipal officials in different parts of the State, the Commission asked an expression of opinion on the policy of exempting from taxation the public debt of local communities. The opinions of these officials and the reasons assigned for the same were a surprise to the Commission. Time after time statements were made that the tax, if levied, was a tax which the borrower himself had to pay and was therefore the means of increasing the rate of interest or depressing the selling price. A few officials did not answer the query. The only county officials who thought that public bonds should not be exempt were those of Howard county,⁵ and the only municipal officials who thought the exemption should not be granted were those of Rockville, in Montgomery county,⁶ and Bladensburg, in Prince George's county.⁷

A striking instance of discrimination appears in the tax against Baltimore City stock levied by the State of Maryland and collected by the State, not by direct assessment against the holders, but by requiring the City Register to deduct the tax, at the source, from the interest payments.

It is to the advantage of Maryland that public improvements in its metropolis should not be impeded, but under the present policy the State imposes a penalty on Baltimore City for providing new sewers, new schoolhouses, electric conduits, increased water supply, public buildings, streets and parks, all of which add to the comfort of its citizens and increase the taxable basis from which State revenue is derived.

The attitude of the Legislature toward other communities is directly opposite to this position, and it should be borne in mind that if the need of the tax necessitates the law that the aggregate of the taxes received from all other communities, counties, cities and towns would be considerable.

⁵Howard County has no debt.

⁶Rockville's bond issue is exempt from all taxation.

⁷Bladensburg has no debt.

The State tax paid on its stock debt by Baltimore City for 1912 was \$68,781.82. With the increase in the State rate and the normal increase in the amount of bonded indebtedness, this annual exaction will increase.

In the following pages are set out the funded debts of all the counties of Maryland, as reported to the Commission by the local authorities, and in another compilation the debts of all municipalities and towns.

The information furnished by the local authorities to this Commission was not as full as desired as to whether the issues were issues providing for sinking funds or whether they were serial bond issues. The serial bond issue has become the favorite method of local financing, and is advocated by nearly all officials having in charge the administration of local affairs in different communities.

The compilations should prove valuable as the first attempt, as far as the Commission knows, to collect in comparative form the bonded debts of the local communities of the State.

BONDED INDEBTEDNESS OF THE STATE OF MARYLAND.

SEPTEMBER 30, 1912.

	Bonded In- debtedness.	Floating Debt.	Sinking Fund.	Exemption from Taxation.
Maryland.....	\$13,028,095.63	None	\$5,701,836.65	All

BONDED INDEBTEDNESS OF THE COUNTIES OF MARYLAND.

(Information as supplied by local authorities.)

JANUARY 1, 1913.

	Bonded In- debtedness.	Floating Debt.	Sinking Fund.	Extent of Exemption from Taxation.	Opinion of County Authorities As to Whether Pub- lic Bonds Should Be Exempt from All Taxation.
Allegany.....	\$130,000.00	*	Serial Loan	All	Yes
Anne Arundel.....	369,666.67	*	\$51,559.73	All 9	Yes
Baltimore City.....	71,294,382.95	*	24,470,359.97	Taxable	Yes
Baltimore County.....	None	*			
Calvert County.....	4,000.00		Serial Loan	All	Yes
Caroline.....	33,500.00	42,220.18	None	All	Yes
Carroll.....	20,000.00		None	All	Yes
Cecil.....	129,000.00	None	24,336.33	All	
Charles.....	37,000.00	None	None	All	Yes
Dorchester.....	32,900.00	*		Part exempt	Yes
Frederick.....	382,700.00	*	775.00	All	Yes
Garrett.....	50,000.00	*	Serial Loan	All	Yes
Harford.....	13,000.00	20,000.00	Serial Loan	All	
Howard.....	None	*			No
Kent.....	22,000.00	*	None	All	Yes
Montgomery.....	138,400.00	*	Serial Loan	All	Yes
Prince George's.....	146,800.00	None	51,300.00	All	Yes
Queen Anne's.....	40,000.00	*	None	All	Yes
Somerset.....	91,000.00	1,500.00	Serial Loan	All	Yes
St. Mary's.....	22,000.00	*	21,694.88		
Talbot.....	40,500.00	None	7,600.00	All	Yes
Washington.....	54,600.00	*	54,600.00		
Wicomico.....	49,000.00	*	*	All	Yes
Worcester.....	66,000.00	*	12,000.00	All	Yes

*Not reported.

⁸Compiled from special report of county officials.

⁹See ante discussion under "F."

BONDED INDEBTEDNESS OF MUNICIPALITIES.

(Information as supplied by local officials.)

JANUARY 1, 1913.

	Bonded Indebted- ness.	Floating Debt.	Sinking Fund.	Extent of Exemption from Taxation.	Opinion of Local Officials As to Whether Munic- ipal Bonds Should Be Exempt.
<i>Allegheny Co.</i>					
Cumberland.....	\$879,900.00		\$35,700.00	All	
Frostburg.....	55,000.00		27,187.45	All	Yes
Lonaconing.....	None				
Midland.....	None				
Westernport	8,600.00	12,500.00	591.88	All	Yes
<i>Anne Arundel Co.</i>					
Annapolis.....	260,000.00	3,000.00	11,961.04	All	
<i>Baltimore City.</i>	(See tabulation of county indebtedness.)				
<i>Baltimore Co.</i>	(No incorporated cities, towns or villages.)				
<i>Calvert Co.</i>					
Chesapeake Beach	None				
<i>Caroline Co.</i>					
Denton.....	8,000.00			All	Yes
Federalsburg....	None	1,500.00			
Goldsboro.....	*				
Hillsboro.....	*				
Greensboro	*				
Preston.....	*				
Ridgely.....	33,500.00			All	
<i>Carroll Co.</i>					
Hampstead.....	None				
Manchester.....	*				
	(Net)				
Mt. Airy.....	\$1,700.00			All All but State	Yes
New Windsor....	22,500.00		400.00	All	Yes
Sykesville.....	5,000.00	4,900.00		All	Yes
Taneytown.....	12,200.00	6,000.00	*	All	Yes
Union Bridge....	4,500.00	None	*	All	Yes
Westminster....	25,000.00	*	*		

*No report.

BONDED INDEBTEDNESS OF MUNICIPALITIES—Continued.

(Information as supplied by local officials.)

JANUARY 1, 1913.

	Bonded Indebted- ness.	Floating Debt.	Sinking Fund.	Extent of Exemption from Taxation.	Opinion of Local Officials As to Whether Muni- cipal Bonds Should Be Exempt.
<i>Cecil Co.</i>					
Cecilton.....	None				
Charlestown.....	*				
Chesapeake City.	1,000.00	2,200.00	*	All	Yes
Elkton.....	None				
North East.....	1,500.00	500.00	Serial Loan	All	Yes
Perryville.....	None				
Port Deposit....	14,000.00	*	5,177.78	All	Yes
Rising Sun.....	None				
<i>Charles Co.</i>					
La Plata.....	4,800.00			All	Yes
<i>Dorchester Co.</i>					
Cambridge.....	71,000.00	None	4,179.62	Part exempt	Yes
East New Market.	None				
Hurlock.....	None				
Secretary.....	None				
Vienna.....	*				
<i>Frederick Co.</i>					
Frederick.....	673,500.00	25,000.00	126,285.69	All Except 94,600	Yes
Brunswick.....	32,500.00	37,868.92	2,851.34	All	Yes
Middletown.....	15,500.00	None	1,700.00	All	Yes
Emmitsburg.....	None	790.34			
Thurmont.....	18,000.00	2,500.00		Exempt in County	Yes
Walkerville.....	*				
Myersville.....	None				
<i>Garrett Co.</i>					
Deer Park.....	None	None			Yes
Friendsville....	None				
Grantsville.....	None				Yes
Kitzmilller.....	None	522.21			Yes
Loch Lynn H'ghts.	None				Yes
Oakland.....	54,000.00		6,538.90	All	Yes

*No report.

BONDED INDEBTEDNESS OF MUNICIPALITIES—*Continued.*
(Information as supplied by local officials.)

JANUARY 1, 1913.

	Bonded Indebted- ness.	Floating Debt.	Sinking Fund.	Extent of Exemption from Taxation.	Opinion of Local Officials As to Whether Muni- cipal Bonds Should Be Exempt.
<i>Harford Co.</i>					
Aberdeen.....	21,500.00	3,500.00	4,320.56	All	Yes
Bel Air.....	None	4,000.00			
Havre de Grace...	81,000.00	4,000.00	15,706.71	All	
<i>Howard Co.</i>					
Ellicott City.....	1,500.00				Yes
<i>Kent Co.</i>					
Betterton.....	1,600.00			All	Yes
Chestertown.....	40,000.00			All	Yes
Galena.....	None				
Rock Hall.....	None				
Still Pond.....	None				
Millington.....	None				
<i>Montgomery Co.</i>					
Brookville.....	None				
Gaithersburg....	None				Yes
Garrett Park....	None				Yes
Glen Echo.....	*	7,000.00	*	All	Yes
Kensington.....	3,450.00	1,000.00	500.00	All	Yes
Laytonsville.....	None				
Poolesville.....	*				
Rockville.....	25,500.00	None	None	All	No
Somerset.....	2,400.00	None	200.00	All	Yes
Takoma Park....	56,000.00	None	128.95	All	Yes
<i>Prince George's Co.</i>					
Bladensburg....					No
Hyattsville.....	57,000.00	9,600.00			
Laurel.....	82,500.00	5,300.00	23,147.44	All	Yes
Mt. Rainier.....	None				
Upper Marlboro..	None				
<i>Queen Anne's Co.</i>					
Centerville.....	48,000.00	*	*	All	Yes
Church Hill.....	None				Yes
Sudlersville.....	None				
Queenstown.....	None				Yes

*No report.

BONDED INDEBTEDNESS OF MUNICIPALITIES—Continued.

(Information as supplied by local officials.)

JANUARY 1, 1913.

	Bonded Indebted- ness.	Floating Debt.	Sinking Fund.	Extent of Exemption from Taxation.	Opinion of Local Officials As to Whether Muni- cipal Bonds Should Be Exempt.
<i>St. Mary's Co.</i> Leonardtown....	None				
<i>Somerset Co.</i>					
Crisfield.....	46,000.00	2,000.00	*	From local	Yes
Princess Anne...	17,500.00		5,793.58	All	Yes
<i>Talbot Co.</i>					
Easton.....	72,000.00	*	None	All	Yes
Oxford.....	*	1,200.00		All	Yes
St. Michael.....	*				
Trappe.....	None				
<i>Washington Co.</i>					
Boonsboro.....	None	1,000.00			Not Considered
Clear Spring....	*				
Hagerstown.....	104,000.00			All	Yes
Hancock.....	None				
Keedysville.....	None				
Sharpsburg.....	None				
Smithsburg.....	None				
Williamsport....	3,000.00			All	Yes
Funkstown.....	*				
<i>Wicomico Co.</i>					
Delmar.....	None				Yes
Pittsville.....	*				
Salisbury.....	46,000.00	*	5,000.00	All	Yes
Sharptown.....	*				
<i>Worcester Co.</i>					
Berlin.....	40,000.00	3,300.00	*	All	
Ocean City.....	30,000.00	5,000.00	None	All	Yes
Pocomoke City...	50,000.00	5,200.00	3,951.74	All	Yes
Snow Hill.....	41,000.00			Part exempt	

*No report.

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TAXATION OF MINERAL DEPOSITS.

Maryland is unique in its territory and varies greatly in character of its lands and soils, being divided by the Chesapeake Bay and its tributaries into two parts, designated the Eastern Shore and the Western Shore. The counties of the Eastern Shore are nine in number and, with the exception of Cecil, the northernmost one, the elevation in no case is greater than eighty feet. On the Western Shore a condition directly opposite prevails, as the ground rises gradually but rapidly, and within eighty miles of tidewater there is an elevation of three thousand feet at Mt. Quirauk, in Washington County, with numerous adjacent and rich valleys running in a general north and south direction. The highest elevation of the State is thirty-seven hundred feet at Backbone Mountain, in Garrett County.

With such a difference in lands, there is a great diversity in products, as the lands are particularly adapted for particular purposes.

The State is not abundantly rich in deposits of minerals, although the returns from some products are relatively valuable compared with the products of other industries. The wealth of minerals lies in a few counties of the State only, because there are no deposits, not even stone, in any of the lower tidewater counties. However, stone is otherwise well distributed and there are quarries in several counties; indeed, it is doubtful if the stone industry has reached anything like its capacity in the State.

Deposits of coal are found in only two of the twenty-three counties, namely, Allegany and Garrett. These counties occupy a strip of land lying between Pennsylvania on the north and West Virginia on the south. These deposits are found in the following coal basins:

George's Creek Basin.
Upper Potomac Basin.
Castleman Basin.
Lower Youghiogheny Basin.
Upper Youghiogheny Basin.

These basins also extend considerably into Pennsylvania and West Virginia.

Since the Maryland Geological Survey Department was established by provisions of an act passed in 1896, the mineral output of the State has greatly increased.

In 1897 the total value of all mineral products was \$5,475,729, and the following table, taken from the last report of the department, shows the value of the different products for the last ten years.

VALUE OF THE ANNUAL OUTPUT OF MINERAL PRODUCTS, 1902-1911.

Year.	Coal and Coke.	Stone.	Flint and Feldspar.	Sand and Gravel.	Lime and Cement.	Clay and Clay Products.	Ores, (Gold, Copper, Iron, Paint).	Mineral Waters.	Miscellaneous (Soapstone, Talc, Marl, Silica, etc.)	Total.
1902.	\$5,579,869	\$1,113,854	\$83,236	.....	\$487,597	\$1,915,417	\$61,826	\$45,100	\$5,500	\$9,282,339
1903.	7,189,784	1,126,992	86,898	.....	469,113	1,921,821	33,612	45,918	9,360	10,883,498
1904.	6,940,739	1,160,676	98,867	\$219,268	345,329	1,886,277	25,421	44,320	5,850	10,726,747
1905.	6,941,882	1,409,053	75,552	436,828	393,741	2,282,856	35,152	44,627	6,782	11,626,473
1906.	7,602,790	1,370,924	126,832	285,797	383,135	2,178,617	15,624	58,334	21,416	12,043,469
1907.	8,035,772	1,555,415	92,503	268,048	334,316	1,916,238	34,767	110,039	32,250	12,397,348
1908.	6,173,375	1,070,623	104,563	404,166	332,455	1,472,481	37,758	75,858	23,700	9,694,929
1909.	5,591,148	1,146,793	86,663	193,557	482,445	1,774,676	32,061	90,855	18,000	9,416,398
1910.	7,174,931	1,243,334	97,750	396,357	629,923	1,898,674	38,743	102,371	5,543	11,587,636
1911.	9,527,645	1,209,374	90,551	246,486	588,099	1,804,823	20,906	150,966	6,392	10,645,242

As appears from the table, the coal industry is the most important.

TAXATION OF COAL.

The method of assessing the coal mines is left to the local appraisers.

In the special report to this Commission a few facts stand out sharply:

That the surface of mines is often used for farming purposes.

That there has never been an appraisalment of the mines by any persons other than appraisers of other property.

No assessor versed in coal values and with a knowledge of mines has valued them for purposes of taxation.

That the product of the mine is not taxed as personal property. (By Article 81, Section 4, Public General Laws, the product of the mines of *Maryland Corporations* is not assessed as such, provided the shares of stock are assessed.)

That the mines are practically owned or operated by corporations.

The acreage of the known mines is not ascertainable, and consequently the ratio of mining lands to total area of the two counties is not known.

The value of the coal product mined and reported is between six and eight millions annually.

The ownership is varied. In some cases, the owner of the mine is also the operator; or there are mineral grants to one person or corporation, while the surface remains in another, and the owner of the mineral right is compensated on a royalty basis. Or again, the owner or operator may be an individual, a domestic corporation, or a foreign corporation. In all three of these cases the manner of taxation is entirely different.

If the owner and operator is an individual or firm, the value of the mine as assessed by the appraiser determines the limit of his liability, because there is no tax against the product or against the mined coal as personal property.

When the mine is operated by a foreign or domestic corporation, the same tax is levied against the land as though owned by an individual and with the same possibility of faulty assessment.

If the corporation is a foreign corporation, the State demands a franchise tax of \$25.00 for the first \$50,000 of capital employed in the State, and a contribution in like amount as it demands for other corporations over \$50,000; in addition the shares of resident holders are taxed against such holders at the security rate if they can be found, and if such shares actually pay a dividend.

If the operator happens to be a domestic corporation, the value of the shares is determined by the State Tax Commissioner. The law defines in detail the nature of the reports of such corporation. It shall set forth in full the assets of the corporation and liabilities, and in no case is the aggregate or gross assessment of the shares to be less than the value of the real and tangible personal property of the corporation located in the State. From such gross assessment is deducted the assessed value of the real estate, and the net assessment of each share is obtained by dividing the aggregate net assessment by the number of shares.

Nearly all the owners and operators are domestic corporations.

The aggregate gross valuation of their shares fixed by the State Tax Commissioner for 1911 was \$8,699,105. Deducting the \$4,269,557 real estate assessed from this, there remains \$4,427,548 to represent the value of the taxable investments (i. e., shares of other Maryland corporations owned by the companies) and the tangible personal property of the several corporations, including machinery, live stock, rolling stock, mineral products, etc.

On the net assessed value of the shares the corporation pays the State tax¹ directly to the State Comptroller, and local taxes on behalf of the holders to the different sub-divisions of the State where the respective shareholders reside. Local taxes on the shares of non-residents of the State are paid under a special provision of law² to the locality where the principal works are situated. State and local taxes on real estate are paid to the local collector where the land is situated.

¹In 1911 22 cents per \$100.

²P. G. L., Article 81, Section 150.

Coal in the mine is of a very uncertain value. It may be free of slate and bone, but the thickness of the vein, accessibility, existence of "faults" are all determining and qualifying factors of value. Any square foot method of valuation is faulty.³

The Legislature of Maryland attempted in 1872⁴ to impose a tax of two cents a ton on all coal mined in the State and transported to any place in the State or elsewhere for sale, and the validity of the act was questioned and determined adversely in the case of *State vs. Cumberland and Pennsylvania Railroad Company*.⁵ The act was held unconstitutional by a mere majority, four judges holding the act unconstitutional and three being of a contrary opinion. The main point in the case was whether the act was repugnant to the provisions of the Constitution of the United States, which declares that "Congress shall have power to regulate commerce with foreign nations and among the several States."

But there were other considerations in the case. Maryland's method of taxation has always been by the ad valorem method, and the Court, after deciding the question of interstate commerce, says:

"What, then, is the character of the tax imposed by the act in question? It is, beyond all doubt, a direct and specific tax upon coal, and therefore a tax upon property. It is not assessed with reference to any uniform value of the coal nor with reference and in conformity to any rate of taxation imposed upon the other property of the State. It is therefore a specific, arbitrary tax levied for the support of the government on a part of the personal property of the State without regard to value, uniformity or equality. Upon the same principle that this tax of two cents per ton is attempted to be imposed, if legal, the State could impose fifty cents or even a dollar per ton on all the coal mined and transported.

"Now the capital stock of the mining companies of the State is liable to taxation according to a fixed and certain rate; and the stock being the representation of the whole property of the corporation, the payment of the tax on the capital stock exempts

³See *Lehigh & Wilkes-Barre Coal Co.'s case*, 225 Pa., 272.

⁴Acts of 1872, Chapter 274.

⁵40 Md., 22.

See *Phila. & Reading R. R. Co. vs. Penn.*, 15 Wall., 232.

from taxation all the property both real and personal of the company. And although the State may elect to tax either the capital stock or the real and personal property of the company, yet it cannot tax both; and if it elects to tax the real and personal property, and not the stock, such property must be assessed according to the same equal and uniform rate in proportion to its value as all other property in the State, whether owned by individuals or corporations. It is not competent for the Legislature to discriminate as between different species of property, and to tax one by some rule and some by another. All must bear the burden alike; for if it were otherwise, it would be impossible to observe the rule, which requires that every person holding property therein should contribute his proportion of public taxes for the support of government, *according to his actual worth in real or personal property*. The protection afforded by the rule consists in the equality and uniformity required whereby one person shall not be taxed more or less than another, because he may happen to own a different species of property from that owned by the other. Hence the Legislature could not do what was attempted to be done by the act under consideration; for although the State might elect to tax the property of the coal companies, yet the entire tax exacted from them could not be in the shape of a special tax laid exclusively upon one species of personal property—namely, their coal mined for transportation. Such legislation most clearly violates the act of the Bill of Rights to which we have referred, and so declaring, we shall affirm the judgment of the court below.”

The act was held unconstitutional, and since then there have been no attempts to tax the product of the mines at a specific rate.

The best authorities on taxation in the United States are agreed that a production tax is the proper method of reaching mineral deposits.

Lawson Purdy in his article on “A Model System of Taxation”⁶ advocates the taxation of the surface land in the same manner as the surrounding land of the counties, to be paid to the local communities; and a production tax against the product for the use of the State.

⁶State and Local Taxation: Addresses before International Tax Association, Vol. 1, p. 54.

Whether the tax should be for the State or local communities is of importance. Regulations of one county may discriminate against an adjoining county; the care of the mines and inspection are State expenses; and again, fatalities of the mines always necessitate State aid.

It would appear that in the province of Ontario, Canada, a royalty is paid to the province, and a similar method of taxation prevails in Quebec, New Brunswick, Nova Scotia and British Columbia.⁷

The Tax Commission of West Virginia of 1902, appointed for the purpose of studying taxation in that State, in its report to the Legislature of 1903 recommended the levying of a production tax of one-third of one cent per ton. The recommendation was not accepted by the Legislature, however, but the outcome of the entire agitation, which lasted several years, was a tax against the "leasehold" to be determined at its true or actual value in addition to the general property tax against the land.⁸

The Tax Commission of Minnesota in 1909 also recommended a production tax. Extended consideration of the subject may be disposed of by quoting briefly from Frank L. McVey, Chairman of the Minnesota Tax Commission:⁹

"An examination of the reports of taxing officers shows that little attention has been given to the taxation of mineral lands in the United States. Here and there some differentiation has been made from the principle of the general property tax, but in the main the same system of taxation applies to mineral properties as to houses and lots and agricultural lands. * * * *

"For purposes of classification the taxation of minerals as now carried on may be grouped under:

- "1. General Property Tax.
- "2. Annual Output Tax.
- "3. General Property and Gross Earnings Tax.

⁷Taxation of Mineral Resources in Canada. O. D. Skelton—2 vol. International Tax Association Report, p. 385.

⁸See Taxation of Coal, Oil and Gas in West Virginia. International Tax Association—2 vol., p. 395—T. C. Townsend.

⁹International Tax Association Report, 2 vol., p. 411.

"4. General Property and Net Earnings Tax.

"5. Tax on Royalties.

"6. Tonnage Tax.

"To each classification belongs:

"1. General Property Tax.¹⁰

"California, Ohio, Georgia, New Hampshire, Texas, Michigan, Tennessee, Missouri, North Carolina, Virginia, New Mexico, Minnesota, West Virginia, Nebraska, North and South Dakota, Washington and Alabama.

"2. Annual Output Tax.

"Arizona, Nevada, British Columbia, Mexico, Ontario.

"3. General Property and Gross Earnings Tax.

"Colorado, South Carolina.

"4. General Property and Net Earnings Tax.

"Utah, Montana.

"5. Royalty Tax.

"Great Britain.

"6. Tonnage Tax.

"Michigan, Minnesota."¹¹

¹⁰Maryland also belongs to this class.

¹¹It has not been thought necessary for our purpose to amend this tabulation to show changes of methods of taxing mines since the publication of this article.

A SUGGESTION FROM THE PENNSYLVANIA TAX COMMISSION.

Pennsylvania had a joint Legislative committee to study taxation and to report to the Legislature of 1911, and which was continued with like powers until 1913.

The commission considered the taxation of coal and suggested that as Pennsylvania had a monopoly of anthracite coal the Legislature should pass an act laying a State tax thereon of 2½ per cent. of the valuation thereof when pre-

pared for market. The act was not passed in the session of 1911, but the recommendation of the commission has been renewed to the Legislature of Pennsylvania.¹²

The consideration of the commission was also directed to the taxation of bituminous coal. Bituminous coal of Pennsylvania enters into competition with the coal of West Virginia, Ohio and Maryland, and any tax against the products of the mines of that State was considered as militating against that State and placing it in an unfair position with the products of the adjoining States.

The joint committee recommended a conference of commissioners from the States affected, and the Legislature adopted a joint resolution¹³ providing for the appointment of such a commission to discuss the subject and to make recommendations for concerted action.

The facts controlling the recommendations of the Pennsylvania committee are analogous to those in Maryland, and Maryland can therefore hardly afford to do otherwise than to urge the Governor of this State to co-operate with Pennsylvania when requested by its Governor to do so.

OTHER PRODUCTS.

Other mineral products are not so valuable. Clay and clay products derive their value from manufacture, and stone, the third in value, can be taxed in a fair manner by a central State system. At the present time there are quarries in Montgomery county of great value mined by individuals, and investigation shows that there is no attempt to value the product in the quarries nor to apply any method of assessing the land in a scientific manner.

¹²House bill, passed by Senate June 3, 1913.

¹³Resolution, June 19, 1911, P. L. 1044.

TAXATION OF WOODLANDS.

The development of the relation of taxation and forestry has as yet received no consideration in Maryland, although it is conceded that the relation between the two is very marked. In the beginning, however, it must be clearly understood that legislation on this subject should never reach the point that owners of forests should not pay their just share of taxation, and as long as the general property tax remains all that is needed is simple justice and modification of the law to be developed by a broad administrative policy.

That the question is of importance in Maryland appears from the statement of the large area of wooded land, because approximately 35 per cent. of the total territory is in forest. Moreover, much of the territory is only adapted to forestry, and the present laws are a bar to far-reaching development.

The following table shows the area of the standing timber of each county in Maryland based on all species of trees 10 inches and over in diameter measured at breast heights, 4½ feet from the ground:

County.	Wooded Acres.	Per Cent. of County Wooded.
Alleghany	163,650	51
Anne Arundel	92,647	34
Baltimore	103,525	26
Calvert	62,390	45
Caroline	63,142	30
Carroll	39,292	13
Cecil	55,642	25
Charles	147,840	50
Dorchester	140,742	38
Frederick	86,481	22
Garrett	273,357	64
Harford	81,872	29
Howard	37,130	24
Kent	33,755	17
Montgomery	68,851	28
Prince George's	127,200	41
Queen Anne's	59,279	25
St. Mary's	119,080	50
Somerset	68,371	25
Talbot	45,812	29
Washington	79,516	27
Wicomico	111,513	47
Worcester	134,627	43
Totals	2,195,714	35

(From Report of Maryland State Board of Forestry, 1912, page 34.)

In the discussion of tax methods under each county, taxed value of wooded areas is referred to and the general criticism may truly be said to be that the manner of assessing in each county is crude and there is no effort made to tax this class of property according to its actual worth.

Many of the counties fail to classify this class of property at all, and very few provide for taxing at a separate valuation the wooded parts of tracts. Indeed, such method of classification is the exception rather than the rule. Some of the contrasts made between sales value and assessment are those of woodland.

Farms are more valuable if a fair portion is in woods.

In Wicomico County the claim is made on the part of the County Commissioners that wooded areas are assessed by persons familiar with the value of standing timber.

In 1905 Massachusetts had a committee to "consider the laws relative to the taxation of forest lands," and within recent years the legislatures of fifteen States have adopted special legislation on forests. These States are:

Maine,	Alabama,
New Hampshire,	Michigan,
Vermont,	Wisconsin,
Massachusetts,	Iowa,
Rhode Island,	Nebraska,
Connecticut,	North Dakota,
New York,	Washington.
Pennsylvania,	

The Michigan law was passed in 1911; the New York laws in 1912, and the Pennsylvania laws in 1913.¹

Nearly all the other States tax forest lands under the general property tax in exactly the same manner as other lands.

Four States, viz: Illinois, Kansas, Minnesota and Wyoming, allow a bounty on growth, but these concessions deserve no place in a discussion on taxation; neither are those provisions of the laws of Massachusetts and Vermont, which provide for the offering of annual prizes to encourage planting and cultivation.

Prof. Frederick R. Fairchild, of the Department of Economics at Yale, is probably one of the foremost advocates of a modifica-

¹Acts Nos. 269, 270 and 284, approved June 5, 1913.

tion of present general property tax as relates to forests, and in the reports of the National Conservation Commission he discusses fully every phase of the question.

The fourth National Conservation Congress in October, 1912, adopted a resolution drawing attention to the subject of taxation of forests, which, in part, is as follows:

"Holding that conservative forest management and re-forestation by private owners are very generally discouraged or prevented by our methods of forest taxation, we recommend State legislation to secure the most moderate taxation of forest land consistent with justice and the taxation of the forest crop upon such land only when the crop is harvested and returns revenue wherewith to pay the tax."

Epitome of the laws² concerning taxation of wooded lands in those States having a special law.³

Alabama permits the owner of land which has been denuded of trees, or the assessed value of which does not exceed \$5 per acre, to make a contract with the commission of forestry agreeing to plant or grow and maintain timber trees on such land for ten years under the direction of the commission, in return for which the land is exempt from taxation for a period of 10 years.

The Connecticut law applies to any land, not exceeding in value \$25 per acre, and not previously woodland, which the owner plants with certain specified kinds of timber trees. After the trees have grown to the average height of 6 feet the owner may obtain exemption from taxation for a period of 20 years.

The Maine law applies to "cleared land or lands from which the primitive forest has been removed," which the owner plants or sets apart for the growth of forest trees. After the trees have been properly maintained for 3 years the owner may obtain exemption from taxation for 20 years.

The Massachusetts law applies to plantations of certain specified kinds of timber trees, upon land which at the time of planting was not "woodland or sprout land, or land containing more than 600 standing trees to the acre," and not worth more than \$10 per

²Second volume of the Report of the National Conservation Commission (1909), page 588.

³1913 laws have not been digested.

acre. After the trees have grown in height 2 feet on the average, the owner is entitled to exemption from taxation for 10 years.

The Rhode Island law applies to plantations of certain specified kinds of timber trees upon land worth not more than \$25 per acre. Exemption from taxation is granted for a period of 15 years from the time of planting, provided the land is planted and managed under a forest-working plan approved by the State commissioner of forestry. Not more than 300 acres owned by a single person or corporation may be thus exempted from taxation.

The Vermont law allows to uncultivated lands, planted with timber or forest trees and cared for under the direction of the forestry commissioner, exemption from taxation for 10 years beginning April 1 of the second year after the planting.

The Wisconsin law applies to lands not within two miles of any incorporated city or village except upon written approval of the State forester, and not worth more than \$10 per acre. If the owner of such lands sets apart any portion, not exceeding 40 acres, for forest culture, and plants it with timber or forest trees and properly maintains the trees, he is entitled to exemption from taxation for a period of 30 years from the time of planting. Wisconsin also provides that when tree belts of certain specified character are planted and properly maintained the land on which they are planted shall be exempt from taxation until the trees reach the height of 12 feet, after which the owner is entitled to an annual bounty of \$2 per acre, which bounty is deducted from the taxes assessed on the land.

Iowa has an exemption law somewhat different from the others. The Iowa statute provides for the setting apart of so-called forest or fruit tree reservations in private ownership, with certain restrictions as to area of the reservation, and number, species and care of the trees. Such reservations are assessed for taxation at \$1 per acre for a period of 8 years from the time of planting. Moreover, in all cases where trees are planted the assessed value of the land is not to be increased on account of the value of such trees.

Nebraska has a statute providing that "the increased value of lands by reason of live fences and forest trees grown and cultivated thereon shall not be taken into account in the assessment

thereof." This law carries out a provision of the State constitution expressly permitting such legislation.

Washington exempts from taxation "all fruit trees, except nursery stock, and forest trees artificially grown."

New Hampshire allows to the owners of land planted with timber or forest trees the following rebate of taxes for a period of 30 years: For the first 10 years after planting, a rebate of 90 per cent. of all taxes assessed upon the land; for the second 10 years, a rebate of 80 per cent., and for the third period a rebate of 50 per cent.

North Dakota grants a bounty of \$3 per acre for tracts of prairie land of 1 to 10 acres planted with any kind of forest trees and properly maintained. This bounty may commence 1 year after planting, and is deducted annually from the farm taxes for a period of 5 years. A bounty is also granted for forest trees planted in hedge rows as boundary lines. The bounty is \$2 for 80 rods of hedge row, paid annually for a period of five years.

The 1913 Legislature of Pennsylvania has enacted three laws which are calculated to not only relieve the owners of forest reserves from the burden of taxation during the time that such reserves are unproductive of revenue, but also to allow the localities in which the reserves are situated to share in the additional values incident to the growth of the timber. The acts practically exempt forest reserves from general property taxation, but exact a tax of 10 per cent. of the value of the timber at the time it is cut. The timber is to be appraised for the purpose of the tax immediately before cutting. The tax is to be distributed to the several funds of the taxing district in which the reserve is situated in practically the same proportion as though it had been collected by general property taxation.

New York and Michigan also provide for a system of separation of land and trees for purposes of taxation, the land to be assessed at a low valuation and the trees taxed when cut at a percentage of value.

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Taxation of Forest Lands. A. C. Shaw: 2nd volume. International Tax Association Report, page 83.

Forest Taxation and Conservation as Practiced in Canada. Fernow; 2nd volume. International Tax Association Report, page 93.

Taxation of Forests. Issued by the Society for the Protection of New Hampshire Forests, containing the following:

(a) *Principles Underlying Forest Taxation.* By Dr. B. E. Fernow, Dean of the Faculty of Forestry, University of Toronto, and formerly for many years at the head of the United States Department of Forestry.

(b) *Forest Taxation.* By Prof. Frederick R. Fairchild, of Yale University.

(c) *Practical Application of Taxes to Forests.* By Prof. Charles J. Bullock, of Harvard University.

(d) Discussion by—

Alfred Gaskill, State Forester, New Jersey.

F. W. Rane, State Forester, Massachusetts.

E. C. Hirst, State Forester, New Hampshire.

J. H. Foster, Professor of Forestry, New Hampshire State College.

Warren Tripp, President New Hampshire Pine Lumbermen's Association.

Oscar Foss, timberland owner, and others.

William B. Fellows, Secretary New Hampshire Tax Commission.

W. R. Brown, of the Berlin Mills Company, President New Hampshire Timberland Owners' Association.

Forest Taxation. Report of California Special Tax Commission (1906).

Report of Massachusetts Tax Commission (1909).

LICENSES.

License receipts embrace a considerable portion of the total revenue of Maryland, and the provisions of the present laws, with few exceptions, have been on the statute books for years.

The first license fee exacted was the marriage license enacted by the Legislature in 1777,¹ and the fee was thirty shillings current money. This was followed by the license on billiard tables in 1780,² the ferry licenses in 1781,³ the license on hawkers and peddlers in 1784,⁴ and the spirituous liquor license in 1787.⁵ Innumerable acts followed in rapid succession for years, and it is significant that the development of the license system aided greatly in doing away with any general property tax, because up to 1841 a property tax for State purposes was seldom imposed. Up to this period of 1841 nearly all revenues were raised indirectly; the State's holdings in investments were large and profitable, and expenses of government were small.⁶

The period of indirect taxation developed among others the broker's license in 1819, the "Retailer of Dry Goods" license in 1820,⁷ and the traders' license in 1831.⁸ The act, passed in the year last referred to, apportioned the tax to the amount of stock of goods and merchandise on hand at the principal season of the year, and has continued practically the same to the present time.

A comprehensive study of business taxes and licenses is made by Professor Plehn in "Taxation and Revenue Systems,"⁹ with tabulations showing the licenses and rates in the several States.

¹Chapter 12, Section 13.

²Chapter 8.

³Chapter 21.

⁴Chapter 7.

⁵Chapter 26.

⁶Hanna Financial History of Maryland, Chapter 3.

⁷See *Brown vs. Maryland*—12 Wheat. 419.

⁸Chapter 262.

⁹U. S. Census Publication "Wealth, Debt and Taxation" (1907) p. 638.

The range of subjects of license taxes is very extensive.

He says, in part:

"The States of Alabama, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Pennsylvania, Tennessee, Texas, Virginia, and West Virginia—in short, all the Southern States except South Carolina (which gives the revenues from a similar system to the counties)—have an extensive system of State license taxes which amounts to a complete or nearly complete excise system, supplementing the State general property tax and in part taking its place. In all the other States these taxes appear only sporadically as State taxes, being left almost entirely to the municipalities.

"In general, these taxes are levied under what the courts have called the police or regulative power, rather than under taxing power of the government. But in many instances, especially in the above mentioned States, they have developed to such a degree that it is impossible to distinguish them economically from true taxes.

"The character of these taxes is such as practically to defy classification. The motives, too, under which they are levied are mixed. Many of them, such as the tax on liquor dealers, games, and amusements, are partly regulative and partly sumptuary; that is, they are levied in the first instance to restrict and control the taxed industry, but the rates are often determined by the fact that the enjoyment or use of these things is evidence of an ability to pay taxes. Another group, such as the taxes on itinerant vendors, peddlers, auctioneers, etc., seems to be dictated by the idea that these compete, in an irregular way, with established industries which pay the regular taxes. Still another group, like the taxes on lawyers, abstract companies, commission merchants, agents, brokers, etc., seems to be designed to reach occupations which, while affording good incomes, do not require the use of much, if any, taxable property.

"As one of these motives which gives character to the taxes is rarely found in any case unmixed with the others, classification along these lines would be more or less arbitrary and largely a matter of opinion. It is probably on this account

that in the more advanced of the general State license laws the attempt to classify the taxes has been abandoned and a simple alphabetical list given.

"Inasmuch as these taxes, where extensively used, are carefully fitted into and adjusted to the other existing taxes in the general system of each State, there are a number of apparent gaps which cannot be accounted for without reference to the other taxes.

"These taxes are occasionally in lieu of all other taxes."

Professor Plehn has 188 different classifications.¹⁰

The Maryland system of levying a license on traders for the privilege of doing business is not general throughout the country, but may be said to be peculiar to the Southern States. It follows, however, a custom in vogue in many European cities. Instead of charging a license for the right to do business based on amount of stock, some communities have adopted a license charge based on the volume of business transacted annually. Each method of licensing has merit and its advocates.

In Philadelphia the latter method prevails, and the rate on gross sales to retailers is \$1.00 per \$1,000, to wholesalers 50 cents per \$1,000, and to exchange and boards of trade 25 cents per \$1,000, and the entire return is State revenue. St. Louis has a special tax rate levied on merchandise of merchants and manufacturers for the State's interest, and a city license of \$1.00 per \$1,000 on gross sales. The Maryland license varies from \$6.00 to \$150.00, according to stock in trade at the principal season of the year, the former price being against female traders when stock of goods is less than \$500.00, and the maximum fee of \$150.00 being against merchants having stock in excess of \$40,000.

It would seem as though the privilege which requires the license is hardly sufficient to justify the State in requiring a statement from all of its merchants as to the gross sales, while the license based on stock in trade is predicated on the tangible personal property, which has to be ascertained in any method of direct property tax.

¹⁰For rates, etc., see pp. 639-42 inclusive (note 9).

TRADERS' LICENSES,¹ ISSUED BY THE CLERKS² OF THE COURTS FOR THE YEAR³ ENDING 30TH NOVEMBER, 1912.

AGGREGATE RECEIPTS FROM TRADERS' LICENSES.

County.	Stock Less Than												Female if Stock Less Than \$500..	Total Issued.	Total Receipts from Traders' Licenses ⁴
	\$1,000.	\$1,500.	\$2,500.	\$4,000.	\$6,000.	\$8,000.	\$10,000.	\$15,000.	\$20,000.	\$30,000.	\$40,000.	Over \$40,000.			
Alleghany.	578	47	58	48	26	13	12	6	2	3	3	6	261	1063	\$14,776.25
AnneAr ^l		178 34	18	12	9		7 1	1	3		1		130 32	359 67	4,707.50
Balt. City	3329	187	252	152	102	52	76	48	40	30	17	73	4474	8832	103,948.90 ⁷
Balt. Co.	311	26	37	20	7	3	5	1		1	1		560	962	9,398.00
Calvert.....		62	17	11	2		1							93	1,270.00
Caroline.....		100	14	27	14		13	4		2	1		10	185	3,056.00
Carroll.....		166	23	39	32	20	9	7	6	2	4	2	64	374	6,816.01
Cecil.....	158	8	26	13	5	6	2	1		1			80	300	3,739.06
Charles.....		84	13	17	9	6	1		1	1			12	144	2,022.50
Dorc'ster	169	22	29	16			1	5	3				63	298	4,212.77
Frederick	263 39 1	31 1	53 1	49	21	9	8	7	3	2			99 35 76	545 76	8,910.50
Garrett.....	73 21	9 1	16	13 1	10	3	2	2	1				23 14 37	162 37	2,706.75
Harford.....		126	25	25	16		13	1	1	1			72	279	3,779.00 ⁸
Howard.....		64	17	9	3		2						47	142	1,680.75
Kent.....		126	12	12	20	8	6	6	1				2	193	3,533.75
Montg'ry.....		134	33	21	17		6						4	214	3,359.60
Pr. Geo's.	168	9	20	5	3		1						129	335	not reported.
Q'n Anne.....		112	21	22	9		7	1		1			12	185	2,561.44
Somerset	203	21	14	8	5	2	5						19	277	3,642.42
St. Mary's.....		93	22	16	6		1							138	1,942.00
Talbot.....		173	22	13	6		10			2			5	732	3,408.38 ¹⁰
Wash'ton.....		452	45	36	21		7	2	4	3	1	1	186	758	9,562.76
Wicomico	126	21	15	11	6	4	3	1	3	1		3	175	369	4,665.50
Worc'st'r	149	14	14	12	2	1							59	251	not reported.
Lic'se Fee ¹¹	\$12	\$16	\$18	\$22	\$30	\$40	\$50	\$65	\$80	\$100	\$125	\$150	\$6		
Total.	5527 60	2265 36	817 1	607 1	350	127	191 1	93	68	50	28	85	6466 81	16680 180	\$338,234.39

(¹) Licenses are required May 1st.

(²) From reports of clerks; no investigation or audit made by this commission.

(³) The fiscal year of the clerks is from December to 30th November, and the fiscal year of Comptroller is 1st October to 30th September, so no attempt has been made to reconcile discrepancies.

(⁴) Owing to nature of report to this commission from some clerks, licenses for amount of stock not exceeding \$1,000 and \$1,500 were included with in the latter; so also with stock of \$3,000 and \$10,000.

Margins of profits in different classes of business would seem to require a differentiation of the charge and a more elaborate system than the stock-in-trade method.

On the opposite page is set out the license receipts for the State for the last fiscal year, which netted the State the sum of \$989,311.69. Consequently, of the total revenue of the State of \$5,108,660.32 19 per cent. was license contribution. The heaviest license amounts are traders' and liquor licenses.

TRADERS' LICENSES.

A custom has been brought to the attention of the Commission which deserves some consideration.

It appears that the State Comptroller sends to each clerk, before the first of May, which is the beginning of the license period, a number of licenses of each classification and at the end of each month the several clerks of the courts have to account to that department, report the number of licenses sold and return those not disposed of. The Comptroller sends to clerks the licenses for the remaining portion of the year each month, and the clerk reports the sale of such fractional licenses and returns those not sold. The price of the licenses, though, is apportioned each month.

All licenses for traders are required to be issued before the 31st of May, and a full year is charged for them at that time. If an applicant starting a new business requires a license, it is very proper that he should pay for the fractional part only of the year he is in business. But if the trader neglects to apply for his license and is continually in business the State loses. Most of the failures of applicants are intentional, because each

(*) $\left. \begin{array}{l} \{ 178 \} \\ \{ 34 \} \end{array} \right\}$ indicates that 178 were issued for the full year and 34 for fractional parts of the year, allowance being made for expired months.

(*) This account is subject to a 5% commission to the clerk, except Clerk of the Court of Common Pleas of Baltimore City, whose commission is 1%, passed to fee account from which expenses of office constitutional salary of clerk are paid and balance, if any, sent to State Comptroller.

(?) Clerk of Common Pleas Court of Baltimore City reported \$10,504.29 in 1912 as delinquent licenses, but which were actually fines imposed by the judge of the Criminal Court and Grand Jury of Baltimore City for failure of trades to obtain licenses by first of May, when business was conducted without interruption.

(*) Clerk of Court of Common Pleas, Baltimore, reports interest on daily balances passed to fee account. No report on this from other clerks.

(*) Amount retained by clerk of Harford County from report is in excess of 5%.

(*) Clerk of Talbot County reports that the amount is not subject to 5% commission.

(*) In addition each applicant pays \$1.10 on each license—50c. for the use of clerk, 50c., to the sheriff, 10c. affidavit, passed to fee account, to be accounted for by him.

STATE'S RECEIPTS FROM LICENSES FOR THE FISCAL
YEAR 1912, AS REPORTED BY THE COMPTROLLER OF
THE STATE.

Auctioneers	\$3,704 75	
Tax or License on Insurance Companies*..	126,434 38	
Billiard Table.....	29,650 78	
Brokers	28,659 46	
Cigarette	14,467 56	
Carroll County Fishing.....	25 65	
Delinquent	10,504 29	
Exhibition	5,546 10	
Fishery—Chesapeake Bay.....	454 88	
Gaugers	99 00	
Gunners	35 63	
Gypsy	47 50	
Hawkers and Peddlers.....	2,425 71	
High Liquor—Baltimore City.....	1,485,242 82	
Live Stock Dealers.....	146 52	
Motor Vehicles.....	60,000 00	
Ordinary	24,742 95	
Oyster House.....	6,254 23	
Oyster Canners, Packers and Commission Merchants	4,294 50	
Oyster Measurers.....	166 25	
Purse Net.....	200 00	
Race and Fishery.....	3 80	
Stevedore	235 14	
Traders	203,898 61	
Traders' Liquor.....	57,031 22	
To Dredge for Oysters.....	19,972 81	
To Sell Commercial Fertilizers.....	10,650 00	
Tong and Scrape.....	9,222 70	
		\$2,104,117 24
Deductions—		
Return of Baltimore City License.....	\$1,113,932 11	
Return of Calvert County License.....	760 00	
Return of Washington County License...	113 44	
		\$1,114,805 55
Net return of licenses to the State...		\$989,311 69

*This item is more properly a return from corporations, but the State has always treated this as a license fee.

month's delay means one-twelfth saving on the license. Of course, such a method is unfair to those individuals who are paying the full quota. In Baltimore City this delay was the subject of contest in 1912, and the persons were reported to the State's Attorney and indicted by the Grand Jury. The cases were disposed of by the Judge sitting in the Criminal Court, who released the offenders upon their promise to pay the amount of the proportionate parts of the elapsed months. This item aggregated in 1912 \$10,504.29, or an amount equal to 10 per cent. of the total issuance of \$103,948.90.

The investigation of conditions in the counties by the Commission shows a similar condition to exist and some change has been asked by several county clerks.

FEMALE TRADERS' LICENSES.

Investigation has also been directed to issuance of female trader's licenses where the amount of stock carried by traders is less than \$500.

In Baltimore City there were issued in 1912 8,832 licenses to traders of all classes and classifications. Of this number 4,474, or 50 per cent., were issued to females upon oath that the amount of stock was less than \$500. In Baltimore County the total number of licenses of all kinds issued was 962. Of this number 550, or 57.6 per cent., were issued to females.

The Commission has no means of saying whether or not such proportion is wholly accurate, but investigation shows that the privilege has generally been abused throughout the whole State. Either the law whereby this concession is allowed is wrong in theory, or the enforcement of it should not be left to the applicant. The smallest charge for license is \$12.00 for stock less than \$1,000.00, while the charge for female license for stock less than \$500.00 is \$6.00.

OTHER TRADERS' LICENSES.

The investigation by the Commission also demonstrates that the license carried by some traders is for an amount far less than actually owned.

The only licenses issued for stock in excess of \$40,000 are:

Allegany County.....	6
Baltimore City.....	73
Carroll County.....	2
Washington County.....	1
Wicomico County.....	3

This Commission has received no reports on this line except in a few communities; in those the investigation showed that merchants were not carrying licenses commensurate with stock in trade.

The table of traders' licenses set out on page eight has been compiled from reports of Clerks of Courts to this Commission. The aggregates are not in accord with the report of the State Comptroller.

One reason of the discrepancy is the difference of dates of beginning of fiscal years; the Comptroller's is from October to September, and Clerks' from December to November; and other reasons may exist on account of difference of forms, etc.

INSPECTION OF STOCK FOR PURPOSE OF DETERMINING AMOUNT OF LICENSES.

Our license system allows the trader to determine his annual charge. Of course, there is no denial that he is the best equipped and in many cases he has fully met his obligation, but as long as human nature as it is and the license must be paid, strict compliance of the law should be required.

That trader who thinks that he is conscientious in stating a small stock and pays an amount of license too small because his

taxes are already high is unfair to the honest applicant. No private business would be run in any way that would allow one party to be the sole judge of payments.

LIQUOR LICENSES.

Investigation of liquor licenses has extended no further than the State's interest in the return.

In ten counties of the State there are no liquor licenses of any kind. In some others licenses are limited to small communities.

The licenses are governed by local laws. The table set out on a preceding page shows the amount of payment to the State and gives other information.

There has been no reason presented why only the State's interest in liquor licenses is forwarded to the State Comptroller in all communities except Baltimore City and Calvert County. From these two communities the aggregate amount of licenses is forwarded and the share of the local communities is returned (three-fourths in Baltimore City and four-fifths in Calvert County).

The only explanation is the length of the custom, and is one of the anomalies found in our investigation.

The only way that injustice by this method could be done is apparently in charging the whole amount with clerk's fees passed to excess fee account, and possibly question of right of State or local communities to interest on the fund.

THE STATE'S INTEREST IN LIQUOR LICENSES

It is difficult to figure the State's share in return of liquor licenses in Allegany County, Anne Arundel County, Carroll County, Frederick County, Garrett County, Prince George's County and Washington County, because in addition to the State license the county or municipalities or towns issue a license for certain amounts, and the State receives no part of such local charge.

LIQUOR LICENSES* ISSUED BY THE CLERKS OF THE COURTS FOR THE YEAR ENDING 30TH NOVEMBER, 1912.

County.	Annual Licenses.	Aggregate on State Licenses.	Payment to State.	Deduction to Clerk.	Part to State.	
Allegany.....	State \$100 and according to stock and city additional.	\$28,590 00	\$14,625 50 Balance to county.	5%	One-half (note)	Cumberland has local license of \$100; no part to State. Westernport, Lonaconing and Frostburg, all report licenses account in "Receipts," in which State gets its part.
Anne Arundel.....	\$250	14,750 00	\$2,802 10	5%	One-fifth (note)	Of Annapolis license, the State receives 1/4. Information is not sufficient to show whether aggregate includes Annapolis.
Baltimore City.....	1,000	1,508 210 02	1,483,338 70	1%	All (note)	2/3 of amount is repaid by State Comptroller to Mayor and City Council of Baltimore.
Baltimore.....	400	132,400 00	31,445 00	5%	One-fourth	
Calvert.....	250	1,000 00	950 00	5%	All (note)	2/3 of amount is repaid by State Comptroller to Calvert county.
†Caroline.....						
Carroll.....	\$250 county Westminster \$300 and \$50 town.	11,579 18	2,756 95	5%	One-fourth	On the \$50 additional Westminster license, State receives no part. No information of other local licenses.
†Cecil.....	\$225	12,150 00	1,282 50	5%	One-ninth	
†Dorchester.....						
Frederick.....	State and Town.	2,948 50	2,796 33	5%	(Note)	In Frederick City corporation receives \$4,625 in which State does not share. In Emmitsburg corporation receives \$375 in which State does not share.
Garrett.....	State, County and Town (\$343).	688 67	652 94	5%	One-fifth (net)	State, \$68; county, \$25; town of Oakland, \$250.
Harford.....	\$350	5,325 00		\$5		All paid to town of Havre de Grace.
Howard.....	\$500	4,000 00	380 00	5%	One-tenth	Balance paid to town of Ellicott City.
†Kent.....						
†Montgomery.....						
Prince George's.....	According to stock. State and County or State and Town.	4,374 53	4,155 30	5%	(Note)	In addition county receives \$100 net for each license. In Bladensburg and Marlboro licenses are \$400, half to towns and half to county.
†Queen Anne's.....						
†Somerset.....	\$75	8,005 25	1,901 56	5%	One-fourth	State receives all of oyster-house and ordinary and traders' liquor and one-quarter of liquor.
St. Mary's.....						
†Talbot.....	\$68 and \$250.	41,530 54	13,321 03	1% on part 5% on part	One-fourth (Note)	
Washington.....	\$500 in Hagerstown.					
†Wicomico.....						
†Worcester.....						

Returned by State (Baltimore City and Calvert Co.)..... \$1,775,545 69
 \$1,559,407 31
 1,113,264 03
 Net to State..... \$446,143 28

*In addition there is a charge of \$1.10 on each license.
 †None issued.

The following table shows approximately the net share of the State in the liquor license receipts of each county:

Allegany	$\frac{1}{4}$ (—)
Anne Arundel.....	$\frac{1}{6}$ (+)
Baltimore City.....	$\frac{1}{4}$
Baltimore County.....	$\frac{1}{4}$
Calvert	$\frac{1}{6}$
Carroll	$\frac{1}{4}$ (—)
Charles	$\frac{1}{6}$
Frederick	$\frac{1}{3}$ (—)
Garrett	$\frac{1}{6}$ (—)
Harford	None.
Howard	$\frac{1}{10}$
Prince Geogre's.....	$\frac{1}{4}$ (+)
St. Mary's.....	$\frac{1}{4}$
Washington	$\frac{1}{2}$ (—)

Have de Grace pays the amount received from licenses to sell intoxicating liquor on account of interest and sinking fund of a public debt, and the town has been allowed to do this for about twenty-five years without protest. It is the only case in the State where the local community keeps the entire return and in which the State does not participate at all. Howard County, however, retains all but one-tenth for the use and credit of the town of Ellicott City, the county seat, and Charles County retains all but one-ninth. The apparent discrimination against Frederick and Washington Counties arises from the fact that local liquor laws require the issuance of State trader's liquor licenses and which are all paid to the State.

OTHER LICENSES.

Prior to the passage of the Act of 1910¹¹ motor vehicles were required to obtain a license from the Secretary of State for \$3.00, which was good for all times. The Legislature, however, in that year passed an act requiring all automobiles to pay an annual

¹¹Chapter 207.

REPORT OF THE COMMISSION

OTHER LICENSES* ISSUED BY THE CLERKS OF THE COURT, YEAR ENDING 30TH NOVEMBER, 1912.

Counties.	Billiards and Pool.	Cigarette	Exchange	(*) Marriage.	Real Estate.	Live Stock.	Stallion	Pawn	Stock	Merchandise.	Exhibition.	Bill	Stevadore.	Oyster Meas-urer.	Oyster Packer.	(*) Oyster Tonger.	Fish.	Auctioneer.	Peddler.	Gauger.	Itinerant Vendor.	(c) Total	
Allegany.....	\$67.96	\$1,099.27	\$2,157	\$850.04	\$65.00	\$300	\$65.00	\$300			\$560	\$50			\$200.00	\$3,275.12	\$100.00		\$300.00				\$5,549.27
Anne Arundel.....	360.87	773.25	\$200	64.25	185.00	6,000	185.00	6,000	\$213	\$306.25	1	420	\$237.52		1,075.00		15.00		966.74	\$100	\$50		46,883.72
Baltimore City.....	16,476.97	7,869.24	300	64.25	150.00		107.00	200			90	325 ()					35.00						3,732.00
Baltimore.....	1,196.00	90.00	59	150.00			90.00									1,838.72							2,072.72
Calvert.....	54.01	126.07	208	98.65			195.00										27.00						1,273.63
Caroline.....	228.46	368.86	258	133.34			232.00				2												969.55
Carroll.....	228.46	368.86	258	133.34			232.00				2												969.55
Cecil.....	208.76	250.84	170	43.75	\$29.18		215.00				2												5,370.74
Charles.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
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Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
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Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17	231.07	289	33.34			122.30																799.39
Dorchester.....	50.17																						

license tax, and the law provides that the annual charge should be determined by the horsepower of the machine.

The act was amended by the Legislature of 1912¹² and the rates are now as follows:

\$5.00 for a motor vehicle with a rating of ten horsepower or less.

\$10.00 for a motor vehicle with a rating of more than ten and not more than twenty horsepower.

\$15.00 for a motor vehicle with a rating of more than twenty and not more than thirty horsepower.

\$20.00 for a motor vehicle with a rating of more than thirty and not more than forty horsepower.

\$25.00 for a motor vehicle with a rating of more than forty horsepower.

\$3.00 for motor vehicles for merchandise and a special license to manufacturers and dealers.

The act provides two periods, of seven consecutive days in each calendar year, wherein non-residents can travel without obtaining any license, provided a request for such privilege is obtained from the Commissioner of Motor Vehicles. This privilege is granted without charge.

This license charge is in addition to the tax against the automobile itself, and the return (less one-fifth paid to Baltimore City) is used for maintenance of improved roads.

There are numerous licenses issued by the Clerks of Courts, and discrepancy exists in the amounts and classifications of such between reports of the Comptroller and this Commission.

In many of these (e. g. marriage) the State does not participate, the amount either being passed to clerk's fee account or given to the county.

These miscellaneous licenses are the subject of some concern, and vast discrepancy exists between the amount of them in the Comptroller's report and in the reports submitted to this Commission. The one item "auctioneers" is cited.

In addition to State licenses local communities have been empowered by local laws to grant licenses for sundry purposes.

Dog licenses are usual in many communities.

¹²Chapter 133.

In Baltimore City the municipality collects a large amount from wagon licenses.

In Baltimore County there is a gunners' license, the fund being charged with care of game.

In Cecil County there is the Elk River gunning license, and in Harford County a license to gun on the Susequehanna Flats.

There is no limit on the power of local communities to impose license taxes.

SCHOOL TAXES.*

The raising of revenue for purposes of education is strictly a question of taxation, and in this State the question centres around the contributions to this account from State and local communities. The expenditure of the aggregate funds is also very closely related to the whole subject of taxation.

In the discussion of expenditures many administrative questions, both school and general, present themselves, and such administrative questions will not be discussed except when the larger subjects of taxation and finances are very closely related. The discussion of the subject necessarily involves much compilation and tabulation, and the endeavor has been to keep these to a minimum.

In Maryland there is no system or method of raising either the State or local revenue in relation to school population, enrollment or attendance, or to the actual needs of local conditions. Local communities raise sums by levy for schools that are arbitrary in amount and have no relation to any of their actual needs and requirements. If such estimates are based on school population, the methods are imperfect; if based on enrollment, the same criticism applies; if based on average attendance, the result is woefully bad; if salaries of teachers are the controlling factors, the result is most inequitable. The aggregate is based on aggregate amounts, which vary in all communities, and therefore does not take into account the needs of special localities.

The State aggregate contribution is just as imperfectly considered. The State rate is levied on a State basis of assessment of valuation of property that is constantly increasing; it is also levied on the amount of stock of Maryland corporations that is constantly increasing; and also on the issue of Baltimore City stock, the aggregate issue of which is increasing. It is consequently impossible to estimate the amount which the State rate for schools will produce in any year.

*NOTE.—Costs of administration, including salary of superintendent, assistants, office expenses, etc., are derived from the State school tax. No attention has been directed to levies in communities which have a school loan or indebtedness, and in which an additional levy is imposed for the purpose of paying interest and sinking fund on account of outstanding debt.

Just as imperfect is the distribution of the school revenue after it has been raised by taxation, because of the fact that the distribution plan is conceived in error and is administered with injustice.

THE STATE'S CONTRIBUTION TO SCHOOLS.

It is inconceivable that any person would advocate that the entire expense of education should be borne by the State by means of levying taxes. Such a theory would be entirely fallacious, and would tend neither to the furtherance of education nor to the advancement of any community. Local pride is strong in local products, and without local contribution there is not the same incentive to proper management. The line of demarcation between State and local contributions for purposes of education is difficult to determine, and it would seem that the best results have been obtained in those States which have provided for the State contribution per child based either on enrollment or average attendance.

The suggestion of those who have studied this subject through the agency of the Russell Sage Foundation, Division of Education, would seem to be the ideal one.

In this report¹ there is this suggestion:

"American experience shows that school tax legislation should provide for

"A. Sufficient local taxation to encourage local pride and initiative.

"B. Sufficient State taxation to equalize educational advantages by aiding poorer communities.

"C. A distribution of school funds based both on the number of teachers employed and the aggregate days of attendance of the school children.

"D. The stimulation of progress through additional grants to communities providing such advantages as continuation schools, evening schools, playgrounds, medical inspection, etc."

It is believed that there are as many ways of raising the school funds in the United States as there are States, but the following table shows the percentage of State and local contributions for schools of all the States:

¹"A Comparative Study of the Public School Systems in the Forty-eight States."

Rank.	State.	Amount.	Per Cent. of Revenue Derived From			
			Local Taxes.	State Taxes.	Perma- nent Funds.	Other Sources.
1	New York.....	\$54,533,303	87.0	9.0	.6	3.4
2	Pennsylvania....	46,244,762	59.7	15.6	...	24.7 ²
3	Illinois	35,666,072	78.8	2.8	2.4	16.0
4	Ohio	25,504,410	82.7	9.2	1.0	7.1
5	Massachusetts...	20,135,745	96.8	.9	1.1	1.2
6	California.....	19,072,622	69.8	26.4	1.7	2.1
7	New Jersey.....	17,372,451	66.9	17.5	.1	15.5
8	Indiana	14,818,795	71.6	16.5	4.5	7.4
9	Minnesota	14,318,529	59.9	14.7	6.1	19.3 ²
10	Michigan	13,888,691	51.9	38.6	2.5	7.0
11	Iowa	13,102,491	81.1	....	7.5	11.4
12	Missouri	13,003,235	80.6	12.5	6.9	....
13	Wisconsin	11,393,048	65.7	14.1	1.7	18.5
14	Texas	10,480,701	38.9	41.0	16.2	3.9
15	Washington	9,242,087	64.8	21.4	7.0	6.8
16	Kansas	8,229,575	93.8	....	6.1	.1
17	Nebraska	6,928,556	75.1	.5	8.4	16.0
18	Kentucky	6,619,499	40.0	53.0	....¹	7.0
19	Colorado	5,970,643	86.4	....	2.3	11.3
20	Connecticut	5,538,437	80.6	12.1	1.9	5.4
21	North Dakota...	5,254,970	75.0	.8 ⁴	19.7	4.5
22	Oregon	4,591,552	80.0	....	6.9	13.1
23	Tennessee	4,444,169	67.1	13.0	2.9	17.0
24	Georgia	4,423,754	29.6	51.0	2.0	17.4
25	Virginia	4,348,849	51.7	38.1	1.0	9.2
26	Louisiana	4,294,529	57.8	22.5	2.8	16.9
27	South Dakota...	3,909,387	78.2	....	14.9	6.9
28	Maryland	3,892,412	60.8	38.0	1.2	....
29	West Virginia...	3,845,541	72.0	17.0	2.0	9.0
30	Arkansas	3,676,676	59.2	33.8	1.5	5.5
31	Oklahoma ⁵	3,326,699	76.0	....³	15.8	8.2
32	Maine	3,288,147	61.8	35.2	1.3	1.7
33	North Carolina..	2,987,915	88.0	9.0	....¹	3.0
34	Mississippi	2,927,548	40.7	45.1	10.1	4.1
35	Alabama	2,868,774	24.0	69.4	4.7	1.9
36	Montana	2,698,738	87.9	....	6.7	5.4
37	Utah	2,630,141	73.2	22.5	4.3	....
38	Rhode Island....	2,248,025	90.9	6.7	1.9	.5
39	Idaho	2,098,027	79.4	14.0	....	6.6
40	South Carolina..	2,076,549	83.9	3.9	....	12.2
41	New Hampshire.	1,616,777	88.2	7.0	....¹	4.8
42	Vermont	1,490,605	77.3	16.5	3.3	2.9
43	Florida	1,450,141	83.3	11.0	2.5	3.2
44	Arizona	875,456	78.4	7.4	....	14.2
45	Wyoming	768,923	77.5	....	19.5	3.0
46	New Mexico....	752,255	85.2	....	7.8	7.0
47	Delaware	598,200	64.4	25.8	6.9	2.9
48	Nevada	575,876	51.1	35.0	....	13.9

¹ Included with State tax.² Included receipts from bond sales.³ Included with permanent funds and rents.⁴ For high schools only.⁵ Statistics of 1908-9.

Examination of this table shows that, in 1910, of the total school revenue in this State, 38 per cent. was derived from State taxation and 60.8 per cent. was raised by local taxaton, the balance being derived from permanent funds. The ratio of contributions in the different States varies from $\frac{9}{10}$ of 1 per cent. in Massachusetts to 69.4 per cent. in Alabama. The only States in which the State's contribution is exceeded by the State's contribution in Maryland are Michigan, Texas, Kentucky, Georgia, Virginia, Mississippi and Alabama.

The State rate for schools in Maryland for the last ten years has been as follows:

12 $\frac{1}{4}$ c. on \$100 in 1903.
16 $\frac{3}{4}$ c. on \$100 in 1904, 1905 and 1906.
16c. on \$100 in 1907 and 1908.
14c. on \$100 in 1909.
12 $\frac{1}{2}$ c. on \$100 in 1910.
16 $\frac{1}{8}$ c. on \$100 in 1911 and 1912.

CONTRIBUTION OF THE STATE AND LOCAL COMMUNITIES FOR THE LAST TEN YEARS.

Year.	State Contribution.	Aggregate Local Contribution.	Total.
1903.....	\$772,105 37	\$1,731,965 34	\$2,514,090 71
1904.....	771,053 57	1,801,601 94	2,572,655 51
1905.....	1,108,862 70	1,876,381 54	3,356,901 92
1906.....	1,174,823 38	1,901,127 40	3,075,950 78.
1907.....	1,485,122 94	1,939,287 06	3,424,410 00
1908.....	1,415,351 25	2,087,746 82	3,503,098 07
1909.....	1,487,937 73	2,296,954 09	3,784,891 82
1910.....	1,527,991 61	2,314,451 22	3,842,443 05
1911.....	1,344,760 67	2,589,189 26	3,933,949 93
1912.....	1,559,852 06	2,487,499 74	4,047,349 80

LOCAL CONTRIBUTIONS.

There is no system of raising local taxes on account of schools.

The aggregate amount needed for school expenses is computed and a rate of taxation fixed which will produce that amount less the State's contribution to that county. There is more method in this plan than in the State's method of raising its revenue, but the

vice lies in the fact that the State has no control over local contributions, and may become the larger contributor unless there is some minimum rate fixed by law for local communities to impose. Attention is directed to the sums raised locally in 1912, which demonstrates conclusively the need of better co-operation. The State's contribution in this year increased 16 per cent. over 1911, while the aggregate local amounts diminished nearly 4 per cent.

COMPARATIVE TABLE OF LEVIES¹ FOR SCHOOLS IN
1911 AND 1912 OF THE COMMUNITIES
OF MARYLAND.

	Local School Levy—	
	1911.	1912.
Allegany	56.2	38.9
Anne Arundel	33	31.1
*Baltimore City	25.7	24.3
*Baltimore County	37	34.5
Calvert	20	23.1
Caroline	38.5	30
Carroll	21	20.8
Cecil	32.8	33.1
Charles	21	17.3
Dorchester	39.3	27.7
Frederick	40	32.6
*Garrett	32.2	23.5
Harford	33	27.9
Howard	18	17.3
Kent	41	35.2
Montgomery	31.4	23.8
Prince George's	25	29.9
Queen Anne's	30	40.2
*St. Mary's	15	13.6
Somerset ..	25	32.1
*Talbot	37.3	21.3
*Washington	30.8	27.2
*Wicomico	31.0	27.2
*Worcester	46.0	36.8

¹ Levies for bonded debt on account of schools not included. Building funds included.

*Also less in aggregate amounts.

DISTRIBUTION METHOD OF THE STATE'S SCHOOL FUNDS.

There are in Maryland two funds to be distributed, both of which are disbursed according to a different plan.

The school fund proper is distributed to the counties and Baltimore City according to the ratio of children of school age in each to the total number in the State, and this ratio is changed immediately following a census by the United States.

The free book fund is distributed in proportion to the number of enrolled pupils in each county to the whole, and is changed bi-annually.

The theory of the distribution is wrong. A community that is growing rapidly suffers at the expense of those communities that are not growing or are losing in population, and allowances are made for children not attending schools, which proportion varies greatly throughout the State.

The Maryland Educational Commission² appointed at the end of the legislative session of 1908, in its report submitted to the Legislature of 1910, summarizes this situation in the following language:

"The distribution of the State school tax upon the present basis of the number of children between the ages of five and twenty is crude and works a hardship on those counties that make the best showing in the enrollment and average attendance of pupils. It seems to your Commission wise to take into account the number of children who actually attend school, the number of school teachers employed, and the county school tax rate as factors to be considered in determining an equitable basis for apportionment."

The school age in Maryland as fixed by law is from five to twenty years, and the almost universal practice elsewhere it is five to eighteen.

Examination shows that the number of children of the school age is not accurately computed in this State, either in the aggregate or as regards local communities. According to the United

²This Commission was composed of J. Charles Linthicum, chairman; W. McCulloh Brown, secretary; Ira Rensen, Thomas H. Lewis, William B. Baker, M. B. Nichols, Blair Lee, James W. Cain, John P. Moore and M. Bates Stephens.

States census, 28 per cent. of the population are between the ages of five and eighteen years. Allowance for the Maryland school age would increase the percentage very slightly. The total population of Maryland is 1,294,450, and it is estimated that 415,908, or 33 per cent., are of the school age, the ratio varying materially in different counties. According to the basis used, over 40 per cent. of the people of St. Mary's County (the county having the largest proportion) are of school age, since in this county there are estimated to be 6,998 school children out of a total population of 17,030.

Further consideration of the question of school population shows there is but little connection between the increase or decrease of the number of school children at the three census periods of 1890, 1900 and 1910; some counties which have suffered a loss of population are credited with an increase of school children, and other counties which have maintained an increase of population contain a less number of school children.

TABLE SHOWING NUMBER (ESTIMATED) OF CHILDREN OF SCHOOL AGE (5 TO 20 YEARS) AT THE CENSUS PERIODS 1890, 1900 AND 1910.

	1890.	1900.	1910.
Allegany	12,910	16,840	21,885
Anne Arundel	9,455	13,075	13,720*
Baltimore City	95,156	140,016	163,827
Baltimore County	26,460	25,396†	39,306
Calvert	3,913	4,155	4,116†
Caroline	4,766	5,465	6,814
Carroll	9,974	11,671	10,805†
Cecil	8,626	9,128*	7,539*
Charles	6,738	6,330†	6,608*
Dorchester	7,675	9,463	10,491
Frederick	16,291	17,871	17,457†
Garrett	4,504	5,712	7,502
Harford	9,096	10,417*	9,009*
Howard	5,453	6,305	5,607*
Kent	5,807	6,414	5,651*
Montgomery	8,176	10,655	10,800
Prince George's	9,154	10,731	12,603
Queen Anne's	6,455	7,081*	5,924*
St. Mary's	6,061	6,917	6,998*
Somerset	7,499	9,778	9,649†
Talbot	6,085	7,245	6,579*
Washington	12,455	14,459	16,064
Wicomico	5,954	7,922	9,192
Worcester	6,552	7,846	7,759†
	<u>295,215</u>	<u>370,892</u>	<u>415,908‡</u>

*County showed a decrease of population between census periods.

†County showed an increase of population between census periods.

‡24% increase in 20 years in population; 40% increase in the number of school children.

A minute study of statistics of the children of school age shows the inaccuracy of the present methods, and it is believed that Maryland suffers more in comparison with other States on account of this system of apportionment and relation of average attendance to population than from any one cause.

PER CAPITA COST OF EDUCATION.

The Department of Public Education compiles annually figures showing the per capita cost of education reckoned on average enrollment and based on teachers' salaries, books and stationery, incidentals, supervision and miscellaneous expenses, and this table is here inserted:

TABLE SHOWING PER CAPITA COST RECKONED ON AVERAGE ENROLLMENT AND BASED ON TEACHERS' SALARIES, BOOKS, STATIONERY, INCIDENTALS AND SUPERVISION.

Allegany	\$17 26
Anne Arundel	12 32
Baltimore City	27 86
Baltimore County	23 44
Calvert	10 34
Caroline	13 18
Carroll	15 11
Cecil	19 12
Charles	10 61
Dorchester	12 55
Frederick	15 72
Garrett	12 14
Harford	16 98
Howard	15 84
Kent	18 95
Montgomery	16 32
Prince George's	12 81
Queen Anne's	14 76
St. Mary's	9 42
Somerset	12 01
Talbot	16 72
Washington	14 87
Wicomico	12 72
Worcester	13 71
The State	<u>\$19 81</u>

It appears that the cost varies from \$9.42 in St. Mary's County to \$27.86 in Baltimore City; the percentage of attendance to enrollment is also set out in Table "G"³ and the extremes of these percentages are 57.7 per cent. in St. Mary's and 89.8 per cent. in Baltimore City, with an average percentage of attendance of 77.1 per cent. Questions of the increase of teachers' salaries, character of school buildings and supervision are properly administrative questions, and have no association with taxation problems.

BASED ON AVERAGE ATTENDANCE.

In order to reach a common basis for the proper contrast of the cost of educating children, it has been deemed advisable to compute the per capita cost based on average attendance, using the same items of expenses that are used by the Department of Public Education in arriving at its figures. New buildings and improvements have not been considered, and very properly, but allowance must be made for inaccuracies, as the reports were compiled with different objects in view. In this connection is contrasted State's contribution per average attendance and local contributions per average attendance.

DISCUSSION.

Reduced to this basis, contrasts are not so sharp. As regards the total per capita cost, there is some similarity in the communities which are alike in Maryland. The strictly agricultural counties show about the same cost; the more thickly settled territories show about the same. The table is more interesting from the view of the relation of local and State contributions to the aggregate amount collected. Over one-half of the counties raised less locally than is contributed to them. The poorest county (Calvert) does not receive the largest per capita contribution, and some of the richer counties fail to raise local revenues in proportion to their wealth. Carroll and Caroline Counties may be fairly contrasted. The aggregate cost is identical, but in Carroll County the local amount far exceeds the State's donation, while the opposite condition prevails in Caroline.

Harford and Talbot Counties present a striking contrast, as do Washington and Montgomery. The similarity of conditions and results in Kent and Cecil are marked.

³Report of Department of Public Education.

CHANGES IN ATTENDANCE.

There is no relation between the State's contribution and the amounts raised locally when compared with enrollment or attendance. Every county, without exception, and Baltimore City received more from the State in 1912 for schools than in 1911. Along with this increase in appropriation there were the following changes in enrollment and average attendance. The tabulation is also made of the 1911 school figures with the 1910 figures.

TABLE SHOWING PER CAPITA COST OF EDUCATION BASED ON AVERAGE ATTENDANCE, THE STATE'S CONTRIBUTION OF SUCH PER CAPITA COST AND THE LOCAL CONTRIBUTIONS OF THE SAME FOR THE YEAR 1912.

	State's Contribution of the Per Capita Cost.	Local Contribution of the Per Capita Cost.	Total, or Per Capita Cost.
Allegany	\$8 97	\$12 39	\$21 36
Anne Arundel	8 21	10 04	18 25
Baltimore City	9 27	21 63	30 90
Baltimore County	9 46	21 06	30 52
Calvert	11 51	5 41	16 92
Caroline	11 21	9 94	21 15
Carroll	9 52	11 64	21 16
Cecil	10 45	15 67	26 12
Charles	13 05	5 08	18 13
Dorchester	9 87	8 77	18 64
Frederick	9 14	12 63	21 77
Garrett	9 74	7 67	17 41
Harford	10 43	13 28	23 71
Howard	12 55	11 12	23 67
Kent	10 74	16 13	26 87
Montgomery	11 71	11 70	23 41
Prince George's	9 31	9 30	18 61
Queen Anne's	8 31	13 58	21 89
St. Mary's	12 57	3 75	16 32
Somerset	10 61	6 79	17 40
Talbot	12 44	10 59	23 03
Washington	7 81	11 72	19 53
Wicomico	11 22	7 48	18 70
Worcester	10 61	9 79	20 40
The State	\$9 76	\$15 93	\$25 69

TABLE SHOWING INCREASE OR DECREASE IN THE NUMBER OF DIFFERENT PUPILS ENROLLED BETWEEN 1910, 1911 AND 1912 IN THE COUNTIES AND BALTIMORE CITY; ALSO THE INCREASE OR DECREASE IN THE NUMBER OF PUPILS IN AVERAGE ATTENDANCE FOR THE SAME TIME.

	1910-11				1911-12			
	Change in Total Number of Different Pupils Enrolled.		Change in Average Attendance.		Change in Total Number of Different Pupils Enrolled.		Change in Average Attendance.	
	Inc.	Dec.	Inc.	Dec.	Inc.	Dec.	Inc.	Dec.
Allegany	...	172	...	69	817	...	...	23
Anne Arundel	...	210	...	116	74	...	25	...
Baltimore City	...	1,108	92	...	1	...	393	...
Baltimore County	191	...	7	...	196	...	760	...
Calvert	...	21	...	36	...	39	...	28
Caroline	...	12	...	27	...	34	...	58
Carroll	...	380	...	90	...	42	...	175
Cecil	...	34	...	90	...	74	...	13
Charles	...	74	...	123	...	313	...	30
Dorchester	...	267	...	168	...	71	...	44
Frederick	...	87	...	46	...	224	87	...
Garrett	...	354	...	191	...	144	96	...
Harford	...	121	...	80	...	233	...	96
Howard	...	117	...	75	...	201	...	60
Kent	...	56	...	195	...	90	118	...
Montgomery	...	171	...	110	...	202	...	19
Prince George's	...	532	...	607	...	128	...	62
Queen Anne's	...	103	...	181	...	351	47	...
St. Mary's	...	37	...	129	27	...	123	...
Somerset	...	141	...	83	78	...	123	...
Talbot	...	49	...	123	...	135	...	68
Washington	...	249	...	37	105	...	...	13
Wicomico	...	77	...	58	162	...	77	...
Worcester	...	260	...	80	145	...	162	...
State	...	274	...	413	...	1,059	...	...

¹ Change of date of report from December 31 to June 30.

TABLE SHOWING AMOUNTS OF ALL TAXES¹ PAID BY COLLECTORS OF THE COUNTIES AND BALTIMORE CITY TO THE STATE ON ACCOUNT OF LEVIES² FOR ALL ITEMS, CONTRASTED WITH AMOUNTS RETURNED BY THE STATE FOR SCHOOLS.

	Total Amount of Taxes ³ Paid for All Items. ⁴	Payment by the State to the County for Schools. ⁵
Allegheny	\$65,347 39	\$84,133 19
Anne Arundel	41,589 48	51,075 28
*Baltimore City	1,108,468 41	549,749 41
*Baltimore County	301,449 77	142,145 81
Calvert	6,709 33	15,658 83
Caroline	19,200 00	33,991 12
*Carroll	47,471 36	39,972 65
Cecil	31,312 19	35,659 44
Charles	11,628 31	24,391 19
Dorchester	22,683 78	41,881 73
Frederick	64,508 03	69,571 50
Garrett	16,875 62	33,583 94
*Harford	47,241 39	39,562 22
*Howard	25,382 80	22,072 40
Kent	24,100 61	24,138 92
Montgomery	46,879 88	47,073 89
Prince George's	33,968 22	49,115 54
Queen Anne's	3,682 97	25,841 05
St. Mary's	12,500 00	24,357 82
Somerset	15,214 88	36,928 49
Talbot	19,832 98	32,545 43
*Washington	65,890 15	61,565 45
Wicomico	19,084 03	38,999 24
Worcester	15,045 57	35,837 52
<hr/> The State	<hr/> \$2,066,067 15	<hr/> \$1,559,852 06

*Payments into the State Treasury exceed returns by State on account of schools.

¹ Amount includes payment of back taxes.

² No consideration paid to tax from Maryland corporations (aggregate payment in 1912, \$163,801.60) nor to tax on Baltimore City stock (payment in 1912 amounting to \$68,781.82).

³ From Report of Comptroller, 1912; see "Collection of Taxes."

⁴ For amount of the levies see ante "Collection of Taxes."

⁵ Includes appropriations from the Treasury proper on account of high schools; no consideration directed to payments from general Treasury funds on account of schools, colleges, universities, etc. See post "Cost of Government in Maryland."

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COST OF GOVERNMENT IN MARYLAND.

RECEIPTS AND EXPENDITURES OF THE STATE OF MARYLAND FOR THE YEARS 1911 AND 1912.

SUMMARY OF CLASSIFIED RECEIPTS INTO THE STATE TREASURY FOR THE YEARS 1911 AND 1912.

	1911.	1912.
Productive assets of the State....	\$98,249 65	\$93,457 25
Returns from departments and civil officers	154,689 81	186,186 29
Corporations, private (other than tax against real estate).....	522,120 31	410,803 59
Corporations, quasi-public	760,462 02	780,586 12
Earnings of institutions.....	35,151 84	25,667 68
Interest on accounts	38,399 22	32,450 73
Inheritances and estates.....	370,075 70	352,829 20
Chesapeake Bay and oysters.....	95,259 63	84,681 20
Licenses	1,941,965 81	1,937,088 04
Taxes, general, from collectors...	1,779,307 99	2,066,068 77
Baltimore City stock tax.....	63,350 55	68,781 82
Miscellaneous	56,124 95	184,890 74
Bond issue and new State debt...	2,791,335 97	2,684,988 29
	<hr/>	<hr/>
	\$8,706,493 45	\$8,908,454 16
Items not properly considered as revenue, e. g., new debt and licenses returned.....	3,918,862 99	3,799,793 84
	<hr/>	<hr/>
Net revenue for the use of the State	¹ \$4,787,630 46	² \$5,108,660 32

¹ Balance in Treasury September 30, 1910, \$875,111.16.

² Balance in Treasury September 30, 1911, \$1,471,520.64.

(There are some other small items that might be deducted; e. g., return of motor vehicle licenses to Baltimore City ($\frac{1}{4}$); $\frac{1}{4}$ of fees of Public Service Commission of Maryland.)

PRODUCTIVE ASSETS.¹

Annapolis Water Co. (stock).....	\$1,800 00	\$900 00
Baltimore and Fredericktown turnpike (stock)	2,035 00	233 75
Farmers' National Bank of Annapolis (stock)	4,414 65	2,323 50
Northern Central Railway Co., interest on mortgage ³	90,000 00	90,000 00
	<hr/>	<hr/>
	\$98,249 65	\$93,457 25

RETURNS FROM DEPARTMENTS AND CIVIL OFFICERS.

	1911.	1912.
Excess of fees of office.....	\$118,785 56	\$149,290 46
Fines and forfeitures	12,192 65	13,010 73
Land Office.....	2,029.26	1,581 28
Public Service Commission, fees of.....	1,179 95	1,302 85
Protests of notaries public.....	1,234 00	918 00
Recording fees.....	1,019 80	1,635 15
State hay scales.....	118 83	98 50
State wharves (rent of piers).....	2,000' 00	2,000 00
State tobacco inspections.....	15,128 07	7,285 92
State Board of Health repayment.....	443 13	.....
State game warden.....	104 46	.....
Civil commissions ¹	454 10	9,063 40
	<hr/>	<hr/>
	\$154,689 81	\$186,186 29

¹ For list of non-productive assets, see Table I—Report of Comptroller.

² Amount of liquidation of stock, \$1,980.00.

³ Annuity or interest held by State; nature of annuity discussed in Northern Central Railway Co. vs. Hering, Comptroller, 93 Md., 164 (186 U. S., 480), holding capitalization of the annual interest not redeemable at the option of the railroad company.

¹ Commissions issued to officers of Maryland are subject to a tax to the State as set out in Article 81, Section 146, of the Code of Public General Laws.

Judges of the courts, Baltimore City, and Court of Appeals pay \$50; sheriff of Baltimore City, \$300; of Baltimore County, Frederick and Washington, each \$100; of Allegany, \$75; of Carroll, Harford, Dorchester, Anne Arundel, Worcester, Somerset, Cecil and Prince George's, \$40; of Howard, \$30; of each of the other counties, \$20; Orphans' Court judges in Baltimore City, \$50, and in each of the counties, \$10; each justice of the peace, \$2.00; inspectors of tobacco and weighers of live stock, \$50; weighers of grain and hay, \$10; notaries public in Baltimore City, \$20; clerks of courts, register of wills in Baltimore City, \$200; register of wills in Baltimore County, \$150; in Frederick, \$100; in Washington, \$75; in Allegany, Carroll, Harford, Kent, Dorchester, Anne Arundel, Worcester, Somerset, Cecil and Prince George's, each \$50; in Howard, Caroline, Montgomery, Talbot, Charles, Queen Anne's, Calvert, Garrett, Wicomico and St. Mary's, \$30; Clerk of Court of Appeals, \$200, and of Circuit Courts of counties, each \$100.

CORPORATIONS, PRIVATE—OTHER THAN TAX ON REAL ESTATE.

	1911.	1912.
Banks; commissions from banks and trust companies for inspection ¹	\$6,220 00	\$7,385 00
Bonus on corporations or incorporation tax ² ..	24,027 89	26,554 84
Charter fees from foreign corporations ³	871 15	1,437 21
Franchise tax on savings bank deposits ⁴	55,913 10	58,562 07
Franchise tax on charter rights.....	1,157 50	31 25
Tax on insurance companies ⁵	253,618 50	126,434 38
Penalty on corporations.....	239 05	799 66
Taxes ⁶ on shares of stock, Maryland corporations ⁷	⁸ 157,615 10	⁹ 163,801 60
Tax on foreign corporations ¹⁰	22,458 02	25,797 58
	<u>\$522,120 31</u>	<u>\$410,803 59</u>

CORPORATIONS, QUASI-PUBLIC.

	1911.	1912.
Gross Receipts tax ¹	\$760,462 02	\$780,586 12
	<u>\$760,462 02</u>	<u>\$780,586 12</u>

¹ Banks (other than national banks) and trust companies pay a percentage on amount of their deposits to the Bank Commission for inspection and supervision. Department established under provision of Ch. 219 of the Acts of 1910.

² One-eighth of 1 per cent. on amount of capital stock or increase.

³ The fee for recording is the same allowed clerks of courts for recording documents of similar length, but State Tax Commissioner collects twice the amount, one for State office and other for recording in the several county or city courts.

⁴ Savings banks and institutions for savings (other than building associations) pay 25 cents on the \$100 of deposits, of which 6¼ cents is secured to the State and 18¾ cents to the localities where situated.

⁵ Besides fees for filing (see Art. 23, Sec. 184, P. G. L.), all companies pay 1½% on amount of premiums actually collected or secured.*

⁶ Designated in some localities as "Corporate Excess Tax."

⁷ See discussion under "Taxation of Corporations."

⁸ \$144,693.12 of this amount is for taxes for the year 1911. Balance is for taxes for prior years.

⁹ \$151,242.23 of this amount is for taxes for the year 1912. Balance is for taxes for prior years.

¹⁰ Foreign corporations pay a franchise tax of \$25 for every full \$50,000 of capital employed in the State; if over \$50,000 and not over \$5,000,000, an additional sum equal to one-fortieth of 1 per cent.; if over \$5,000,000, an additional sum of \$30 for every million of last-named excess.

*See Acts of 1912, Ch. 207.

¹ The rate varies on different classes of corporations from 1% to 2½%.

EARNINGS OF INSTITUTIONS.

Maryland Penitentiary.....	\$35,151 84	\$25,667 68
	<u>\$35,151 84</u>	<u>\$25,667 68</u>
INTEREST.		
	1911.	1912.
Interest on personal accounts ¹	\$10,173 91	\$12,559 77
Interest on deposits (State).....	15,341 71	18,548 64
Interest on deposit of the Baltimore City Collector	424 44	396 70
Interest on public debt.....	12,459 16	945 62
	<u>\$38,399 22</u>	<u>\$32,450 73</u>

INHERITANCES AND ESTATES.

Commission of Executors and Adminis- trators ¹	² \$59,132 49	\$63,223 31
Collateral Inheritance tax ³	² 310,943 21	289,605 20
	<u>\$370,075 70</u>	<u>\$352,829 20.</u>

CHESAPEAKE BAY AND OYSTERS.¹

	1911.	1912.
General measurer and inspector of oysters....	\$25,403 20	\$41,138 77
Fishery, Chesapeake Bay.....	471 45	454 88
Oyster house licenses	6,456 12	6,254 23
Oyster canners', packers' and commission mer- chants' licenses	4,464 75	4,294 50
Oyster measurers' licenses	204 25	166 25
Purse net licenses	200 00	200 00
Race and fishing licenses.....	7 60	3 80
Dredge for oysters licenses	19,469 85	19,972 81
Tong and scrape licenses.....	10,364 15	9,222 70
Oyster fines.....	715 45	831 85
Oyster fund from Clerks of Circuit Courts of Kent, Talbot and Queen Anne's.....	2,110 00	2,115 76
Reshelling oyster bars ²	25,392 81	.....
	<u>\$95,259 63</u>	<u>\$84,655 55</u>

¹ See Expenditures, "Chesapeake Bay and Oysters."

² This item is amount of licenses received from individuals and collected under the Act of 1910, Ch. 735, afterwards declared unconstitutional in the case of Foote vs. Clagett, 116 Md., 229.

¹ Executors and administrators pay for the use of the State 10% of commissions allowed by the Orphans' Court. Commission allowed by the Orphans' Court is from 2% to 10% in the discretion of the Court on estates up to \$20,000; portion over \$20,000, not over 2%.

² For amounts from each county and Baltimore City. See Comptroller's Report, Table 2.

³ All estates over \$500 passing to collateral heirs, devisees, legatees and distributees are subject to 5% tax.

¹ Includes interests on deferred taxes. See "Collection of Taxes, Discount, Interest and Penalty."

LICENSES.¹

	1911.	1912.
Auctioneers	\$4,250 00	\$3,704 75
Billiard tables.....	15,979 87	29,650 78
Brokers	26,090 30	28,659 46
Cigarettes	12,362 75	14,467 56
Delinquent ² .....	.....	10,504 29
Exhibition	6,403 50	5,546 10
Gaugers	99 00	99 00
Gunners	42 76	35 63
Gypsy .....	.....	47 50
Hawkers and peddlers.....	2,196 41	2,425 71
High liquors, Baltimore City ³	⁴ 1,501,110 47	⁵ 1,485,242 82
Live stock dealers.....	661 16	146 52
Motor vehicles ⁶	75,000 00	60,000 00
Ordinary	24,213 83	24,742 95
Stevedore	165 01	235 14
Traders	206,306 61	203,898 61
Traders Liquor.....	⁷ 56,434 14	⁸ 57,031 22
To sell commercial fertilizers ⁹	10,650 00	10,650 00
	<u>\$1,941,965 81</u>	<u>\$1,937,088 04</u>

TAXES (GENERAL).¹

	1911.	1912.
Taxes ² from collectors of counties and city... ³	\$1,779,251 22	⁴ \$2,066,067 15
On mortgages ⁵	56 77	1 62
	<u>\$1,779,307 99</u>	<u>\$2,066,068 77</u>

¹ See "Licenses."

² Collected by Clerk of the Court of Common Pleas of Baltimore City under order of Court for failure of licensees to obtain licenses by May 1st.

³ Portion of license fee returned to Baltimore City should not be considered as receipts of the State.

⁴ \$1,125,832.85 returned to Baltimore City.

⁵ \$1,113,932.11 returned to Baltimore City.

⁶ Paid to Good Roads Commission, less one-fifth paid to Baltimore City.

⁷ \$1,694.17 refunded to Calvert County.

⁸ \$760.00 refunded to Calvert County, and \$113.44 refunded to Washington County.

⁹ Since 1912, paid directly to the Maryland Agricultural College.

¹ Includes tax only on real and personal property and securities.

² The rate for 1911 was 22 cents on the hundred, and for 1912, 23 1/4 cents.

³ Of this amount \$1,452,120.53 was for current taxes as reported to September 30th, 1911. See "Collection of Taxes."

⁴ Of this amount \$1,581,223.70 was for current taxes as reported to September 30th, 1912. (See *ibid.*): Collections for 1912 were on increased basis of \$27,383,705.00.

⁵ Law repealed; account of item in arrears.

BALTIMORE CITY, FROM TAX ON BALTIMORE CITY STOCK.

	1911.	1912.
Tax on, paid by Mayor and City Council of Baltimore.....	\$63,350 55	\$68,781 82
	<hr/>	<hr/>
	\$63,350 55	\$68,781 82

MISCELLANEOUS.

	1911.	1912.
Boundary line between Maryland and West Virginia ¹	\$5,393 03	.....
Carroll County fishing.....	.....	\$25 65
Commission of Fisheries—repayment.....	.....	3,104 31
Contingent fund of Board of Public Works—repayment .....	.....	27 94
Conscience fund.....	19 00	46 00
Extradition of Criminals ²	51 90	76 15
House of Correction ³	45,000 00	.....
Hospital for Negro Insane ³.....	.....	6,000 00
Insane convicts ⁴	287 50	89 17
License and tax on insurance companies—repayment .....	.....	23 36
Insurance—repayment	67 54	.....
Maryland Agricultural College.....	3,478 30	3,478 30
Maryland Hospital for the Insane ⁴	1,254 97	59,024 44
Printing records and briefs in State cases—refund .....	.....	42 00
Postage of departments—repayment.....	.....	33 46
Retired teachers' pensions—repayment.....	50 00	.....
Sale of the Laws of Maryland.....	143 50	72 50
St. Louis Exposition Commission—refund....	.....	1,200 53
Sale of stationery.....	33 20	.....
Sale of old furniture.....	.....	25 00
Springfield State Hospital ⁴	346 01	111,621 93
	<hr/>	<hr/>
	\$56,124 95	\$184,890 83

BOND ISSUE AND NEW DEBT.

	1911.	1912.
Public highways, loan of 1910.....	¹ \$256,293 50	² \$251,496 55
State Roads loan.....	³ 1,837,916 97	⁴ 942,242 19
State Insane Hospital loan.....	⁵ 602,673 50	.....
Sanatorium loan.....	⁶ 94,452 00	.....
State loan of 1912.....	.....	⁷ 1,002,202 05
Technical School loan of 1912.....	.....	⁸ 489,047 50
	<hr/>	<hr/>
	\$2,791,335 97	\$2,684,988 29

¹ Amount of the loan, \$250,000. (Appropriation, Ch. 116, 1910, \$5,000.)

² Amount of the loan, \$250,000.

³ Amount of the loan, \$1,949,000.

⁴ Amount of the loan, \$1,000,000.

⁵ Amount of the loan, \$600,000.

⁶ Amount of the loan, \$100,000.

⁷ Amount of the loan, \$1,000,000.

⁸ Amount of the loan, \$489,000.

¹ Decision in case of State of Maryland vs. State of West Virginia, 225 U. S., 1, part of return costs.

² Return of money allowed to detectives.

³ Refund of unused appropriations.

⁴ Paid by counties or Baltimore City for county or city inmates.

SUMMARY OF EXPENDITURES.

	1911.	1912.
Executive	\$37,152 05	\$30,997 95
Legislative ¹	5,121 75	217,824 26
Judiciary ²	194,304 48	191,559 06
Health	64,853 13	75,713 18
Chesapeake Bay and oysters.....	100,408 59	135,699 09
Agriculture ³	27,445 00	33,760 00
Administration ⁴	246,371 59	282,179 24
Debt (interest and payments of sinking funds)	539,088 79	785,765 22
Roads	2,593,275 45	2,451,118 16
Charities—Benevolent	377,175 00	377,750 00
“ —Consumptives	171,278 85	136,000 00
“ —Blind	41,000 00	41,000 00
“ —Insane ⁵	780,104 92	595,214 63
“ —Penal and reform ⁶ . . .	82,234 91	76,500 00
(Total—\$1,439,539.68—\$1,312,865.45.)		
Schools—General—Public	1,207,392 50	1,417,264 46
“ —High	183,750 00	214,800 00
“ —Colleges, art, technical, universities	211,672 16	156,789 81
(Total—\$1,602,814.66—\$1,797,854.27.)		
Military	88,400 00	107,787 35
Miscellaneous	36,777 78	112,216 89
Total expenditures ⁷	\$6,982,556 95	\$7,438,939 30

1911—Calvert County	\$1,694 17
Mayor and City Council of Baltimore.....	1,125,832 85
	<u>\$1,127,527 02</u>
1912—Calvert County	\$760 00
Mayor and City Council of Baltimore.....	1,113,932 11
Washington County	113 44
	<u>\$1,114,805 55</u>

¹ Legislative session in 1912 only.

² Library considered as judicial expense.

³ Maryland Agricultural College not properly considered in this connection.

⁴ Fee system of payment of State officers not considered.

⁵ Bond issues included.

⁶ Maryland Penitentiary pays substantial sum to State.

⁷ Return of licenses to localities not considered as State expense. ⁸

⁸ Refund by State of following licenses not considered as part of State expenditures:

NOTE.—Funds for some of the above are derived from bond sales.

EXECUTIVE.

	1911.	1912.
Contingent fund of the Executive.....	\$20,000 00	\$5,000 00
Clerical help in Executive Office.....		4,000 00
Support of Executive Mansion.....	4,452 05	4,297 95
Repairs of Executive Mansion		5,000 00
Civil officers (account of Executive) ¹	12,700 00	12,700 00
	<hr/>	<hr/>
	\$37,152 05	\$30,997 95

LEGISLATIVE.¹

	1911.	1912.
Copying and indexing laws		\$1,500 00
Legislature—1912		² 182,490 60
Legislature, indexing		900 00
Legislature, printing	\$5,121 75	12,933 66
Legislature, counsels and agents.....		200 00
Publishing general laws	³	⁴ 19,800 00
	<hr/>	<hr/>
	\$5,121 75	\$217,824 26

JUDICIARY.

	1911.	1912.
Augmentation of State Library ¹	\$2,500 00	.....
Contingent fund of Court of Appeals.....	2,500 00	1,929 99
Contingent fund of library.....	760 65	540 64
Indexer and cataloguer	1,200 00	1,200 00
Judges' pensions	26,545 71	23,700 00
Judiciary ²	155,798 92	156,979 04
Maryland reports	1,200 00	1,200 00
Office expenses, Court of Appeals.....		2,353 34
Printing records and briefs in State cases....	369 20	³ 656 05
State reporter	3,430 00	3,000 00
	<hr/>	<hr/>
	\$194,304 48	\$191,559 06

¹ The State Library at Annapolis is a law library connected with the Court of Appeals.

² Each of the eight Judges of the Court of Appeals receives a salary of \$5,800 and is Chief Judge of his respective circuit (except the Judge from Baltimore City). The two Associate Judges in each of the seven circuits receive \$3,600. The salary of each of the ten Judges of the Supreme Bench of Baltimore City is \$5,000, of which \$4,500 is paid by the State and \$500 by Baltimore City.

³ Repayment, \$42.

⁴ Legislature meets bi-annually; session in 1912.

² A large part of the amount (\$47,929.28) included in the special appropriations and credited to miscellaneous should properly be charged to legislative.

³ Refund: Sale of Laws of Maryland, \$143.50.

⁴ Refund: Sale of Laws of Maryland, \$72.50.

¹ Includes payments of salaries: Governor, \$4,500; Secretary of State, \$2,000; chief clerk, \$2,400; clerk, \$1,200; stenographer, \$1,500; messenger, \$1,100.

HEALTH.

	1911.	1912.
Adulteration of foods and drugs ¹	\$16,458 96	\$13,964 30
Bureau of State Board of Health.....	9,917 44	15,338 01
Communicable diseases	8,315 76	8,598 17
Hygiene and demography .....	.....	1,091 61
Pasteur treatment for hydrophobia.....	.....	195 79
State Vaccine Agent ¹	2,600 00	2,600 00
State Live Stock Sanitary Board ¹	11,568 09	17,197 79
State Board of Health ¹	² 15,992 88	16,727 51
	<hr/> \$64,853 13	<hr/> \$75,713 18

†CHESAPEAKE BAY AND OYSTERS.

	1911.	1912.
Commission of Fisheries	\$9,500 00	¹ \$17,750 00
General measurers and inspectors of oysters..	² 15,093 00	³ 7,215 50
Oyster fund	58,265 61	70,864 33
Reshelling oyster bars..... ⁴ .....	.....	⁵ 25,069 26
Shell Fish Commission ⁶	17,549 98	14,800 00
	<hr/> \$100,408 59	<hr/> \$135,699 09

AGRICULTURE.

	1911.	1912.
Agricultural Fair Associations.....	\$5,000 00	\$5,000 00
Agricultural Farmers' Institutes	6,000 00	6,000 00
License to sell commercial fertilizers paid to Maryland Agricultural College ¹	² 9,945 00	³ 11,760 00
Maryland State Horticultural Society.....	2,000 00	2,000 00
Peninsula Horticultural Society	500 00	500 00
State Board of Forestry ⁴	4,000 00	6,000 00
State Laboratory for Biological Products ⁴...	.....	2,500 00
	<hr/> \$27,445 00	<hr/> \$33,760 00

¹ See item carried to schools: "Colleges, art, technical and university," and credited to Maryland Agricultural College. Receipts from license in each year, \$10,650.

² Repayment, \$3,478.30.

³ Repayment, \$3,478.30.

⁴ May properly be chargeable to administration.

† Total receipts into the Treasury from all sources. Credit to "Chesapeake Bay and Oysters" in 1911 \$95,259.63, and in 1912 \$84,681.20.

¹ Repayment, \$3,104.31.

² Repayment, \$25,403.20.

³ Repayment, \$41,138.77.

⁴ Repayment (1911), \$25,392.81.

⁵ Refunded to licensees under decision of Foote vs. Clagett, 116 Md., 229.

⁶ May properly be chargeable to administration.

¹ May properly be chargeable to administration.

² Repayment, \$443.13.

ADMINISTRATION.

	1911.	1912.
Bureau of Statistics and Information.....	\$19,331 94	\$17,005 02
Bank Commissioners	18,086 82	29,672 77
Civil officers ³	38,493 21	37,650 99
Contingent fund, Attorney General	1,500 00	1,328 77
Contingent fund, Land Office	2,500 00	2,008 62
Conservation Bureau	921 78	.....
Custodian of Works of Reference.....	920 00	920 00
Excess of fees of office.....	7,852 38	13,615 57
Elections	1,345 00	1,015 00
Fuel and lights	5,719 17	9,858 56
Furnishing Land Office	400 00	.....
Inspector of Mines in Allegany and Garrett Counties	1,500 00	1,500 00
Immigration fund	10,000 00	9,350 00
Insurance	4,677 83	9,894 28
Land Office.....	49,707 32	57,789 96
License and tax on insurance companies ⁶ ...	10,000 00	10,000 00
Maryland Public Library Commission.....	1,500 00	1,500 00
Public Service Commission	61,412 67	61,608 49
Public Service Commission, fees of.....	7294 97	8325 71
Postage for departments	1,927 00	92,140 00
State Board of Education, expenses of, ¹⁰	3,000 00	3,000 00
Superintendent of Public Education, salary ¹⁰	3,000 00	3,000 00
Superintendent of Public Education, office ex- penses ¹⁰	1,000 00	1,000 00
Superintendent of Public Education, traveling expenses ¹⁰	500 00	500 00
Assistant Superintendent of Public Education, salary ¹⁰	1,750 00	1,937 49
Clerk to State Board of Education ¹⁰	862 50	900 00
State Tobacco Warehouses	11,548 01	1220,260 55
State Weather Service	80 15	1,000 00
State Wharfinger	13 250 00	14254 08
State Geological and Economic Survey.....	10,000 00	15,000 00
State Game Warden	153,904 46	3,800 00
State Aid and Charities Board ¹⁶	3,496 74	3,451 47
Steam Boiler Inspection	2,257 18	2,126 56
Ten-Hour Law Bureau ¹⁷ .....	.....	2,180 53
Contingent Fund, Board of Public Works....	3,487 53	3,268 65
Contingent fund, Comptroller.....	5,019 17	5,221 76
Contingent fund, State Treasurer.....	3,695 50	4,867 39
Contingent fund, State Tax Commissioner....	2,390 61	2,556 53
Revaluation and reassessment.....	330 78	166 19
State Tax Commissioner	9,408 87	9,500 00
State Auditor	2,300 00	1,004 30
	\$246,371 59	\$282,179 24

¹ Repayment by banks and trust companies for supervision, 1911, \$6,220.00.

² Repayment by banks and trust companies for supervision, 1912, \$7,385.00.

³ Portion of whole amount chargeable to executive.

⁴ Repayment from fees, \$2,029.26.

⁵ Repayment, \$1,581.28.

⁶ Salary and expenses of Fire Marshal.

⁷ Repayment from fees, \$1,179.95.

⁸ Repayment, \$1,302.85.

⁹ Refund, \$33.46.

¹⁰ Collected and charged as part of public school tax.

INTEREST AND SINKING FUNDS ON DEBT.

	1911.	1912.
Interest on Consolidated loan, 1899.....	\$97,617 78	\$96,675 32
Interest on Public Building loan.....	56,875 00	56,752 50
Interest on State Building and Improvement loan	15,000 00	15,000 00
Interest on State loan of 1902.....	18,000 00	18,000 00
Interest on State Roads loan.....	105,000 00	140,000 00
Interest on State Insane Hospital loan.....	6,000 00	24,000 00
Interest on Public Highways loan of 1910....	5,000 00	15,000 00
Interest on Sanatorium loan.....	1,750 00	2,450 00
Public Buildings loan, State House ¹.....	.....	2,435 56
Public Buildings loan, House of Correction ¹ ..	208 38	.....
Sinking funds ²	233,637 63	415,451 84
	\$539,088 79	\$785,765 22

ROADS.

	1911.	1912.
Motor vehicle licenses ¹	² \$37,818 02	³ \$58,735 86
Public highways ⁴	109,627 11	136,994 31
Public Highways loan of 1910.....	⁵ 257,017 50	⁶ 251,757 75
State Roads loan.....	⁷ 2,138,812 82	⁸ 942,867 14
State Loan of 1912.....	.....	⁹ 1,000,763 10
State Road No. 1.....	50,000 00	60,000 00
	\$2,593,275 45	\$2,451,118 16

¹¹ Fees from tobacco inspections, \$15,128.07.

¹² Fees from tobacco inspections, \$7,285.92.

¹³ Fees from State wharves, \$2,000.00.

¹⁴ Fees from State wharves, \$2,000.00.

¹⁵ \$104.46 is fines imposed by Warden.

¹⁶ Not probably chargeable to charities.

¹⁷ Created by Acts 1912, Ch. 79.

NOTE.—A great many officers are paid by fees, which amounts are not included.

¹ Balance of bond issue, Act of 1904.

² Transfer from Treasury proper to sinking funds.

¹ Acts 1910, Ch. 207, provides that receipts from licenses of automobiles shall be used for oiling, repairing and maintenance of the improved roads of the State, less one-fifth paid to Baltimore City for streets.

For amount of tax which was increased see Acts 1912, Ch. 133.

² Receipts from licenses, \$75,000.00.

³ Receipts from licenses, \$60,000.00.

⁴ Under the provisions of the Acts of 1904, Ch. 225, the State paid 50% of the cost of construction of a road, the county 40% and abutting property owners 10%.

See *Bonsal vs. Yellott*, 100 Md., 482.

⁵ Bond issue sale, \$251,293.50.

⁶ Bond issue sale, \$251,496.55.

⁷ Bond issue sale, \$1,837,916.97.

⁸ Bond issue sale, \$942,242.19.

⁹ Bond issue sale, \$1,002,202.05.

See Acts of 1908, Ch. 141; 1910, Ch. 116; 1912, Ch. 370. (Acts 1906, Ch. 118, provided for excess from lease of oyster bed to be used for special road fund. No excess heretofore.)

NOTE.—The fiscal year of the Comptroller begins in October; the fiscal year of the Good Roads Commission, April.

CHARITIES, BENEVOLENT.

	1911.	1912.
Aged Men's and Women's Home of the Washington Annual Conference of Baltimore City.....	\$1,000 00	\$500 00
Baltimore Eye, Ear and Throat Charity Hospital	8,000 00	8,000 00
Baltimore Manual Labor School.....	3,500 00	2,000 00
Baltimore Humane Impartial Society and Aged Women's and Men's Home.....	3,000 00	3,000 00
Baltimore Orphan Asylum.....	3,000 00	3,000 00
Baltimore Day Nursery.....	1,500 00	1,500 00
Boys' Home Society.....	1,500 00	4,500 00
Baltimore General Dispensary.....	500 00	500 00
Confederate Woman's Home.....	1,000 00	1,000 00
Country Home for Children of Baltimore City	1,000 00	.....
Chase Home.....	500 00	500 00
Deaf and Dumb Asylum at Frederick....	33,250 00	37,000 00
Day Nursery at Hagerstown.....	500 00	500 00
Emergency Hospital Association of Annapolis	20,000 00	20,000 00
Emergency Hospital of Easton.....	5,000 00	5,000 00
Frederick City Hospital Association.....	9,000 00	8,000 00
Franklin Square Hospital Association....	7,000 00	7,000 00
Florence Crittenton Home for Fallen Women	1,000 00	1,000 00
General German Orphan Asylum of Baltimore	3,750 00	2,500 00
General German Aged People's Home....	1,500 00	1,500 00
General and Marine Hospital, Crisfield...	6,000 00	.....
Hebrew Orphan Asylum.....	3,000 00	3,000 00
Hebrew Hospital and Asylum Association.	8,000 00	13,500 00
Hebrew Friendly Inn and Aged Home....	1,500 00	1,500 00
Home of the Friendless.....	5,500 00	5,000 00
Home of the Incurables.....	2,500 00	2,500 00
Hospital for the Women of Maryland....	7,500 00	7,500 00
Home and Infirmary of Western Maryland at Cumberland.....	7,500 00	7,500 00
Home of the Friendless Children of the Eastern Shore.....	1,000 00	1,000 00
Home of the Aged of Talbot County.....	3,000 00	3,000 00
Hollywood Children's Summer Home....	500 00	500 00
Hospital for Crippled and Deformed Children	5,000 00	5,000 00
Hebrew Children's Sheltering and Protective Association of Baltimore City.....	3,000 00	3,000 00
Henry Watson Children's Aid Society of Baltimore City.....	1,500 00	1,500 00
Home of the Aged, Salisbury.....	2,500 00	.....
Lady Visitors of the Confederate Soldiers' Home at Pikesville.....	500 00	500 00
Little Sisters of the Poor.....	2,000 00	.....
Locust Point Social Settlement.....	500 00	500 00
Mercy Hospital.....	13,000 00	13,000 00
Maryland Lying-In Asylum, Maternite...	4,000 00	4,000 00
McDonough Institute.....	2,000 00	6,000 00

	1911.	1912.
Maryland General Hospital.....	13,000 00	13,000 00
Maryland Line Confederate Soldiers' Home	15,000 00	15,000 00
Maryland Lying-In Hospital, Baltimore City	4,000 00	4,000 00
Maryland Homeopathic Hospital and Free Dispensary	6,500 00	6,500 00
Manual Training and Industrial School...	15,000 00	16,500 00
Maryland Home for Friendless Colored Children	5,000 00	5,000 00
Maryland Society for Protection of Children	1,000 00	1,000 00
Northeastern Dispensary.....	750 00	750 00
Northeastern Day Nursery.....	750 00	.....
Nursery and Child's Hospital.....	3,000 00	3,000 00
Oblate Sisters of Providence.....	625 00	875 00
Peninsula General Hospital.....	7,500 00	12,500 00
Provident General Hospital.....	1,500 00	1,500 00
St. Anthony's Orphan Asylum.....	1,500 00	1,500 00
St. Vincent's Infant Asylum.....	6,125 00	8,125 00
St. Mary's Female Orphan Asylum.....	5,000 00	5,000 00
Silver Cross Home.....	1,500 00	1,500 00
Shelter for the Aged and Infirm Colored Persons	500 00	500 00
St. Agnes' Hospital.....	7,500 00	7,500 00
St. Elizabeth's Home of Baltimore City for Colored Children.....	1,700 00	1,700 00
St. Joseph's House of Industry.....	3,000 00	3,000 00
St. Mary's Home for Little Colored Boys.	500 00	500 00
St. Vincent's Male Orphan Asylum.....	5,000 00	5,000 00
South Baltimore Day Nursery.....	1,500 00	1,500 00
St. Martin's Day Nursery.....	500 00	500 00
St. Joseph's Hospital.....	11,875 00	10,000 00
St. Peter Clavier Colored Industrial School, Baltimore City	600 00	300 00
St. Francis Xavier School for Deaf and Dumb	2,000 00	2,000 00
Southern Dispensary of Baltimore.....	500 00	500 00
St. Martha's Episcopal Home.....	500 00	500 00
South Baltimore Eye, Ear, Nose and Throat Charitable Hospital.....	2,500 00	2,500 00
St. Luke's Hospital.....	3,000 00	3,000 00
University Hospital.....	15,250 00	15,000 00
United Charities Hospital Association of Dorchester County.....	12,250 00	12,500 00
Union Hospital of Cecil County.....	5,000 00	5,000 00
Union Protestant Infirmary.....	8,000 00	8,000 00
Universal Progressive School for Orphans and Destitute Colored Children of Baltimore City.....	500 00	500 00
University of Maryland Lying-In Hospital.	4,000 00	4,000 00
Washington County Hospital Association.	9,000 00	9,000 00
West End Maternite Hospital.....	3,500 00	3,500 00
	<u>\$371,925 00</u>	<u>\$377,750 00</u>

CHARITIES, CONSUMPTIVE.

	1911.	1912.
Hospital for Consumptives of Maryland..	\$7,500 00	\$22,500 00
Jewish Home for Consumptives.....	3,500 00	3,500 00
Maryland Tuberculosis Sanatorium.....	85,000 00	75,000 00
Pine Bluff Sanatorium.....		20,000 00
Sanatorium Loan.....	175,278 85	15,000 00
	<u>\$171,278 85</u>	<u>\$136,000 00</u>

CHARITIES, BLIND.

	1911.	1912.
Indigent Blind.....	\$21,000 00	\$21,000 00
Maryland School for the Blind (Colored).	10,000 00	10,000 00
Maryland Workshop for the Blind.....	10,000 00	10,000 00
	<u>\$41,000 00</u>	<u>\$41,000 00</u>

CHARITIES, INSANE.

	1911.	1912.
Hospital for the Negro Insane.....	\$10,000 00	¹ \$26,000 09
Insane Convicts.....	² 2,400 00	³ 600 73
Lunacy Commission ⁴	4,965 49	4,759 44
Maryland Hospital for the Insane.....	⁵ 72,254 97	⁶ 130,024 44
Maryland Asylum and Training School for Feeble Minded ⁷	58,000 00	68,000 00
State Insane Hospital Loan ⁸	479,638 45	124,208 00
Springfield State Hospital.....	⁹ 152,846 01	¹⁰ 241,621 93
	<u>\$780,104 92</u>	<u>\$595,214 63</u>

CHARITIES—PENAL AND REFORM.¹

	1911.	1912.
House of Correction.....	² \$4,484 91	
House of Good Shepherd.....	3,000 00	\$3,000 00
House of Good Shepherd (for colored girls).....	2,000 00	2,000 00
House of Reformation and Institution for Colored Children.....	10,000 00	10,000 00
Industrial Home for Colored Girls.....	3,750 00	2,500 00
Maryland Industrial School for Girls.....	6,000 00	6,000 00
Maryland School for Boys.....	20,000 00	20,000 00
National Junior Republic.....	3,000 00	3,000 00
St. Mary's Industrial School.....	30,000 00	30,000 00
	<u>\$82,234 91</u>	<u>\$76,500 00</u>

¹ \$20,000.00 repayment by counties.² Repayment, \$287.50. ³ Repayment, \$89.17.⁴ May properly be chargeable to administration.⁵ Repayment, \$1,254.97. ⁶ Repayment, \$59,024.44.⁷ Bond issue, \$150,000.00: Act, 1910, ch. 250.⁸ Sale of bonds for above institutions under State Insane Hospital Loan, \$602,673.50: Act, 1910, ch. 250.⁹ Repayment, \$346.01. ¹⁰ Repayment, \$111,621.93.¹ Maryland Penitentiary paid to the State in 1911, \$35,151.84; in 1912, \$25,667.68.² Repayment to the State, \$45,000.00 out of unused appropriation.¹ Bond issue—Act 1910, ch. 411.

SCHOOLS (GENERAL)—PUBLIC.

	1911.	1912.
Public school tax.....	\$998,970 14	\$1,206,940 12
Text books, public schools.....	150,000 00	150,000 00
Surplus revenue.....	34,069 36	34,069 36
Retired teachers' pension.....	124,353 00	26,254 98
	\$1,207,392 50	\$1,417,264 46

SCHOOLS, HIGH.

	1911.	1912.
Approved High Schools.....	\$53,350 00	.....
Anne Arundel County Academy.....	3,000 00	\$3,000 00
Colleges, Academies, Schools:		
Allegany County.....	2,400 00	1,200 00
Anne Arundel.....	1,200 00	1,200 00
Baltimore County.....	.....	2,400 00
Calvert.....	1,200 00	1,200 00
Caroline.....	1,700 00	1,700 00
Carroll.....	200 00	200 00
Cecil.....	1,200 00	1,200 00
Charles.....	400 00	400 00
Dorchester.....	1,600 00	1,600 00
Frederick.....	1,200 00	1,200 00
Garrett.....	1,200 00	1,200 00
Harford.....	1,500 00	1,500 00
Howard.....	1,200 00	1,200 00
Kent.....	500 00	300 00
Montgomery.....	1,400 00	1,400 00
Prince George's.....	1,200 00	1,200 00
Queen Anne's.....	800 00	800 00
St. Mary's.....	400 00	400 00
Somerset.....	1,400 00	1,400 00
Talbot.....	1,200 00	1,200 00
Washington.....	1,200 00	1,200 00
Wicomico.....	1,700 00	1,700 00
Worcester.....	1,200 00	1,200 00
Charlotte Hall School.....	6,600 00	6,600 00
Caroline County Agricultural High School, Ridgely.....	.....	5,000 00
Caroline County High School, Federalsburg..	.....	5,000 00
Frostburg Normal School, for repairs.....	.....	12,500 00
F. Knapp's English and German School.....	1,200 00	1,200 00
Approved High Schools.....	53,350 00	110,500 00
State Normal School—White.....	20,000 00	20,000 00
State Normal School, White, repairs of.....	1,000 00	1,000 00
State Normal School No. 3.....	5,000 00	5,000 00
Frostburg Normal School.....	7,000 00	7,000 00
Patapsco Academy.....	250 00	.....
St. Mary's Female Seminary.....	7,000 00	7,000 00
Tri-County High School at Queen Anne's....	.....	4,000 00
	\$183,750 00	\$214,800 00

¹ Repayment, \$50.00.

SCHOOLS—COLLEGES, ART, TECHNICAL, UNIVERSITY.

	1911.	1912.
Maryland Agricultural College ¹	² \$55,397 16	³ \$43,797 16
Maryland Institute.....	15,000 00	15,000 00
St. John's College.....	39,700 00	29,700 00
Johns Hopkins University.....	50,000 00	25,000 00
Washington College.....	23,275 00	23,275 00
Western Maryland College.....	28,300 00	19,300 00
Technical School Loan ⁴.....	.....	717 65
	<hr/>	<hr/>
	\$211,672 16	\$156,789 81

STATE MILITIA.

	1911.	1912.
Fifth Regiment Armory.....	\$3,700 00	¹ \$23,593 60
Maryland Naval Militia.....	10,000 00	10,000 00
Militia	74,700 00	74,193 75
	<hr/>	<hr/>
	\$88,400 00	\$107,787 35

¹ The Maryland Agricultural College receives in addition the amount of license fees from sale of commercial fertilizers, which amounted in 1911 to \$9,945.00 and in 1912 to \$11,760.00.

² Receipts from Maryland Agricultural College, \$3,478.30.

³ Receipts from Maryland Agricultural College in 1912, \$3,478.30.

⁴ Bond issue of \$500,000.00 for Johns Hopkins University to establish Technical School under Acts, 1912, ch. 90.

¹ Alterations for National Democratic Convention, 1912.

MISCELLANEOUS.

	1911.	1912.
Annapolis Water Company.....	\$500 00	\$500 00
Anne Arundel County Auditor.....	30 00	45 00
Boundary line between Maryland and West Virginia (suit United States Su- preme Court).....	13,617 48	218 20
Commissions to attorneys.....	985 50	2,659 46
Commission of Criminal Laws ²	300 00	.....
Extradition of criminals.....	³ 2,597 53	⁴ 2,072 60
Interment of deceased soldiers.....	770 00	350 00
Ice Boat Annapolis.....	5,000 00	5,000 00
Maryland Historical Society.....	2,000 00	2,000 00
Maryland State Normal School Building Commission ⁵	500 00	.....
Maryland State Firemen's Association....	4,000 00	2,000 00
Mayor of Annapolis.....	2,000 00	2,000 00
Maryland Manual.....	1,105 10	967 90
Miscellaneous appropriations.....	399 00	1,900 00
Pensions.....	600 00	694 44
Printing sample ballots.....	500 00	373 50
Promotion of uniformity of legislation ⁶	182 45	731 61
Public printing.....	2,000 00	3,100 00
Port Deposit relief fund.....	.....	15,000 00
Publishing Governor's Proclamation.....	.....	1,079 20
Publishing Constitutional Amendments...	.....	20,214 60
Publishing list of defaulters.....	.....	270 75
Repairs of public buildings.....	4,000 00	2,000 00
Shipment of public documents.....	.....	110 35
Special appropriations.....	5,690 72	47,929 28
	\$36,777 78	\$111,216 89

¹ Repayment, \$5,393.03.

² A temporary commission to study the criminal laws.

³ Repayment, \$51.90. ⁴ Repayment, \$76.15.

⁵ A temporary commission to select a site and plans for a new State Normal School.

⁶ A commission appointed from year to year.

COST OF STATE, COUNTY AND TOWN GOVERNMENT IN MARYLAND.

Table¹ showing assessments, tax rates, return from direct taxation, licenses² and other receipts and per capita cost of the Government of Maryland for the year 1912.

The State.	Assessment.	Tax Rate per \$100.	Average Rate for 10 Years.	Receipts From Property Tax. ³	Licenses.	Other Receipts.	Total Receipts.	Per Capita Cost of Government.
Real and Personal Property.....	\$979,309,976.00							
Maryland Corporations.....	95,198,588.00	\$0.2325	\$0.19,575	\$2,298,650.57	\$989,311.69	\$4,505,686.35	\$7,798,648.61	\$5.90
Baltimore City Stock subject to State taxation.....	29,615,793.54							

¹From report of Comptroller of the State.

²Classification as used by Comptroller.

³For particular purposes for which levied see Report of the Commission.

⁴Net amount returned to communities not considered as State revenue.

⁵Includes return from sale of bonds.

⁶Includes balances at beginning and end of year.

TABLE SHOWING ASSESSMENTS, TAX RATES, RETURNS FROM DIRECT TAXATION, LICENSES AND OTHER RECEIPTS, AND PER CAPITA COST OF GOVERNMENT OF THE COUNTIES OF MARYLAND AND BALTIMORE CITY FOR THE YEAR 1912.

Compiled from Reports to the Commission from Boards of County Commissioners and Comptroller of Baltimore.

Counties.	Total Assessments. ¹	Tax Rate Per \$100.	Average Rate for 10 Years.	Receipts From Property Tax.	Licenses. ²	Other Receipts. ³	Total Receipts.	Per Capita Cost of Government.
Allegany.....	\$37,877,049 81	.9075	1.065	\$31,428 22	\$11,000 00 ⁴	\$1,521 36	\$23,949 58	5.18
Anne Arundel.....	21,920,463 28 ⁵	.60	.66	145,664 00	8,560 00	6,612 36	169,826 36	4.08
Baltimore City.....	723,800,340 00 ⁷	1.89	1.98275	8,456,067 30	1,259,821 53 ⁸	12,363,097 81	22,038,988 64	36.58
Baltimore County.....	159,554,288 00	.88	.764	912,759 49	94,762 50 ⁹	918,366 80	1,825,888 79	10.95
Calvert.....	3,086,990 00	.95	.968	29,326 40	6 760 00 ¹¹	45,127 87 ¹²	30,989 40	7.61
Caroline.....	10,686,880 00	1.00	1.106	104,570 99	.....	.....	145,695 27	4.06
Cecil.....	26,324,214 69	.62	.545	137,327 86	.....	.....	206,683 25	6.66
Charles.....	18,285,230 00	1.25	1.061	205,693 25	.....	.....	206,683 25	8.60
Dorchester.....	14,007,025 00	1.015	1.032	48,834 72 ¹⁴	10,260 00 ¹⁶	19,897 65	127,963 14	4.44
Fredrick.....	30,225,746 00	.885	.934	271,809 85	.....	15,146 36	236,956 21	6.19
Garrett.....	11,871,110 00	.88	1.019	104,465 77	.....	.....	104,465 77	6.19
Harford.....	19,240,217 00	.95	.99	151,843 89	.....	61,992 46	213,836 35	7.64
Howard.....	12,314,310 00	.87	.837	101,164 88	.....	.....	113,849 88	6.41
Kent.....	10,618,106 42	1.05	1.256	109,340 90	.....	2,715 60	112,056 50	6.60
Montgomery.....	21,879,900 00	.92	.727	253,993 97	.....	83,897 13	137,791 10	3.36
Prince George's.....	17,584,978 00	.90	1.007	135,725 60	.....	40,006 44	135,731 89	6.60
Queen Anne's.....	10,954,850 72	.95	1.025	104,608 45	.....	.....	148,514 44	3.95
Somerset.....	8,090,929 94	1.07	1.0425	81,871 85	.....	7,000 00	88,871 85	3.17
St. Mary's.....	5,140,153 73	.76	.84775	36,972 89	.....	.....	36,972 89	6.61
Talbot.....	13,538,709 00	.65	.686	84,111 28	.....	27,100 56	111,211 84	6.61
Washington.....	35,960,490 00	.65	.886	233,870 32	28,209 51 ¹¹	.....	262,070 83	6.36
Wicomico.....	13,637,879 43	.9175	.886	104,752 42	.....	.....	109,782 42	4.09
Worcester.....	9,848,470 33	1.00	.977	97,122 91	.....	.....	97,122 91	4.53

*No report.
¹Includes real and personal property, Maryland corporations, real and personal property of corporations subject to State gross receipts tax, rolling stock, all subject to full local rate; stocks and bonds subject to 30 cent local rate.
²Includes liquor license fees.
³Includes tax on savings banks (18% cents) and balances on hand.
⁴Includes franchise tax from electric railway company.
⁵Does not include road tax varying to districts from \$.26 to \$.50 (no road tax in District No. 6.)
⁶For classification see "Assessment in Maryland," sub-title "Baltimore City."
⁷Annex rate in some territory.
⁸Includes return from sale of city stock.
⁹Includes balance on hand May 31, 1911, \$557,598.64.
¹⁰Includes balance on hand at end of year, \$596,981.28.
¹¹County reports receipts of no miscellaneous revenue.
¹²Includes floating debt of \$42,000.
¹³License fund carried to account of School Board.
¹⁴Carried to road account.
¹⁵County levies amount instead of rates.
¹⁶Includes \$6,000 from tax on mortgages.
¹⁷Includes \$8,021.92 from tax on mortgages.
¹⁸Includes amount of loan.
¹⁹Eight years' average.

TABLE SHOWING ASSESSMENTS, TAX RATES, RETURNS FROM DIRECT TAXATION, LICENSES AND OTHER RECEIPTS, PAYMENT BY COUNTIES TO COMMUNITIES, AND PER CAPITA COST OF GOVERNMENT OF THE CITIES, TOWNS AND VILLAGES OF MARYLAND.

Compiled from Report to the Commission.

	Total Assessment.	Tax Rate Per \$100.	Average Rate for 10 Years.	Receipts from Property Tax.	Licenses.	From County.	Other Receipts.	Total Receipts.	Per Capita Cost of Government.
ALLEGANY COUNTY.									
Cumberland	\$16,098,010 00	.77	.839	\$138,967 83	\$12,710 00	\$4,600 00	\$103,575 00	\$259,852 89	\$ 10 39
Frostburg	2,847,422 00	.50	.50	14,237 11	3,029 95	1,200 00	676 78	19,143 84	2 87
Lonaconing	722,111 72	.25	.25	1,780 03	1,112 95	1,000 00	2,669 30	6,562 28	4 22
Midland	274,631 00 ¹	.65	.565	1,785 77	388 00	450 00	180 34	2,804 11	2 16
Westernport	1,043,065 00	.40	.40	4,071 47	1,152 00	750 00 ²	10,806 53	16,580 00	5 92
ANNE ARUNDEL COUNTY.									
Annapolis	\$4,921,308 00	.80	.898	\$39,376 46	\$6,790 00		\$19,028 69	\$65,195 15	\$ 6 51
BALTIMORE CITY.									
See tabulation of counties.									
BALTIMORE CO.									
No incorporated towns.									
CALVERT COUNTY.									
Chesapeake Beach		.4	.4	4	\$125 00		\$110 00	\$235 00	\$ 2 35
CAROLINE COUNTY.									
Denton	\$844,845 00	.50	.55	\$4,198 02	\$38 00	\$200 00 ³	\$1,563 51	\$5,999 53	\$ 3 92
Federalburg	400,000 00	.40	.44	1,600 00		125 00	2,220 73	3,945 73	3 28
Goldboro						125 00		350 00	1 60
Hillsboro	117,000 00	.25	.25			200 00		200 00	
Greensboro									
Preston	184,000 00	.25	.25	460 00			125 00	685 00	1 67
Ridgely		.50	.50			200 00		2,500 00	2 08

COST OF GOVERNMENT IN MARYLAND

CARROLL COUNTY.									
Hampstead	\$275,000 00	.25	\$658 68				\$190 25	\$848 98	\$ 1 21
Manchester	276,696 00	.20	*					2,427 61	2 85
Mt. Airy	486,000 00	.38	\$1,208 40				1,158 53	2,526 46	2 67
New Windsor	306,251 00	.40						1,612 28	2 67
Sykesville	570,841 00	.40						7,622 28	2 73
Taneytown	573,308 00	.40						3,183 08	2 73
Union Bridge	3,667,765 03	.85	16,617 28	1,911 66			3,223 09	23,252 03	2 12
Westminster		.50							0 12
CECIL COUNTY.									
Cecilton	*	.20						\$450 00	\$ 0 82
Charlestown	*								
Chesapeake City	*	.60						\$8,702 19	2 84
Elkton	\$1,500,000 00	.40	\$7,500 00					8,500 00	2 25
North East	500,000 00	.40						2,350 00	1 50
Perryville	650,284 00	.40						2,389 43	2 00
Port Deposit	231,070 00	.40	2,611 00	*			*	2,611 00	2 00
Rising Sun		.30	673 21	*			*	673 21	1 35
CHARLES COUNTY.									
La Plata	\$216,647 00	.25	\$540 81	\$75 00				\$615 81	\$ 1 75
DORCHESTER COUNTY.									
Cambridge	\$3,529,785 46	.65	*	*				\$27,152 40	\$3 86
East New Market	290,000 00	.30						603 41	2 01
Hurlock	62,080 00	.30	\$975 51	\$13 50			\$80 50	1,560 51	1 29
Secretary			230 00					1,560 00	1 87
Vienna									

¹Special rate of 25c per \$100 added for 6 years.

²Includes loan of \$5,639.19.

³Includes loan from bank.

⁴Levies no local tax.

⁵Includes loan of \$1,400.

⁶Partly in Frederick County.

⁷May be for two years.

⁸Includes loan of \$3,000.

⁹No report.

REPORT OF THE COMMISSION

	Total Assessment.	Tax Rate for \$100.	Average Rates for 10 Years.	Receipts from Property Tax.	Licenses.	From County.	Other Receipts.	Total Receipts.	Per Capita Cost of Government.
FREDERICK CO.									
Frederick.....	\$7,081,821 00	1.00	1.041	\$7,474 60	\$539 25	\$1,500 00	\$6,911 19	\$126,760 98	\$10 56
Bethesda.....	971,748 00	.80	.63	1,754 47		100 00	1,388 68	15,424 94	3 84
Middletown.....	373,246 00	.45	.45	1,767 05	385 75		2,22 24	2,151 00	4 34
Emmitsburg.....	407,183 00	.30	.245	1,026 60	*		1,826 60	2,353 24	1 80
Walkersville.....	325,000 00	.325	.325	*	*		*	1,000 00	2 50
Myersville.....	140,239 00	.15	.125	*	*		*	149 10	1 42
									54
GARRETT COUNTY.									
Deer Park.....	\$204,566 00	.25	.25	\$485 45		\$200 00	\$247 86	\$686 55	\$2 11
Friendsville.....	*	.25	.225	208 12	\$2 00	225 00		782 98	1 67
Grantsville.....	108,000 00	.20	.20	217 05		250 00		572 06	2 21
Kittlingers.....	249,550 00	.30		382 00		300 00		742 89	2 74
Leach Lynn Heights.....	*					100 00			
Oakland.....	913,875 00	.80	.69	6,588 64	2,774 33	1,100 00	5,803 96	13,482 60	8 99
HARFORD COUNTY.									
Aberdeen.....	\$550,000 00	.90	.905	\$5,270 02	\$604 50	*	\$3,312 56	\$9,187 18	\$1 53
Bel Air.....	709,874 00	.75	.75	5,535 71			5,353 00	5,788 71	5 78
Havre de Grace.....	1,944,000 00	.65	.625	12,580 16	324 95		10,760 12	22,615 27	5 39
HOWARD COUNTY.									
Elicott City.....	\$890,550 00	.15	.125	\$1,331 82	\$3,600 00		*	\$4,931 82	\$2 60
KENT COUNTY.									
Betterton.....	\$154,000 00	.50	.33	\$389 61		\$300 00	\$378 32	\$1,077 93	\$3 08
Cheartown.....	1,436,959 00	.50	.355	5,607 41	\$237 00	2,000 00	202 00	8,046 41	2 92
Galena.....	111,670 00	.25	.25	275 00		300 00	15 00	8,590 00	2 12
Rock Hall.....	160,260 00	.30	.30	492 28	55 65	700 00	50 00	1,292 43	1 50
Still Pond.....	100,000 00	.30	.30	300 00		300 00		1,602 00	2 00
Millington.....	222,415 75	.20	.20	485 08	19 00	600 00	33 00	1,137 08	2 67

MONTGOMERY CO.										
Barnesville.....	\$35,610 00	.30	\$119 07	\$12 00	\$33 95	*	\$185 02	\$1 50		
Brookville.....			1,302 97	32 00	417 06	\$21 00	1,773 03	1 97		
Gaithersburg.....	314,883 00	.50	641 74	25 00	61 28	*127 13	955 15	5 68		
Garrett Park.....		.50		100 00						
Glen Echo.....	221,195 00	.50	2,291 67	40 10	602 11	937 17	3,909 05	5 57		
Kensington.....	461,966 00	.35	* 70 69		101 56	*	132 29	1 00		
Laytonsville.....	55,085 00	.10					136 75	1 40		
Poolesville.....		.25	8,257 22	114 00	192 86	1,449 58	9,826 50	7 80		
Rockville.....	682,855 00	.80	613 94	10 00	122 86		817 50	5 11		
Somerset.....	123,975 00	.50	9,295 92		1,229 13	5,528 01	16,052 06	8 02		
Takoma Park ¹⁰	400,000 00	1.43								
PRINCE GEORGE'S COUNTY.										
Bladensburg.....	\$131,133 00	.20	\$258 00	\$300 00	\$201 00		\$1,269 00	\$2 98		
Hyattsville.....	1,130,741 00	.75	7,611 75		2,291 44	\$7,970 85	17,174 05	8 58		
Laurel.....	1,191,041 00	.57	6,441 56	149 00	1,980 76 ¹⁴	3,581 32	15,965 38 ¹⁴	6 15		
Mt. Ranier.....		.20	1,800 00	32 00	80 00		2,692 00	1 68		
Upper Marlboro.....	87,500 00			300 00	175 00	20 00	495 00	1 07		
QUEEN ANNE'S CO.										
Centreville.....		.66	\$6,745 38		\$500 00 ¹⁵	\$1,864 08	\$9,109 41	\$6 98		
Church Hill.....	\$130,250 00	.25			125 00		451 25	1 25		
Sudlersville.....	130,000 00	.25			100 00		430 00	1 72		
Queenstown.....	170,000 00	.20			125 00		463 50 ¹⁶	1 85		
ST. MARY'S CO.										
Leonardtown ¹⁶	\$150,085 00	.25			\$250 00		\$650 03	\$1 08		

¹Amount includes balance on hand \$5,109.27.
²Includes cash on hand and note discounted.
³All the licenses of saloons are payable to sinking fund account, which should be included as revenue. Account at present cash \$3,227.30. Cash from clerk of court, \$6,125. Interest, \$854.17.
⁴Total, \$15,706.17.
⁵Includes cash \$1,652.17 on hand, and note discounted, \$7,792.
⁶From liquor licenses, dog licenses, moving pictures, etc.; aggregate not reported.
⁷Cash on hand.
⁸Not complete.
⁹Includes building permits.
¹⁰A portion of the county road tax is contributed to the city, operated by Prince George's County.
¹¹\$200.63 is paid by Prince George's County.
¹²No data for 1904 to 1912.
¹³Includes levy for electric light, electric light bonds and water.
¹⁴Includes return from municipal electric light and water plants, \$6,322.23.
¹⁵Includes \$562.55 "Cemetery."
¹⁶Receipts for two years reported as one.
¹⁷Estimated.
¹⁸No report.

WORCESTER CO.								
Berlin.....	\$888,140 00	.25		\$50 00	\$530 00 ⁹	\$3,000 00	\$5,780 00	\$3 04
Ocean City.....	550,000 00	1.25		200 00	300 00 ⁹	2,400 00	9,750 00	19 50
Pocomoke City.....	1,455,775 00	.60		125 00	796 35 ⁷	5,883 89	15,381 60	5 88
Snow Hill ⁸	1,019,156 79	.50		23 00 ¹⁰	643 75		9,913 36	4 95
				\$2,200 00				
				6,850 00				
				8,618 69 ⁹				

¹In addition Crisfield received \$15,250 from sale of bonds for improvements.
²Special tax in addition for special purposes, making aggregate of 88 $\frac{1}{2}$ ¢.
³Special tax in addition.
⁴No levy for 1912.
⁵Lies partly in the State of Delaware.

⁶Includes water and light returns.
⁷Includes return of note of \$3,200.
⁸Statement for two years.
⁹Estimated by computing one-half of total receipts (report for two years).
¹⁰Allowance is one-half of county road tax collected in city.
^{*}No report.

**REPORT ON ACCUMULATION AND CONDITION OF
SINKING FUNDS FOR STATE LOANS OUT-
STANDING AT OCTOBER 1, 1901, AND SEPTEMBER
30, 1912.***

This report was made from an examination of the records of the State Comptroller's office of Maryland, for the purpose of ascertaining the provisions which were made to meet the interest charges and to create sinking funds sufficient for the redemption of the several loans outstanding at the beginning of the fiscal year 1902 (October 1, 1901) and those subsequently authorized.

CONTENTS.

- Exhibit "A"—Index to State Loans—For the Fiscal Years 1902 to 1912, Inclusive.
- " "B"—Funded Debt of the State of Maryland and Total Sinking Funds at the End of Each Fiscal Year, 1902 to 1912, Inclusive.
- " "C"—Redemption and Cancellation of State Loans and Parts Thereof—During the Fiscal Years 1902 to 1912, Inclusive.
- " "D"—Condition of Sinking Funds and Bonds Outstanding—At October 1, 1901.
- " "E"—Condition of Sinking Funds and Bonds Outstanding—At September 30, 1912.
- " "F"—Penitentiary 3½% Loan of 1896—Sundry Provisions for the Fiscal Years 1896 to 1907, Inclusive.
- " "G"—Insane Asylum 3½% Loan of 1896—Sundry Provisions for the Fiscal Years 1896 to 1906, Inclusive.
- " "H"—Consolidated 3% Loan of 1899—Sundry Provisions for the Fiscal Years 1899 to 1912, Inclusive.
- " "I"—State Building and Improvement 3% Loan of 1900—Sundry Provisions for the Fiscal Years 1900 to 1912, Inclusive.
- " "J"—State 3% Loan of 1902—Sundry Provisions for the Fiscal Years 1902 to 1912, Inclusive.
- " "K"—Public Building 3½% Loan of 1904—Sundry Provisions for the Fiscal Years 1904 to 1912, Inclusive.
- " "L"—State Roads 3½% Loan of 1908—Sundry Provisions for the Fiscal Years 1909 to 1912, Inclusive.
- " "M"—Public Highways 4% Loan of 1910—Sundry Provisions for the Fiscal Years 1911 and 1912.
- " "N"—State Insane Hospital 4% Loan of 1910—Sundry Provisions for the Fiscal Years 1911 and 1912.
- " "O"—Sanatorium 3½% Loan of 1910—Sundry Provisions for the Fiscal Years 1911 and 1912.

BALTIMORE, September 20, 1913.

*This entire report was made to the Commission for the Revision of the Taxation System of Maryland and City of Baltimore by Suffern & Son, certified public accountants.

EXHIBIT "A."—INDEX TO STATE LOANS FOR THE FISCAL YEARS 1902 TO 1912, INCLUSIVE.

Loan.	Maturity.	Interest Rate.	Law Authorizing.	Authorized Date of Loan.	Issued For.	Amount Issued.	Original Authorized Rate of Levy for Interest and Redemption Fund.
Exchange	1903	3%	Chap. 201—1888	July 1, 1889	Redemption and Exchg. Sterling Debt	1\$7,400.00	
Penitentiary	1911	3½%	Chap. 166—1896	July 1, 1896	Extension of Maryland Penitentiary	500,000.00	15/16 of 1 cent on each \$100.
Insane Asylum	1911	3½%	Chap. 164—1896	July 1, 1896	Second Hospital for the Insane	100,000.00	3/16 of 1 cent on each \$100.
Consolidated	1914	3%	Chap. 219—1898	Jan. 1, 1899	Exchange of State Debt and New Buildings	5,401,926.13	See Chapter 220, Laws 1898.
State Building and Improvement	1915	3%	Chap. 607—1900	July 1, 1900	Public Buildings	600,000.00	15/16 of 1 cent on each \$100.
State	1917	3%	Chap. 200—1902	July 1, 1902	Public Buildings	500,000.00	3/4 of 1 cent on each \$100.
Public Buildings	1919	3½%	Chap. 228—1904	July 1, 1904	Public Buildings	1,625,000.00	.01 on each \$100 in 1904—.02 on each \$100 in 1905 and thereafter.
State Roads—Series "A"	1923	3½%	Chap. 141—1908	Aug. 1, 1908	State Roads	500,000.00	.02 on each \$100 in 1909.
State Roads—Series "B"	1924	3½%	Chap. 141—1908	Feb. 1, 1909	State Roads	1,000,000.00	.03½ on each \$100 in 1910.
State Roads—Series "C"	1925	3½%	Chap. 141—1908	Feb. 1, 1910	State Roads	1,000,000.00	.04½ on each \$100 in 1911.
State Roads—Series "D"	1926	3½%	Chap. 141—1908	Feb. 1, 1911	State Roads	1,000,000.00	.05½ on each \$100 in 1912.
State Roads—Series "E"	1927	3½%	Chap. 141—1908	Feb. 1, 1912	State Roads	1,000,000.00	.06 on each \$100 in 1913.
Public Highways—Series "A"	1926	4%	Chap. 116—1910	Jan. 1, 1911	Public Highways	250,000.00	.00¾ on each \$100 in 1911—.00½ on each \$100 in 1912.
Public Highways—Series "B"	1927	4%	Chap. 116—1910	Jan. 1, 1912	Public Highways	250,000.00	.00¾ on each \$100 in 1913—.01 on each \$100 in 1914 and thereafter.
State Insane Hospital—Series "A"	1926	4%	Chap. 250—1910	Jan. 1, 1911	State Hospitals	300,000.00	.01 on each \$100 in 1911.
State Insane Hospital—Series "B"	1926	4%	Chap. 250—1910	July 1, 1911	State Hospitals	300,000.00	.01 on each \$100 in 1912 and thereafter.
Sanatorium	1926	3½%	Chap. 411—1910	Jan. 1, 1911	Tuberculosis Sanatorium	100,000.00	1/8 of 1 cent on each \$100.
State—Series "A"	1927	4%	Chap. 370—1912	Aug. 1, 1912	State Roads	500,000.00	.03 on each \$100.
State—Series "B"	1927	4%	Chap. 370—1912	Aug. 1, 1912	State Roads	500,000.00	.03 on each \$100.
Technical School	1927	4%	Chap. 90—1912	Sept. 1, 1912	Technical School	489,000.00	3/4 of 1 cent on each \$100.

1 Balance outstanding October 1, 1901.

Note.—Loans or series of loans authorized but not issued not considered.

EXHIBIT "B."—FUNDED DEBT OF THE STATE OF MARYLAND AND TOTAL SINKING FUNDS AT END OF EACH OF THE FISCAL YEARS 1902 TO 1912, INCLUSIVE.

Loan.	Rate.	1902.	1903.	1904.	1905.	1906.	1907.
Exchange—1889	3%	\$7,400.00	1				
Penitentiary—1896	3½%	500,000.00	\$500,000.00	\$500,000.00	\$500,000.00	1 \$248,000.00	1
Insane Asylum—1896	3½%	100,000.00	100,000.00	100,000.00	100,000.00	1	
Consolidated—1899	3½%	5,401,926.13	5,401,926.13	5,401,926.13	5,401,926.13	13,253,926.13	3,253,926.13
State Building and Improvement—1900	3%	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00
State—1902	3%	400,000.00	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00
Public Buildings—1904	3½%			825,000.00	1,425,000.00	1,566,000.00	1,625,000.00
Total Funded Debt		\$6,909,326.13	\$7,101,926.13	\$7,926,926.13	\$8,526,926.13	\$6,167,926.13	\$5,978,926.13
Total Sinking Fund		\$1,974,587.00	\$2,347,751.90	\$2,646,587.00	\$3,301,587.00	\$3,742,254.72	\$3,828,554.72
Loan.	Rate.	1908.	1909.	1910.	1911.	1912.	
Consolidated—1899		\$3,253,926.13	\$3,253,926.13	\$3,253,926.13	\$3,253,926.13	\$3,253,926.13	1 \$3,191,095.63
State Building and Improvement—1900	3%	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00
State—1902	3%	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00
Public Buildings—1904	3½%	1,625,000.00	1,625,000.00	1,625,000.00	1,625,000.00	1,625,000.00	1,618,000.00
State Roads—1908—Series "A"	3½%	100,000.00	100,000.00	500,000.00	500,000.00	500,000.00	500,000.00
State Roads—1908—Series "B"	3½%			240,000.00	1,000,000.00	1,000,000.00	1,000,000.00
State Roads—1908—Series "C"	3½%				51,000.00	1,000,000.00	1,000,000.00
State Roads—1908—Series "D"	3½%					1,000,000.00	1,000,000.00
State Roads—1908—Series "E"	3½%					1,000,000.00	1,000,000.00
Public Highways—1910—Series "A"	4%					250,000.00	250,000.00
Public Highways—1910—Series "B"	4%					250,000.00	250,000.00
State Insane Hospital—1910	4%					600,000.00	600,000.00
Sanatorium—1910	3½%					100,000.00	140,000.00
State—1912	4%						1,000,000.00
Technical—1912	4%						489,000.00
Total Funded Debt		\$6,078,926.13	\$6,718,926.13	\$7,529,926.13	\$10,428,926.13	\$13,028,095.63	
Total Sinking Funds		\$4,124,812.22	\$4,451,479.72	\$4,721,479.72	\$5,117,379.72	\$5,701,836.65	

¹ For an explanation of these decreases see Exhibit "C"—Redemption and Cancellations.

EXHIBIT "C."—REDEMPTION AND CANCELLATION OF STATE LOANS AND PARTS THEREOF DURING THE FISCAL YEARS 1902 TO 1912, INCLUSIVE.

Loans.	Amount.	Explanation.
1903 Exchange Loan of 1889.....	\$7,400.00	Redemption of all outstanding at maturity.
1906 Penitentiary—1896.....	232,000.00	Canceled as the result of these bonds (aggregating \$2,500,000) being received in payment for the State's holdings of stock in the Washington Branch of the Baltimore & Ohio R. R. Co. pursuant to Section 3 of Article 12 of the Constitution of the State of Maryland.
Insane Asylum—1896.....	100,000.00	
Consolidated—1899.....	2,148,000.00	
1907 Penitentiary—1896.....	248,000.00	Redemption of balance outstanding at maturity.
1912 Consolidated—1899.....	61,930.50	Canceled as the result of these bonds (aggregating \$68,930.50) being received in payment for the State's holdings of 1,549 shares of stock of the Farmers' National Bank of Annapolis (Section 8 of Article 78-A of the Code of Public General Laws).
Public Buildings—1904.....	7,000.00	
1912 Consolidated—1899.....	900.00	Canceled as the result of these bonds (aggregating \$60,900) being received in payment for the State's holdings of 600 shares of the Annapolis Water Co. (Section 8 of Article 78-A of the Code of Public General Laws).
Sanatorium—1910.....	60,000.00	
1912 State Roads—Series "E".....	10,000.00	Canceled as the result of these bonds being received in payment for the State's interest in \$35,000.00 stock of the Philadelphia and Baltimore Central R. R. Co. Sale made April 3, 1912, by the Board of Public Works.
Summary—Redemptions.....	\$2,895,230.50	
Cancellations.....	\$255,400.00	
	<u>2,639,830.50</u>	
	\$2,895,230.50	

EXHIBIT "D."—CONDITION OF SINKING FUNDS AND BONDS OUTSTANDING AT BEGINNING OF FISCAL YEAR 1902
(OCTOBER 1, 1901).

Maturity.	Loans.	Cash.	Securities at Par.	Total Sink- ing Funds.	Bonds Outstanding of These Loans.
—	General Sinking Fund	\$11,500.00	\$65,000.00	\$76,500.00	.....
1903	Exchange—1889 .....	.....	.....	.....	\$7,400.00
1911	Penitentiary—1896	26,200.00	175,000.00	201,200.00	500,000.00
1911	Insane Asylum—1896	2,050.00	44,000.00	46,050.00	100,000.00
1914	Consolidated—1899	252,174.84	1,033,587.00	1,285,761.84	5,401,926.13
1915	State Building and Improvement—1900 .....	.....	100,000.00	100,000.00	500,000.00
	Totals	\$291,924.84	\$1,417,587.00	\$1,709,511.84	\$6,509,326.13

EXHIBIT "E."—CONDITION OF SINKING FUNDS AND BONDS OUTSTANDING AT END OF FISCAL YEAR 1912
(SEPTEMBER 30, 1912).

Maturity.	Loans.	Cash.	Securities at Par.	Total Sink- ing Funds.	Bonds Outstanding of These Loans.
—	General Sinking Fund .....	.....	\$159,000.00	\$159,000.00	.....
1914	Consolidated Loan of 1899	\$50,133.33	3,060,978.82	3,111,112.15	\$3,191,095.63
1915	State Building and Improvement—1900	4,574.50	484,150.00	488,724.50	500,000.00
1917	State Loan of 1902 .....	.....	430,000.00	430,000.00	600,000.00
1919	Public Buildings—1904 .....	.....	708,000.00	708,000.00	1,618,000.00
1923-7	State Roads—1908 .....	.....	700,000.00	700,000.00	4,490,000.00
1926	State Insane Hospital—1910 .....	.....	60,000.00	60,000.00	600,000.00
1926-7	Public Highways—1910 .....	.....	35,000.00	35,000.00	500,000.00
1926	Sanatorium—1910 .....	.....	10,000.00	10,000.00	40,000.00
	Totals	\$54,707.83	\$5,647,128.82	\$5,701,836.65	\$11,539,095.63

EXHIBIT "F."—PENITENTIARY 3½% LOAN OF 1896.—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1896 TO 1907, INCLUSIVE.

For the Fiscal Year.	Cash From Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1896.....	.....	.....	.....	.....	.....	\$29,856.59	.....
1897.....	\$34,542.40	.....	.....	\$73.00	\$34,615.40	54,178.41	\$17,500.00
1898.....	46,500.00	.....	.....	1,241.00	47,741.00	63,955.95	17,500.00
1899.....	65,638.50	1 \$34,000.00	.....	1,355.50	66,994.00	68,912.84	17,500.00
1900.....	45,795.00	.....	.....	1,470.00	47,265.00	53,463.44	17,500.00
1901.....	35,000.00	.....	.....	4,200.00	39,200.00	52,673.34	17,500.00
1902.....	38,550.00	.....	.....	5,250.00	43,800.00	38,761.00	17,500.00
1903.....	21,650.00	.....	.....	7,350.00	29,000.00	36,887.83	17,500.00
1904.....	22,467.43	.....	.....	8,220.00	30,687.43	35,151.95	17,500.00
1905.....	20,850.00	2 99,000.00	.....	9,150.00	30,000.00	37,374.02	17,500.00
1906.....	102,770.00	2 236,000.00	3 1,485.00	8,715.00	111,485.00	37,518.68	15,956.50
1907.....	130,770.00	.....	.....	7,230.00	138,000.00	9,143.77	4,340.00
	\$564,533.33	\$369,000.00	\$1,485.00	\$54,254.50	\$618,787.83	\$517,877.82	\$177,796.50
Deduct cash transfer.....				1,485.00			
Deduct premium on bonds purchased.....					\$617,302.83		
					615.40		
Add discount on bonds purchased.....					\$616,687.43		
					312.57		
					\$617,000.00		
Bonds transferred ²				\$369,000.00			
Bonds redeemed.....				248,000.00			
					\$617,000.00		

Account balanced in 1907.
 The Penitentiary Bonds aggregating \$252,000.00 canceled in 1906 were not a part of the securities held in this fund.
 1 Transferred to Defense Redemption Fund.
 2 Transferred to other Sinking Funds.
 3 Transferred to various Sinking Funds.

EXHIBIT "G."—INSANE ASYLUM 3½% LOAN OF 1896.—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1896 TO 1906, INCLUSIVE.

For the Fiscal Year.	Cash From Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Fund.	Yearly Interest Payments.
1896.	.....	.....	.....	.....	.....	\$5,971.32	.....
1897.	\$10,260.00	.....	.....	.....	\$10,260.00	10,835.68	\$3,500.00
1898.	9,500.00	.....	.....	365.00	9,865.00	12,791.19	3,500.00
1899.	13,952.50	10,000.00	.....	347.50	14,300.00	13,782.56	3,500.00
1900.	11,505.00	.....	.....	330.00	11,835.00	12,624.50	3,500.00
1901.	9,000.00	.....	.....	1,050.00	10,050.00	9,629.70	3,500.00
1902.	7,630.00	.....	.....	1,320.00	8,950.00	8,906.87	3,500.00
1903.	5,350.00	.....	.....	1,650.00	7,000.00	9,002.98	3,500.00
1904.	6,059.33	.....	.....	1,860.00	7,919.33	8,712.71	3,500.00
1905.	5,900.00	.....	.....	2,100.00	8,000.00	9,324.19	3,500.00
1906.	.....	278,000.00	2\$1,190.00	1,190.00	1,190.00	9,376.96	2,887.50
	\$79,156.83	\$88,000.00	\$1,190.00	\$10,212.50	\$89,369.33	\$110,958.66	\$34,387.50
Add discount on bonds purchased	.....	.....	.....	.....	80.67	.....	.....
Deduct premium on bonds purchased	.....	.....	.....	.....	\$89,450.00	.....	.....
	.....	.....	.....	.....	260.00	.....	.....
Deduct cash transferred	.....	.....	.....	.....	\$89,190.00	.....	.....
	.....	.....	.....	.....	1,190.00	.....	.....
Deduct bonds transferred	.....	.....	.....	.....	\$88,000.00	.....	.....
	.....	.....	.....	.....	\$88,000.00	.....	.....

Account balanced in 1906.

1 Transferred to Defense Redemption Fund.

2 Transferred to various Sinking Funds.

EXHIBIT "H."—CONSOLIDATED 3% LOAN OF 1899.—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1899 TO 1912, INCLUSIVE.

For the Fiscal Year.	Cash From Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Sale of State Securities Not in Sinking Funds.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1899	\$311,704.54		¹ \$473,295.46	\$7,575.00		\$792,575.00	\$303,216.43	\$76,528.89
1900	216,731.20			19,280.80		236,012.00	239,102.78	157,557.78
1901	241,000.00			27,222.60		268,222.60	209,836.73	162,057.78
1902	151,984.73			36,437.60		188,422.33	201,463.12	162,057.78
1903	161,121.01			46,732.60		207,853.61	206,251.78	162,057.78
1904	132,485.25			50,830.10		183,315.35	200,157.67	162,057.78
1905	148,947.41			58,727.59	Cash } 2,325.00 Bonds } 2,155,000.00	365,000.00	214,422.74	162,057.78
1906	89,891.45	³ 19,000.00	³ 285.00	72,613.99		181,790.44	215,660.06	150,780.77
1907	2,757.18	⁴ 80,000.00		76,737.64		139,494.82	52,430.20	97,617.78
1908	34,827.41			81,680.40		116,507.81	27,931.44	97,617.78
1909	19,379.87			85,194.40		104,574.27	3,478.52	97,617.78
1910	980.60			88,019.40		89,000.00	735.63	97,617.78
1911	991.01			91,034.40		92,025.41	475.60	97,617.78
1912	57,865.25			93,988.08		151,853.33	713.51	96,675.32
	\$1,570,666.91	\$99,000.00	\$473,580.46	\$836,074.60	\$157,325.00	\$3,136,646.97	\$1,875,876.21	\$1,779,920.56
Add discount on bonds purchased						10,687.79		
Deduct premium on bonds purchased						\$3,147,334.76		
Amount of Sinking Fund September 30, 1912—Exhibit "E"						36,222.61		
						\$3,111,112.15		

¹ From Exchange Loan 1886. \$12,092.50
 From Exchange Loan 1889. 17,640.65
 From Defense Redemption Loan. 443,562.31
 \$473,295.46

² From sale of Chesapeake and Ohio Canal stock.
³ From Insane Asylum Loan.
⁴ From Penitentiary Loan.

SINKING FUNDS FOR STATE LOANS

EXHIBIT "I."—STATE BUILDING AND IMPROVEMENT 3% LOAN OF 1900.—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1900 TO 1912, INCLUSIVE.

For the Fiscal Year.	Cash from Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1900.						\$48,295 32	\$9,000 00
1901.	\$100,000 00				\$100,000 00	51,134 54	15,000 00
1902.	17,000 00			\$3,000 00	20,000 00	37,720 24	15,000 00
1903.	22,400 00			3,600 00	26,000 00	36,660 30	15,000 00
1904.	24,327 59			4,380 00	28,707 59	35,145 16	15,000 00
1905.	24,750 00			5,250 00	30,000 00	37,335 43	15,000 00
1906.	2,710 00	1 \$33,000 00	1 \$495 00	6,795 00	43,000 00	37,484 62	15,000 00
1907.	2,160 00	2 126,000 00		7,290 00	135,450 00	9,123 03	15,000 00
1908.	24,330 00			11,670 00	36,000 00	4,860 73	15,000 00
1909.	11,494 00			12,750 00	24,244 00	603 16	15,000 00
1910.	1,375 00			13,625 00	15,000 00	133 50	15,000 00
1911.	37 74			14,150 00	14,187 74	81 45	15,000 00
1912.				14,574 50	14,574 50	124 23	15,000 00
	\$230,584 33	\$159,000 00	\$495 00	\$97,084 50	\$487,163 83	\$298,701 71	\$174,000 00
	Add discount on bonds purchased.....				1,560 67		
	Amount of Sinking Fund September 30, 1912—Exhibit "E".....				\$488,724 50		

¹ From Insane Asylum Loan, 1896.

² From Penitentiary Loan, 1896.

NOTE.—\$25,437.93 set aside and invested yearly at 3¼% for fifteen years would produce \$500,000.00. Since the latest issue of State bonds bear 4%, it is not improbable that 3¼% could with safety be reckoned on.

EXHIBIT "J."—STATE 3% LOAN OF 1902.—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1902 TO 1912, INCLUSIVE.

For the Fiscal Year.	Cash from Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1902						\$39,371 62	
1903	\$100,000 00				\$100,000 00	50,275 13	\$12,000 00
1904	36,747 92			\$3,000 00	39,747 92	51,072 81	18,000 00
1905	33,250 00			3,750 00	37,000 00	55,657 23	18,000 00
1906	{	\$18,000 00	\$270 00	7,325 00	127,000 00	56,204 75	18,000 00
	{	299,000 00	2,485 00				
1907	5,232 50			9,080 00	14,312 50	13,591 34	18,000 00
1908	31,170 00			9,830 00	41,000 00	7,277 34	18,000 00
1909	7,130 00			11,030 00	18,160 00	904 05	18,000 00
1910	8,270 00			11,730 00	20,000 00	176 56	18,000 00
1911	3,612 67			12,430 00	16,042 67	121 73	18,000 00
1912	2,090 00			12,910 00	15,000 00	185 73	18,000 00
	\$228,423 09	\$117,000 00	\$1,755 00	\$81,085 00	\$428,263 09	\$274,838 29	\$174,000 00
Add discount on bonds purchased.....					1,779 58		
					\$430,042 67		
Deduct premium on bonds purchased.....					42 67		
					\$430,000 00		

Amount of Sinking Fund September 30, 1912—Exhibit "E".....

¹ From Insane Asylum Loan, 1896.
² From Penitentiary Loan, 1896.

EXHIBIT "K."—PUBLIC BUILDING 3½% LOAN OF 1904.—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1904 TO 1912, INCLUSIVE.

For the Fiscal Year.	Cash from Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1904						\$52,263 73	
1905	\$175,000 00				\$175,000 00	123,691 11	\$28,875 00
1906	134,595 00	1 \$8,000 00	1 \$140 00	\$6,265 00	149,000 00	144,885 83	49,875 00
1907	71,319 17	2 30,000 00		12,372 50	113,691 67	34,901 33	55,842 50
1908	83,112 50			15,255 00	98,367 50	12,622 57	56,875 00
1909	51,315 00			18,685 00	70,000 00	2,362 14	56,875 00
1910	31,865 00			21,135 00	53,000 00	351 66	56,875 00
1911	1,073 99			22,990 00	24,063 99	276 67	56,875 00
1912	1,290 00			23,710 00	25,000 00	265 38	56,752 50
	\$549,570 66	\$38,000 00	\$140 00	\$120,412 50	\$708,123 16	\$371,620 42	\$418,845 00
Add discount on bonds purchased.....					308 33		
Deduct premium on bonds purchased.....					\$708,431 49		
Amount of Sinking Fund September 30, 1912—Exhibit "E".....					431 49		
					\$708,000 00		

¹ From Insane Asylum Loan, 1896.

² From Penitentiary Loan, 1896.

EXHIBIT "L."—STATE ROADS 3½% LOAN OF 1908—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1909 TO 1912, INCLUSIVE.

For the Fiscal Year.	Cash from Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1909.....	\$100,000 00	.....	.....	.....	\$100,000 00	\$134,832 07	\$9,450 00
1910.....	84,500 00	.....	.....	\$3,500 00	88,000 00	270,359 32	34,860 00
1911.....	182,433 88	.....	.....	10,080 00	192,513 88	401,390 91	105,000 00
1912.....	295,276 59	.....	.....	13,580 00	308,856 59	525,615 87	140,000 00
Add discount on bonds purchased.....	\$662,210 47	.....	.....	\$27,160 00	\$689,370 47	\$1,332,198 17	\$289,310 00
Amount of Sinking Fund September 30, 1912—Exhibit "E"					10,629 53		
					\$700,000 00		

EXHIBIT "M."—PUBLIC HIGHWAYS 4% LOAN OF 1910—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1911 AND 1912.

For the Fiscal Year.	Cash from Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1911.....	\$9,976 67	.....	.....	.....	\$9,976 67	\$18,857 70	\$5,000 00
1912.....	24,700 00	.....	.....	\$300 00	25,000 00	43,522 50	15,000 00
Add discount on bonds purchased.....	\$34,676 67	.....	.....	\$300 00	\$34,976 67	\$62,380 20	\$20,000 00
Amount of Sinking Fund September 30, 1912—Exhibit "E"					23 33		
					\$35,000 00		

EXHIBIT "N."—STATE INSANE HOSPITAL 4% LOAN OF 1910.—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1911 AND 1912.

For the Fiscal Year.	Cash from Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1911.....	\$30,080 00	.....	.....	.....	\$30,080 00	\$75,430 79	\$6,000 00
1912.....	29,100 00	.....	.....	\$900 00	30,000 00	96,616 67	24,000 00
Deduct premium on bonds purchased.....	\$59,180 00	.....	.....	\$900 00	\$60,080 00	\$172,047 46	\$30,000 00
Amount of Sinking Fund September 30, 1912—Exhibit "E"					80 00		
					\$60,000 00		

EXHIBIT "O."—SANATORIUM 3½% LOAN OF 1910.—SUNDRY PROVISIONS FOR THE FISCAL YEARS 1911 AND 1912.

For the Fiscal Year.	Cash from Treasury.	Bond Transfers.	Cash Transfers.	Interest on Securities Held.	Total Provision.	Collections Account of This Loan.	Yearly Interest Payments.
1911.....	\$4,988 34	.....	.....	.....	\$4,988 34	\$9,428 85	\$1,750 00
1912.....	4,850 00	.....	.....	\$150 00	5,000 00	12,077 08	2,450 00
Add discount on bonds purchased.....	\$9,838 34	.....	.....	\$150 00	\$9,988 34	\$21,505 93	\$4,200 00
Amount of Sinking Fund September 30, 1912—Exhibit "E"					11 66		
					\$10,000 00		

COMMENTS.

Exhibit "A" is a complete index to all State loans which were outstanding at the beginning of the fiscal year 1902, or have since been either wholly or partially issued. On this exhibit are shown the "Maturity," "Interest Rate," "Law Authorizing," "Authorized Date of Loan," "Issued For," "Amount Issued" and "Original Authorized Rate of Levy for Interest and Redemption Fund."

The item thereon of "Exchange Loan," \$7,400.00, represents a small balance outstanding at the beginning of the fiscal year 1902. We did not make an examination of the sinking fund records covering same, since to have done so would have carried our investigation back to 1888, its authorized date of issue.

On Exhibit "B" will be found the amounts of the various loans outstanding at the close of each of the fiscal years 1902 to 1912, inclusive, and the totals of the sinking funds as at the same dates.

A detailed explanation of the items of decrease (cancellation and redemption of bonds) will be found on Exhibit "C."

A comparison of the total funded debt at the end of the fiscal years 1910, 1911 and 1912—Exhibit "B"—taken in connection with the statement made on page 9 of the Comptroller's Annual Report for 1912 regarding further authorized issues of the State debt, amounting to upwards of \$5,000,000.00, would indicate the necessity for an equitable system of providing for interest and sinking funds.

Exhibit "C" covers the redemption and cancellation of State loans, either wholly or in part, during the fiscal years 1902 to 1912, inclusive, a summary of which follows:

Redemption	\$255,400 00
Cancellation	2,639,830 50
Total Retired.....	<u>\$2,895,230 50</u>

The conditions which prevail as a result of the law in connection with the cancellation of bonds received by the State in payment for the sale of any of its property tend to upset the calculations which have been made relative to sinking funds. Until such time as it will be impossible for any tenders of this nature to be made these conditions must be met, where possible, by reductions

in the amount of levies commensurate with the lessened need for funds for this purpose.

We understand that this point is covered by Section 3 of Article 12 of the Constitution of the State, so that it would appear a difficulty not easily overcome. The biennial acts of the Legislature permit of such changes in the sinking fund provisions as changed conditions demand, and have much in their favor, if the present method of providing for these funds is to be continued.

Exhibit "D" shows the condition of the sinking funds and the bonds of these loans outstanding at October 1, 1901.

The "General Sinking Fund" referred to thereon was authorized, we are informed, by a law to be found in Bagby's Code, Article 81, Section 194, as follows:

General Sinking Fund.

"All monies remaining in the Treasury of the State at the close of each fiscal year, in excess of one hundred and fifty thousand dollars, and of the sums required to meet the interest accruing due upon the public debt, and the expenses of the State government defined by law, shall be held by the Treasurer of the State to the credit of the general sinking fund of the State, and shall be invested by the Treasurer in the overdue obligations of the State; and when the same are not procurable in the obligations of the State not yet matured, or in the securities issued by the United States, or in such other productive stocks or bonds as the Treasurer, the Governor and Comptroller concurring, may consider safe and reliable; and the sum of one hundred thousand dollars, which is directed to be set apart in each year for the augmentation of the sinking fund, may be invested in the same manner and under the same conditions by the said Treasurer; and the investment so made shall be passed to the credit of the sinking fund."

In this connection it should be noted that there are now no "General" bonds outstanding for which this sinking fund is required.

Exhibit "E" shows the condition of the sinking funds and the bonds of these loans outstanding at September 30, 1912, the details of which are hereinafter more fully discussed under the head of their respective funds.

General Sinking Fund—Exhibit “E”—\$159,000.00.

This item represents a contingent provision for any deficiency in the amount of sinking funds provided to meet maturing loans, there being, as previously stated, no “General” bonds outstanding at September 30, 1912.

Penitentiary 3½% Loan of 1896—Exhibit “F”—\$500,000.00.

Cancelled, 1906.....	\$252,000 00
Redeemed, 1907.....	248,000 00
	\$500,000 00

This loan was authorized by Chapter 166 of the Laws of 1896. By the terms of the law $\frac{15}{16}$ of one cent on each \$100.00 was to be levied in 1897 and annually thereafter to meet the interest and to create a sinking fund for the redemption of the said loan. Levies at the rate of $\frac{15}{16}$ of one cent on each \$100.00 were made in 1897, 1898 and 1899. In 1900 the law was amended and $\frac{3}{4}$ of one cent on each \$100.00 was directed to be levied for the years 1900 and 1901. The law was again amended in 1902 and a rate of $\frac{1}{2}$ of one cent on each \$100.00 was directed to be levied. This amount was accordingly levied for the years 1902 and 1903. In 1904 the amount directed to be levied for the years 1904 and 1905 and annually thereafter was $\frac{1}{2}$ of one cent on each \$100.00, which amount was accordingly levied for the years 1904, 1905 and 1906.

On April 27, 1906, bonds of this loan aggregating \$252,000.00 were received by the State in part payment for its stockholdings in the Washington Branch of the Baltimore and Ohio Railroad Company, and this portion of the loan was accordingly cancelled. As a result the sinking fund was \$236,000.00 in excess of requirements at August 31, 1907, represented by the following bonds at par:

Consolidated Loan of 1899.....	\$80,000 00
State Building and Improvement Loan.....	126,000 00
Public Buildings Loan.....	30,000 00
Total as above.....	\$236,000 00

These bonds were, therefore, transferred to the sinking funds of their respective loans on August 31, 1907, as was also an item

of \$1,485.00 cash, which was placed to the credit of the State loan of 1902.

The last bonds of the Penitentiary loan were redeemed September 13, 1907.

The conditions disclosed in connection with the over-provision for the retirement of this loan seem inevitable under the present laws.

Attention is directed to the column headed "Collections on Account of this Loan." The figures shown therein represent tax receipts from collectors, incorporated institutions and Baltimore City stock, and are applicable to interest on the loan and to provide a fund to redeem the bonds at maturity.

The "Interest on Securities Held" in the sinking fund is not included in these "Collections."

This fact should be borne in mind in a study of the Exhibits "F" to "O," inclusive.

Insane Asylum 3½% Loan—Exhibit "G"—\$100,000.00.

Cancelled, 1906..... \$100,000 00

An inspection of Exhibit "G" illustrates the difficulties which are encountered in providing sinking funds under existing laws. The entire amount of this loan was cancelled on April 27, 1906, same having been received from the Maryland Trust Company in part payment for the State's holdings in the Washington Branch of the Baltimore and Ohio Railroad Company. (See Comptroller's Report for the fiscal year ended September 30, 1906.) The securities and cash in this sinking fund at that date were consequently available for and were transferred to other sinking funds.

The average annual provision which was made for this sinking fund was slightly in excess of its requirements, based upon a ten-year maturity of the bonds, but all calculations were upset when the entire issue of these bonds was turned over to the State before maturity and without cost to the sinking fund of that loan.

Consolidated 3% Loan of 1899—Due 1914.

Outstanding September 30, 1912—Exhibit "E" . . . \$3,191,095 63
Sinking Fund September 30, 1912—Exhibit "H" . . . 3,111,112 15

The sinking fund consisted of:

Securities	\$3,060,978 82
Cash	50,133 33
Total	<u>\$3,111,112 15</u>

The interest earnings on the securities held in this fund will be more than sufficient to provide the additional sum necessary to retire these bonds at maturity.

A portion of the interest charge will probably be taken care of through Treasury cash, since it is unlikely that any appreciable amount of collections will be made for this purpose, no levy having been made since 1906.

The manner in which this sinking fund was accumulated and other data in connection therewith are set forth on Exhibit "H," an inspection of which discloses the fact that \$729,905.46 of the total of \$3,111,112.15 was derived from "Transfers" from the sinking funds of the loans which have either been redeemed or cancelled. This item of \$729,905.46 represents:

Bond Transfers.....	\$99,000 00
Cash Transfers.....	473,580 46
	<u>\$572,580 46</u>
Sale of State Securities not in Sinking Funds (Chesapeake & Ohio Canal Stock).....	157,325 00
Total	<u>\$729,905 46</u>

While this indicates an over-provision for those loans from which these transfers were made, in some of the cases this was due to the acceptance by the State, under the law, of bonds in payment for assets which it sold, a condition which we have commented upon elsewhere in this report.

During the period 1899 to 1912, inclusive, security holdings of this fund aggregating \$118,000.00 were redeemed at par, which was the figure at which they were being carried, consequently no adjustments in the amount of the fund were required.

The inequality of provision during the several years, as shown in the column headed "Total Provision," is one of the concomitants of the present system which apparently can only be overcome by changes in the existing laws.

State Building and Improvement 3% Loan of 1900—\$500,000.00.

Sinking Fund September 30, 1912—Exhibit "I".... \$488,724 50

This exhibit emphasizes the inequalities of the present method of providing for sinking funds and covers the period from the issue of the loan to September 30, 1912. In a single year—1901—\$100,000.00, or one-fifth of the total amount of the loan, was set aside for a sinking fund provision, although it represented collections for the fiscal years 1900 and 1901. The difficulty in this case seems to have been in levying a sum out of all proportion to the needs of the sinking fund. An attempt to correct this was later made by levying a smaller amount.

After the transfer to this fund in 1906 and 1907 of bonds aggregating \$159,000.00 from the Insane Asylum and Penitentiary loans, there existed no need for further levies and none has since been made.

The amount in this fund will be more than sufficient to retire these bonds at maturity.

State 3% Loan of 1902.

Outstanding September 30, 1912—Exhibit "E,".... \$600,000 00
Sinking Fund September 30, 1912—Exhibit "J".... 430,000 00

The early collections for account of this loan were in excess of requirements, and in addition there were transfers to this fund of bonds amounting to \$117,000.00 and cash \$1,755.00 in 1906. As a consequence, the amount provided up to that date was largely in excess of the amount required, and no levies for the fund have since been made.

Some further provision, however, must be made to complete the amount which will be needed to retire the loan at its maturity in 1917.

Public Buildings 3½% Loan of 1904.

Outstanding September 30, 1912—Exhibit "E"... \$1,618,000 00
Sinking Fund September 30, 1912—Exhibit "K"... 708,000 00

This loan was originally \$1,625,000.00, but was reduced \$7,000.00 in 1912, bonds for this amount having been presented in part payment for the State's holdings of Farmers' National Bank of Annapolis stock and accordingly cancelled.

The first levies for this sinking fund were in excess of requirements and they were subsequently reduced. In 1906 bonds and cash aggregating \$38,140.00 were transferred to this fund from the Insane Asylum and Penitentiary loans, and thereafter no levies were made until the current year. The present rate of .01 on each \$100.00 will probably have to be increased slightly in order that there may be sufficient funds provided to retire the loan when it falls due in 1919.

State Road 3½% Loan of 1908 et seq.

Outstanding September 30, 1912—Exhibit "E" . . . \$4,490,000 00
Sinking Fund September 30, 1912—Exhibit "L" . . . 700,000 00

Four million five hundred thousand dollars of these bonds had been issued as at September 30, 1912, of which \$10,000.00 were cancelled in 1912, as the result of their being received in payment for the State's interest in \$35,000.00 of stock of the Philadelphia and Baltimore Central Railroad Company.

Levies for account of this sinking fund have been made as follows:

1909.....	.02	on each \$100.00
1910.....	.03½	on each \$100.00
1911.....	.04½	on each \$100.00
1912.....	.05½	on each \$100.00
1913.....	.05½	on each \$100.00

These levies have so far provided amounts in excess of the needs of the sinking fund, and it would seem that they will continue to do so, notwithstanding the fact that at September 30, 1912, there were yet to be issued \$500,000.00 of these bonds.

The amounts necessary to be set aside and invested yearly at 3½% for a period of fifteen years to produce \$5,000,000.00 and the yearly interest charges on each series are as follows:

Series.	Amount.	Yearly Sinking Fund Provision.	Yearly Interest Charge.	Total.
"A"	\$500,000 00	\$25,912 54	\$17,500 00	\$43,412 54
"B"	1,000,000 00	51,825 08	35,000 00	86,825 08
"C"	1,000,000 00	51,825 08	35,000 00	86,825 08
"D"	1,000,000 00	51,825 08	35,000 00	86,825 08
"E"	1,000,000 00	51,825 08	35,000 00	86,825 08
"F"	500,000 00	25,912 54	17,500 00	43,412 54
Totals	\$5,000,000 00	\$259,125 40	\$175,000 00	\$434,125 40

The total yearly provision for the entire issue of five million dollars (\$5,000,000.00) is shown to be \$434,125.40, while for the fiscal year ended September 30, 1912, with Series "F" unissued, there were "Collections" and "Interest Earnings" available for this purpose aggregating \$539,195.87, or about \$149,000.00 in excess of the amount then required.

Bonds of this loan to the amount of ten thousand dollars (\$10,000.00) have been cancelled (Exhibit "C"), but in view of the slight difference which this makes in the necessary yearly provisions this fact has been purposely ignored in the foregoing illustration.

An inspection of Exhibit "L" will show that there were collections for account of this loan during the years 1909 to 1912, inclusive—

aggregating	\$1,332,198 17
Add Interest Earnings.....	27,160 00
	<hr/>
Total Available for Interest and Sinking Fund.....	\$1,359,358 17
Deduct Yearly Interest Payments.....	289,310 00
	<hr/>
Balance Available for Sinking Fund.....	\$1,070,048 17
There has been Transferred to the Sinking Fund.....	662,210 47
	<hr/>
Balance Available for Transfer.....	\$407,837 70
Adding the "Total Provision" thus far made, viz.....	700,000 00
	<hr/>
The amount of the Sinking Fund would be.....	\$1,107,837 70

It will be noted that there is a "Balance Available for Transfer" to this sinking fund of \$407,837.70. It has been the general practice to transfer to sinking funds only such sums as were required to make up the amount which it was decided should be invested each year in securities, generally in bonds of the State. The difference between the amounts transferred and the balance available for transfer remain in the Treasury proper, but are therein distinguished, as may be seen by referring to the Comptroller's Annual Report for the fiscal year 1912, page 7.

Public Highways 4% Loan of 1910.

Outstanding September 30, 1912—Exhibit "E"....	\$500,000 00
Sinking Fund September 30, 1912—Exhibit "M"....	35,000 00

Only \$500,000.00 of these bonds had been issued at September 30, 1912, although \$500,000.00 additional had been authorized.

The proportionate amount set aside for sinking fund thus far is less than it should have been. After the Series "C" and "D" have been issued, it will require the annual setting aside and investment at 4% of \$49,941.10 for fifteen years to provide a sinking fund with which to retire these bonds at maturity. In addition there would then be an annual interest charge of \$40,000.00, making a total yearly provision of \$89,941.10.

State Insane Hospital 4% Loan of 1910.

Outstanding September 30, 1912—Exhibit "E" \$600,000 00
Sinking Fund September 30, 1912—Exhibit "N" 60,000 00

The rates of levy to provide for interest and sinking fund for this loan have been excessive, in view of the fact that there is an annual interest charge of \$24,000.00 and that the setting aside annually of \$29,964.66 invested at 4% will produce \$600,000.00 at the end of fifteen years. This would call for the yearly collection of \$53,964.66, whereas the average yearly collection for the years 1911 and 1912 as shown by Exhibit "N" was approximately \$86,000.00.

The 1913 levy is 25% less than it was for the years 1911 and 1912, the intention evidently being to bring the collections and requirements to about the same figure.

Sanatorium 3½% Loan of 1910.

Outstanding September 30, 1912—Exhibit "E" \$40,000 00
Sinking Fund September 30, 1912—Exhibit "O" 10,000 00

There were \$100,000.00 of these bonds issued, but \$60,000.00 of them were cancelled as a result of their being received in part payment for the State's holdings of stock in the Annapolis Water Company, leaving \$40,000.00 outstanding at September 30, 1912. For this reason the sinking fund provision at that date is abnormal.

Receipts for interest and sinking fund for the fiscal year 1912

amounted to.....	\$21,505 93
Interest Requirements were.....	2,450 00
	<hr/>
Leaving applicable to Sinking Fund.....	\$19,055 93
Of this amount there has been paid for account of Sinking Fund	9,998 34
	<hr/>
Leaving still available.....	\$9,057 59

This indicates a need for about \$20,000.00 to be added to this fund during the lifetime of the loan, a portion of which will be supplied by interest earnings on the amount invested therein. No levy for account of this loan was made in 1913.

The following loans of 1912 were first levied for in 1913: State 4% loan for State Roads, Technical School 4% loan and the Maryland State Normal School 4% loan. Exhibits relative to these sinking funds are therefore omitted.

In several of the annual reports of the Comptroller there occurs a statement relative to sinking funds as follows: "The integrity of these funds has been absolutely maintained during the years ——." While this is true so far as the Comptroller is concerned, there has nevertheless been a very uneven provision made for this purpose, as a study of the column headed "Collections on Account of this Loan" on Exhibits "F" to "O" of this report will disclose. Instead of levying such a rate as will in a few years produce sufficient funds to retire a loan at maturity and then discontinuing levies altogether, the better practice would be where possible to levy at a rate which would produce about the same amount annually for the lifetime of the loan.

It is also to be noted that collections on account of loans continue long after the loans have been cancelled or redeemed. For example: The Insane Asylum loan was cancelled April 27, 1906, and the balance of the Penitentiary loan redeemed during 1906, whereas collections for account of these loans had not ceased at September 30, 1912.

In our opinion, the period for which State loans are issued should be materially lengthened, in order that the burden of interest charges and sinking fund provision may be borne by those for whose benefit the bonds are issued. As now handled, the present taxpayers are carrying a portion of the burden which should fall upon their successors in interest from twenty to fifty years hence. Investigation of the practice in this connection in other advanced Commonwealths will show that it is the exception rather than the rule to retire State bonds in such short periods as has been the custom in the State of Maryland.

It has been suggested that many of the difficulties which are inherent in the present method of providing for the interest charges and sinking funds for State loans would be overcome by

the inauguration of a system for retiring such loans by equal annual payments. In view of the comparative simplicity of the "instalment payment" idea, and the fact that there would be in all probability little difference to the State in the amounts realized from the sale of such obligations as compared with those now being issued, the suggestion is one which might well be considered. In addition to other advantages, there would be a direct saving to the taxpayers through the issuance of the instalment bonds, since the net cost of bonds issued under this plan would be less than is paid under the present method of making sinking fund provisions, due to the fact that it is not always possible to promptly invest the sinking funds at full rates.

It has also been suggested that the State tax levy should be a general one, and that from the amounts collected there should be each year appropriated certain specified sums to provide sinking funds with which to redeem outstanding loans. This plan has much to recommend it, although it is not as simple in operation as the "instalment payment" plan, from which, once it is inaugurated, there would be no chance for deviation, since the annual instalments would have to be paid as they fell due.

The assessed value of property for the State tax levies, the yearly per cent. of increase or decrease in this item, and the State tax rate for the fiscal years 1896 to 1913, inclusive, follow:

Fiscal Year.	Amount of Assessed Valuation.	Approximate Yearly Increase or Decrease.	State Tax Rate per \$100. (Cents.)
1896.....	\$540,461,747	.....	17¾
1897.....	607,965,272	12¾/100%	17¾
1898.....	603,326,096	7¾/100%*	17¾
1899.....	611,539,646	13¾/100%	17¾
1900.....	616,719,782	8¾/100%	17¾
1901.....	643,812,408	4¾/100%	17
1902.....	668,857,803	3¾/100%	17
1903.....	673,378,299	9/100%	17
1904.....	680,743,794	11/100%	22½
1905.....	705,561,456	3¾/100%	23½
1906.....	738,726,161	47/100%	23½
1907.....	765,109,228	357/100%	16
1908.....	794,929,222	39/100%	16
1909.....	820,831,339	32¾/100%	16
1910.....	836,665,067	19¾/100%	16
1911.....	951,926,271	1377/100%	22
1912.....	979,309,976	28¾/100%	23½
1913.....	Not available	.....	31

NOTE.—These figures do not include incorporated institutions or Baltimore City stock.

*Decrease.

The per capita net debt of the State for the years 1900, 1910 and 1912, using the Federal census figures for 1900 and 1910 and assuming a corresponding increase for the two years to 1912, was as follows:

1900.....	\$4 23
1910.....	2 17
1912.....	5 55

With the issue of the \$5,081,000.00 additional authorized debt referred to in the Comptroller's Report for 1912, the per capita net debt will probably be upwards of \$9.00, a marked increase over the year 1910.

The per cent. of interest and sinking fund provisions of the total State tax levy for the fiscal years 1900 to 1912, inclusive, follows:

1900.....	29 ⁵⁸ / ₁₀₀ %	
1901.....	26 ⁴⁵ / ₁₀₀ %	
1902.....	28%	
1903.....	28%	
1904.....	25 ⁵⁷ / ₁₀₀ %	
1905.....	28 ⁷² / ₁₀₀ %	
1906.....	28 ⁷² / ₁₀₀ %	
1907.....	None	} Low
1908.....	None	
1909.....	12 ¹ / ₂ %	
1910.....	21 ⁸⁸ / ₁₀₀ %	
1911.....	26 ⁷ / ₁₀₀ %	
1912.....	30 ⁶⁵ / ₁₀₀ %	—High

The per cent. of sinking funds to State debt at the end of each of the fiscal years 1902-1912, inclusive, was as follows:

1902.....	28 ⁵⁸ / ₁₀₀ %	—Low
1903.....	33 ⁹ / ₁₀₀ %	
1904.....	33 ³⁹ / ₁₀₀ %	
1905.....	38 ⁷ / ₁₀₀ %	
1906.....	60 ⁶⁷ / ₁₀₀ %	
1907.....	64 ³ / ₁₀₀ %	
1908.....	67 ⁸⁸ / ₁₀₀ %	—High
1909.....	66 ²⁸ / ₁₀₀ %	
1910.....	62 ⁷⁰ / ₁₀₀ %	
1911.....	49 ⁷ / ₁₀₀ %	
1912.....	43 ⁷ / ₁₀₀ %	

The per cent. of the net debt of the State to the assessed value of property for State taxes for the years 1896 to 1912 was approximately as follows:

1896.....	1%—High
1897.....	$\frac{83}{100}\%$
1898.....	$\frac{77}{100}\%$
1899.....	$\frac{78}{100}\%$
1900.....	$\frac{81}{100}\%$
1901.....	$\frac{75}{100}\%$
1902.....	$\frac{74}{100}\%$
1903.....	$\frac{71}{100}\%$
1904.....	$\frac{78}{100}\%$
1905.....	$\frac{74}{100}\%$
1906.....	$\frac{33}{100}\%$
1907.....	$\frac{28}{100}\%$
1908.....	$\frac{25}{100}\%$ —Low
1909.....	$\frac{28}{100}\%$
1910.....	$\frac{34}{100}\%$
1911.....	$\frac{54}{100}\%$
1912.....	$\frac{75}{100}\%$

INDEX.

	Page.
Accumulations of the sinking funds.....	49.
	50, 51, 52, 53, 400, 423, 424
Administrators, tax on (see Executors.)	
Affidavits, as to consideration in deeds.....	41
Alabama	39.
	296, 312, 317, 318, 341, 344, 345, 350, 365, 366
Allienation lists.....	61
Allegany County :	
Assessment in.....	73-207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	328-394
Collection of taxes.....	220,
	222, 223, 224, 231, 240
Cost of reassessment 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses	354, 358, 361
Per capita cost of government.....	393
Receipts, from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	180
Anne Arundel County :	
Assessment in.....	77.
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	328-394
Collection of taxes.....	220,
	222, 223, 224, 231, 241
Cost of reassessment 1910.....	214
Fiscal year begins.....	232
Levy, for schools.....	367
Licenses	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	181
Appeal Tax Court of Baltimore City :	
Establishment of.....	169
(See Baltimore City.)	
Arlzona	10,
	297, 312, 317, 318, 341, 365
Arkansas	10,
	296, 312, 317, 318, 365
Assessed Valuation :	
Of State, for taxation.....	205
Includes what.....	169

	Page.
Assessing Units:	
Under Act of 1910.....	174
Assessment books.....	60
Assessment:	
Compared with valuation (see each county).	
Counties for State purposes, from 1877-1912.....	180-206
Farms	58
Method	57
Personal property.....	65
Railroad property.....	66
Shares of Corporations.....	267, 268, 273
Summary of contrasts in Maryland.....	13
Systems in Maryland.....	11
Town property.....	15, 59, 68, 270
Assessors:	
Duty of.....	58
Number employed in 1910.....	215
Occupation of.....	215
Permanent (see each county).	
Automobiles, Taxation of:	
See "Assessment in Maryland" (see each county).	
See also "Licenses."	
Baltimore City:	
Assessment in.....	14, 71, 81, 207
Bonded indebtedness.....	327
Collection of taxes.....	220,
222, 223, 224, 231, 242	
Cost of reassessment in 1896.....	214
Expenditures in 1912.....	81-393
Fiscal year begins.....	232
Legislation concerning.....	170
Levy for schools.....	367
Licenses	354, 358, 361
Liquor licenses.....	358, 359, 381
Per capita cost of government.....	393
Receipts from all sources.....	393
Report of Advisory Committee (1907).....	82, 83, 170
Securities	308
Status same as county.....	171
Tax rates.....	393
Tax paid by banks in.....	25
Taxable basis since 1877.....	183
Taxation of Baltimore City stocks.....	325-326
Baltimore City Stock:	
Deductions allowed in assessing shares of stock.....	268-296
Taxation on.....	325, 326, 380
Baltimore County:	
Assessment in.....	58, 88, 207
Assessors in 1910.....	215
Collection of taxes.....	220,
222, 223, 224, 231, 243	
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses	354, 358, 361

INDEX

429

	Page.
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	184
Banking condition in Maryland.....	287
Banking resources.....	289
Banks:	
Number of national banks in 10 Eastern States.....	286
Conclusions of commission on present method of taxing.....	24, 25, 26
Taxation of shares of stock of bank.....	285
Taxation methods, rates and deductions.....	298, 299, 300
Bonus tax.....	21, 275
Boston:	
Tax paid by banks in.....	25
See also 289, 290, 291, 292, 298.	
Bullock, Charles J.	
Maryland's securities tax.....	306
California.....	41
	286, 294, 297, 312, 317, 318, 341, 365
Calvert County:	
Assessment: in.....	13,
	28, 94, 207, 310
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	328, 394
Collection of taxes.....	220,
	222, 223, 224, 231, 244
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rate.....	393
Taxable basis since 1877.....	185
Capital Stock:	
Right to tax the capital stock of corporations.....	339
Caroline County:	
Assessment: in.....	13,
	28, 58, 97, 207, 310
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	328-394
Collection of taxes.....	220,
	222, 223, 224, 231, 245
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	186

	Page.
Carroll County :	
Assessment in.....	14, 101, 207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	328-395
Collection of taxes.....	220, 222, 223, 224, 231, 246
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	187
Cecil County :	
Assessment in.....	13, 106, 207, 212
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	329-395
Collection of taxes.....	220, 222, 223, 224, 231, 247
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	188
Centralization of taxing authority.....	9, 10, 54, 55
Certificates of indebtedness.....	27-305
Charitable Institutions :	
Appropriations for.....	40
Bequests to.....	315-316
Charities :	
Cost of.....	386, 387, 388
Charles County :	
Assessment in.....	110-207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	329-395
Collection of taxes.....	220, 222, 223, 224, 231, 248
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	189
Chicago :	
Tax paid by banks in.....	25
Sec 289, 290, 291, 292, 298.	

	Page.
Cities, Towns and Villages:	
Local taxation of corporations.....	270
Reassessment for municipal purposes.....	171
Civil Commissions:	
Tax on.....	36
Classification of property.....	27, 35, 58
Clearing Houses:	
Business of.....	290
Clerk to county commissioners, also collector of taxes.....	227, 231
Cleveland:	
Tax paid by banks in.....	25
See 289, 290, 291, 292, 298.	
Coal:	
Taxation of.....	336, 337, 338, 339, 341
Collateral Inheritance Taxes:	
(See Inheritance Taxation.)	
Collection of Taxes:	
Aggregate for 10 years.....	223-224
Changes in method of.....	217-218
Commission paid for.....	226, 228, 229, 230, 231
Corporation and fee officers.....	17
Cost of.....	229
Discount system of collectors.....	227
For loans in excess of requirements (see Sinking Funds).	
In 1912.....	225-226
Method of.....	227
Percentage of.....	220, 221, 222
Recommendation of the Commission.....	15, 16, 17
Table showing, in all the counties from 1902-1912.....	240-263
Collectors of Taxes:	
Number of, in the counties.....	16-227
Colorado.....	10, 297, 312, 318, 341, 365
"Commissioners of the tax for the county".....	219
Commission to Administrators and Executors:	
Tax on.....	316
Commission of 1888:	
Personnel.....	170-note 13
Comparison of reassessments of 1877, 1896, 1910.....	176-177
Connecticut.....	29, 44, 45, 296, 312, 317, 344, 345, 365
Conservation Congress (4th national) on "taxation of forests".....	345
Consolidated Loan of 1899:	
Comments.....	53, 417-418
Data.....	408
Levies.....	47
Constitution of Maryland, Article XV of Bill of Rights.....	35
Corporate excess taxation, objection to.....	271

	Page.
Corporations:	
Assessment of shares of.....	17,
	19, 265, 266, 267, 271, 272, 273
Bonus tax or organization tax.....	21-275
Changes in the law for taxation of.....	266
Deductions allowed in assessing shares.....	268-296
Differences in method of taxation of domestic and foreign.....	265
Domestic; valuation of shares.....	17,
	19, 265, 266, 267, 271, 272, 273
Entrance fees of foreign.....	279
Foreign.....	22,
	23, 265, 275, 276, 277, 278, 279
Franchise tax on foreign.....	22,
	23, 275, 276, 277, 279
Manufacturing.....	20,
	21, 274, 275
Personal property of corporations, domestic and foreign.....	18,
	265, 267, 270, 271, 279
Real estate of.....	18,
	19, 265, 266, 267, 269, 279
Recommendation of Commission on Taxation.....	17, 18, 19, 22
State receipts from.....	284
Taxation of tangible assets.....	19,
	269, 271, 272
Cost of Government:	
Administration of the State.....	384
Agriculture.....	383
Charities, benevolent.....	386
Blind.....	388
Consumptive.....	388
Insane.....	388
Penal and reform.....	388
Chesapeake Bay and oysters.....	383
City, town and village government.....	394-399
Collection of taxes.....	227, 230, 231
County government.....	393
Debt.....	385
Executive department.....	382
Health.....	383
Interest and sinking fund on debt.....	385
Judiciary department.....	382
Legislative department.....	382
Militia.....	390
Miscellaneous.....	391
Roads.....	385
Schools.....	389-390
State, classified receipts and expenditures.....	42, 375, 381
Cost of reassessment in 1910.....	214
County Commissioners, establishment of.....	219
County Supervisors of Assessment:	
Appointment.....	12
Powers.....	12
County treasurer system.....	227-231
Debt (per capita) compared with assessed valuation.....	426

INDEX

433

	Page.
Debt:	
Amount of.....	327, 402, 425, 426
General property tax for.....	43
Levies for.....	46, 47, 48
Tax on public.....	33 317, 318, 320, 324, 325, 326
Delaware	20, 31, 44, 45, 275, 286, 296, 312, 318, 365
Deductions (see corporations).	
Deposits:	
Increase in deposits of national banks.....	296
In savings banks (see savings banks.)	
Diagram showing assessed valuation of all counties and State.....	180-206
Discount:	
Amounts	233
First applications.....	217
Rate	233
To be allowed for voluntarily returning securities.....	29
Discount system of collectors.....	227
District of Columbia.....	44, 312, 365
Dividends of national banks.....	291
Domestic corporations (see corporations).	
Dorchester County:	
Assessment in.....	14, 114, 207
Assessors in 1910.....	215
Bonded indebtedness.....	323-327
Cities, towns and villages of.....	323, 329, 395
Collection of taxes.....	220, 222, 223, 224, 231, 249
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	190
Earnings of national banks.....	291
Equalization:	
Lack of.....	57
Need for.....	9, 10, 11, 13, 14, 15, 50
Report of Commission of 1888.....	173
Excess fees of office.....	43
Executive Department:	
Cost of.....	382
Executors' Commissions:	
Tax on.....	316
Exemptions	34
Expenditures:	
(See Cost.)	

	Page.
Fairchild, Frederick R.	
Taxation of woodlands.....	345
Fee for collectors of taxes.....	236
Fee system.....	237
Recommendation of commission.....	36
Female traders' licenses (see Licenses).	
Fertilizer corporations.....	23, 282
Finances of Maryland:	
Manner in which derived.....	43
Fiscal Year:	
Date of, in counties.....	232
Florida	10,
	296, 312, 350, 365
Foreign corporations:	
Entrance fees of.....	279
Foreign fertilizer companies.....	23, 282
Franchise tax of.....	22,
	275, 276, 277
Recommendation of commission.....	22
Foreign shareholders in Maryland corporations.....	267
Forests:	
(See Woodlands.)	
Franchise tax of foreign corporations.....	22,
	23, 275, 276, 277, 279
Franchise tax on savings banks.....	26, 301, 302
Frederick County:	
Assessment in.....	13, 117, 207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns, and villages of.....	329-396
Collection of taxes.....	220,
	222, 223, 224, 231, 250
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	191
Freight car companies.....	21-281
Frequency of reassessment.....	171
Funded debt of the State.....	402
Furniture:	
Assessment of (see each county.)	
Exemption of \$300.....	34-86
Garrett County:	
Assessment in.....	13,
	28, 120, 207, 212, 310
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	329-396

	Page.
Collection of taxes.....	220,
	222, 223, 224, 231, 251
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	192
Georgia.....	39,
	296, 312, 317, 319, 341, 350, 365, 366
General Property Tax:	
For what purposes levied.....	43, 46, 47
Rates.....	47-48
Receipts from in Maryland.....	44-377
States' receipts from.....	44
General sinking fund.....	415-416
Good roads, effect on value and assessment of abutting property.....	40
Gross receipts taxes.....	21,
	39, 279, 280, 281, 282, 283
Harford County:	
Assessment in.....	62, 123, 207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	330-396
Collection of taxes.....	220,
	222, 223, 224, 231, 252
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	193
Highways (Public) Loan of 1910:	
Comments.....	421
Data.....	412
Levies.....	47
Howard County:	
Assessment in.....	126-207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	330-396
Collection of taxes.....	220,
	222, 223, 224, 231, 253
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	194

	Page.
Idaho	10,
	297, 312, 318, 319, 365
Illinois	44,
	286, 297, 312, 344, 365
Income Taxation in Wisconsin.....	33
Increase in assessed valuations, 1877-1912.....	207, 208, 209
Indiana	10,
	44, 297, 312, 318, 319, 365
Inheritance Taxation:	
Amounts received from.....	43, 378
Charitable institutions.....	315-316
Collateral rate.....	311
Direct inheritance.....	32, 311, 314
Receipts from in other States.....	44
Shares in Maryland corporations held by non-resident decedents....	314
Table showing rates, exemption, etc.....	312-314
Insane Asylum Loan of 1902:	
Comment	417
Data	407
Levies for.....	47
Insolventes, meaning of term in Maryland.....	236
Inspection for purposes of fixing amount of licenses.....	35-357
Instalment Bonds:	
(See Serial Bonds.)	
Insurance Companies:	
Fees of.....	27, 43, 303
Intangible personal property, the term in Maryland.....	305
Intangible Personal Property:	
(See Securities.)	
Interest:	
Amount from each county on taxes in arrears.....	234-235
Investigation:	
Method of.....	72
Iowa	44,
	297, 312, 318, 319, 344, 346, 365
Judiciary Department:	
Cost of.....	382
Kansas	10,
	44, 297, 312, 318, 319, 344, 365
Kent County:	
Assessment in.....	13, 129, 207, 212
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	330-396
Collection of taxes.....	220,
	222, 223, 224, 231, 254
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses	354, 358, 361
Per capita cost of government.....	393

	Page.
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	195
Kentucky	39,
	296, 312, 350, 365, 366
Legislature:	
Cost of.....	382
Length of State loans.....	52-423
Levies for taxes.....	46, 47, 48, 49
Schools	36, 367
Time of.....	62
Levy courts.....	219
Levying for taxes:	
Maryland method of.....	219
Licenses:	
Automobile or motor vehicle.....	360
Earliest laws.....	349
Female traders'.....	35, 354, 355
Liquor	352, 358
Receipts	379
Miscellaneous	361
State's participation in.....	35
Traders'	35,
	349, 351, 352, 354, 355
Liquor Licenses:	
(See Licenses.)	
Loans:	
State loans since 1902.....	401
Sinking funds of.....	404-405
Loans and Discounts:	
Of national banks.....	292
Louisiana	296,
	311, 312, 318, 319, 350, 365
Maine	10,
	44, 296, 312, 318, 344, 345, 365
Manufacturing corporations.....	20, 21, 274, 275
Maps, tax.....	41
Maryland Educational Commission:	
Recommendation for distribution of State school fund.....	368
Massachusetts	44,
	53, 286, 296, 312, 318, 319, 344, 346, 365
Michigan	10,
	31, 39, 44, 286, 297, 308, 312, 318, 341, 344, 348, 365, 366
Mineral Deposits:	
Taxation of.....	33-333
Taxation of in States, classified.....	341
Mines:	
Assessment of surface of.....	336, 339, 340
Minnesota	10,
	32, 44, 297, 312, 317, 318, 341, 344, 365
Miscellaneous tax receipts.....	44-380

	Page.
Mississippi	39,
	296, 312, 317, 318, 350, 365, 366
Missouri	44,
	286, 297, 312, 341, 350, 365
Montana	10,
	297, 312, 318, 341, 365
Montgomery County :	
Assessment in	132-207
Assessors in 1910	215
Bonded indebtedness	327
Cities, towns and villages of	330-397
Collection of taxes	220,
	222, 223, 224, 231, 255
Cost of reassessment, 1910	214
Fiscal year begins	232
Levy for schools	367
Licenses	354, 358, 361
Per capita cost of government	393
Receipts from all sources	393
Tax rates	393
Taxable basis since 1877	196
Mortgage recording tax in New York	31-44
Mortgages, taxation of	31
Motor vehicles (see License.)	
Municipal basis of assessments	15, 68, 170, 270
(See each county.)	
National banks, increase in number	296
Nebraska	44,
	297, 313, 318, 341, 344, 347, 365
Nevada	10,
	297, 313, 317, 318, 341, 365
New Hampshire	10,
	44, 296, 313, 318, 341, 344, 347, 365
New Jersey	10,
	20, 44, 45, 275, 286, 294, 296, 313, 317, 318, 365
New Mexico	297,
	313, 317, 319, 341, 365
New York	10,
	20, 31, 44, 45, 236, 275, 286, 294, 296, 306, 313, 317, 319, 344, 348, 365
New York :	
One per cent. bank tax law	294-296
Secured debt tax	306
New York City :	
Tax paid by banks in	25
(See 289, 290, 291, 292, 298.)	
Non-Resident Decedents :	
Shares of, in Maryland corporations	314
Non-Residents :	
Tax against shares of Maryland corporations	267
North Carolina	10,
	296, 313, 317, 318, 341, 350, 365

	Page.
North Dakota.....	10,
	44, 297, 313, 341, 344, 347, 365
Ohio.....	10,
	44, 170, 268, 297, 313, 318, 341, 342, 365
Oklahoma.....	33,
	297, 313, 318, 319, 365
One per cent. bank tax.....	294
Oregon.....	10,
	297, 313, 318, 365
Penalties:	
For non-payment of taxes.....	235-236
To be imposed for failure to return securities.....	29
Penitentiary Loan:	
Comments.....	416
Data.....	406
Levies for.....	47
Pennsylvania.....	20,
	31, 44, 45, 275, 286, 294, 296, 306, 311, 313, 318, 342, 344, 347, 348, 350, 365
Pennsylvania one per cent. bank tax law.....	294
Per capita cost of State, county, city, town and village government.....	392-399
Per capita debt of the State.....	425
Per capita resources of banks.....	289
Percentage of collection of current taxes.....	16-220
Percentage of sinking fund to State debt.....	425
Personal Property:	
Assessment.....	60
Corporations.....	18,
	19, 265, 268, 270, 271, 279
(See each county.)	
Philadelphia:	
Tax paid by banks in.....	25
(See 289, 290, 291, 292, 298.)	
Pittsburgh:	
Tax paid by banks in.....	25
(See 289, 290, 291, 292, 298.)	
Plant exemptions.....	34, 268
Plats.....	41
Prince George's County:	
Assessment in.....	136-207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	330-397
Collection of taxes.....	220,
	222, 223, 224, 231, 256
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	197

	Page.
Production Tax on Minerals:	
(See Minerals.)	
Public Building Loan of 1904:	
Comments	49, 419
Data	411
Levies	47
Public Obligations:	
Baltimore City stock tax.....	324-325
Classification of taxation methods in Maryland.....	320.
	321, 322, 323, 324
Extraterritorial exemptions.....	320
Recommendation of Commission, concerning taxation.....	33
States exempting.....	317-318
Tax on, payable at source.....	324
Queen Anne's County:	
Assessment in.....	13, 140, 207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	330-397
Collection of taxes.....	220,
	222, 223, 224, 231, 257
Cost of assessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	198
Railroads:	
Taxation of.....	265, 280, 281
Railroad Property:	
Assessment of.....	66
(See each county.)	
Rates:	
State, of taxation.....	43,
	46, 47, 48, 49, 211, 429
Ratio of assessment to valuation.....	15
(See each county.)	
Assessment	18, 267
Real Estate of Corporations:	
Assessment	18, 267
Deductions	265, 266, 267, 296
Taxation of.....	266, 267, 268, 269, 279
Reassessment:	
Acts providing for.....	169,
	170, 171, 172, 173, 174
Frequency of.....	171
Receipts:	
Bond issues.....	384
Chesapeake Bay and oysters.....	378
Corporations other than tax on real estate.....	273, 284, 377
Corporations, quasi-public.....	377
Departments and civil officers.....	376

	Page.
Direct or general property tax.....	379
Earnings of institutions.....	378
Gross receipts tax.....	377
Inheritances.....	378
Interest.....	378
Licenses.....	379
Miscellaneous.....	380
Productive assets.....	376
Tax on Baltimore City stock.....	380
Receipts into the treasury, 1911 and 1912.....	375
Recommendations of the Commission for permanent State tax commission..	11,
	12, 13, 54, 55
Redemptions and cancellations of loans.....	53, 403, 414
Rhode Island.....	10.
	44, 296, 313, 318, 344, 346, 365
Roads:	
Appropriations for.....	40
Cost of.....	385
Effect on value of abutting property.....	40
Maintenance of.....	43, 46, 48, 49
Sinking fund of 1908 loan.....	51
Russell Sage Foundation:	
On schools.....	39
Salaries:	
Payment of officials from fees.....	36
St. Louis:	
Tax paid by banks in.....	25
(See 289, 290, 291, 292, 298.)	
St. Mary's County:	
Assessment in.....	14, 145, 207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	331-397
Collection of taxes.....	220,
	222, 223, 224, 231, 258
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	199
Sanatorium Loan:	
Comments.....	422
Data.....	413
Levies.....	47
Savings Banks:	
Amount of deposits in.....	301
Deposits in Carroll county.....	14, 103
Franchise tax on deposits.....	14, 26, 39, 43, 302
Schools:	
Attendances.....	373
Contribution of State.....	366
Contribution of counties.....	366

	Page.
Cost (State).....	389-390
Levies by counties.....	39, 367
Maryland plan for distribution of fund.....	368
Method by which taxes are raised by localities.....	363
Method by which taxes are raised by the States.....	363
Payment to counties from State contrasted with payment for all purposes to State from counties.....	39, 374
Per capita cost of children in, based on average enrollment.....	370
Per capita cost of children in, based on average attendance.....	371-372
Percentage of State and local contributions of all States.....	365
Recommendation of Commission.....	36, 37, 38, 39
State's contribution for schools.....	36, 37, 364
Taxes for.....	363
School book fund, distribution of.....	368
School population of counties.....	369
Secured debt tax of New York.....	44-306
Securities:	
Amount assessed in each county.....	310.
Amount of, owned by corporations, trust estates and individuals in Baltimore.....	309.
Assessed in Baltimore city from 1896 to 1914.....	308.
Classification for State taxation.....	305.
Discount for voluntary return.....	27
Division of tax from, between counties and cities.....	305.
Local variations in.....	70.
Subject to the 30 cents per \$100, or 3-mill tax.....	305
Voluntary return.....	27
Separation of sources.....	45
Serial bonds.....	53, 424
Shares of Stock:	
Assessment of.....	267, 268, 273.
Domestic corporations.....	265, 273.
Foreign corporations.....	265, 275, 278.
Held by non-residents.....	267
Receipts from taxation of.....	35, 273, 377
Taxation of.....	265, 272, 273, 285.
Sinking Funds:	
Present method of creating.....	49.
Road loan of 1908.....	50, 52, 53, 423, 424
(See each loan.)	49-50.
Somerset County:	
Assessment in.....	148, 207
Assessors in 1909.....	215.
Bonded indebtedness.....	327
Cities, towns and villages of.....	331-398.
Collection of taxes.....	220,
.....	222, 223, 224, 231, 259
Cost of reassessment, 1909.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393.
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	200.

	Page.
Sources of revenue.....	43-375
South Carolina.....	33,
	296, 313, 318, 319, 341, 350, 365
South Dakota.....	10,
	44, 297, 313, 341, 365
State Buildings and Improvement Loan of 1902:	
Comments.....	53-419
Data.....	409
Levies.....	47
States exempting public obligations from taxation.....	317
States exempting municipal obligations from taxation.....	318
State Insane Hospital Loan:	
Comment.....	422
Data.....	413
Levies.....	47
State Loan of 1902:	
Comment.....	50, 419
Data.....	410
Levies.....	47
State Road Loan of 1908:	
Comment.....	419
Data.....	412
Over-collections.....	51-52
Proper sinking fund.....	51-52
Sinking fund.....	50-51-52
Levies.....	47
State Tax Commission of 1888.....	170-175
State Tax Commission Proposed:	
Number.....	11
Term.....	11
State Tax Commissioner:	
Assessment of shares.....	17,
	18, 267, 271, 285
Establishment.....	266
Report of corporations to.....	267
Stocks and Bonds:	
(See corporations, domestic and foreign.)	
(See public obligations.)	
Talbot County:	
Assessment in.....	13, 153, 207, 212
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	331-398
Collection of taxes.....	220,
	222, 223, 224, 231, 260
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	201

	Page.
Tangible Assets of Corporations: (See Corporations.)	
Tax on Baltimore City stock.....	325-326
Tax Rates:	
Cities, towns and villages.....	394-399
of counties.....	393
of State of Maryland.....	43, 46, 47, 48, 49, 211, 429
Taxes:	
Maryland method of levying State taxes.....	219
When due.....	232, 233
Telephone Companies:	
Variation in assessments.....	67
Tennessee	296, 313, 318, 341, 350, 365
Texas	10, 39, 296, 313, 318, 341, 350, 365, 366
Time of levy.....	62
Town Assessment:	
Local variations.....	68
(See also each county.)	
Traders' Licenses: (See Licenses.)	
True consideration in deeds.....	41
Trust Companies:	
Taxation of.....	302
United States Commissioner of Corporations:	
Table from.....	44
Utah	10, 297, 313, 318, 319, 341, 365
Variation of ratio of assessments between counties.....	63, 64, 65, 66
Variations within counties.....	67-68
Vermont	44, 45, 296, 313, 318, 344, 346, 365
Virginia	33, 39, 286, 294, 296, 313, 318, 341, 342, 350, 365
Washington	10, 297, 313, 318, 341, 344, 347, 365
Washington County:	
Assessment in.....	14, 157, 207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	331-398
Collection of taxes.....	220, 222, 223, 224, 231, 261
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	202

INDEX

445

	Page.
West Virginia.....	296,
	313, 341, 350, 365
Wicomico County:	
Assessment in.....	161, 207
Assessors in 1910.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	331-398
Collection of taxes.....	220,
	222, 223, 224, 231, 262
Cost of reassessment, 1910.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	203
Wisconsin.....	10,
	33, 44, 297, 313, 344, 346, 365
Wooded area of counties of Maryland.....	343
Woodlands:	
States having legislation on taxation of.....	344
Taxation of.....	33, 343
Worcester County:	
Assessment in.....	13,
	14, 28, 165, 207, 310
Assessors in 1909.....	215
Bonded indebtedness.....	327
Cities, towns and villages of.....	331-399
Collection of taxes.....	220,
	222, 223, 224, 231, 263
Cost of reassessment, 1909.....	214
Fiscal year begins.....	232
Levy for schools.....	367
Licenses.....	354, 358, 361
Per capita cost of government.....	393
Receipts from all sources.....	393
Tax rates.....	393
Taxable basis since 1877.....	204
Wyoming.....	297,
	313, 318, 319, 344, 365

