Doc.
Pr32.309
No. 8

NATIONAL RESOURCES PLANNING BOARD

Technical Paper Number 8

TAX DELINQUENCY
AND
RURAL LAND-USE ADJUSTMENT

By

The Subcommittee on Tax Delinquency

of the

Land Committee, N. R. P. B.

September 1942

This document is one of a series of technical papers supplementing the reports of the National Resources Planning Board. The contents of these papers are the sole responsibility of the authors and do not necessarily bear the endorsement of the National Resources Planning Board.

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TAX DELINQUENCY AND RURAL LAND-USE ADJUSTMENT

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PREFACE

This report is the eighth in a series of technical papers supplementing the major reports of the National Resources Planning Board. It was transmitted to the Board by the Land Committee, whose Subcommittee on Tax Delinquency was responsible for its preparation.

Technical Paper No. 8 attempts to describe comprehensively the relationships between tax delinquency and rural land use, based largely on a synthesis of facts and conclusions from unpublished materials in the files of the Department of Agriculture. It is hoped that the report will prove useful not only to State and local fiscal officers, but that it will also contribute to the work of State legislatures, county land-use planning groups, State land-use councils, State planning boards, grazing districts, and other regular or special land-planning organizations.

The Land Committee feels that the report demonstrates conclusively that a very considerable part of tax delinquency stems from land use maladjustment, as well as that adequate tax enforcement procedures, vigorously used, can become an effective, yet just, method of bringing maladjusted land into public ownership for rehabilitation, replanning, and rededication to a more appropriate use.

The Land Committee wished to acknowledge the substantial individual and collective contributions of the Subcommittee members: Messrs. George Wehrwein, *Chairman,* Philip Cornick, Hugo Schwartz, and Joel Wolfsohn, as well as the assistance of Messrs. Russell Hinckley, Gordon Murray, and Paul Wager who participated in the collection of materials and preparation of the final text. Mr. Fred Clarenbach assisted in the technical editing of the report.

I. INTRODUCTION

An important feature of the period of agricultural depression has been the growing area of tax delinquent land and the reversion of such land to public ownership. Because depressions intensify existing maladjustments in land use and push marginal land uses into the "sub-marginal" category, the increases in tax delinquency and tax revision have been particularly marked among the lands on the three "fringes". These fringes are areas where differing natural land use areas merge, and since the best use of land is questionable, maladjustments are frequent. In the farm-forest fringe, for example, farms have been pushed into the forest area; and cut-over forest land, instead of being re-forested, has been held speculatively with the hope that a growing demand for farms would absorb it into agricultural use. On the farming-grazing fringe, grazing lands have been plowed up for arable farming far beyond the safe margin for agriculture. Here the weather cycle has emphasized the maladjustment in land use and has become an element in tax reversion of its own accord. On the rural-urban fringe, the attempt to use land for urban purposes long before it was "ripe" for such uses created premature subdivisions based on speculative hopes, gave birth to speculative values which did not exist in fact, raised assessments and tax burdens, "froze" the land in the anticipated utilizations, and created a new "public domain" of tax delinquent land.

Although the problem is widespread, no comprehensive nation-wide picture of tax delinquency is available. The difficulty and expense involved in research to secure a comprehensive "moving picture" of tax payments, tax delinquency, and tax sales for a period of 15 or 20 years over any considerable area have discouraged such undertakings. Furthermore, it is difficult to frame an accurate and wholly satisfactory definition of "tax delinquency" because of variations from state to state in the requirements relating to the dates upon which taxes are due and to penalties for failure to make payments. Perhaps more important are the variations in the interpretations of these statutory requirements and in the practices of local officials. However, for the purposes of this report, real property taxes will be considered delinquent if they are not paid before the date upon which penalties begin to accrue.

Available statistics clearly show the seriousness and the national im-

portance of the problem.[1] In the Lake States about 20 million acres have already reverted to public ownership, and more land is destined for reversion before the process is completed. In newer cut-over areas such as the Pacific Northwest, the process has just begun and will become progressively more serious as the remaining timber is removed. Almost 20 million acres of land were reported as tax delinquent in the six southern States of Florida, Louisiana, Arkansas, Mississippi, Texas and Oklahoma. Equally large areas of tax delinquent land are located in the farming-grazing fringe in the Great Plains. Though less extensive in area, the tax delinquent lands of the rural-urban fringe seem to create more complications than those of the other two "fringes".

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[1] It may be well to distinguish here between "short term" and "long term" delinquency. Short term delinquency, of one or two years duration, usually does not give rise to serious problems for local government finance; but when taxes upon a large part of the land within a local taxing jurisdiction remain unpaid for longer periods of years, local fiscal difficulties begin to arise. Furthermore, if short-term delinquency becomes chronic - that is, if the lands repeatedly become tax-delinquent after successive sales "for taxes" to private persons (or after the breakdown of the tax-sale machinery)- then there is a clear indication of a maladjustment in land use or of excessively heavy taxes, or both. Such delinquency is often complicated, and partly caused by deficiencies in assessment and collection administration.

Another short-coming of rural tax delinquency statistics is that they nearly always relate to the tax status of properties at one or more points in time. Therefore, they may show the existence of delinquency on two dates between which there has been a long lapse of time; but they do not prove that such delinquency is "chronic", for it is not clearly shown that non-payment or tax sale has occurred repeatedly during a decade or two. Such statistics may also understate the true extent of long-term delinquency. For example, if a large tax sale resulted in the clearing up of most long-term delinquency in a particular county shortly before the gathering of the data, one might erroneously conclude that long-term or chronic delinquency was unimportant. Despite the shortcomings of most tax-delinquency statistics, however, these data may be used to indicate areas of serious long-term delinquency. In most areas statistical indications of long-term delinquency are actually found, upon further investigation, to represent chronic delinquency. This was found to be the case in the areas of fifteen States for which illustrative data have been assembled for use in this study.

THE NATURE OF LAND TAX DELINQUENCY

Land tax delinquency has connotations not found in the failure to pay other taxes such as sales, income, or inheritance taxes. These latter taxes are collected only when a consumer buys an article, when he has an income high enough to be taxed, or when property and wealth are passed on to the next generation. In each instance there is a direct relation between the taxes levied and the individual's expenditures, income, or capital gain. When tax delinquency occurs in such cases, it is voluntary and willful on the part of the taxpayer, or is the result of ignorance of the tax laws.

The property tax, on the other hand, is essentially a capital levy, collected annually whether or not the owner receives an income from his property, or whether or not the land has capacity to pay. Income from land may fall to a low plane, or disappear entirely, but the assessor rarely makes significant changes in the valuation. Tax burdens usually remain the same until the conditions responsible for the lack of income become clearly chronic. Another significant and often undesirable attribute of real estate taxation is that in most States the law permits a third person to intervene in the enforcement procedure. The outsider, by advancing funds to cover the delinquency, obtains a lien to the property which he may convert into a title unless the money is repaid with interest; if no private buyers appear, a governmental unit is empowered to take possession of the land after a given number of years.

The operation of the general property tax has been criticized by tax experts for many decades, but little has been done about it. This tax is still the chief and almost the only source of revenue for local units of government, for whom it has the advantage of providing a relatively dependable flow of revenue in spite of fluctuations in the income of the taxpayers.[1] Thus, from the public revenue point of view, real estate tax delinquency primarily affects local units of government; but wherever tax delinquent lands revert to State or local units of government, broad issues concerning the disposition of these lands are necessarily raised.

[1] Only a small proportion of the State revenue comes from the general property tax.

The amount of the general property tax is determined largely by the needs and desires of the community for roads, schools, and other public services of the school districts, towns, villages, cities and counties. After the total tax burden has been ascertained it is apportioned by taxing property at such rates on their assessments as will produce the needed revenue. If State constitutions or laws limit the rates, local officials are forced to make higher assessments--assessments out of line with the "true value" of the property. To assure equity in such cases, the State sometimes also insists that a definite relation of assessed value to "true" or selling value be maintained. Since the tax load is determined not only by assessed value but also by the total need for revenue, a lack of correlation often exists between the taxes expected from land and its "ability to pay", as well as extreme variations between tax burdens on the same type of land in neighboring jurisdictions.

Real estate tax delinquency has three aspects: (1) fiscal, (2) legal, and (3) land utilization and ownership. These three aspects account for the varied and conflicting attitudes of various people toward tax delinquency and tax reversion, attitudes which make it difficult to frame a generally accepted policy for the handling of delinquency procedure and the disposition of the land after reversion to public ownership. Because these three aspects of the tax delinquency problem are so intermingled, it is not practicable to discuss the proper use of tax delinquent lands without consideration of the fiscal and legal phases of the problem and the attitudes surrounding them.

The Fiscal Aspects of Tax Delinquency

The most direct and immediate impact of tax delinquency is shortage of local government revenue. Not since the Civil War has the Federal Government levied a general property tax, and the States in recent years have tended to shift more and more to substitute revenue measures such as income and inheritance taxes, and selective and general sales tax.[2] For 1937, local governments (counties, cities, townships, school districts, etc.) derived an

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[2] "The Constitution provides (Article I, Section 9) that no capitation, or other direct tax should be levied, unless in proportion to the Census or enumeration....". The framers of the Constitution expected that direct taxes (including the property tax on real estate), would be levied only in emergencies, and according to Dewey, the acceptance of "this

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estimated total tax revenue of $4,500,000,000, of which the property tax provided some $4,300,000,000, or 95 percent. State tax revenues for the same period were $2,500,000,000, of which the property tax provided only about $200,000,000 or approximately 8 percent.[3] Property taxes accounted for about one-third of estimated Federal, State, and local, total national tax revenues for 1937, and about two-thirds of total State and local revenues. It is estimated that total property tax collections will continue to hold at about the $4,500,000,000 level, despite tendencies toward abandonment of the property tax for State purposes and the influence of State aids and homestead examption. The tax is expected to decline only slightly in relative importance in State and local tax systems.

To cite a specific example, in New York State, which no longer uses the general property tax for State purposes and has a highly developed State tax and State-aid system, general property taxes produced 61.5 per cent of total State and local tax levies in 1938, and 85 per cent of total taxes collected for localities[4]

(Footnote continued from preceding page)

[2] illogical method of distributing direct taxes was probably due to a belief that such taxes would rarely be levied....". (Dewey, D.R., *Financial History of the United States,* p. 64). The first direct tax was imposed by act of Congress in 1798, but payments were so tardily made that at the end of three years one-fifth of the tax remained unpaid. Direct taxes, including taxes on land and dwellings, were imposed again in 1814, 1815, and 1816 to help defray the expenses of the War of 1812. These were apportioned on the Census of 1810, and the first act even went so far as to apportion to each county the amount it should pay. Later the task was left to the States. The indifferent success and great unpopularity of these taxes led to their repeal in 1817. The last use of the direct tax by the Federal Government was during the Civil War when a levy of twenty million dollars was apportioned among the States for collection.

[3] *Facing the Tax Problem,* 20th Century Fund, New York, 1937, pp. 12, 13, 190. The last complete Census data for 1932 *(Financial Statistics of State and Local Government,* Bureau of Census, U.S. Dept. of Commerce, 1932) showed that local units of government derived 92.5% of total revenue receipts from taxes on property. This proportion varied from 70.6% in Iowa to 99.1% in Vermont. State and local governments combined drew 73.7% of all revenue from property taxes.

[4] State of New York: *Annual Report of State Tax Commission,* Legis. Doc. (1939), No. 11. J. B. Lyon Co., Albany, N. Y. pp. 96, "04.

Dependence on the Real Property Tax

Sources of revenue other than property taxes are practically out of reach of local governments since the Federal and state governments have reserved to themselves most of the other forms of taxation such as the income, inheritance, sales, gas and motor vehicle taxes. There is a tendency, however, to share the proceeds of some of these taxes with local units of government. An example is the sharing of motor fuel and license taxes. Nevertheless, the shares are not necessarily adjusted to the needs of the local units of government, and there is reason to suspect that the sharing is often a political gesture designed to secure enactment of the law in order to augment state revenues rather than to assist towns, counties, villages or cities.

State grants-in-aid are quite generally made toward the support of particular functions of government such as highways and education. They are accompanied, and rightly so, by stipulations as to the manner in which the funds should be spent. This raises, however, the question of state control over local government and of expenditures on functions and services largely local in character. It also creates rural-urban disputes concerning source and distribution of state-raised funds. Grants-in-aid are also limited by the elasticity of State revenue sources. In 1935 total taxes shared with local units amounted to 292.8 million dollars and grants-in-aid to an additional 773.1 million dollars. These two sources of local revenue comprised 15.6% of total local revenues from all sources for that year.[5]

Effects of Reduced Tax Revenue

The above discussion makes it clear that local governments are the chief sufferers when general property taxes are not paid. Tax delinquency, as soon as it becomes serious or chronic, sets in motion a series of actions by local government often contradictory, panicky, and rarely in harmony with wise land use policies.

One of the first steps in such cases is to cut down expenditures. Reducing the cost of government, however, is not as easy as it appears to be. Schools and roads absorb the bulk of local revenues, despite State grants for these purposes, and offer negligible opportunities for tax reduction without seriously impairing these essential services. To the contrary, taxpayers frequently vote higher taxes upon themselves to maintain

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[5] 20th Century Fund. *op. cit.*, p. 577.

or improve vital services. While this trend has often been stayed by depressions it is rarely reversed, and the upward trend is inevitably resumed at the first hopeful signs of return to prosperity.

Other attempts at saving take the form of eliminating certain services such as those of the county agent, the county nurse, and other officers not required by law or the constitution, or a reduction in the salaries of those officers who cannot be eliminated. In general such savings are of minor importance in the total budget. In every state certain services and functions are mandatory upon local units of government, and these must be maintained if there is to be any government at all. The most inflexible of these obligations are debt payments, which cannot be reduced in times of depression, though current interest rates ironically enough may fall sharply. Almost inevitably depressions bring increased need for poor relief and other welfare activities, usually in the very sections of the country least able to support local government even in good times, and where real estate tax delinquency causes local revenue to decline as relief loads mount.

Under such conditions local governmental units often resort to increasing current tax rates. This shifts the cost of operation to property in good paying status which, as the burden becomes progressively heavier on the tax-paying property, tends to make delinquency cumulative. The pyramiding of burdens upon the tax-paying land drives the successively less able taxpayers into delinquency and shrinks the effective tax base still further. If the local units of government resort to "deficit financing" and borrow money, interest on the increasing debt cuts into funds needed for essential services, which means that the taxpayer gets progressively less benefit from his government while paying progressively more for it. Under these conditions the policy of keeping the land "on the tax roll" (even though it pays no taxes) is understandable even though it is undesirable as a land policy.

Excessive Cost of Government

Tax delinquency can in some cases be attributed to the fiscal policy of local units of government rather than to the use or misuse of land. It is conceivable that in a good farming community taxes may be so high that the land owners are unable or unwilling to pay them, even though the farms have enjoyed a steady income and were not subject to crop failures or low prices. The reason may be due to extravagant public expenditures,

inefficient units of government operating at a high cost for the quantity and quality of service performed, or too many layers of government with the power to levy taxes. Insofar, however, as local taxes are locally voted such situations can be corrected locally and the responsibility rests upon the resident land owners.

Delinquency may also arise where exorbitant special assessment charges are levied for drainage and irrigation--charges which may even exceed the benefits derived from the improvement. When heavy annual tax and special assessment charges are added to excessive costs for mortgage indebtedness, delinquency in volume is not surprising. In Minnesota, millions of acres of swampland were drained for agriculture, and the land after drainage was discovered to be unsuited for successful farming. The heavy tax charges occasioned the tax forfeiture of much of the acreage, and counties were saved from virtual bankruptcy only by State assumption of drainage bonds. Once a substantial amount of tax delinquency has accrued in a given taxing rate area, wholesale delinquency on other properties may be induced by the imposition of higher rates by local taxing districts under pressure for revenue. If local governmental operating costs cannot be reduced, and if fixed charges for debt service must be met, those properties which continue to pay taxes must bear the burden. Not infrequently, local districts have been overbonded in anticipation of heavier settlement or of a degree of agricultural prosperity which never materialized; and, in the absence of debt compromise, regular levies for debt service, or mandamus levies forced by creditors, have raised tax rates to prohibitive levels.

Inequity of Assessment

Another cause of tax delinquency is the inequality of assessment, resulting in unequal and sometimes exorbitant burdens on the land least able to pay taxes.

Many studies in different States on the subject of inequalities of assessment reveal that overvaluation of poor land for property-tax purposes is fairly common. In large areas of the Great Plains, this relative overvaluation of range lands is a major factor in the overtaxing of these lands, and the overtaxing leads to delinquency. An inadequate classification basis for assessment purposes is often at fault. All land level enough for farming, for example, is sometimes classed as farm land regardless of such factors as rainfall dependability. Such a classifica-

tion usually dates from the period of the first World War when high prices for wheat prevailed and such lands possessed real productive value. Although much range land may still have speculative value as dry-farming land based upon the possibility of its entrance into crop production in years of high prices or of adequate rainfall, high taxes in more "normal" periods may penalize such desirable long-run land uses as grazing or range.

In one Colorado county, for example, no change in classification of land for assessment was made between 1917 and 1939.[6] Between 1916 and 1917, acreage assessed in the dry-farming class in this county increased from 129,000 to 746,000 acres, whereas grazing land decreased from 1,267,000 to 811,000 acres. Current grazing survey data indicate that of a total of 236 sections, only 17 are classified correctly, 21 sections are under-assessed, and 138 sections are over-assessed. Of the 61 sections in the area which have never been plowed, only four were classified by the assessor as grazing land. Taxes average 14 per cent more than lease value on the 61 sections which have never been plowed; taxes were 2 to 4 times greater than lease value on sections in which approximately 50 per cent of the land was returning to grass, and from 5 to 10 times lease value on sections having less than 25 per cent of the area in native sod.[7]

Heavy taxation of grazing lands is likely to encourage overgrazing on ranges already depleted as a result of the drought. Despite recommendations of agricultural specialists for shifts from cash-crop production to combination livestock and crop enterprises, heavy tax costs on grazing land may prevent such shifts. Owners, both resident and non-resident, may prefer to undergo risks of cash-crop production for the possible higher return. In either case, the overtaxation of grazing land or the failure of cash crops, tax delinquency usually results. Resident grazing operators are naturally

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[6] S. W. Voelker and T. W. Longmore, *Assessment of Dry-Farming and Grazing Lands in Weld County, Colorado* U. S. Dept. Agr., Bur. Agr. Econ., Lincoln, Nebraska, July 1939. (Mimeographed)

[7] Within the area of a land-use survey, only 70 percent of the taxable land was classified for assessment as grazing land, while the survey showed that 83 per cent of the same acreage land had never been plowed, and that 2 per cent was abandoned crop land reverting to pasture. Thus, almost 30 per cent of the area assessed as farming land was actually being tilled at the time of the survey, and an additional 1.6 per cent

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reluctant to purchase lands from nonresidents where taxes equal or exceed lease value for grazing. Neither do operators wish to pay lease rentals covering taxes when such taxes exceed the use of value of the land. This situation is satisfactory neither to the landowner nor to the resident operator, and leads to use without lease and to abuse of the range. Landowners may not obtain annual income sufficient to cover taxes, and operators may find their units rendered unstable by nonresident ownerships.

Instances of real estate taxes far exceeding the current income from types of agricultural property other than grazing lands are not uncommon. The condition is more apparent in the instance of grazing lands, because actual or potential lease revenues and carrying capacity are known. In other cases of more intensive use, or where possible uses are manifold, standards of measurement of tax burden relative to income are lacking. No small amount of delinquency can be attributed to low-income or non-income-producing property, but the possible total is materially reduced by the payment of taxes out of income from other sources. Such payment from other sources may be made during periods of speculative holding, or during periods of holding due to inertia and lack of knowledge of the actual worth of the property owned.

It has often been said that if property were only "properly assessed" owners would continue to pay taxes on their land. However, there is no agreement even among those who make this proposal as to what "proper assessment" is. What they have in mind, of course, is the "proper tax burden", because a low assessment can be negated by a high tax rate.

In the minds of some, "proper assessment" implies a tax burden that has a direct relation to the earning power of the land. Tax limitation laws usually have this relation as an objective. This proposal has merit and would be workable if all land were in its highest and best use and were earning equally well. However, a good farm with an inefficient farmer on it will have a low earning power and taxes may be out of line with income he actually receives, not because the land is incapable of producing a good income, but because it is not used efficiently. In urban

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had been in cultivation at one time or another but was now reverting to grass. Of 134,351 acres assessed as dry-farming, irrigated, or meadow land, at least 84,256 acres, or 62.7 per cent, had never been plowed. For the season of 1937, estimated average lease value of the 61 sections in native sod was 5.4 cents per acre, while 1936 taxes due in 1937 averaged 6.1 cents per acre.

land the full earning power of the land may not be released because of the wrong type of building or inefficient use of the site. It has been said that one of the good features of the general property tax is that it penalizes poor land uses, and therefore tends to force the owner to use the land in the best interest of the community.

Even more extreme is the case of vacant land yielding no income at all or only such revenues as the owner can derive by permitting billboards, occasional parking or temporary hot dog stands. In such cases the taxes must be paid out of income other than land income or from borrowings, and taxes therefore have no relation to "income" at all. This is one of the most critical types of land in cities from the standpoint of "keeping it on the tax roll", and its great importance is indicated by the fact that 40 per cent of the total area of 16 representative cities studied by Bartholomew consisted of vacant land.[8] Naturally, the owners expect to recoup taxes and other "waiting costs" when they sell the land to a prospective user, but with the trends toward more blight within the city, toward decentralization and the spreading of urban land uses into the rural-urban frings, the market for vacant land within cities becomes progressively weaker.

The cut-over land of the Lake States is another example of "proper assessment". In general the idle unoccupied land here is over-assessed when judged by its selling value, and this is no doubt a factor in the decision of the owners to stop paying taxes. On the other hand, should assessments and tax rates be reduced so that the burden would be only a few cents per acre? This has been suggested as a "sure" method of keeping the cut-over land as part of the tax base and avoiding delinquency. However, this is a high price to pay for evading delinquency. Under this method the community has no assurance that the owner will put the land to its proper use, that the productive power of the land will be maintained, that fires and timber trespassers will be kept out, and that the land will not be "dropped for taxes" when all hope of sale has disappeared. From the standpoint of a wise land policy, the reduction of taxes solely to hold the land on the tax roll proves to be an unwise procedure.

What then is the minimum tax contribution a community can expect from land owners? As pointed out in the *Report of the National Resources Board*, 1934 (p. 240), "Where land has little or no prospective return

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[8] Harland Bartholomew *Urban Land Uses*, Harvard University Press, (1932) p. 146.

and hence has negligible value, some public expenditure is entailed by its very existence. This cut-over land must be protected from fire . . . Where the land does have a small value, expenditures on roads, schools, and protection are often wholly necessary to the sustaining of such value. It is reasonable that this land should pay a certain minimum for these services . . . Encouragement of continued private ownership through more or less complete elimination of taxes would involve an outright subsidy to such private ownership". If the present or prospective land uses do not justify paying this minimum and the land reverts to public ownership, we have one of the clearest possible distinctions between land which should be in public ownership as against land which should be in private ownership. This constitutes, in fact, a rather convenient determination of "submarginal land" for private utilization. The millions of acres of remaining public domain testify to the fact that these lands did not appear productive enough to be able to pay minimum taxes in private ownership.

In dealing with tax delinquency one is tempted to accept the findings of one student of the problem who concluded an exhaustive statistical treatment with the statement that the way to eliminate tax delinquency was to abolish the general property tax! Within the present pattern of local government and finance, such a prospect is out of the question, or at least not feasible, although a patchwork of exemptions, such as homestead exemption, and modifications such as tax limitations, are developing.

Reforms within the system are urgent. Among these are better and more equitable assessments. Land classification to serve as a basis for assessment is much to be desired, also, zoning followed by assessments and tax rates adjusted to the legal designations set up in the zoning ordinance will help to adjust tax burdens to the income possibilities of the land.[9] Deferred taxes following the example of forest crop laws have been suggested. Such laws should not be necessary on any land enjoying a regular annual income and for land with a deferred income (as will be discussed later), deferred or special taxes can only be justified where the owner is using the land for a purpose recognized to be of public interest and where he agrees to meeting definite requirements.[10] Deferred taxes can hardly be

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[9] See Chapter XXII, "Rural Land Classification for Tax Assessment", in *Land Classification in the United States*, March 1941, National Resources Planning Board.

[10] Forests and mineral lands are examples. See *National Resources Board*

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justified when they can be used to play into the hands of the speculator.

Basically, the tax burden in local areas should be shifted to sources of revenue other than land but these other sources are difficult to reach or in many areas do not exist. However, all these are long time objectives and even if carried out will not eliminate the tax delinquency which results from maladjustments in land use or whenever the land owner is unable or unwilling to use the land properly. The ultimate destination of such land is public ownership irrespective of the adjustments in the taxation procedure that may be made short of the elimination of taxes on land. To some this appears to be a harsh conclusion. They feel that all possible safeguards should be set up to protect the social rights of the small land owner in times of depression against the tax collector. However, the next section of this Report will make it clear that the laws, procedures, and administration of tax laws are such in this country that the owner is, on the whole, amply protected. On the other hand, others are concerned with the slowness of the process of tax reversion, and the long years during which the resources are without adequate management. Suggestions will be made later on how to accelerate this process but the details of the legal machinery to accomplish this are beyond the scope of this Report which is designed to deal primarily with the land use adjustment aspects of the tax delinquency problem.

Legal Aspects of Tax Delinquency

Procedure for Enforcement of Real Property Tax Liens

In theory, a private owner who permits his property to go tax delinquent must at some time forfeit his property rights to the State. This theory has been so modified in law and practice that the State (or its subdivision), rather than actually foreclosing its lien on the delinquent property, offers its lien for sale to the general public. Where no private purchasers bid at such a sale, the land commonly reverts to the government. In either instance, the original owner has the right of redeeming his property within a specified period following sale, by paying back taxes, interest and penalties, thus clearing his right to title. Speaking generally, it may be said that tax enforcement procedures are so weak as to be, of themselves, a cause of tax delinquency. Poor administration, high costs of foreclosure, sub-

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Report, December 1, 1934, p. 426-428 for a discussion of the taxation of mineral lands.

sequent vulnerability of title of foreclosed property, and the lack of any definite public use for property if it actually comes into public ownership, have so ham-strung enforcement that in far too many jurisdictions it is no longer an effective guarantee of payment.

Some short-term delinquency undoubtedly arises from the leniency of penalties and interest charges, which, in effect, permit the delinquent taxpayer to borrow from the government at low rates. Still other short-term delinquency may arise from over-sights due in part to laxity on the part of collectors in billing, serving notice of due date, etc. These factors are relatively insignificant, however, compared with the more serious laxity and defects in the legal and administrative procedure responsible for long-term delinquency. The most frequent example of laxity is failure to hold tax sale, or, if tax sale is held and lands are struck off to the government, failure to prevent continued use and occupancy after the period of redemption has expired.[11] The sale of property tax delinquency is in most States an administrative process, despite the fact that property rights are ostensibly placed in jeopardy; and this has much to do with failure of such administrative action to conform to the requirements of law and to have the effect of action by a court of law. The actual administrative process of sale, for example, frequently fails to comply with legal requirements as to notice, which is always of paramount importance in "due process" where property rights may subsequently be extinguished. Incorrect descriptions of property and incorrect assessments to unknown owners of "owners of record" are two principal reasons why acceptable notice is not given with a resulting invalidation of the proceedings.

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[11] Basic procedures vary considerably between States, of course:

(1) Those in which tax certificates are sold and a definite period of redemption accorded, after which the tax lien is enforced by a foreclosure proceeding, as in the case of a mortgage—(e.g. New Jersey, Nebraska, North Carolina).

(2) Those in which all tax liens are purchased by the State or county and redemptions made to it—(e.g. California, Idaho, Utah).

(3) Those in which tax certificates are not sold, but the tax lien is foreclosed by court action and the property sold a considerable period after delinquency. This interim period is one for redemption but no redemption may occur *after* the sale.—(e.g. Ohio).

(4) Those in which tax certificates are sold and redemption allowed during a specific period, at the expiration of which an administrative "tax deed" is issued—(e.g. North Dakota).

Lien Enforcement Procedure and its Results in Certain States

In Pennsylvania, tax delinquent "unseated lands" (undeveloped and unoccupied properties, largely forest land, wild lands, or mineral properties, are open for redemption for as long as 5 years before sale can be held. Sales are held at various times, apparently at the discretion of county officers. After the expiration of the redemption period, an advertised sale may be held, at which delinquent property is sold to the highest bidder, and a deed is issued.[12] At such a sale, it is possible for delinquent owners to repurchase their property by making the high bid (often a mere fraction of the amount of taxes due) thus satisfying all tax liens up to time of sale.

In Arkansas, prior to 1939, many owners permitted land to go delinquent and subsequently repurchased it from the State at approximately $1.00 per acre. In areas where three years' taxes exceeded $1.00 per acre, this practice was repeated as long as the State had no land policy and did not actually assert and become vested with a valid title to tax-reverted land. The price of $1.00 per acre was authorized by Act 129 of 1929 and indicated a policy of rapid disposal of tax-reverted land to private ownership.[13] The low price and poor title granted under such resale also invited holding for speculation in poor quality lands with the possibility of recurrent reversion. The practice of "donation", which is not greatly different from homesteading the Federal public domain, was another means of disposing of reverted land in Arkansas. The donee was obliged to fulfill certain requirements as to occupancy and improvement of the land. If option to purchase after a short period were exercised, title could not be passed for 15 years to anyone having an interest in the land at the time of forfeiture.

This practice led to heavy application for donations from 1928-37. Many of these applications for donation did not result in a deed being granted, due to tax delinquency, contested titled, exploitation of timber, abandonment, etc. No differentiation as to quality of land for disposal was made, with the result that abortive attempts to farm were made by unemployed persons and others with little resources. This wholesale disposal

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[12] Sales of unseated (i.e. unimproved) lands differ in form from sales of improved properties, and are known as "commissioners' sales".

[13] Orville J. Hall, *State-owned land in Arkansas,* Bulletin No. 370, Arkansas College of Agriculture, Fayetteville, Jan. 1939, p. 19.

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without regard to quality of land for agriculture could only lead to recurrent reversion. In 1939, Arkansas enacted a statute to correct this situation and to provide for a more orderly administration and disposition of State-owned lands.[14]

The results of inadequate tax enforcement procedure are too serious to be lightly dismissed. As long as delinquent owners can contest the government's title on procedural grounds, they may continue to occupy, use, abuse, and refuse to pay taxes on the property concerned. Inadequate legal description of property, inadequate notice, erroneous assessment records, failure to observe proper chronology, or any other administrative omission during the long series of steps from original assessment to final foreclosure of the delinquent property, may be sufficient to set aside the State's claims. This is not only serious in itself, but it also makes a government title so vulnerable to attack that it is not attractive to any buyer but a speculator, which certainly does not tend to bring tax foreclosed land into a stable or permanent use.

In Minnesota, the tax reversion statute has been found to conflict with several unrepealed prior statutes and there is no certainty that valid title passes to the State. A recent case brought by a lumber company resulted in the setting aside of tax titles in a Minnesota county on the ground of incomplete description of property, although taxes had not been paid for 10 years on the large acreage in question. Although this decision was later reversed, it is indicative of the extent to which minor irregularities may be used to cloud or set aside titles. The policy of local governments of keeping land in private ownership has caused most tax reversion statutes to be merely a threat to enforce collection. The legislatures have been reluctant to make reversion more definite and certain, and the courts have been disposed to hold as unconstitutional many statutes intended to speed up the process of forfeiture for nonpayment of taxes.

The series of moratoria, stay laws, and other types of indulgences and bargain settlements enacted from 1933-37 for delinquent taxpayers have been taken advantage of by others than distressed farm and home owners. These laws have authorized such steps as the waiver of penalties and interest, and cancellation of certain back taxes upon payment of current taxes or a few prior years' taxes. Land speculators, mining and timber companies, and other large landholders, have, in the absence of stringent foreclosure

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[14] Act 331, Approved Mar. 16, 1939.

provisions, deliberately permitted back taxes to accrue on land of low value until an opportunity for partial payment presented itself. Where local bodies are permitted to waive back taxes by resolution without need for a general moratorium, this type of delinquency has been more frequent and bargain settlement of tax and special assessment arrears has become a major abuse. This is often the case where local units of government are in desperate financial circumstances because of economic decline of industries, shrinkage of the tax base, small assessed valuation and heavy public debt. Everything is done to "keep land on the tax roll" and the owners of large tracts of timber, cut-over land or reserve coal land have the county in a poor bargaining position. In Minnesota, one Statute[15] permitted the State Tax Commission, with approval of the county board and county auditor, to settle delinquent taxes for any amount determined to be just and equitable. This provision, of course, when delinquency was severe and local units were pressed for revenue, halted the process of reversion.

In spite of the common provision that land shall not be sold for less than taxes plus costs, provision is made in some States, for sale at less than taxes and costs, provided the land has been offered at sale certain number of times. In Missouri, if property does not sell for taxes and costs for two consecutive years, it may be sold the third year to the highest bidder. The abuses to which such provisions may lead have been cited in the case of a Missouri county. A tract of 1,919 acres in a single ownership was offered for sale the third time under an execution issued on a judgment in the county's favor totalling $832.43. The owner, against whom the judgment was given, purchased the land at the sale for $26. Deliberate recurrene of delinquency under such terms is readily understandable. [16]

In the same Missouri county, compromises were granted by the county court under another statute[17]. Back taxes were compromised on 202,182 acres during the years 1932-35, the rates of compromise ranging from 45.52 to 49.17 per cent of the levy against the property. A revenue loss of $9,803.45 was involved and more than half of the owners so favored were non-residents.

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[15] Sec. 1893, Mason's Minn. Statutes 1927.

[16] H. K. Allen, *Tax Collection Procedures: Land Use Implications and Administrative Problems,* U. S. Department of Agriculture, Bureau of Agricultural Economics, February 1939, Washington, D. C. (Mimeo.) p. 27.

[17] Missouri Laws, 1933, Sec. 9950.

In New Jersey, as in many other States, the cost of acquiring valid title to tax delinquent lands is prohibitive, and tax sales, which are discretionary with local subdivisions, are not held where large areas of low valued land are delinquent. Accumulated taxes, plus costs of foreclosure, often exceed the value of the property. Some New Jersey townships have omitted chronically delinquent lands of low value and delinquent property in defunct subdivisions from the tax rolls in order to escape payment of State taxes apportioned to the townships on a tax base which would have included these noncontributing properties. This, of course, is a related procedural problem, prolonging retention of such lands in a suspended state between public and private ownership.

Obstacles to Stabilization of Chronically Delinquent Land

State and Local Government Organization and Finance

As has been pointed out, extensive tax delinquency is often traceable to a level of governmental expenditure and a debt structure beyond the ability of the tax base to support. During periods of expansion, local governments may borrow in anticipation of tax collections. Unwise settlement and development similarly commit the community to more or less fixed expenditures. For example, in Minnesota, the costly drainage of swamp lands unsuited to agriculture and the decline of the communities in the cut-over regions illustrate a basic lack of balance between resources and the fiscal demands of local government which can lead only to delinquency and reversion. In Minnesota's cut-over area, millions of acres have reverted to the State, and many local units of government are attempting to operate on tax bases so shrunken that existing tax burdens are almost confiscatory. In addition to the high rates to support current operation, levies of unusual severity are imposed for debt service on loans to the local governments by the State and by private creditors. It is not unusual to find public debt loads which equal or exceed assessed valuation.

In areas where local government has not completely collapsed from wholesale tax delinquency, undue optimism persists in opposing any other disposition of chronically delinquent lands than continued resale to private owners, without regard to the likelihood of recurrent delinquency. Tax-delinquent lands are often permitted to remain on the tax rolls in order to make the apparent assessed valuation larger, and thus keep funded debt within legal ratio limits. Accumulated back taxes are sometimes

regarded as accounts receivable against which funds may be borrowed.

Where extensive areas of land are now eligible for reversion, the taking of title by a public body would doubtless bring to a head a long-standing need for reorganization of local government and scaling down of outstanding debt. It is this possibility that raises one strenuous objection to public assertion of title. Local officials, pressed for revenue, have been primarily interested in returning delinquent land to the tax rolls in the hope that some of it will remain there. This view is undoubtedly short-sighted when the taxpaying record of such land is considered, yet local officials have no other alternative when the basic law is designed to return delinquent land to private ownership and when no alternative public programs of use and disposal are immediately available. Even when such programs are available, inducements to local units may be necessary in order to assure their cooperation. Compensation for loss of tax base in the form of annual payments per acre, or a share of revenues derived from the land in public use, may be required, despite the theory usually offered that the loss is offset by benefits derived from the development of lands for public use.

In Michigan, the Conservation Department, which administers rural tax-reverted lands, has been criticized for taking property off the tax rolls. The Conservation Department has replied in part as follows: "It is highly questionable whether any considerable part of these tax homestead (reverted) lands could be sold today at public auction for an average of $1.00 per acre. However, taking the optimistic assumption that the entire acreage (1,354,985 acres, October 1922) of such lands open to sale could be disposed of to private owners at, say three times this assumed value, or $3.00 per acre, it would increase the total assessed valuation of the State no more than one-fifteenth of one per cent. The cut-over region as a whole would benefit less than 2 per cent in assessed valuation and in no county would the increase exceed 6.5 per cent of its present valuation. It would, therefore, seem to be unsound to contend that returning the tax-reverted lands to the tax rolls, even if possible, would make any material difference in the total assessed valuation or tax yield."[18]

Michigan made some concessions to the local viewpoint, however, by providing for a lump sum per acre payment to local units in order to dis-

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[18] Ford, *op. cit.* p. 83.

charge all liens, and an annual payment per acre to compensate for tax loss on lands held by the Conservation Department.

Imperfection in Collection and Reversion Laws: Complications, Costliness, and Uncertainty

Poor titles to tax-reverted land are undesirable both from the standpoint of retention in public use and resale to private owners. The chief reasons for such poor titles are:

(1) Failure to accord proper notice of tax sale and redemption due to inaccurate land descriptions and incorrect ownership records.

(2) Lack of judicial authorization for tax sale and the giving of tax deed.

(3) Failure to extend to owners the privilege of "a day in court".

(4) Lax administration of enforcement provisions of the statute.

(5) The court's disposition to favor contentions of owners who are deprived of title through tax delinquency.

Foreclosure of tax liens in the manner of mortgage foreclosures is unusually costly unless statutes provide the joining of all causes of action, or tax liens, in a single proceeding. In 1934, costs of publication alone in San Diego, California, amounted to $14,000, or $1.20 per parcel in order to keep and publish the delinquency record. The total taxes due on thousands of subdivision lots fell below this cost.[19] The instances of improper descriptions causing the State's title to be set aside by the courts have been cited above.

Failure to Enforce Laws

This administrative breakdown may come about through inertia and failure to appreciate the justice and advantage of a firm and impartial policy. Informal indulgences to delinquents are unfair to those who pay obligations when due and are destructive of taxpayer morale. Wholesale delinquency, of course, may lead to relaxation of stringent procedures prompted by political considerations and genuine sympathy for owners. The various moratoria of 1933-37 extended redemption periods, and while each moratorium was for a limited period, pressure on the legislatures caused them to be regularly

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[19] California State Planning Board, "Tax Delinquent Land in California", 1938, p. 5. See also N. J. State Planning Board, *op. cit.*:

"For the State to spend $200 to $400 to receive clear title to each plot of land worth $10 per acre on the average is patently impossible."

extended. Although designed to protect small property owners, the beneficiaries were often large speculative and exploitative holders.

Failure to Recognize Need for Long-Run Policies

Although several excellent studies have been made of tax delinquency showing a "cross section" of the problem as of a given time, in no case has a *continuing* state-wide record been made of tax-reverted land showing location, size of tract, owner, use, tax record, and to map cover, soil and slope of the land. Such a record would give officials dealing with tax reversion a complete picture of the land they are expected to classify, resell, or assign to proper agencies for administration. Local officials have been forced to resell due to pressure for revenue and have had little incentive or direction in preparing for other use and disposal of reverted land. Research and planning studies illustrative of the tax history of lands and recurrent reversion in areas of land-use problems may serve to indicate to local officials the need for a program for the best use of lands in their jurisdictions. Such studies should be combined with demonstrations of the destruction of cover, soil depletion, and timber exploitation which result from the neglect of chronically delinquent lands.

Public agencies should develop and have ready long-time programs for the use of tax-reverted land, or, if they wish to acquire such land, should know what land is desired and how they propose to use it. Unless specific plans and proposals can be offered, no one can criticize local attempts to dispose of the land again to private ownership. Too often, there is a sincere belief on the part of local officials that all land should be retained in private ownership; that if taxes are not paid each year, they may be paid in some years; and that if full charges cannot be paid, compromises are justified. It must be demonstrated to local officials that the retention in private hands of land which cannot yield a tax revenue leads to the breakdown of collection processes; the tax base is being reduced regardless of what figures show on the tax rolls.

Land-Use Aspects of Tax Delinquency

We turn now to that portion of tax delinquency which may be said to be related to land and its use -- delinquency caused by such factors as misuse of the land itself, maladjustment between its actual use and its most profitable permanent use, or conflict between its actual management and the demands of the tax collector or the owner for current income. In

other words, if it were possible to eliminate all the legal, administrative, and fiscal causes of tax delinquency discussed in the previous two sections, there would still remain (especially in our land use problem areas) a considerable amount of real property tax delinquency attributable only to maladjustments in land use.

Tax delinquency and land use are interrelated in three ways. First, land in maladjusted use is economically unhelathy, and this unhealth manifests itself (among other ways) in tax delinquency. Second and conversely, insofar as tax delinquency is caused by land use maladjustment, clearing up tax delinquency depends on first clearing up the land use picture. Third, tax foreclosure (to the extent that it is effective) is a means of bringing maladjusted land into public ownership for rehabilitation and rededication to a more appropriate use.

Tax Delinquency as Related to Various Types of Land

(a) Land in Healthy Condition: This type of land is rarely delinquent, and when it is, the delinquency is almost invariably a depression or distress phenomenon, limited in extent and duration. Land owners, in fact, cannot afford the luxury of voluntary delinquency because private tax certificate buyers will eagerly relieve them of their property if they do; and if they are forced by economic exigencies to forfeit their property, it finds a ready market, and the taxing unit of government loses no revenue.

Examples of this type of land are the better grade of agricultural, recreational, or residential land. Recreational and residential land, although they produce no income in the usual sense of the word, have a high value to the owners, who pay taxes out of other income. As long as this income continues, and as long as the property has value, the taxes will be paid. Only in the case of a general depression or individual hardship will this land become delinquent. Agricultural land, of course, produces income; and the better agricultural land provides more than enough to meet taxes. As pointed out above, the tax paying capacity of owners of this type of land may be curtailed temporarily, but even so the use of the land does not change substantially.

In the case of agricultural land, of course, it may be difficult to determine whether it is of the "better grade". The marginality or submarginality of agricultural land is largely a relative matter, and there

is no sure way of knowing, when delinquency appears as a result of low prices or unusual climatic conditions, whether it is temporary or not. If economic fluctuations could be reduced, and reasonably stable economic conditions produced, those submarginal areas where delinquency will persist could be identified and isolated for special treatment. But since marginality is drastically affected by economic as well as natural conditions, the margin in agriculture is not a fixed and permanent geographic boundary. In many sections of the country, climatic conditions are such that agriculture is not so well established nor settlement so stable, as to create a permanent and non-fluctuating tax base. The Great Plains furnish a tragic example. Over large areas rural population is only a fraction of what it was 10 years ago. Farms have been abandoned in great numbers, leaving their property to the mortgage holders or the local taxing jurisdictions, whichever care to establish the stronger title. The ever increasing "delinquency domain" represents land to which legal title is obscured by conflicting claims, obstructive laws, and the extreme costs involved in establishing a valid title. It constitutes a virtual no-man's land subject to destructive exploitation or neglect and is barren of revenues either to the owners of the equity or to the local taxing jurisdictions.

(b) Land in appropriate use, but financially overburdened: A second type of tax delinquency arises where the land, as a matter of land use per se, is in an appropriate use, but where the fiscal and tax burdens are not adjusted to the land use income.

A notable example of this appears in the rural-urban fringe, where farm land falls within the influence of the expanding city. This land is not yet ripe for subdivision and suburban development, and its most logical use is still agricultural; yet it increases sharply in market value (because of its speculative possibilities) and consequently in assessed valuation; while at the same time, the tax rates of the town and county in which it lies are increasing, because these jurisdictions must install new roads, utilities, and public facilities for growing populations. Caught between the millstones of rising valuations and rising tax rates, this farm land becomes progressively less able to earn taxes, and must either be sold to real estate developers, or allowed to go tax delinquent, even though it is still in its most appropriate use.

Other examples are found in land subject to unusually heavy debt charges or special assessments. Irrigated land, for example, subject to heavy general and special taxes, may be (as far as the land itself is con-

cerned) in a sound permanent use; yet in the development of the land, capital charges were incurred that the income from the land could not be expected to meet. Similarly, good land bought during periods of high prices cannot pay taxes on the same scale when prices fall; yet land valuations may not have been reduced in proportion to farm prices; and so the land, still productive and still in its proper use, may be forced into tax delinquency because the income demands or the tax burdens are not scaled down to the land's income producing capacity.

(c) Land in maladjusted use: The type of land most obviously responsible for large scale tax delinquency, of course, is land in a truly maladjusted use. There is no need to labor the point that a gross farm income of $500 a year will barely cover operating and living expenses, with little or nothing left over for labor income, debt service, or taxes. The causes of this tax delinquency are as numerous as the causes of agricultural poverty; exhaustion of resources, climatic hazards, ravages of diseases or insect pests, chronically low prices, overproduction, overpopulation, undersized farm units, insufficient mechanization, and so forth. The cures of this type of tax delinquency depend primarily on economic rehabilitation and only secondarily on changing or adjusting the tax structure. It is therefore hardly relevant to discuss this type of tax delinquency until the land has been pulled at least close to the borders of marginality, where the effect of taxation can be distinguished from the effects of erroneous land use.

(d) Land with deferred income: Until now, we have been discussing land with some current income or some immediate value to its owner. "Land with a deferred income" is often land speculatively held, land from which the owner receives no current income, and for which he has no immediate use, but on which he later expects to realize income or capital gain.

Vacant land in or near cities held for development as residential or business property, or cut-over forest land held in the hope that it may some day be sold as farm land, are examples of land with deferred income. Such land is likely to become tax delinquent in normal times if the supply offered for sale exceeds the demand and as soon as taxes and interest threaten to exceed expected profits. In the case of a collapsing boom or fraudulent speculation the process is accelerated. Tax delinquency and other repercussions on local governments assume serious aspects, and these governments are driven into land adjustment programs in which the tax-reverted land plays an important role. Suburban land is in a singular position in that it

is not submarginal. It was taken out of highly productive farm land use, and under reasonable assessment had contributed its share to the support of the government. The trouble is that "subdividing" has broken it into small tracts, gridironed it with streets, sidewalks and curbs, provided sewers, water mains and other public utilities so that it is impractical, or even impossible, to return it to its former use. It has not "ripened" into residential use but has become frozen in a premature use from which it cannot be extricated.

Tax Delinquency and Land Use: Four Brief Analyses

To illustrate briefly some of the points discussed in the preceding section on tax delinquency as it relates to land use, and to exemplify the relationship of these points to those brought up in the discussion of the legal and fiscal aspects of the tax delinquency problem, four brief analyses of outstanding areas of tax delinquency in association with land use problems are presented below. More extensive treatment of these four types of land and other areas of tax delinquency is found in the Appendix.

(a) The Lake States cut-over lands: The Lake States cut-over region is characteristic of all land lying on the farm-forest fringe.

While this land possessed its original timber, all of it was on the tax roll and paying for the support of schools, roads and public services. It could have been kept as continually tax-paying property if logged on a sustained yield basis, but the lumberman was not interested in growing trees, only in harvesting them. After the timber was cut, the income producing capacity of the land, and therefore its tax-paying capacity, was destroyed. Some lumber companies even stopped paying taxes on tracts they expected to cut in the near future; others, however, paid taxes regularly on their cut-over land as well as their merchantable timber until the entire holding was "cut out". Had no other form of land use appeared feasible, delinquency and reversion would have speedily returned the entire cut-over area to public ownership. Indeed, some tax delinquency appeared in Wisconsin even before 1900. The bulk of the cut-over land, however, was held for its expected use in agriculture, although before 1900 the rate of conversion of cut-over land to farms was distressingly slow. But the increase in population, the "closing of the frontier", the rise in the price of farm products, and the doubling of land values between 1900 and 1910 merged to create the impression that all the cut-over land would be needed by farmers within a few decades. Speculators bought tax certificates or bought land from lumber

companies, and lumber companies themselves entered the "land business". Virtually all tax delinquent lands were thus restored to the tax roll soon after 1900. Local units of government were relieved of the nightmare of delinquent taxes; and under the optimism of rapid settlement, "pushing back the brush line" and general prosperity, they began to build roads and schoolhouses and to provide other public services in anticipation of the "second dairy empire" of the North.

Even if the ultimate use for all of the land in the cut-over region could have been farming, it is probable that the region would not have escaped a certain amount of delinquency. It has been estimated that even had development continued at the rate of the best boom years, it would have taken 400 years to bring all of the northern Wisconsin under the plow and twice as long for the Northern Peninsula of Michigan. No conceivable rise in land values could have recouped the "waiting costs" of taxes and interest on the investment incurred before the last forty acres of stump land went under cultivation. Several crops of timber could have been grown on much of this land, had the owners been forestry-minded.

In actuality, agriculture could not have absorbed the entire area of cut-over land of the Lake States, however, because most of it was submarginal for farming even in the period of farm prosperity before the war of 1914-18. Many of the tragedies of settlement on submarginal land were due either to the mistaken belief that the land was supermarginal or to the fraudulent practice of selling worthless land to settlers. Looking back one is tempted to wonder why the land was not classified and zoned with only that land classified as agricultural made open to sale for settlers, and all the rest promptly reforested. Such a proposal for action, however, would have been shouted down, because public opinion and public land programs - local, State and Federal - opposed the use of the land for timber production in spite of a vague recognition that the nation needed forests and that some land was suited only for forests. It is quite probable that any private operator attempting to buy large tracts for forestry purposes would have been considered a "public enemy", a "block to progress" and the establisher of feudal holdings!

It is now recognized that at present prices forests should occupy about 40 million acres of the cut-over region of the Lake States and about 18 million acres should be in farms.[20] Had the good times and high prices

[20] *Regional Planning, Part VIII: Northern Lake States*, National Resources Committee, May 1939, p. 24.

of 1900 to 1914 continued, the area classed as suitable for agriculture would, no doubt, be larger than 18 million acres. Even at such price levels, however, areas of land in the Lake States were unsuited to agriculture; and attempts to farm the land would have resulted in failure, farm abandonment, eventual tax delinquency, and ultimate reversion of at least 50 per cent of the cut-over area to public ownership. The depression merely hastened this process. The true state of affairs was not appreciated during the boom days. The psychology of the "conservation era" restored the lands to the tax rolls or kept them there even after the timber was cut. It also kept the land from being put into its most efficient and, in more cases, its only possible use. Furthermore, it retarded fire protection and the development of all forms of public forests. Private investors made no effort to practice forestry and, as stated above, would have had no encouragement to do so. For all these reasons we have lost 30 to 40 years in bringing this land into its best use and will have to wait another 30 to 40 years before some of it will be at full production. Trees do not grow to maturity in a year.

The agricultural depression after 1920 precipitated the tax delinquency of much rural, nonagricultural land. Some of this land consisted of abandoned farms or farms caught in the business cycle, but by far the bulk of it was land held for sale, "idle", "speculative", cut-over and waste. However, land on the farm-forest fringe held for sale differs from the vacant urban land in that the latter can, in most cases, find use at a lower valuation. It also differs from land in speculative subdivisions, because if it cannot be sold for agriculture it cannot be sold at all. Aside from a remotely possible sale for recreational land (which might be considered a "higher use") the only other alternative use for cut-over land is for forestry, and there is no market for merely potential forest land. By and large, timber owners are still cutting their timber and letting the cut-over land revert to public ownership. Rarely is a private concern buying cut-over land as an investment for forest culture.

The result is either that the land alone is worth but a fraction of the value of land and timber, if it remains on the tax roll at all, or that the land slips from the tax roll completely. (See Table 1, at the end of this chapter.) About a third of Langlade County (Wisconsin) was in farm land in 1932 which paid almost $1.00 per acre in taxes, as compared to 21¢ per acre paid by speculatively-owned land. Land owned by timber companies

paid 44¢ an acre, and recreational and other properties 83¢.[21] About one-seventh of the land in the county had already reverted to the county through tax foreclosure. By August 1932, 51 per cent of the area of the county had either failed to pay taxes or was in public ownership. Broken by classes of land, tax delinquency had overtaken 58 per cent of the C grade land (i.e. land in general submarginal for agriculture), 45 per cent of the B grade land (or medium quality), and 32 per cent of the A grade land. The high proportion of high grade land tax delinquent was due to three years of deficient rainfall in this area, but 75 per cent of it was "short term delinquency" (i.e. current levy unpaid, or less than 1 year delinquent).[22]

It is evident that public ownership is the destiny of practically all the cut-over speculatively owned land. Land in lumber company ownership will join this class as fast as the timber is removed, unless the companies begin to reforest or their land is found to be suitable for farming. Speculatively owned land is largely C grade (or submarginal) land.

Of all the A grade land, 88% was in farm ownership by 1932. Unfortunately 15 per cent of the C grade land was also in farms, but the resettlement program of the Farm Security Administration has reduced even this small proportion. In other words, owners of the C grade land cannot hope to sell this land to farmers in this day of knowledge of the quality of lands. Besides, the bulk of this land is now closed to agricultural settlement by zoning. The most hopeful courses open to the owners are either to practice forestry, using the forest crop law to stabilize their taxes at 10 cents an acre, or to exchange their lands for other county-owned lands in the unrestricted districts of Langlade County. Failing this, the only alternative is to let the land revert to public ownership. The trend in this direction is well under way.

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[21] The tax burden of 21¢ per acre on cut-over land is a good example of over-assessment, a fact also established by the research work of the Forest Taxation Inquiry (R. C. Hall, "Assessment Ratios of Forest Property and Other Real Estate in Wisconsin", *Progress Report of the Forest Taxation Inquiry* #12, Nov. 15, 1930). No doubt this was a factor in inducing owners to let the land revert for taxes. Reducing the burden to a few cents per acre might shrink the acreage of tax delinquent land, but it would do little or nothing toward stimulating private enterprise to engage in forestry, and would merely delay the process of converting it into public ownership.

[22] *Langlade County, A Survey of its Natural Resources and their Utilization*, Extension Service, College of Agriculture, University of Wisconsin, April 1934, pp. 47-53.

Tax delinquency can therefore be called the common symptom of those maladjustments between land use and environment which stem from the low productivity of the land, distance from markets, the patterns of ownership, the limited range of alternative uses for the land, the high cost of public services, and (to some extent) the taxation policies of the local units of government.

(b) The Great Plains area: Another region which illustrates the relation of tax delinquent land to land use programs is the farm-grazing fringe. In the Great Plains region, where the system of dry-land agriculture stimulated by the World War has largely broken down, wholesale farm abandonment has been accompanied in varying degrees by a shift back to extensive livestock grazing as the predominant type of land use. Throughout the greater part of the region, the open range, though badly broken up by homesteads, never entirely disappeared. The remnants of the public domain, together with a considerable portion of lands granted to railroads and States, had never been brought under effective control, but remained constantly subject to competitive "free" use. The pressure of extensive use upon privately owned land, whether fenced or unfenced, never wholly abated; farm abandonment was usually followed very quickly by disappearance of fences and encroachment by livestock in competition for all available vegetative growth.

An immediate effect of farm abandonment is seen in the great increase in nonresident ownership, through default and foreclosure of mortgages, voluntary relinquishment, and tax reversion. Nonresidents are particularly ineffectual in maintaining control of the use of their lands under the conditions which prevail over much of the Great Plains. This is true partly because resident stockmen are not interested in paying for something which they may have for the taking, and partly because of other complicating factors, such as the checkerboard and small-unit ownership patterns. While much of the land is not worth the cost of fencing in tracts smaller than several sections, ownership units are in eighties, quarters, and half-sections. Owners are scattered throughout the entire United States and many are unknown.[23] Since it is impossible for most individual stockmen to secure legal control of the range they require, the prevailing practice is

[23] *Land Use Adjustment in the Buffalo Creek Grazing District in Yellowstone Co., Montana.* Unpublished manuscript prepared by the Bureau of Agricultural Economics, U. S. D. A., in cooperation with Montana State Experiment Station, in files of Division of Land Economics, B. A. E.

to secure control of key tracts, such as those containing the strategic watering places, which give the stockman an advantage in the free and competitive use of surrounding open lands.

Under these conditions, the owners of the equity in land are helpless. Ownership does not insure control of, or compensation for, the use of the land. Likewise, local governments have had little recourse to stringent tax enforcement methods. The typical laws nominally authorize the taking of tax titles and resale to others, but the absence of tax certificate buyers, the questionable validity of title, and provisions which restrict resale or lease of the land, have made these laws ineffective for orderly treatment of the problem.

Free and competitive grazing invariably leads to overstocking and to premature stocking in the paring before vegetation has had an opportunity to become established. The resulting depletion takes the form of gradual disappearance of the more palatable and nutritious species, such as the grasses, and this is followed by an increase of nonedible species such as cacti, sagebrush, and greasewood. Overgrazing and trampling likewise expose the soil to wind and water erosion, which over a long period have destroyed millions of acres of once valuable range lands.

The fact that extensive areas of poor lands cannot profitably be fenced or controlled except in blocks of considerable size, while ownership is in small tracts and largely nonresident, makes any effort towards land use control extremely difficult. Abandonment and tax delinquency occur in no set pattern, but break out in random fashion all over the map. Land is not usually held in contiguous tracts. As a consequence, any individual livestock operator is likely to find himself surrounded by land necessary to his operations, but over which he is unable to secure control. Even though he may acquire legal control over scattered tracts, he may be unable to realize effectual physical control because of the prohibitive cost of fencing small tracts, or of policing them against trespass when they are surrounded by lands where competitive grazing prevails. There is, hence, little or no inducement for individual livestock men to buy or lease land. If conservation is practiced on leased land to restore vegetative cover, it means sacrificing present use. This sacrifice is to no avail when someone else may outbid the stockman for the subsequent lease, or run the price up so high that the venture becomes profitless unless destructive overgrazing is practiced. If the latter occurs, abandonment usually follows.

Explanation of the destructive exploitation of range lands is found in the difficulty of obtaining effective control of their use. Such control is generally possible only when a considerable acreage in a contiguous block can be brought under one central control. Since the ownership of these lands is so widely diffused in small tracts, more or less tax-delinquent, the adoption of a vigorous government policy of tax foreclosure represents one of the most constructive steps toward regulation and control in the interest of conserving the land resources. Certain impediments which stand in the way of such a program of taking tax titles must be removed. State laws must be enacted which will reduce the costs of taking title in the name of the public, strengthen the validity of tax titles, authorize the classification of reverted lands for their best use, and permit the retention and administration of certain lands in public ownership.

(c) Florida: The situation in Florida during the worst year of the depression was the product of a large number of casual factors, and represented one of the most aggravated conditions of tax delinquency. As of February 1, 1933, the State held tax certificates to 16,787,000 acres which were acquired through tax sales. Total land acreage in the State is approximately 34,000,000; hence almost one-half of the acreage of the State was delinquent to some degree at that time. Significant was the fact that most of the area was of poor quality and low value: 4,393,000 acres of swamp and waste land; 8,364,000 acres of cut-over land, including prairie and grazing; and 2,223,000 acres of farm land. The 1933 assessed value of land "sold" to the State was $173,000,000, and the assessed value of land remaining on county rolls was $289,541,000.

A confusing number of special stay laws were enacted during the depression, involving tax concessions, compromises, and inducements to restore property to the tax rolls. Although such laws did restore property to the rolls, tax payment was not greatly increased during the critical years.

Prominent in the delinquency of agricultural lands were lands located in the 11 southern Florida counties covered by the Everglades Drainage District, a large number of drainage subdistricts, and other special districts. In addition to general economic factors and the collapse of inflated real estate values, the acreage and ad valorem charges of special improvement districts added materially to the tax burdens to be borne. The Everglades Drainage District was forced into default and most of the special subdistricts defaulted on interest, principal, or both. Nearly all of the

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special districts applied to the Reconstruction Finance Corporation for refinancing. In one special district, after refinancing, the Reconstruction Finance Corporation was obliged to commence foreclosure on a number of liens of the district and to purchase State and county tax certificates of *equal* dignity with drainage tax certificates in order to enforce collection.

(d) New England: In contrast with Florida and other areas of chronic delinquency, the New England States have exhibited a generally high level of property tax collections, even during depression period. Where delinquency occurred in volume, it was of a relatively short-term character. This condition may be ascribed to a number of factors: (1) a high degree of stable resident ownership; (2) incomes from other sources than the land (from either part- or full-time employment); (3) the increasing number of residential farms; and (4) the diversification of farm enterprises and the achievement of agricultural adjustments away from single cash crop farming some decades ago.

In addition to these factors, however, aggressive methods of collection were employed, including notice, local publicity and seizure of personal property in some instances. Moratoria on tax payments were not prevalent in the New England States during the depression years. Areas of New England exhibiting serious chronic tax delinquency have usually been those suffering from industrial out-migration. When an industry identified with the support of the rural area through the provision of markets and part- or full-time employment has moved elsewhere, the income from which taxes could be paid has been seriously impaired.

The favorable record of tax collections in New England is made more unusual by the facts that the New England States exhibit a great degree of dependence upon the general property tax and that the rural towns are relatively small governmental units. The index of farm real estate taxes for 1937[24] showed average farm taxes per acre at $0.39 for the United States, and average farm taxes per $100 full value at $1.15. For the New England States, the figures were as follows for 1937:

	Average farm taxes per acre	Average farm taxes per $100 full value		Average farm taxes per acre	Average farm taxes per $100 full value
Maine	$0.77	$2.40	Massachusetts	$2.29	$1.92
New Hampshire	.69	2.13	Rhode Island	1.38	1.20
Vermont	.44	1.54	Connecticut	1.59	1.15
New England average		$1.01			$1.71

[24] U. S. Department of Agriculture, Bureau of Agricultural Economics, *Farm Real Estate Taxes in the U. S. 1930-37*, Nov. 30, 1938. (Mimeo. release).

The only region with higher averages was the Middle Atlantic, including New York, New Jersey and Pennsylvania. Thus a good collection record is found in an area of relatively high property-tax burdens. In 1935, the Forest Taxation Inquiry reported:[25] "In none of the three New Hampshire towns studied was there an appreciable amount of delinquency..." In answer to a questionnaire of the State Tax Commission on September 1, 1931, "162 towns, or 72 per cent of the total, reported normal, or better than normal collections. At the end of the fiscal year January 31, 1932, tax collections amounted to nearly 90 per cent of the levy and were within 2 per cent of the record for the previous year. It is reported that there is normally very little delinquency in Maine and that the few parcels of land that have been sold and not redeemed within a year have been later restored to the original owners by a special act of the legislature. The State does not own any land obtained through the channel of delinquency and tax delinquency in unorganized territory is almost negligible." In Connecticut, the practice of continuance of tax liens for periods as long as 15 years resulted in substantial accumulations of back taxes in a number of smaller towns during depression years, but the general situation was by no means as serious as that existing in areas of chronic land problems such as those discussed in other sections of this report.

Tax Foreclosure in a Program of Land-Use Readjustment

We have now discussed one phase of the dual relationship between tax delinquency and land use: the effect of land use on the amount, intensity, and duration of real property tax delinquency. We turn next to a consideration of another phase: the possibility of using the tax machinery of government to improve land use by bringing tax delinquent land into public ownership for rehabilitation, readjustment, and replanning.

(a) Public Ownership through Tax Foreclosure: Purely as a matter of sound land use, a great deal of the tax delinquent land of the nation should be in public ownership. Its delinquent status is only one of several indications that it is not suited for private ownership and management, whether it be in the sparsely settled, cut-over areas of the farm-forest fringe, in the eroded, high-drought-hazard plains of the farm-grazing fringe, or in the man-made "institutional deserts" of the rural-urban

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[25] *Forest Taxation in the United States,* U. S. Department of Agriculture, Misc. Pub. No. 218, p. 168, Washington, D. C., Oct. 1935.

fringe. It would be possible, of course, to purchase this land outright, but since it coincides with areas of tax delinquency, would it not be more expedient to acquire it through tax reversion?[26]

Outright purchase requires considerable expenditure of public funds; whereas tax reversion is costless insofar as direct outlays for land are concerned, although not without costs of one kind or another before the process is completed. The fact that tax reversion does not involve public outlays has led to the suggestion that tax reversion be made a more universal method of public land acquisition. To accomplish this more rapidly it is proposed that extra heavy taxes be placed on the land to be acquired, thus forcing the owners to "let it go" immediately. This procedure would be of doubtful legality, since laws usually require that all property be taxed equally, and prohibit discriminations against particular ownerships (even though this is sometimes accomplished by local officials when they purposely under-assess local residents and over-assess absentees).[27] It is also questionable whether it is ethical deliberately to deprive owners of property from which they have received no income during the years while the property was on the tax roll and while they contributed to the support of schools, roads and other public services. However, since the owners acknowledgedly were taking speculative risk, the matter of ethics in this case need not be a prominent factor in determining our land policies.

As a matter of past record, although public land acquisition through tax reversion has been available to States and local units of government, few have availed themselves of the opportunity. Almost without exception such reversion as has occurred has been involuntary acquisition. In their need for revenues governments have made all efforts to keep the land on the tax roll; and even after land has become public property, State and local officials have gladly sold tracts for less than accumulated taxes and costs, for the same reason.[28] The Michigan and Arkansas systems of homesteading and donation had similar motives behind them. Only after it was discovered

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[26] See *Public Land Acquisition, Part II - Urban Lands,* National Resources Planning Board, Washington, 1941, pp. 18-29.

[27] Article IV. of the ordinance of 1787 has this provision, "No tax shall be imposed on the lands of the United States; and in no case shall non-resident proprietors be taxed higher than residents." This provision was repeated in many State Enabling Acts.

[28] County officials have often overestimated the importance of tax delinquent cut-over, speculatively owned land from the fiscal standpoint. Table 1,
(Continued on next page)

that many private purchasers acquired the land merely to strip off the remaining timber and let the land revert again was the practice of sale or homesteading abandoned.

In Wisconsin, the county unit particularly suffers from delinquency. Here delinquency is not shared by the various units of government, but falls on the county alone. In Langlade County, for instance, 50 per cent of the area had not paid taxes by August 1932. This did not mean that the school districts, the towns, and the county all were short 50 per cent of their expected revenues. Out of the taxes contributed by the tax-paying land, the schools were paid in full, then the towns were paid, and if any tax money remained, it went to the county.[29] After a given date, the burden of collecting the delinquent taxes falls upon the county. The only redeeming feature of this system is that the land finally reverts to the county after the five year redemption period. No other unit of government has any claim on it unless that unit has an unfulfilled tax claim still outstanding.

However, the reluctance of county officials to take title to the land has been such that they often postponed the unwelcome task for several

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(Footnote continued from preceding page)
showing the tax base and the tax burden in a typical cut-over county of the Lake States, p. 43, is an answer to the objection so often heard that taking title to the land seriously reduces the tax base and diminishes the revenues of local units of government. This table omits the taxes and tax base of two incorporated areas which represent 52% of the taxable property of the county. The table shows that while the speculators owned 25% of the area of the county they were expected to pay only 8% of all the taxes levied outside of the incorporated places. In other words, if *all* the land owned by speculators were converted into public property the taxes would be reduced by 8%. Including the area of land already in public ownership and estimating the taxes also at 21 cents per acre, the total reduction would reach about 11 or 12%, but would involve almost 207,000 acres or almost 38% of the area of the county. The significant conclusion from this is that tax delinquency in the cut-over regions is a matter of *area*, of *land*, and secondarily a matter of revenue. The loss of revenue, however, should not be minimized too much because these counties are financially weak and every dollar not collected is missed. Besides, tax delinquency is not confined to "speculatively owned" land. Taxes levied on all the other types of land have also remained uncollected, especially on the land in "timber ownership" the bulk of which is in the same condition as the speculatively owned land.

[29] If state taxes are levied on property, the state's share precedes all the others.

years after the required five years were up, partly because of aversion to public ownership, partly in hope that somehow the land would again become a source of revenue to the county. Fortunately, this is no longer universal practice.

Another reason for not taking title in this instance was that the burden of administering the land after reversion falls to the financially weak county government. The county, with its burdens augmented by relief loads during the depression, was in no position to practice forestry or other types of conservation. It had neither the money nor the technical personnel to do so. It took supplementary land use programs and financial assistance from the State to induce and, in fact, make it possible for the county to take title to tax delinquent land and embark on a land management program.

Tax delinquent land, particularly that which has already reverted to the county, has already been integrated into land programs in Langlade County, Wisconsin. These programs involve entering the tax reverted land under the forest crop law and blocking up county forests, exchanging lands, resettling isolated settlers and nonconforming users, establishing county-owned recreational forests, restoring private recreational lands to the tax base, zoning the county for agriculture, forestry and recreation, and promoting education in forestry and land use.

Weaknesses of Tax Delinquency as a Means of Public Land Acquisition

The trouble with tax delinquency as a means of acquiring lands which, for the sake of good land use, should be in public ownership, is that it takes so long even where local units of government are anxious to use this method of acquisition, and so much longer where they are indifferent. In Wisconsin, for example, a county must wait at least five years after the first stage of delinquency; and no clear title is available till much later. In the past the reason for these delays has been that tax delinquency laws have been designed to protect the private property holder to the fullest extent; yet in the present situation he is usually only too anxious to let the property revert. He has no interest in the period of redemption and other safeguards. In a few cases in Wisconsin, in fact, property owners have deeded the land to the county outright to have the agony over with.

The tragedy of land in the process of reversion is that it lies

neglected from the time the owner has decided to stop paying taxes until the time the county or state can obtain or is willing to take title to it. This period may be prolonged if the county or state is not willing to assume the responsibility of public land management, or does not have the administrative machinery to do so. Cut-over land was never well cared for even in private ownership, because fires, trespass, and "timber stealing" did not affect the salability nor damage the value for its expected use in agriculture. With ownership rights progressively weakened as the reversion period approaches, the interest of the private owner disappears. Public bodies in the process of acquiring ownership must stand by idly until the law permits them to take title and institute adequate management, administration and protection of the resource. One of the needed reforms in tax legislation is to shorten this period of "no man's" ownership in so far as is consistent with the legitimate rights of the private owner. Lands might well be classified and treated according to their tax delinquency characteristics. The special treatment in Pennsylvania of unseated (or unimproved and undeveloped) lands is a case in point.[30]

Michigan has for some time been developing a vigorous policy with regard to the problem of reverted land. The problem was recognized at an early date, and rather than adopt the easy and convenient procedure of letting matters drift and hoping for a turn for the better, the State adopted more stringent legislation. By June 30, 1936, the total acreage of State-owned land in Michigan was 2,400,000 acres of rural land and 77,000 parcels of platted property. From 1933 to 1936, the tax reversion procedure was disrupted by the passage of a series of legislative concessions and inducements to delinquent taxpayers (as in most States). Furthermore, the courts invalidated the 1936 tax sale because of the unconstitutionality of an amendment to the tax law which eliminated full description of lands in notices of tax sales. By statutes enacted by the 1937 legislature, the redemption period in Michigan has been shortened to 18 months following tax sale in the case of land retained by the State as well as land sold to private bidders. If parcels are not redeemed, title becomes "absolute in the State of Michigan", by decree of the circuit court, and within 30 days the Auditor General deeds the lands to the State.

A State Land Office Board was created to administer State lands located

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[30] Legislation designed to conserve the resource while in the progress of reversion should also be considered.

south of Town Line 12, principally urban or improved rural lands, and the Conservation Department continues to administer all State lands north of Town Line 12, principally cut-over and the poorer rural lands. The law also provides for a final salvage sale of State-acquired lands at a price not less than 25 per cent of the most recent assessed value, designed to stimulate a return to the tax rolls of lands suited to private ownership (platted lots, etc., in urban and suburban areas south of Town Line 12). In the case of lands located north of Town Line 12, salvage sales can be held only on application of owners within a 30 day period.

After expiration of the salvage sale provision on May 1, 1943, the Land Office Board is directed to convey all lands not sold to the State Department of Conservation.[31] Here in the statute, therefore, is a virtual declaration of policy with regard to lands of marginal and submarginal character located in an area of chronic delinquency and best suited to conservation projects.

Administration of Tax Reverted Lands

When tax delinquent lands have reverted to public ownership, the administration of the resources should again be based upon the nature of the land. It is not anticipated that all land acquired through reversion should remain in public ownership permanently. Land so obtained in the rural-urban fringe, for example, should be restored to private ownership or retained in the possession of the city, town, or county, whichever is most appropriate.[32] Nor need the land retained in public ownership necessarily be administered by the unit of government to which it happens to revert. For instance, tax-reverted urban land in the cities or the suburban areas, although reverting to the county or state, might well be administered by the city.

In cut-over areas, a county sometimes acquires land suitable for agriculture, and there is no reason why it should not be resold with proper precautions. Even tracts of forest land may legitimately be sold to adjoining farms for wood lots. The land should be classified not only from the standpoint of its physical qualities but also in terms of distance from markets, size of the area, and its ability to support schools, roads, and other public services.

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[31] Ford, *op. cit.*, p. 82-83.

[32] See *Public Land Acquisition - Part I: Rural Lands* and also *Part II: Urban Lands*, National Resources Planning Board, Washington, 1940-1941.

The weakness of a procedure granting local officials wide discretion lies in the lack of uniformly intelligent public action, since officials will tend to exercise their powers in line with their own attitude toward the land. Suggestions have already been made that tax-reverted lands should be used to settle landless people from the overcrowded agricultural areas or people from congested cities. There may be some settlement opportunities on tax-reverted land in drainage and irrigation districts if titles can be cleared and if values are properly deflated so that the new settler can carry the taxes and other charges. By and large, however, land has become tax delinquent *because it is submarginal for agriculture and even for private forestry,* and its essential character will not be changed even if given away. The experience of Michigan and Arkansas is conclusive. Similarly, the Michigan homestead law failed because the State tried to grant to prospective settlers extensive acreages of land not suited to agriculture. From 1898 to 1930, more than one-third of the homestead lands were forfeited either because the homestead was not taken in good faith, and was allowed to revert as soon as the timber was removed, or the land was unsuited to agricultural development and was abandoned.

When the homestead law was repealed in 1935, the State Department of Conservation stated: "The repeal of this law is obviously a forward step for the reason that the lands reverting to the state are not generally capable of supporting independent farming units and past experience has shown that a large percentage of the homesteads have not succeeded, even though the department has sincerely attempted to select the better lands and more desirable occupants."[33]

Certainly if it was a calamity for private land dealers to palm off submarginal land to settlers it is a crime for states and counties to engage in the same practices.

In some cases, the Great Plains for example, land may be held in public ownership temporarily, in order to block up larger and more economic private holdings, subsequently, but in most other cases, it should be retained in public possession. Once it is decided that the land is to be retained in permanent public ownership, its administration should be

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[33] Ford, Robert S., *Realty Tax Delinquency in Michigan,* pp. 66-681, University of Michigan Bureau of Government, Ann Arbor, 1937. New Series Bull. 8.

no different than any other land in public ownership, irrespective of the manner of acquisition. Public land management is a subject in itself and beyond the scope of this report, but it should be emphasized that public ownership is not in itself productive. Only with wise management can conservation and fruitful use be achieved.

REVISION OF LEGISLATIVE AND ADMINISTRATIVE PROCEDURES

Tax Reversion Measures Suggested by the Land Utilization Problem

The great majority of studies of tax delinquency indicate that our State laws regarding redemption and reversion are in need of substantial restatement and modification. This means not only the elimination of ambiguities and the repeal of conflicting statues, but also major alterations of administrative procedures and substantive changes in the body of the law.

Insofar as tax delinquency exists on lands headed for public ownership one obvious and immediately obtainable reform is to pass no further moratoria or other relaxations of enforcement procedure, so that when existing moratoria expire, enforcement may proceed without any hindrances in addition to those inherent in the present procedures. Moratoria, however, may still be necessary as a means of protecting homes, farms, and other property temporarily distressed. Another evident need is that for simplification and rationalization of administrative procedure. Perhaps the major defect today, however, is the vulnerability of tax deeds. Purchasers of such deeds must be protected against loss of title, and the State or county should be enabled to go ahead in developing or transferring to competent public agencies land which should be retained in public ownership. This policy should also favor sale to private purchasers and stimulate many redemptions, thereby closing avenues of profit to speculative holders.

The law should set a limit to the period within which tax deed can be challenged. (A period of three years would probably be ample.) An effective and inexpensive procedure to render tax deeds valid by *quiet title* should also be provided.[1] Strong consideration should be given the possibility of eliminating the intermediate stage of sale of tax certificates, and permitting the public body to retain all liens and to receive all redemptions. This is suggested in the interest of curbing speculation and

[1] In "quiet title" actions, parties claiming or who may claim interest in the land are duly made defendants in a case before a court, in which they must establish their claims or be forever barred from further questioning the title. An *in rem* procedure, as well as an *in personam* procedure, is an action to quiet title.

expediting the attainment of the public controls.[2] What is outlined here is a policy, rather than specific procedures. It is felt that the latter are legal problems and should properly be handled by lawyers and others skilled in legal matters.

Desirable Elements in Procedures for Tax Lien Enforcement

There are four principal procedures by which tax liens may be enforced and title obtained:

(1) *in rem* procedure[3];

(2) action to foreclose as in the case of a mortgate - often expensive;

(3) sale and granting of tax deed after a mere lapse of time - seldom upheld by the courts as to title;

(4) suit on personal liability - very limited as to scope.

Tax lien foreclosure (by equity action, as in the case of a mortgage reduced in cost by combining all causes of action or tax liens in a single proceeding, is one solution. The difficulty of serving notice to unknown owners, non-residents, minors, etc., may be avoided through the use of an *in rem* procedure directed at the *land* rather than the person as is the case in regular foreclosure.[4] Publication would suffice as notice in the *in rem* proceeding, making it unnecessary to serve notice upon the persons, but merely to describe them in the action.

It would be possible to make the two forms of procedure, action *in rem*,

[2] The major purpose of sale of tax certificates is to obtain present local governmental financing upon delinquency of the nominal owners. In depression periods, certificate buyers characteristically disappear when such financing is most needed.

[3] By "in rem" procedure is meant a court action in which the "defendant" is the tax delinquent property (that is, the *thing*), rather than the delinquent taxpayer and other persons of interest. An action in which the persons are defendant is, by contrast, an *in personam* procedure. The shortcomings of the latter arise from the elaborate and costly abstract searches and personal notices necessary to give the court complete jurisdiction over all potential parties of interest. The affair is greatly simplified by following through on the theory that the real delinquent is the property itself, against which the taxes are assessed, rather than the persons having legal interest in that property.

[4] See Arnold Frye, *The Tax foreclosure Procedure Problem - A Solution.* Sec. of Municipal Law, American Bar Assn., reprinted from Proceedings, N. Y. State Conference of Mayors and Model Tax Law of National Municipal League, 1938.

and action to foreclose, as in the case of mortgage, optional with the taxing district. The *in rem* procedure would be most valuable in clearing title to low-valued lands on which taxes have accrued equal to a substantial part of the value of the property. This procedure would probably be best limited to taxing bodies and not accorded to private owners of tax certificates, if certificates are to be sold at all.[5] In the case of valuable improved property on which accumulated liens are relatively small, action to foreclosure in a manner similar to mortgage foreclosure could be used.

Action under the *in rem* procedure may be initiated and the court accorded jurisdiction through the filing of a verified list of properties by the collecting officer with the proper clerk of the taxing body. This list, when filed, may be made equivalent to filing and recording individual notices of pendency of action and separate complaints by the tax district against each single property described to enforce payment of delinquent tax liens. The action then may go to judgment and decree, and, in the proper case, to judicial sale and apportionment of proceeds.

Notice should be given of the filing of the verified list by posting and publication for a specified period, during which every party interested in any property described may redeem or file his objections to foreclosure. Defendants answering may have the right of separate action on written demand accompanying the answer and the court is required to hear the issues raised by the complaint and answer and to order a judicial sale. It is not essential that the tax district prove the regularity of all the procedure from assessment to levy, but the defendant must specify irregularity in his answer and establish it.

After the completion of foreclosure proceedings, if reverted parcels are to be offered for sale, they should be offered only at a fair appraised value. The best procedure would seem to be for some public body to classify the land and designate that part to be offered at public sale.

Whether lands should revert to the State, counties or other local taxing units is a question not easily answered. The answer hinges largely on the relative efficiency of these levels of government in administering tax reversion laws and their financial ability to administer and develop the land resources which come to them via the tax delinquency route. At

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[5] The Committee on Municipal Law of the American Bar Association sponsored a bill introduced in the New York Senate in 1938, covering the described procedure. This was passed substantially as drafted.

present the level of government to which the lands revert varies widely. In most New England States tax-reverted lands become the property of the towns, whereas in 18 states tax delinquent land reverts to the state. Michigan is an example and in this state the reverted lands are administered by the State Department of Conservation. In Indiana, Missouri and Rhode Island no land is acquired by the government through tax delinquency. In all other states tax delinquent lands revert to the county. Wisconsin, the Dakotas and Montana are examples of states where present laws make the county the owners of tax-reverted lands. Since the Federal government does not levy property taxes it, therefore, is not called upon to receive tax-reverted lands.

However, reversion is only the first stage, the second is efficient management of the lands obtained through tax reversion. As between the county and the state, the latter is more likely to have adequate funds for administration and development, more likely to have a broader viewpoint with regard to long-term land-use plans, and more likely to achieve a uniform policy over the state in this respect. Where reforestation on a large scale is the probable program, State agencies are likely to be better equipped to finance and administer the program of development than are local units of government. The State may also be the best agency to coordinate the use and disposal of State-owned lands with Federal programs of conservation and development. The counties, on the other hand, are more likely to return lands indiscriminately to private ownership and recurrent delinquency under pressure for revenue, without visualizing the basic land-use adjustments. More important, they may be without funds for the development and accomplishment of such adjustments.

The relationship of the various levels of government to a given parcel of tax delinquent land is a complicated one. Where the state, county, town, and school district all levy general property taxes, and such taxes are not paid, and the land is not redeemed nor acquired by another private owner through tax forfeiture, every one of these units of government has a claim on the land and yet it can revert to only one of them. The state has an interest in the administration of tax enforcement statues, even though it may have withdrawn from *ad valorem* taxation of real property for state purposes. Furthermore, state laws govern all aspects of local taxation and state boards are often charged with adjustments of assessments and the quality of assessment. In so far as tax delinquency cuts into the revenues

of local units it adversely affects their public welfare, financial condition and credit. The successful handling of tax reverted lands directly affects cities, villages, towns and counties. Joint State and local responsibility in promoting wise use and disposal of reverted land would appear to be highly desirable regardless of the nominal situs of title. Probably the best solution would be reversion to the State with a satisfactory method of quieting the claims of all other levels of government in the revenues lost during the period of delinquency. However, no change in procedures is recommended where the present method is efficient and satisfactory.

After reversion to the State, careful examination and classification of the property so acquired should determine the proper State, local, or Federal agency to administer all lands classed as not suitable for resale to private ownership. The State being in full possession of the land could sell, grant, or exchange to the ultimate jurisdiction of local or Federal government.[6] Similarly, the county could remain the unit to which lands might revert with power to exchange, sell, or grant to the unit selected for administration. A good example is tax-reverted land within urban areas; even though it may revert to the State or county, the logical unit to administer such lands is the city. Progress is being made in the recognition of these interrelationships, one of these being a proposal by the California State Planning Board.[7]

The California Plan: In California, proposals were made for legislation to make definite the redemption period and convey valid title in the name of the State.

(1) County assessors would prepare and send to county recorders for attachment to each tax deed transmitted to the State, a statement on a form provided by the State Controller, giving all available information about the physical characteristics and use of each parcel of land.

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[6] It has been suggested that in areas such as the Great Plains where county, State, and Federal lands are found intermingled that a single administrator could be put in charge of all public lands. Even insurance and other commercial firms holding land in this region appear to be favorable to the idea of centralized administration. At present counties are reluctant to take over tax delinquent land because of inertia and financial inability to manage such land. Centralized administration over all public and semi-public land would assure proper land use adjustments and administration and stimulate counties to take title promptly. (Memoranda from T. Hillard Cox, August 18, 1941.)

[7] *Tax Delinquent Lands in California, op. cit.*, pp. XI, XII, XIII.

(2) The State Land Commission would have jurisdiction and administrative responsibility for such lands while held by the State and would prepare appropriate records and maps with respect to each parcel of tax deeded lands.

(3) The State Controller would institute action to quiet title after the property is deeded to the State, would furnish legal assistance to counties, and would otherwise assist them in suits to quiet title.

(4) The State Land Commission, within one year following final action quieting title in the names of the State, would be required to:

(a) Classify all newly tax-deeded lands as suited or unsuited to private ownership; classify all residential, commercial, or industrial parcels in cities as to suitability for private ownership; suggest deed restrictions prohibiting the use of certain lands (suitable for private ownership) for specific purposes as a means of preventing repeated delinquency.

(b) Allow Federal, State, and local agencies a period of 6 months following completion of the preliminary land classification during which they may examine the classified lands and request public use or allocation to public use. Then,

(c) the State Land Commission, three months after this 6 month selection period, would prepare a report for each county, indicating the classification and appropriate deed restrictions. The land classification reports would be submitted to the State Planning Board for comment with respect to land use plans -- State, Federal, and local. A final report would then be made of classification, use, and deed restrictions.

(d) The State Controller would deliver deeds to lands classed as suitable for private ownership to the appropriate county or city. Profits from sale, rental, or use would be shared *pro rata* among all taxing units having liens. Deed restrictions indicated by the Land Commission would be applied to each parcel specified and would run with the land.

(e) Land unsuited to private ownership and not allocated to a public agency would be transferred to the State Land Commission. The Commission would promote rehabilitation of land for return to the tax rolls, return it to the rolls by sale through the county or city if consistent with State policy, and permit it to be requisitioned by public agencies.

This proposal places classification of land according to suitability for private ownership before classification according to recommended use. The Division of Land Economics of the Bureau of Agricultural Economics, however, considers such proposals highly significant to a land use program,

since they set the general outlines for a positive and orderly State policy with regard to reverted lands.

Suggested Elements in a State Land Program

It is recognized that tax delinquency as a means of public land acquisition and rural land use adjustment is only a first step. Unless the unit of government to which the land reverts is ready, willing, and able to take the next steps in adjustment and management of the land of which it has become the owner, it may be better not to go through the tax reversion procedure at all. With this in mind the following suggestions are made, with no thought of their being final or the last word on the subject.

After clarification of statues concerning the status of title to chronically-delinquent and reverted lands, a companion measure would be appropriate in many States to establish formally a State land policy and to provide for management and disposition of State-owned lands.[8] Such a measure, ideally, would contain a number of the following features:

(1) A declaration of policy by the State to provide for development and conservation of the resources of the State; to protect lands owned by the State and to provide for their classification and best use in the public interest; to encourage, where feasible, the settlement of farm families upon family-sized tracts under conditions conducive to successful farming; to preserve land in the type of ownership and management which is best suited for forests, parks, or other public purposes; and to cooperate with Federal agencies with similar objectives.

(2) Establishment of a State Land Commission or Land Policy Commission composed of a Commissioner of Public or State Lands, representatives of all State agencies concerned with conservation, planning and public land use, with possibly consulting members from the Agricultural Experiment Station and the Extension Service. Federal agencies might be invited to serve in an advisory capacity. Such a commission should be authorized to hire necessary qualified personnel, including an executive director with experience in land classification, appraisal, and the general field of land utilization.

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[8] A Land Policy Act of this general content was passed in Arkansas in 1939 (Act 331). In grazing States, of cource, a more detailed treatment of method of leasing and disposal would be included in the basic law. Local administration, or joint State and local administration, would include possibilities for lease or outright sale to grazing associations.

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(3) The application of this type of legislation might be limited to tax-forfeited lands of the State, although in certain instances, other State-owned lands, not subject to established policy nor under management of a State conservation agency, might also be included.

(4) The Commission would be required to inspect, classify, and appraise lands owned by the State according to their most appropriate use, having regard to present and future public interest.

(5) It would be well for the State to retail all oil, gas, and mineral rights in lands disposed of under such a measure.

(6) Land classed as most suitable for farm uses might be disposed of by carefully restricted homesteading, or through settlement project, and in any case with the maximum possible cooperation of Federal agencies. Homesteading, if considered feasible, should be by bona fide applicants, such as heads of families of 5 years residence with farm experience. The Commission should be authorized to prescribe the detailed regulations for homesteading, with a view to preventing scattered settlement involving heavy public costs, or settlement under conditions not conducive to successful farming. Homesteading of land for farm wood lots and grazing could be permitted as well as homesteading for cultivation. Homesteading might be arranged under contract, the land to be taxable upon execution, and deed to be delivered upon fulfillment of terms prescribed.

(7) The Commission might be authorized to allocate lands for agricultural settlement, or for conservational purposes, by agreement with the appropriate agencies, and be permitted to enter into contracts of sale, deed, purchase, exchange, lease, or disposal of lands with or without consideration, and to waive rights and priorities as mutual interests require.

(8) Subject to the consent and rules of the Commission, the Commissioner of Lands would be permitted to sell tracts at not less than their appraised value for family-sized farms. He might also sell appropriate supplemental land to enlarge small farms to economic size. Non-cultivable tracts might also be sold where suitable to farm forestry or grazing. Lands not now cultivated, but liable to be cultivated after development, should be investigated and costs and methods of development determined. If development seemed feasible at reasonable cost, the Commission could cooperate with Federal or other agencies in undertaking development.

(9) The Commission would determine the most suitable use for lands classified as unsuitable for farm use and assign such lands to appropriate

State or Federal agencies for management and development, subject to their agreement. Lands not taken over by other agencies might be retained and developed by the Commission for nonfarm purposes, or sold under restrictions as deemed necessary in the public interest and proper management of such lands. If lands are valuable chiefly for forestry, stipulations to insure sustained yield management should certainly be included.

(10) In disposal of any lands, appropriate deed restrictions might be inserted where necessary and enforced, the Commission reserving the right to make inspections to this end.

Satisfying the Claims of Other Levels of Government

The treatment of tax liens and revenue claims of other taxing districts by the jurisdiction taking and retaining title involves practical political considerations as well as purely fiscal and administrative problems. Michigan met this problem by authorizing a lump sum payment of 25 cents an acre to the county on all land retained by the State for conservation purposes, to be distributed between the county, townships, and any school districts having claims on the land. This payment was designed to satisfy and discharge any and all liens for taxes by local units. In addition, 10 cents an acre is paid annually to counties in lieu of taxes to all local units in which State conservation lands are held.[9] Liberal payments such as these, on a per-acre basis, to reimburse for loss of tax base may render a land-use program unusually costly when it is considered that much of the land acquired is virtually dead tax base from which tax collections were always small and sporadic, once the timber has been removed. Satisfying the claims of local units of government is not only a problem of the forest-farm fringe but of all other problem areas where much land reverts or is acquired by State and Federal governments. Limitations of payments in lieu of taxes plus shares in the proceeds from the public use of such lands and distribution of shares of proceeds from subsequent sale, will often be a more reasonable solution. Payments to local units should also be carefully safeguarded in order that desirable scaling down of local government is not impeded. In sparsely settled areas with extensive public holdings, excessive revenue from State-owned or other public lands may serve

[9] This does not apply to lands reverted to the State and not accepted by the State for conservation purposes. Some of the latter may be accepted if found useful for forests, parks, etc.

only to perpetuate local units performing only residual functions on a highly uneconomical basis. It is quite possible that the ultimate step in administration of reverted lands in such areas would be dissolution of local government and setting up of State administered areas, in which public facilities and services are carefully planned. This would at least avoid continued subsidy of local vested interests operating in complete dependency upon State grants, shared taxes, or payments in lieu of taxes.

A related problem, frequently an obstacle to successful consummation of a tax reversion program, concerns the priority of the tax liens of different local taxing bodies. Where drainage and other minor district liens are of "equal dignity" with State and county liens, or where their status is clouded, the State or county may not be able to take good title, or may take it only after full payment of the other tax liens outstanding. Consolidation of liens in scale and full priority for the liens held by the agency asserting title in the name of the State should be clearly provided in the statues. If drainage and other districts do not wish their liens extinguished by foreclosure in the name of the State, they should have the right to pay off the liens of the superior jurisdiction seeking to assert title and then foreclose in their own names. Otherwise, their inaction should properly be construed as acquiescence in the assertion of public control, and disposition to await the receipt of their *pro rata* share of proceeds of sale or the distribution of revenue from the land in public use. If the land is not considered valuable enough by private owners to warrant purchase at tax sale, redemption, or subsequent purchase at public offering, the district with junior liens will usually have little incentive to clear up senior liens in order to foreclose in their own names. It is just conceivable that this might occur in solvent improvement districts, where increased agricultural development and successful settlement is likely in the near future, but in areas of unsound improvement ventures, neither the districts nor the bondholders will have their current financial positions materially altered by reversion of lands to the State.

Complementary Programs: State and Federal

The development of policies with respect to use and disposal of tax-reverted lands requires close coordination of Federal with State and local government programs, since the operation of the former will affect the organization and finance of the State and local units. Federal programs of land-use adjustment must be fully explained to State and local officials,

and long range objectives set up in order that the State and local agencies may know what reverted lands may be incorporated into the various federal programs immediately and in the future. This will be an incentive to take title promptly and retain the land in public ownership. Otherwise, the inclination will be to return all land to private ownership without restriction.

(a) *The Fulmer Act and Federal Policy.* The Fulmer Act[10] represented one attempt to coordinate the handling of tax-delinquent lands with Federal and State forestry programs. To date, it has been inoperative because of lack of appropriation with which to carry on the collateral Federal purchase. This Act was designed to stimulate the development and proper management of State forests by means of Federal purchase of forest lands within cooperating States. The Federal purchase was conditioned, after June 30, 1942, upon the enactment of suitable tax-reversion laws, whereby tax-reverted lands may be blocked into State and other public forests. Prior to 1942, preference was to be given States enacting such laws. Certain administrative standards were set up as a condition to Federal assistance. The contribution of the Federal Government was to be the purchase of land to block in State forests. This aid was to be repaid out of one-half the gross income from the lands concerned. Upon full repayment, title was to be transferred to the State. If lands were acquired under tax-delinquency laws, the United States would contribute not to exceed one-half of the cost of administration, development, and management of such lands; otherwise, the State would pay the total cost of administering, developing, and managing lands acquired. Implemented by appropriation, this type of act may well stimulate State action forward taking tax title and administering reverted lands in the public interest. It is a concrete example of potential Federal-State cooperation in this field. Such cooperation might well be enlarged by provision for Federal aid, financial and technical, in classification of reverted land to which valid public title is asserted, as well as the obvious assistance of Federal purchase in blocking up holdings for various land-use adjustment and conservation purposes.

(b) *Transfer of Tax Reverted Land to Federal Ownership.* Until now, the Federal land utilization program has centered about Federal purchase and development of "submarginal" lands for land-use adjustment project, and

[10] Public No. 395, 74th Congress, 2nd Session.

the combination of purchase with other measures in a given area. Small amounts of tax-reverted land have been acquired where good title could be delivered without undue cost by a State or a county for title clearance. In most instances, however, purchase was made from private owners who paid up back taxes, often so long delinquent that the property was eligible for tax deed. Most States, however, during the period of heavy Federal purchase, were not asserting title due to moratoria, or titles were not adequate for Federal requirements because of the defects in statues and procedures. In the States of the Great Plains, certain efforts to combine Federal purchase with locally administered tax-reverted lands are being made to promote needed adjustments in land use from dry-farming to grazing. Joint administration of lands in grazing use is provided in some cases by lease of lands to grazing districts and associations. This method of handling larger areas of chronically delinquent land offers an opportunity for counties to derive returns from land so leased and better to control exploitation which so frequently occurs when scattered tracts are acquired. but are not susceptible to long term leasing and management and are subject to trespass. In some cases the best solution of the problem would be the transfer of tax reverted lands to the Federal government so as to avoid difficulties of joint administration wherever many forms of ownership are intermingled.

Conclusions: The Need for Coordinated Planning and Action

While much is being accomplished through the activities of the State Planning Boards, the Department of the Interior, the submarginal land program of the Soil Conservation Service and the State and county planning work of the Department of Agriculture in cooperation with other agencies, it is important that all public agencies develop long-time programs for the utilization of tax reverted lands in areas of land use maladjustment. Furthermore, land management plans of the various levels of government should be coordinated and similar coordination be effectuated among agencies within the same level of government. Unless some advance planning is made for public use or private use under appropriate restrictions, the mere announcement of public title to tax-reverted land will be followed by rapid undirected disposal to private ownership, or continuation of the present chaotic situation of nominal public ownership, and free private use and control. In each State which develops a policy of classifying and retaining

some of its tax-reverted land, every public agency should outline the areas in which it desires to acquire lands for forestry or other conservational purposes. County planning committees are now developing plans of land use which will be valuable in the process of classifying and disposing of tax-reverted land. Local planning groups should have under consideration uses for tax-reverted lands, if chronic delinquency occurs in volume within areas of land-use maladjustment.

In certain of the better agricultural areas, where population and development cost factors are appropriate, some tax-reverted lands might be classified and disposed of for resettlement purposes, although such a step may require an extensive credit or development program. The Arkansas Land Policy Act cited above contemplates such disposal to Federal and cooperating agencies as well as regulated donation (homesteading) for family-sized farms.

Such planning should also give consideration to any reorganization of local government which will be made imperative or highly beneficial as a result of the land-use adjustments to take place. Small local units with residual functions might well be abandoned and functions transferred to larger agencies; consolidations of larger units (such as counties) may be the appropriate measure when tax base and functions are narrowed by tax reversion and a program of less intensive land use. The overlapping of local districts and needless duplication and decentralization of functions in these areas may have been an important contributing cause of tax reversion because of the administrative inefficiency and tax costs imposed. These factors would be even more dominant when less intensive land use and settlement take place.

The material to follow in the next sections of the report is descriptive of rural tax delinquency in representative land-use problem areas of the country. Generally these areas are those in which there is a conflict between extensive and intensive land uses, the chief common characteristic being unsuccessful efforts to maintain intensive use under conditions of soil, climate, location, and type of settlement which are primarily suited only to more extensive utilization. It is in these areas of chronic land-use maladjustment that extensive public holdings of tax-reverted lands may be one instrument of land-use adjustment, since public assertion of title brings with it ownership and control. The major areas discussed are those in which adjustments have not yet been worked out between forest use and

farming, or between range and farm use. It is in these areas that land-use adjustments on a large scale along certain patterns are called for, and that the public interest in promoting economic stability and physical conservation is most apparent. The illustrative materials are intended to describe the land-use problems, the extent and characteristics of tax delinquency, and its relationship to land-use problems and adjustments in such areas. These materials point out a number of procedural problems, and in a few instances indicate the beginnings of State and local efforts to achieve public control of chronically-delinquent tax-reverted land in the interest of developing sound programs of suitable ownership and land use.

APPENDIX A.—TAX DELINQUENCY IN THE CUT-OVER REGIONS

The Northern Lake States Cut-over Region

The Northern Lake States Cut-over Region in Wisconsin, Minnesota, and Michigan, comprising approximately half of the area of these three States, has long been pointed out as an area of land-use problems in which chronic tax delinquency is also a serious problem. The land-use problems were so generally recognized that an extended treatment of them here would be superfluous. The following discussion will emphasize the problem of tax delinquency in the cutover areas of each of the three States and supply typical examples of the kind of land which is tax delinquent.

Wisconsin

In the cut-over area of Wisconsin, described as covering 26 counties and an area of 26,000 square miles, unemployment and low incomes are present to a greater degree than elsewhere in the three States.[1]

The two principal causes of unemployment and poverty are, first, the depletion of forest resources, and second, the failure of farm established on cut-over land, which is unsuitable for crops, to make up the economic deficiencies of the declining lumber industry. The cut-over area contains some good crop land, and there are some good farms, but even on the good soil, most farms produce a low income because they are small and because of the small amount of tillable land on each farm.

Isolated settlement, even on good land, has been condemned repeatedly as inimical to successful farming. Distance from markets, the absence of opportunities for supplementary employment, and the high unit costs of supplying public services make farming on isolated tracts, however productive, undesirable for both the individual and the community. Suggested adjustments for the area have included relocation of isolated settlers on

[1] Wisconsin State Planning Board, *The Cutover Region of Wisconsin,* Bulletin 7, January, 1939, pp. 1-6. The 26 counties mentioned are: Douglas, Bayfield, Ashland, Iron, Vilas, Burnett, Washburn, Sawyer, Price, Oneida, Forest, Florence, Marinette, Rusk Lincoln, Langlade, Oconto, Chippewa, Taylor, Eau Claire, Clark, Wood, Jackson, Monroe, Juneau, and Adams.

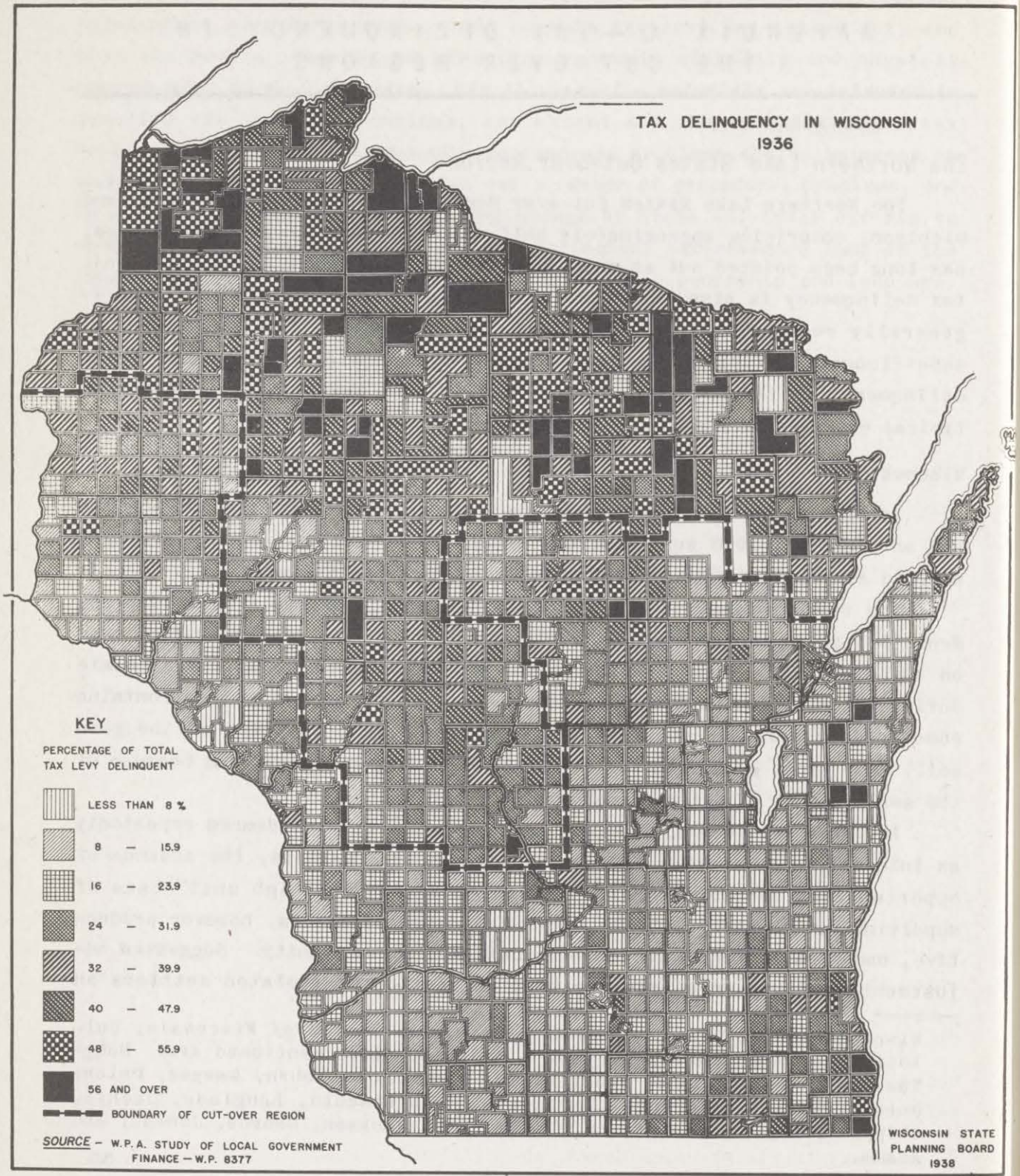

FIGURE 1.—Tax delinquency in Wisconsin

larger farms in better farming sections. It is argued that only with a concurrent resettlement program can a land-use adjustment program in the cut-over area be successful and eventual reforestation be assured.

The land considered least suitable for agricultural production in the 26 cutover counties of Wisconsin is in two main blocks, separated by a belt of good agricultural land cutting through northern Clark and southern Chippewa Counties. The northern half embraces large portions, in some cases all, of the following 19 counties: Ashland, Bayfield, Douglas, Washburn, Burnett, Sawyer, Iron, Rock, Price, Taylor, Chippewa, Vilas, Oneida, Lincoln, Forest, Langlade, Florence, Oconto, and Marinette. In the southern half are substantial portions of 7 west-central Wisconsin counties: Clark, Jackson, Monroe, Wood, Juneau, Adams, and Eau Claire.

A county was included in the cut-over area when it contained large areas in which unsuccessful attempts had been made to farm on isolated tracts of land submarginal for agriculture. In almost all counties of the cut-over area, some good agricultural land is found, but in most of them the amount is exceedingly small. In counties outside the cut-over area, good land predominates. Of course, these counties contain some poor agricultural land, but the amount is small compared with that in counties inside the cut-over area.

The more sparsely settled rural sections in the cut-over area are characterized by tax delinquency which has been caused chiefly be removal of timber. The twenty-six counties have acquired title to 1,721,000 acres of tax-delinquent cut-over land. About 5-1/4 million acres in 24 of the 26 counties are restricted against agriculture through county zoning ordinances, and some 145,000 acres of privately owned land have been entered under the Forest Crop Law.

Much of the acreage enjoying the greatly reduced tax rate of 10¢ per acre under the Forest Crop Law would otherwise be tax-delinquent. The Federal Government has acquired some 1,260,000 acres in the cut-over area, and may purchase an additional 600,000 acres. The State owns 183,000 acres which it holds in State forests, and 181,000 acres which it holds as State public lands.[2]

Table 1 shows the trend in real estate tax delinquency in the 26 counties between 1929 and 1935. These data indicate only current delinquency on the levy of the year in question, but are revealing in that most of the northern

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[2] Wisconsin State Planning Board, *op. cit.*

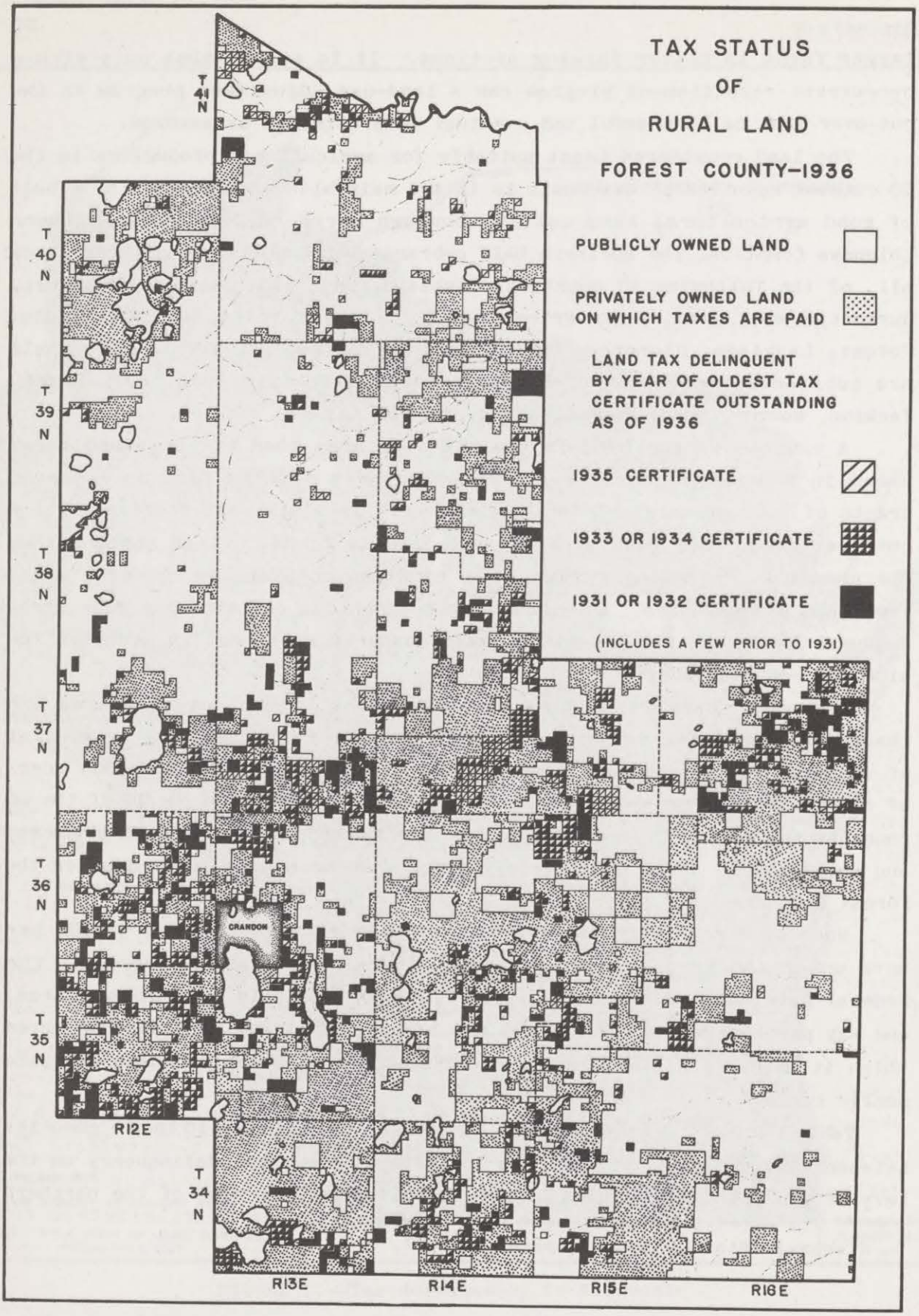

FIGURE 2.—Tax status of rural land, Forest County, 1935

cut-over counties exhibit in every year a percentage of delinquency well above the State average.

In 1933, tax delinquency was worst for the State as a whole, and in 1935, there was considerable improvement, but the percentage of the total levy which was delinquent in the cutover counties remained high. On the entire levy of all taxing units for that year, 4 of the cut-over counties, Douglas, Florence, Rusk, and Langlade, showed the highest delinquency in the State. Many other counties of the cutover region were well above the State average in delinquency for that year. Probably current delinquency would have been more striking in recent years, and not large areas been removed from the tax rolls by public purchase, the counties taking the titles, and entry under the Forest Crop Laws.

Data for 1936 levies are substantially similar in character. Figure 1 shows the boundaries of the cutover area and current delinquency on total 1936 tax levies. While it does not illustrate chronic delinquency, it is indicative of the level of current tax collections and makes manifest the more extensive current delinquency in the cutover areas. This current delinquency, although reduced to some extent by redemptions, accumulates and becomes the basis for tax reversion in greater volume in the cutover area than elsewhere in the State.

Forest County, a Cutover County of Wisconsin.—Forest County, as indicated in Table 5, has experienced considerable tax delinquency. For many years after first settlement in 1850, forest resources were an adequate source of private income and public revenues, but recently, economic problems have been pressing on both private individuals and local governments. Most of the timber has been removed and until the last few years, no effort was made to reforest cutover areas or to secure a sustained yield of timber. As in most cutover areas, it was believed that prosperous agriculture would replace forestry. These hopes did not materialize, and the agricultural development which has occurred rests on a precarious base. Much of the soil is poor and stony, isolated settlement is a problem, and opportunities for part-time employment in forestry have practically disappeared. The standard of living is low. Failure of new tax resources to develop on cutover lands has led to high property taxes, excessive tax delinquency, and a low level of public revenue. Tax reversion has brought large acreages to county ownership and more is becoming eligible for reversion.

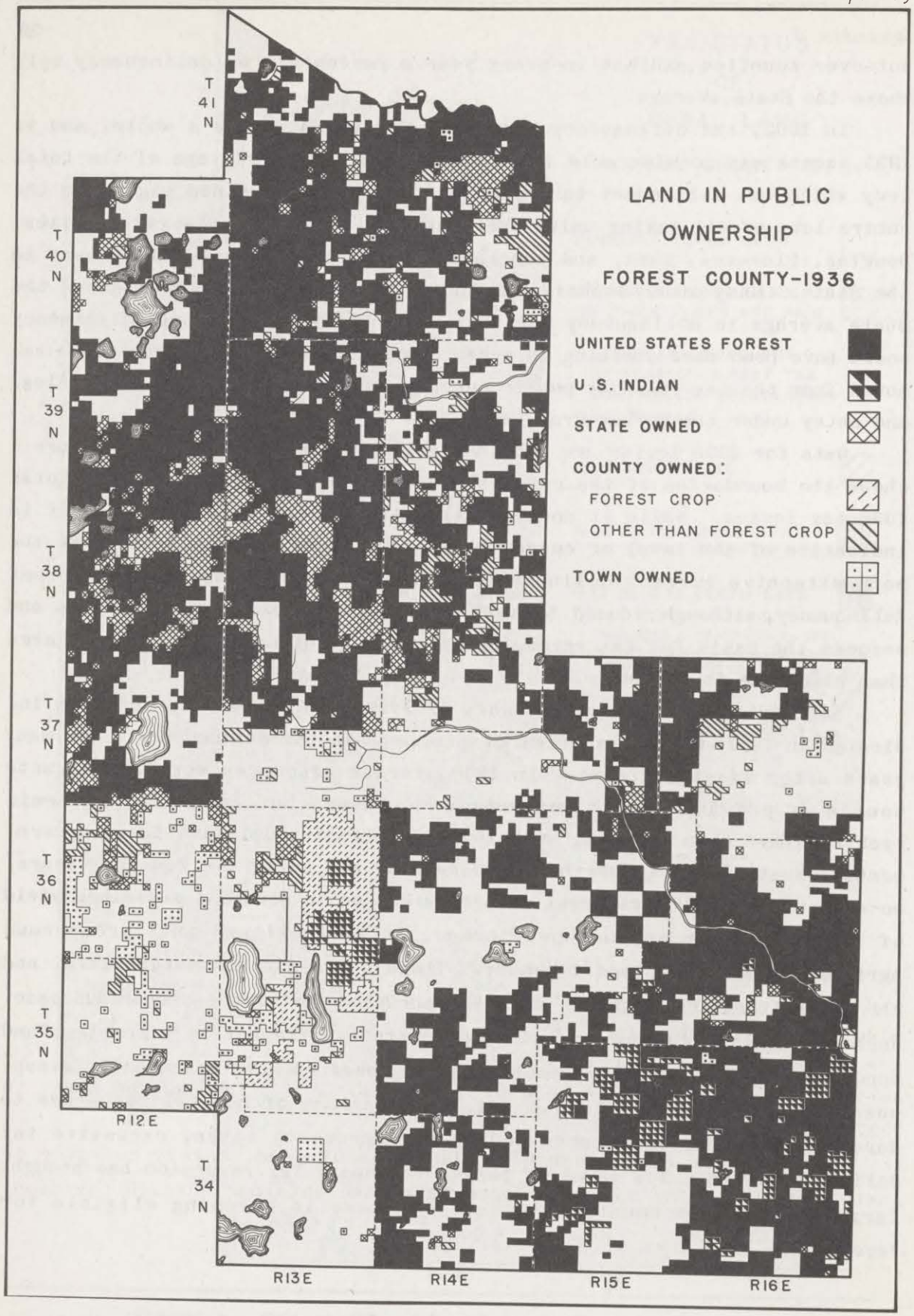

FIGURE 3.—Land in public ownership, Forest County, 1936

Forestry remains the principal land use in the county; forest land comprises 90 percent of the total land area. This classification includes merchantable timber, second-growth, and cut-over areas, and swampland lightly timbered. Most of the land now provided with merchantable timber is privately owned, and three-quarters of the cut-over land is in public ownership. Agriculture is the second ranking land use; yet only 9 percent of the land area, or 60,000 acres, is in farms. This does not include land sold or optioned to the U. S. Government, cutover land not used in farm operation, or rural land used entirely for residential purposes. Table 2 summarizes present land use in Forest County.

Forest-crop land is largely cutover land entered under the State Forest Crop Law, which seeks to encourage reforestation of cut-over areas and impose regulations on forest use. Taxes on this land are fixed at 10 cents per acre annually throughout the period of timber growth. In addition to the tax collected from the owners, local governments receive 10 cents per acre per year from the State which, in turn levies a severance tax of 10 percent of stumpage value when the timber is cut. When county land is entered, the State pays the county 20 cents per acre per year of which 10 cents is in lieu of the tax paid on privately owned land and 10 cents is for use in forest development work. The State applies a 50 percent severance tax on county land at the time of cutting. By 1936, the county had entered 10,000 acres under the Forest Crop Law. A large proportion of the acreage entered under the Forest Crop Law would undoubtedly have swelled the amount of tax-reverted land had it remained taxable in the regular manner.

Over the decade 1927 to 1936, taxable acreage of merchantable timber was reduced from 185,385 acres to 52,645 acres. As timber was removed, the land became classed as cut-over, but tax reversion caused such a rapid shift from private to public ownership that acreage of privately owned cut-over land declined 49 percent in this decade. Moreover, the acreage of land developed for agriculture was extremely small in view of the large acreage available through timber removal. The amount of land used for agricultural purposes increased by only 6,500 acres—from 19,158 acres in 1927 to 25,611 in 1936.[3]

In 1936, the county owned 27,000 acres of land, mainly cut-over or waste, but including some abandoned farm land obtained through tax deed.

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[3] Johnson, V. W., *et al. op. cit.*, p. 7.

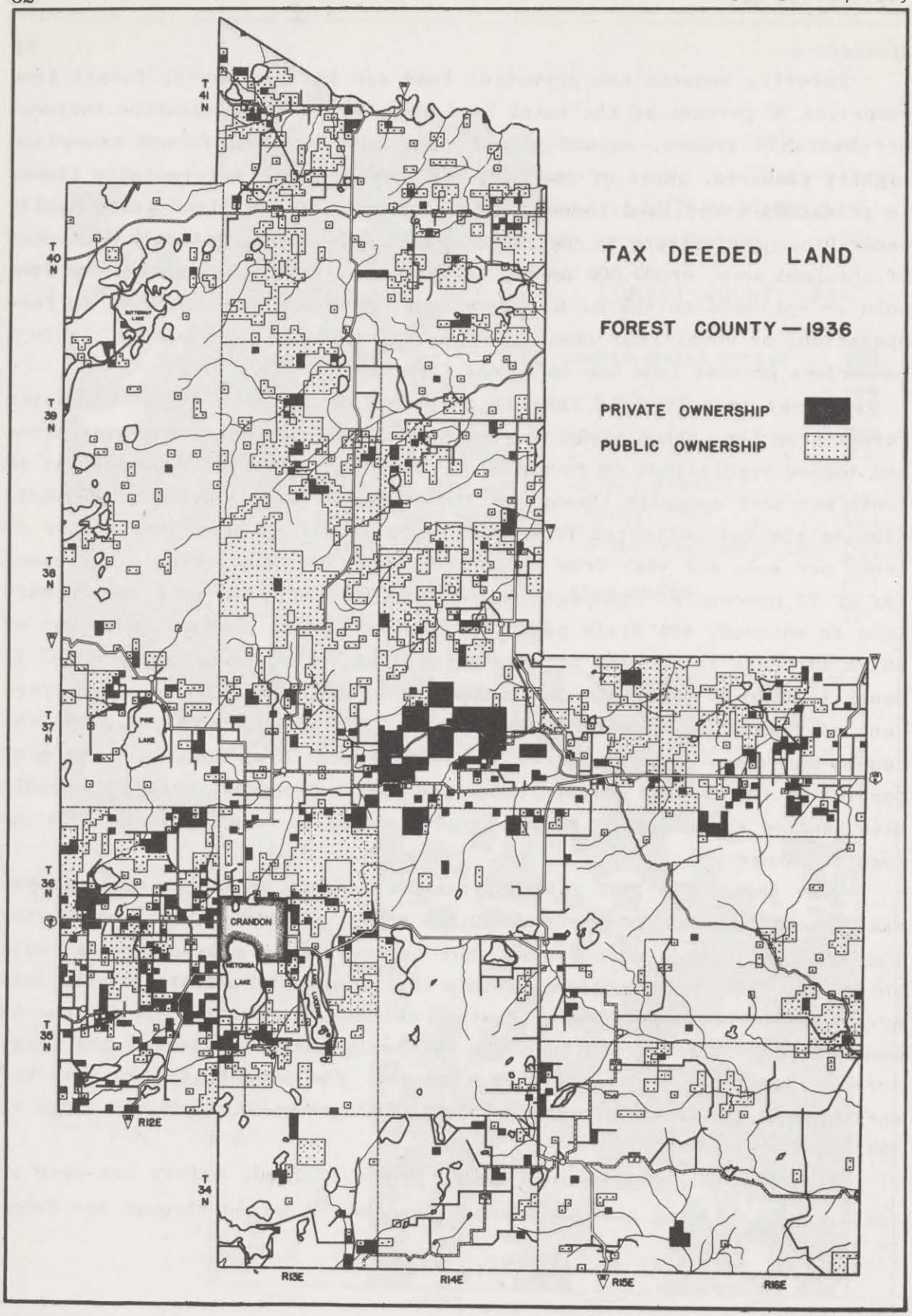

FIGURE 4.—Tax-deeded land, Forest County, 1936

Town-owned land also included cut-over land, waste land and some abandoned farms. This land was obtained by towns from the county and may be used to create town forests. Sale of land to towns began in 1934 under a 1933 law authorizing counties to deed land to towns in exchange for excess delinquent taxes.

Severe declines have occurred in the tax base of Forest County, one of the principal causes being tax delinquency on cut-over land. Of 327,000 acres removed from the tax base between 1927 and 1936, 279,000 acres have been acquired or approved for acquisition by the Forest Service. Most of this area was chronically delinquent at the time of purchase, and over 23,000 acres were actually county-owned through tax deed. The county land was transferred to the Forest Service by the county. Of 256,000 acres actually purchased by the Forest Service, it was estimated that 73 percent was delinquent for one or more years, 30,000 acres for an estimated period of at least 4 years, and that 153,000 acres had an average delinquency of three years.[4]

The percentage of real property delinquent as of the date of tax sale ranged from 14 percent in 1927 to 46 percent in 1933. Accumulated delinquency for the period 1927 to 1936 was $238,606, or in excess of the total tax levy due in 1936. In 1936, only 273,805 acres of rural land, considerably less than half the county's land area, were taxable. Some 26,800 acres of privately owned land had been entered under the Forest Crop Law and were paying 10 cents an acre flat tax rather than regular taxes, and all of the remaining land in the county was in public ownership.[5] Widespread tax delinquency further reduces the *effective* tax base. As of early 1936, the 1934 tax, or the taxes of one or more previous years, remained unpaid on more than 67,000 acres, or on almost 25 percent of the total taxable rural land in the county. Some 30,000 acres of this tax-delinquent land were subject to outstanding tax certificates of 1931-32 and were, therefore, eligible for county tax deed. In 5 towns, more than 30 percent, and in 2 towns more than 40 percent, of the acreage had one or more tax certificates outstanding in 1936. In one town, 20 percent, and in another 25

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[4] Johnson, V. W., *et al. op. cit.*, p. 26. A smaller sample of some 18,000 acres of sub-marginal land optioned by the Resettlement Administration in 1937 had $4,000 in delinquent taxes outstanding to be paid up by vendors before sale. The total 1935 tax levy on this same land was $2,300, so that delinquency was almost equivalent to 2 years' levy.

[5] *Ibid.*, pp. 26-27.

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percent, and in another 25 percent, of the taxable rural land was subject to tax deed.[6]

It is estimated that by 1936 130,000 acres, or one-fifth the land area of the county, had been tax deeded one or more times. The estimate excludes land transferred to private persons by tax deed prior to 1920, but this acreage is not believed to be extensive. Approximately 100,000 acres of land tax-deeded before 1936 are now in public ownership, and 30,000 acres are in private ownership. A sizeable amount of the land once tax-deeded to private owners was sold to the Forest Service.

The maps preceding will aid in visualizing the extent and location of tax reverted lands and other publicly owned lands.

Some notion of the quality of much of the land involved in chronic tax delinquency in Forest County may be obtained from the fact that the Forest Service purchased 23,776 acres of county-owned land at an average price of $1.33 per acre. Sales to private persons have been made by the county at an average price of 62 cents per acre. Presumably, the county has been willing to sell to private owners to restore the property to taxation, although after pulpwood has been cut, there is likelihood of a recurrence of delinquency or sale to the Forest Service at a profit. Tax-deed land has also been sold for agricultural use in areas where farming is neither desirable nor likely to be successful.

Most of the land now owned by the county and not entered under the Forest Crop Law is located within National Forest boundaries. The State conservation commission prohibits the entry of tracts under a certain minimum size, and it is, therefore, impossible to enter all the county land under the Forest Crop Law. The best alternative is to sell the land to the Forest Service. A small amount of county land located outside the Forest Purchase Areas is suitable for agriculture, but the balance should unquestionably be publicly owned and subject to public control. Some land interspersed among farms and not suited to cropping could be leased for woodlot or pasture, with restrictions against cultivation. Deeding to towns might well be restricted as causing too great a diffusion of control. Much of the county tax-deed land being transferred to the towns might better be blocked up for entry under the Forest Crop Law. Exchanges of land might be effected to help block up scattered tracts.

Selected Central Wisconsin Cut-over Areas.—A submarginal land-purchase

[6] *Ibid.*

site of some 100,000 acres, mainly in Juneau County, was selected by the Federal Government in 1935. This area contained large amounts of marsh land and light soils. In its natural state, the area was predominantly a marsh, but between 1890 and 1900, it was drained in order to establish general farming. Although the cost of drainage was excessive, heavy assessments were paid by owners for many years. Gradually, however, experience showed that agriculture could not succeed in this area, and an increasing number of farmers found it impossible to meet their costs, including taxes. In 1920, drainage assessments of $44,770 were levied against land included in the purchase area, but only 57 percent of the levy was collected. Many of these assessments had run out by 1933, but even in that year, $33,744 was assessed against taxable property in the area. Only $4,585 of this amount had been paid through 1936.

The drainage districts were organized by the circuit court and special drainage tax foreclosure sales were handled by that court. These sales were similar to mortgage foreclosures. Land passing through drainage sale is freed of existing tax liens. From the sale proceeds, after county costs, general governmental taxes are paid first, and drainage districts have second claim. If the price just meets general taxes, the drainage districts receive nothing. Some owners permitted the land to go delinquent on general taxes in order to buy back and release drainage liens. The county is frequently the only other bidder and makes the practice of bidding little more than one-half of outstanding taxes. Few owners, however, actually resorted to this device for regaining title to their land. Only 3,000 acres were bid in by private parties within the submarginal land purchase area of Juneau County.

Delinquency on general governmental taxes in this area was much more extensive than drainage assessment delinquency. In the town of Kingston, approximately 60 percent of the general tax levies of 1928 to 1931 were not paid through 1936. This town is representative of the submarginal land-purchase area and is included almost entirely within that area. Four towns wholly within the purchase area showed a total average tax delinquency of 40 percent for the years 1928-31, as of 1935. The rate of delinquency was reduced for 1932 and 1933 levies to approximately 30 percent, but this reduction occurred only because the county took tax deeds to much of the badly delinquent land, thereby removing it from the tax rolls.

Of 80,000 acres of submarginal land in the purchase area of Juneau County, over 60 percent was in county ownership through tax deeds in 1935,

and 15 percent was in the process of reversion, the county holding tax certificates on it.[7] Since 1920, tax reversion, combined with decreasing assessed values, greatly reduced the tax base. In 1920, the assessed valuation of land and improvements in the area of submarginal-land purchase was $770,000, whereas in 1933, real property in the same area was valued at only $168,000, a decline of more than 75 percent. In 1930, general taxes of $8,300 were levied on the purchase area, of which 96 percent was paid. By 1933, levies fell to less than $4,000 of which only 56 percent was paid by February 10, 1935. These reductions are reflected in the amount realized by the county from the purchase area. For 4 towns in the purchase area, the county realized only 40 percent of the county levies for general purposes.

During the 5 years, 1929-33, 33 to 48 percent of the total levy on real estate in 7 eastern towns in Jackson County was returned to county treasurer as delinquent. Approximately 25 percent of each of these levies had not been paid by May, 1935.

For the 5 years, 1929-33, total county taxes on these towns were $89,859.44; $13,393.47 of this amount was county school tax, $5,692.04 county special levies, and $70,757.71 other county taxes. For the entire period, the county realized only $50,805.44, or only $31,719.75 over and above county school and county special levies. Only 44.82 percent was realized on county general levies. In more recent years, the county has realized 60 percent of the general county levy. County school levies have a claim on tax collections of town treasurers second only to State levies. Practically all other county levies participate in revenue collected by town treasurers only after district school taxes and town taxes have been met. Uncollected taxes at the time of the March settlement are turned over to the county treasurer for collection. The delinquent roll is allowed as credit for payment of county taxes levied on the town, other than the county school tax. It is not unusual in the poorer areas to have settlement for all county taxes, except county school taxes, made by the delinquent tax roll. Delinquency greater than these county levies is known as an excess roll. Three towns in Jackson County turned in excess rolls in each of the five years 1929-33. Three other towns turned in excess rolls

[7] In the entire purchase area of over 100,000 acres, the counties at one time had optioned 79,533 acres of county-owned tax deed land to the government; 14,622 acres in Jackson, 53,636 in Juneau, and 11,275 in Monroe County.

in one or more years. In the six years prior to 1936, Jackson County realized slightly over $10,000 from sale of county land in 7 towns; one-third of this was from sale of land in the Town of Knapp.

With regard to collection of levies for all purposes by all local units on real property, 1932-33 was the worst year. Certificates unredeemed for 3 years were eligible for tax deed prior to 1933. After 1933, procedure was changed by the requirement that a certificate on which tax deed could be given had to be at least 5 years old. Until 1930, many deeds were issued to private buyers of tax certificates, provided the land was not redeemed. After 1930, the number of private certificate buyers decline so greatly that the county itself was obliged to purchase certificates, and ultimately, most of the land covered by certificates passed by deed to the county.

In many of the other cut-over counties, tax delinquency is not unlike that described above. Forest or cut-over land and marshes and waste land form a significant element in the total tax base. Private buyers of tax certificates have virtually disappeared and the bulk of tax certificates are held by the counties. It is in these counties that the program of rural zoning has been actively pursued in an effort to prohibit new settlement of areas ill-adapted to agriculture and by supplementary measures to eliminate non-conforming users.

Minnesota

In 1938, approximately 7,000,000 acres of land in Minnesota, or more than 13 percent of the land area, had reverted for taxes, or were subject to reversion. These lands were delinquent for 1930 or previous years' tax levies. In addition, there were thousands of acres delinquent on tax levies of 1931 and subsequent years. These will be subject to reversion 5 years after the date on which they are sold for taxes. As in the case of Wisconsin, the greatest aggregate of such land is concentrated in the northern counties, and the same conditions as to standards of living and land abandonment are found. Nearly 6,000,000 acres in the 24 northern counties, the cut-over area of the State, have reverted or are subject to tax reversion. In Aitkin County, for example, some 700,000 acres, or 65 percent of all land in the county, were delinquent for levies of 1930 or prior years. Beltrami County also has approximately 700,000 acres in this status.

Tax delinquency in these northern cut-over counties is generally chronic in nature. Timber production is not on a sustained yield basis. No

small amount of delinquency is traceable to inability or unwillingness of owners to continue payment of taxes after the cutting of timber. The unstable and scattered agricultural settlement on lands of poor soil quality which follows timber removal is usually occasioned by public costs and debts inducing tax burdens too heavy to bear. These factors in turn occasion a cycle of delinquency.

By 1929, the percentage of tax delinquency had already reached alarming proportions in all but 4 of the northeastern counties. In all but Cook County, there were sizeable increases between 1929 and 1932. The State was obliged to aid four counties in the area which could not meet their outstanding drainage bonds (Aitkin, Beltrami, Koochiching, and Lake-of-the-Woods Counties). The history of these bonds and other types of public debt points out that the high costs of bringing land under cultivation and setting up public services for early scattered settlement were not justified by the agricultural possibilities of the area.

The ominous extent of tax delinquency by 1932 prompted the 1933 legislature to pass two laws relating to dissolution of township governments when tax delinquency had become unreasonably high. One law provided that when tax delinquency exceeded 70 percent of the levy in a township for any one year, the county board of commissioners might dissolve it. The second law provided that when the assessed value of any organized township fell below $50,000 and tax delinquency was equivalent to more than 50 percent of assessed valuation, or when the State acquired 50 percent of the real estate, the township should be dissolved. On the basis of 1931 assessments and the $50,000 valuation minimum, 109 townships—or 22 percent of all townships in the 14 county areas of northeastern Minnesota—could have been dissolved; 170 could have been dissolved because of current tax delinquency in excess of 70 percent. In January 1933, Lake-of-the-Woods County dissolved some of its townships. Twenty-four had delinquency in January 1933 of over 70 percent of current levies. For the levy due in 1932, 14 townships showed assessed valuations under $50,000.[8] In Aitkin County, 72 percent of State, county, school, and township taxes levied and payable in 1932 were delinquent on the first Monday in January 1933. In 6 townships, delinquency was more than 90 percent, in 17, more than 80 percent, and in 28, more than 70 percent. In only one township was delinquency less than 30 percent, and in only 4 was it under 50 percent.[9]

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[8] Jesness, O.B., Rowell, R. C., *et al.*, *A Program for Land Use in Northern Minnesota*, p. 278, Univ. of Minnesota Press, 1935

[9] *Ibid.*, p. 294.

Pine and Lake-of-the-Woods Counties. Pine and Lake-of-the-Woods Counties are characteristic of the area. Pine County is located in the east central part of the State. Its total land area is 904,330 acres, and its population in 1930 was 20,264. According to the 1935 Census of Agriculture, there were 3,814 farms, accounting for 45.6 percent of the total land area. Only 16.9 percent of the total land area was in crops. The 14 eastern townships of Pine County contained a population of 2,851, had 45 percent of their area in farms, but only 4 percent in crops. Topography of this area ranges from flat to gently rolling. In some places, there are abrupt ridges and small stream valleys. Ten percent of the area is in wet, poorly drained farm lands. Soils vary from coarse gravel to heavy clay.[10] Agricultural potentialities are greatly limited in the extensive gravelly and sandy soil areas.

Lake-of-the-Woods County, on the other hand, is in the extreme northern part of the State. The following statistics with regard to it are revealing:

Total land area (acres)	861,440 acres
Population, 1930 (number)	4,194
Number of farms, 1935	966
Land in farms, 1935	16.9% of area
Land in crops, 1935	4.8% of area

The 14 southwestern townships of the county contain a population of 602; only 6.6 percent of the area is in farms and 1 percent in crop land. The area is flat and consists mainly of peat bog, with interspersed ridges of soil rising a few feet. The productivity of this soil is classified as "poor to good", but even good soil is so scattered in location that successful farming is not likely.

For Pine County, the following delinquency data demonstrate rather clearly the sharp differences in tax delinquency and reversion between two areas, one chiefly cut-over (eastern towns) and one comprising mainly developed agricultural land (western towns). In the 12 eastern towns, 1935 tax rates average 184.2 mills, as compared with 82.3 mills for the 12 western towns. During the decade 1926 to 1935, the average rate in the eastern towns increased 129 percent, as compared with 32 percent for the western towns. While tax rates alone do not indicate relative tax burdens,

[10] Minnesota Land Use Planning Staff, *Isolated Settlement and Tax Delinquent Land in Northern Minnesota.* Land Use Planning Publication No.12, January 1937. Data on Lake-of-the-Woods and Pine Counties are derived from this study entirely.

poorer lands are usually assessed at a higher proportion of market value. Generally, the tax burdens in the eastern sample are about twice as heavy as in the western sample. One cause of the higher tax rate in the eastern towns was the serious decline in tax base occasioned by removal of tax reverted land from the tax rolls.

The Town of Belden, second on the list of eastern towns below, is a startling example of the tax delinquency situation in an area unsuited to agriculture where attempts have been made to bring about agricultural development. In 1934, the town levied a tax of $19,844 on property with an assessed valuation of $25,192. Only one 40-acre tract paid the tax prior to the delinquency date. Taxes were paid after the delinquency date on 56.4 percent of the acreage, but all were on the basis of "bargain" settlement.[11] The assessed valuation of the Town of Belden in 1935 was only one-quarter the 1928 figure, but tax rates increased nearly 8 times. The 1935 rate of 858.5 mills and the low tax base encourage a continuation of the cycle of delinquency. Nearly all the other towns in this group exhibit the same difficulty, heavy rates being required by the State to service State loans, or by mandamus to service privately held debt.

While per capita tax levies are not a good index of relative load in the two samples, because of differences in density of population and type of land holdings, they do indicate heavy costs of government. In the eastern towns, 1935 average per capita tax levies were about 4 times the average in a western sample; levies ranged from $26.85 to $299.44 in the former and $13.06 to $24.79 in the latter. Such sparsely settled poor land areas are generally characterized by high per capita costs for a low level of public service.

Tax delinquency and land abandonment are also several times as large in the eastern towns as in the western towns. Over 40 percent of the total land area of the 12 eastern towns was subject to reversion to the State on December 12, 1936. As of January 1, 1936, 87.5 percent of the acreage was delinquent on 1934 taxes. Owners are strongly inclined to cease payment of taxes on such low valued lands which produce no income and for which there are no immediate prospects of sale.

Attempts to bring about agricultural development on cut-over lands in eastern Pine County caused an expansion of public services and facilities to serve existing and expected settlement. Inflated land values were made

[11] The 1935 levy of Belden Township was $23,057; of this, $12,192 was abated and only $263 collected when due.

the basis of public borrowing in anticipation of greater development and settlement. In the 12-town eastern sample, average debt for town and school purposes is $434 per $1,000 assessed value, and in some cases it exceeds the assessed valuation. This is even more critical than it appears because at least half of the assessed valuation is "ineffective" by reason of chronic delinquency.

The towns of Dosey and Arna represent extreme examples of the situation of heavy debt in areas where the cycle of delinquency has run its course. In 1928, assessed valuations of Dosey and Arna were $165,941 and $165,330, respectively. By 1936, the valuations of the two towns were $45,828 and $45,644. Outstanding debts undertaken on the earlier tax base now exceed not only the nominal tax base, but the effective tax base. Average debt per acre for land remaining on the tax books (deducting lands reverting to the State) was $12.22 in Dosey and $9.62 in Arna. On land which actually paid 1934 taxes, the figures were $21.28 and $21.98 per acre respectively. This public debt is in excess of market and agriculture value, and it may be readily seen that continued private ownership will be difficult and that new purchase for farm purposes is not likely to occur while attempts are made to service public debts by heavy tax charges which become tax liens held by the counties.[12] Tables 6 and 7 summarize the debt, valuation, and delinquency in the towns of Arna and Dosey.[13]

Eight of the towns in eastern Pine County were recently studied somewhat intensively with respect to tax status of lands. Of 220,253 acres in the area, only 33,875, or 15.4 percent, were included in farms, and 186,378, or 84.6 percent, were classed as non-farm land. Very little merchantable timber is left, and other marketable resources are limited. Eighty-five percent of the area is unoccupied, unproductive cut-over land, yielding little income to owners and making a very small contribution to the support of local government. As of June 1, 1938,[14] the tax status of the *non-farm* lands was as follows:

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[12] Minnesota Land Use Planning Staff, *op. cit.*, pp. 28-30.

[13] For all 12 eastern towns, per capita debt, ranges from $14.71 to $280.53 while the same data for the western sample ranged from $0.32 to $39.68. Seven of the 12 eastern towns had a per capita debt of $100 or over, and only one of the western towns had per capita debt of more than $16.00.

[14] Gilcreast, Roy, and Musbach, William, *Land Use Problems in the Cutover Regions of Minnesota with special reference to eastern Pine County.* U. S. Department of Agriculture (Mimeo.), p. 11, January 1939.

	Acres	Percent
Subject to forfeiture (delinquent on 1930 or prior levies)	102,182	54.9
Delinquent for 1931 or subsequent levies	59,763	32.1
Tax Exempt	11,636	6.3
Tax Paid	12,406	6.7
Total	185,987	100.0

The delinquency status of *all* lands in the eight townships was as follows: 106,256 acres were subject to forefeiture and 71,989 acres were delinquent but had not yet been forfeited. Of the acreage subject to forfeiture, 102,182 acres, or 97 percent, were unoccupied. Of the acreage delinquent but not yet forfeited, 59,753, or 83 percent were unoccupied.

Within school district 100, Town of Dosey, Pine County, an analysis of tax status of areas classified by local groups as nonagricultural is as follows:[15]

	Acres	Percent
Total area of District 100	23,810	100.00
Area classed as unsuited to agriculture	18,683	78.4
Portion of nonagricultural area forfeited for taxes	15,195	81.3
Portion of nonagricultural area delinquent but not yet forfeited	2,508	13.4
Portion of nonagricultural area tax exempt	640	3.5
Portion of nonagricultural area tax paid	340	1.8

Only 5,127 acres were classed as agricultural, and only 3,020 acres in the agricultural area are now used for farming. In 1936, the tax valuation of the agricultural area was $10,531, including village platted property. Of this valuation, $3,239 was tax forfeited.

Hubbard County.[16] Hubbard County, in the north central part of the State, contains some land too rough for cropping and much of the soil is poorly adapted to farming. Fifty-four percent of the area of the county was classified as best suited to forest use, yet less than 1 percent of the county area actually contained merchantable timber. Forty-two percent of the area was in farms. Cut-over lands form the major part of land classified as in forest use. Sixteen of the 28 townships in the county had over 50 percent of their area in cut-over land; these townships extend across the center and northwestern corner of the county.

[15] *Ibid.*, p. 28.

[16] Much of the material on Hubbard County is derived from *Land Economic Survey*, Bulletin 317, pp. 112-120, University of Minnesota, March 1935.

By school districts, the average percentage of 1929 taxes delinquent (payable in 1930) was 36.81. This range extended from 1.41 percent to 94.84 percent. The high delinquency percentages were found in the central part of the county, extending to the northwestern corner and to the western side. This is the general area covered by the 16 cut-over townships described previously. Heavy delinquency was found associated with heavy school tax rates.

Only 0.5 percent of the taxes levied in the county were uncollected as of the delinquency date for the levy of 1890, while for the levy of 1929, the figure was 35.28 percent. The trend in delinquency has been gradually upward over most of this period. When villages were excluded, the figures ranged from 0.59 percent in 1890 to 35.88 percent in 1928. The townships showing heaviest delinquency and greatest tendency to increase were Steamboat River with 80.38 percent delinquent on the levy for 1928; Thorpe 75.43; Clay 71.88; Schoolcraft 69.25; Hendrickson 63.95; Lake Alice 63.46; Clover 62.00; Lake George 55.26; Fern 53.79; Lake Hattie 49.59; Mantrap 48.53; and Rockwood 43.75. Such figures are particularly significant because they antedate the business depression. These townships exhibit proportionally less agricultural use than others in the county and contain a greater percentage of cut-over and idle land. Steamboat River, for example, had only 104 acres of crop land and 21,025 acres of abandoned or residual timber land, while 94 percent of its area was in forest use, the largest proportion in the county. (Table 9).

As of January 1930, there were 261,106.63 acres delinquent in Hubbard County, or 44 percent of the total land area. On this acreage, $360,154.24 was uncollected, or an average of $1.38 per acre. Distributed over the acreage of the entire county, uncollected taxes as of January 1930 were 60 cents per acre. According to tax commission reports $543,477 was uncollected in January 1932, or an average of 90 cents per acre in the county.

For January 1927, the figures were $284,575 uncollected, or 50 cents per acre in the county. The depression and drought in 1929 and 1930 accounted for some of the later increase. Eleven townships had over one-half of their area delinquent. Thorpe, Steamboat River, Clay, Hendrickson, Clover, Schoolcraft, Fern, Lake George, Mantrap, Lake Hattie, and Lake Alice. All 11 have previously been listed as having large percentages of total area in forest use. They are largely cut-over, or located close to cut-over townships, with adjacent fringes of cut-over and idle land. Five

townships had 40 to 50 percent of their area delinquent; these townships are "fringe" areas between agriculture and forestry. Others with less delinquency were classed as strictly agricultural, or combining agricultural and recreational value.

Land that was delinquent as of January 1930, or that had been delinquent at some previous time, was examined for length of time delinquent. Forty-three percent of the county, or 257,332 acres, had been delinquent for from 1 to 5 years. The two highest townships were Thorpe (69 percent of area) and Steamboat River (59 percent of area). Delinquencies of from 6 to 10 years included 22.33 percent of the county area. Lake George and Lake Alice had the largest amounts in this group, both having more in this group than in the 1-to-5 year period grouping, indicating a much larger amount of chronic delinquency. Four percent of the county area had been delinquent 11 to 15 years. The highest in this group was Fern Township with 12 percent of its area delinquent for that period. The lowest percentage of redemption of delinquency was shown in Schoolcraft, Clover, Thorpe, and Steamboat River with 10 to 20 percent redeemed, and Clay Township with less than 10 percent redeemed. The areas of good redemption record were located in the southern and northeastern parts of the county where much larger percentages of lands are in agricultural use.

In analysis of tax payment by types of ownership, land companies ranked next to lowest with nonpayment on 78 percent of the divisions listed. Timber companies ranked lowest with 89 percent nonpayment on divisions listed. This analysis was on the basis of 1929 listings and 1929 taxes. Many timber companies no longer carry on lumbering activities, but operate as land companies, endeavoring to dispose of their cut-over land. Taxes are likely to be paid on tracts which the companies believe to be salable. Land companies owned 7 percent of the area of the county and timber companies 11 percent. They paid taxes on 22 percent and 11 percent respectively of the tracts held by them. Individual owners paid taxes on 59 percent of the area owned, which was 72 percent of the area of the county.

Tax delinquency and mortgage indebtedness were related to the various soil types of the county. A map of tax delinquency was superimposed upon the county soil map, and the 40-acre descriptions delinquent were counted for each soil type and the acreage of each soil type computed. The proportion of each soil type delinquent was thus computed. Heavy tax delinquency and low mortgage debt were associated with low valued lands, and low

tax delinquency and heavy mortgage debt with higher valued land. Tax delinquency bore a more significant relationship to soil type than did mortgage indebtedness. Rockwood stony sand-loam, classed as not suitable for agriculture, showed the highest percentage of delinquency, with 80.9 percent of that soil type delinquent. This type was practically all cut-over with little agricultural development.

Marquette sandy loam and loamy sand, stony and drouthy, was second highest with 75.7 percent of this soil type delinquent. Much of this area was also of low value and in cut-over classification.

Rockwood loamy sand was third highest, with 47.4 percent of the area delinquent. About nine-tenths of this type was cutover and has little economic value.

Rockwood loam, Nebish loam, and Beltrami silt loam were fourth highest at 41 percent of the area delinquent. These soils had the best potential productivity in the county, but the ranking may be caused by the fact that much of it was stony and uneven, producing heavy growth. Much was still in a cut-over classification with low economic value.

Light sand, Menahga loamy sand, and Kinghurst loamy sand ranked fifth in delinquency, with 39.8 percent of the area delinquent. Much of the area covered by these soil types was in water power use, with taxes on flowage rights fully paid. The flat sand plains are easily cleared, but do not rate high in productivity.

Peat soils, containing some swamp timber, were next with 37.7 percent of the area delinquent.

Todd sandy loam showed only 30.3 percent of the area delinquent. The areas of this soil type had more agricultural development, but were not of high productivity.

Dorset sandy loam ranked next with 11.4 percent of the area delinquent. This is a productive soil type, well developed agriculturally.

Hubbard and Nymore sandy loams and loamy sands were the lowest in extent of delinquency with only 7.8 percent of acreage of this type delinquent. These are the most productive of the soils listed and almost entirely in farms. Situated in prairies and long settled, they are located close to the older and larger towns of the county.

In summary, it may be said that land in agricultural use comprised 44.24 percent of the total land area of Hubbard County, and that its equalized value was 57.69 percent of the assessed value outside incorporated

places. Agricultural land paid 82.8 percent of the taxes levied against it, as compared with 66.11 percent of tax levies paid by all uses. Owner-operated properties showed better tax records than nonresident-owned properties, and the more remote the interest in operation, the greater the greater the delinquency.

Land in forest use, comprising 53.37 percent of the county area, had 38.7 percent of the total assessed value, but paid only 41.09 percent of the tax levied against it. Cut-over timber land comprised about 51.44 percent of the county area and paid only 39.7 percent of the tax levied against it. Delinquent tracts of this type were delinquent for an average period of 4 years, higher than any class in agricultural use. Relatively high per-acre taxes were levied against cut-over lands. Average tax per acre was 32.3 cents, compared with 38.7 cents on commercial and timber land and 54.7 cents on all agricultural land.

Michigan

The tax delinquency problem in the cut-over areas of Michigan is not greatly different from that described for Wisconsin and Minnesota. The fiscal problems of local government, however, are probably not as acute as those in certain of the Minnesota areas mentioned.

Of 36,000,000 acres of land in the State of Michigan, it is estimated that nonagricultural land accounts for between 18,000,000 and 20,000,000 acres. The bulk of this land is situated north of a line running between Bay City and Muskegon. It is in this northern area that most of the State-owned land is located. In this section of the State, less than 4.5 million acres are now in farms, a condition that has changed only slightly in the past 25 years. It has been estimated that some 15,000,000 acres in the northern part of the State will remain out of agriculture. Classification of this 15,000,000 acres has been as follows:

(1) In State and Federal Forest units, 7,500,000 acres; will probably terminate in public ownership, including 1,000,000 acres of privately owned land now bearing merchantable timber; (2) Merchantable timber outside State or Federal forest units, 2,000,000 acres; (3) Miscellaneous uses (recreational, mining, oil, gas), 1,000,000 acres; (4) Cut-over (much of this acreage is delinquent and held for speculation) 4,500,000 acres; which makes a total of 15,000,000 acres.

Approximately 2.5 million acres of the 36,000,000 acres in the State are owned by the State and in forests and game preserved, while over 3,000,000 acres have been bought by the United States for National Forests. More than 5,000,000 acres of submarginal land, comprising cut-over, swamp,

etc., are probably destined for public ownership in some form. Nearly one-half of the land north of Saginaw Bay has been described as likely to be publicly owned by 1941.[17]

North of the Town Line 20, there are some 9,000,000 acres of land valuable for agricultural development. The balance, except for some parcels bearing merchantable timber, is destined for forestry and similar extensive use. It is now largely nonmineral, cut-over, and unused.

As of June 30, 1936, the State owned 1,395,191 acres of tax homestead land and 720,164 acres of reserved tax homestead land. Both of these categories represent tax-reverted land, the latter being reserved by the Director of Conservation for forests, parks, etc. In addition, the State owned 77,000 parcels of platted property through tax reversion.

The 1937 Michigan Legislature passed several significant amendments to statutes governing tax-delinquency procedure. A period of 18 months was provided for redemption of properties following tax sale in the case of land bid off to the State, as well as in the case of private bidders. Title was to be conveyed to the State for all lands not redeemed within 18 months by decree of the Circuit Court and Auditor General. A State Land Office Board was created to administer all land south of Town Line 12, and the State Conservation Department was designated to administer all State lands north of Town Line 12. On lands south of Town Line 12, a salvage sale is held.[18] This geographical division of the State with respect to tax delinquency is significant as a recognition that the bulk of chronically delinquent and reverted lands in the northern counties is not likely to be retained in private ownership. In answer to the criticism that public holding of chronically delinquent land seriously reduced tax bases, the State Conservation Department once indicated that it was doubtful that tax-reverted lands could be sold at auction for as much as $1 per acre. Even if the lands brought $3 (1,354,985 acres, October 1922) and were assessed at that figure, it was indicated that the increase in State tax rolls would amount to only 1/15 of 1 percent. Only 6.3 percent of the equalized value of property in the State is located north of Town Line 20.

A number of the counties north of Town Line 20 have more than 50 percent of their land classed as submarginal. Crawford County, for example,

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[17] Much of the material on Michigan is derived from Ford, Robt. S., *Realty Tax Delinquency in Michigan.* Bur. of Gov.,Bulletin No.8, Univ. of Mich., p. 41, October 1937.

[18] *Ibid.*, p. 83, and Act 155, Public Acts of 1937.

had only 1 percent of its area classed as suitable for agriculture, whereas 86 percent was classified as submarginal and 13 percent as marginal. For each of the three years, 1932, 1933, 1934, over 25 percent of the tax levy was delinquent in this. Allegan County, south of Town Line 20, had 43 percent of its area classed as marginal and 16 percent as submarginal. Even this far south, conditions typical of the cut-over could be found. Within a submarginal land-purchase project located in the central portion of Allegan County, some 35,000 acres were designated for purchase. The area had considerable scrub oak cover, with small areas of white pine. Scattered farm clearings were found in the area. Many of them had been abandoned, or were occupied by squatters. Soils comprised wet dry sands, underlain by heavy clay. The sandy areas were of low fertility, whereas the clays reached medium to high agricultural value. Generally, the soil in this area was too poor for successful agriculture. Although erosion was not severe, in certain areas vegetative cover was so sparse that the dry, sandy soil was subject to blowing. In general, this area is similar in physical features to the "high plains" area of northern Michigan which is an extensive nonagricultural region of sand plains with jack pine, scrub oak, and popple cover. It is this type of area that is exhibiting heavy chronic delinquency and reversion to the State.

Pacific Forest and Cut-over Region

Oregon

According to the Oregon State Planning Board, there are 3 major areas of land-use problems in Oregon: the western timber counties, including Benton, Clatsop, Coos, Columbia, Tillamook, Douglas, Jackson, Josephine, Lane, Lincoln, and Yamhill; the northeastern grazing and timber counties, including Baker, Gilliam, Morrow, Umatilla, Union, and Wallowa; and the southeastern grazing counties, including Malheur, Harney, Crook, Grant, and Lake.

The Planning Board states that "problems in the western Oregon timber counties are the most urgent"[19] in the State. They arise in an area extending along the Pacific Coast from the Canadian border into northern California. By western Oregon is meant the region west of the Cascade Mountains and extending south from the Washington line to the California line. The topography of the area is rough and broken. It is cut by many

[19] Damschen, Arthur, and Stanberry, V. B., *Management of Tax Reverted Lands in Oregon*, p. 19. Oregon State Planning Board, November 1938.

short drainageways extending from the mountains to the Pacific Coast. Along these streams are narrow and fertile valleys, but farming is possible only in small patches where the valleys spread out and where the hills level into tables or benches. Elsewhere the hills rise abruptly from the valley floors; their rough topography and low fertility make most of the lands unsuitable for farming. Although the average yearly precipitation is around 100 inches, the raid does not come at the time it is most needed for crops.

Almost half the land area of Oregon is forested. The Federal Government holds more than 13 million acres in the National Forests; over 8-1/2 million acres of timber land are owned by private individuals and corporations; some 3 million acres of privately owned farm lands are wooded; and county-owned forest lands, foreclosed because of tax delinquency, total nearly 500,000 acres.

In the forest areas, the problems are those which result from the exhaustion of natural resources and the deterioration of industry built upon them. During the past 20 years, thousands of acres of valuable forest land have been burned over or clear-cut, and a decline in the lumber industry has begun. Logging camps and sawmills have been abandoned, whole communities have been left stranded in the cutover country, local governments have suffered severe losses in tax base and, therefore, in their ability to secure funds needed to support public services. Relief expenditures have increased rapidly.

As the timber was removed from the forest lands, small, scattered farms called "stump ranches" appeared. Other land, formerly forested, was converted to range. In this area, roads are poor, often little more than fire trails. Schools are inadequate, yet costs excessively high. In one district, the cost of providing an elementary education was as high as $250 per pupil per year.

There are now serious conflicts in land use between farming and grazing, on the one hand, and timber production on the other. It has been estimated that almost a million acres in the forest areas of the State are used for agricultural purposes, either crop-farming or grazing. Most of this land is submarginal for both farming and grazing and should be returned to timber. The rate of abandonment is so high that there is little question as to the eventual outcome. Nevertheless, natural reforestation will not produce merchantable timber.

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In 1934, the Pacific Northwest Forest Experiment Station of the U. S. Forest Service made a study of 9 western timber counties.[20] Records were obtained as of April-September 1932, on 10,564,422 acres, which was very nearly the entire area of the 9 counties. Forty-six percent of the area studied was publicly owned or otherwise tax-exempt; 333,377 acres had been acquired by the counties through foreclosure of tax-delinquent land, and 2,268,450 acres, or 21.5 percent of the total area, was delinquent for 1930 and prior taxes. In 8 of the 9 counties (no data were available for Columbia County), delinquent property was valued at a total of $32,149,117, of which approximately two-thirds was forest land. All 9 counties were faced with severe losses in tax base, had already lost heavily through nonpayment of taxes, and had an increasingly difficult management problem to deal with. By 1936, tax titles had been taken on 671,643 acres, of which 323,786 acres were forest land. Thus, in 4 years, county tax-deed land in these counties had doubled, and the actual loss in tax base was $5,172,958.

Nearly half the land area of Oregon is quite equally divided between forest land and range. Some 25 million acres, or 41.5 percent of the State's area, is untillable pasture and range. This is partly in the northeastern grazing area and partly in the southeastern grazing-farming area. Over 12 million acres of range, mostly low quality, are held by the Federal Government in public domain, one-quarter of a million are held by the counties under tax deeds, and at least 12 million acres are privately owned.

Temporary price increases have encouraged farming on range lands which, under all but abnormal market conditions, are submarginal for crop farming and often even for grazing. Even now, it is not known how much arable land there is in the State. It is possible that all of the 30 million acres of forest land should remain in forests and that all of the 25 million acres of range land should be kept for grazing.

In the southeast, the land-use problem arises from the encroachment of crop farming on grazing land. The best land use is probably grazing, and in fact most of the area is now in range. Public ownership is already extensive (80 percent of the area of some counties) and large tracts have been organized into Taylor Grazing Districts. The task of the counties is

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[20] *Facts Bearing upon Instability of Forest Land Ownership in Western Oregon*, September 1934. U. S. Dept. of Agri., Pacific Northwest Forest Experiment Station, Portland, Oregon.

to classify and manage tax-deed land so as to prevent the return of submarginal agricultural land to private ownership and cropping.

Tillamook County.—Tillamook County is one of the group designated as the western timber counties. Forest lands, including cutover and burned-over areas, make up about 90 percent of the area of the county. According to the 1935 Census of Agriculture, only 87,226 acres are in farms, and of the farm land, less than 25,000 acres are improved.

According to the county assessor's records, there were 419,037 acres of forested land in the county in 1920. By 1930 the forested area had decreased to 343,876 acres, a decline of 18 percent; and by 1936, there were only 266,744 acres in forest.

Destructive clear-cutting and disastrous fires have robbed the county of its most valuable resource. A severe fire in 1933 burned over one-third of the area of the county, which had contained 8,671,694,000 board-feet of merchantable timber. According to local lumbermen, a large part of this timber could be salvaged if it were accessible and in demand, but lack of roads and poor markets make it likely that 75 percent of the damaged timber will deteriorate below market standards before it can be removed. Between 1920 and 1930, the value of merchantable timber increased in spite of the reduction in acreage, but during the period 1930 to 1936, a 22 percent decrease in timber acreage was accompanied by a 51 percent decrease in valuation.

When heavy timber growths had been removed, farming, which began in the tide lands and prairies, spread to the rich river valleys. Scattered settlement has been extended into these narrow valleys along the swift, soil-eroding streams where many of the holdings are inadequate to support a family without the supplementary income which was formerly obtained at the nearby sawmills and logging camps. Land purchases by the Federal Government in the southern part of the county have resulted in the removal of many scattered settlers, but many still remain in other areas where the best land use is forestry, not farming.

For almost 10 years Tillamook County has suffered a continuous loss of tax base, caused chiefly by the decrease in the value of timber and the reversion of burned-over and cut-over areas through tax delinquency. Between 1930 and 1936, the assessed value of timber lands decreased 63 percent, while the value of other property decreased 39 percent. Thirty-seven percent of the land area of the county is publicly owned, and most of this land has been obtained by tax foreclosure. The amount of delinquency at present suggests that much more land, particularly farm land, will revert to the county during the next few years.

The effective administration or disposal of county-owned lands is the most difficult problem faced by county officials. After the 1936 tax sale, the county owned 145,700 acres of rural lands. Only 237 acres of county-owned lands were classed as tillable. Some 16,000 acres were classed as untillable, 59,737 were classified as timberland, and 68,479 acres of cut-over land have been placed in reforestation under State law. The amount of forest land in county ownership has increased the county's fire-protection responsibilities, and the great increase in public expenditures for relief of stranded groups in areas of industrial decline is also a problem related to the reversion of cut-over timber land. Submarginal agricultural lands must be retired or devoted to timber production, and exhausted timber resources must be restored and put on a sustained yield basis.

The Federal Government has purchased approximately 75,000 acres of land in 4 of the timber counties, Lane, Lincoln, Tillamook and Yamhill. There are two principal sites, one in northern Lincoln, southern Tillamook, and western Yamhill Counties; the other in western Lane and southern Lincoln Counties. Both sites are bounded on the west by the Pacific Ocean.

The area enclosed by the project boundaries is a little over 1 million acres. The land which is located on the summit and western slope of the Cascade Mountains is extremely rough. Numerous drainage-ways extend from the mountains to the Pacific Ocean. Along the water courses are shoestring valleys which extend upward from the ocean; they contain some fertile land, but it is usually in small patches widely separated. With the exception of occasional tables or benches, the hills rise precipitously and are not adapted to agriculture. As in other sections, the fine timber which once covered the entire area has been burned or logged off.

Within the project boundaries, 56 percent of the land was publicly owned when the Government began its purchases. Only 18 percent of the total area was classified as privately owned farm land, and even less had any permanent agricultural worth. The privately-owned land is in scattered tracts, mostly within the National Forest.

Both ownership and occupancy are unstable. During the depression many people moved into the area from the Dust Bowl: homestead entries were filed and abandoned farms were reoccupied, only to be abandoned again. Shifts in population have been accelerated recently, but movement from place to place within the area has been characteristic from the time of earliest settlement. Of 500 scattered farms in the project area, 100 or more have been abandoned.

Although large in total acreage, most of these farms had too small a cultivable area to provide a living for their owners.

Timber is the most profitable crop which can be grown on 90 percent of the land, but under present ownership, neither sustained-yield forestry nor profitable farming is possible. Forest production is retarded, not only on privately owned land, but, because of scattered holdings in the National Forest, on the publicly owned land as well. Prevention of forest fires has been especially difficult.

Some areas should be completely evacuated. Public service costs could be reduced by closing schools and abandoning roads, and farm families now residing in the area should be resettled on better agricultural lands where they may be self-supporting.

There are 82 separate taxing jurisdictions in the project area. The general property tax is their principal source of support, and taxes are levied largely on agricultural and timber land. There have been serious declines in valuation of both timber and agricultural lands during recent years. Table 10 shows the decline in valuation of rural property between 1928 and 1935.

Declines in valuation were even greater in the project areas. In Lane County, for example, property in school districts overlying the project area lost 25 percent of its taxable value between 1928 and 1935; in Yamhill County, property in school districts overlying the project area lost 40 percent of its taxable value between 1928 and 1935, as compared with a loss of 8 percent in value of other rural property in the county. The chief reason for these great losses in taxable valuation is depletion of timber by logging and burning.

Tax delinquency has been a serious problem throughout the timber area for a number of years and it is increasing. There are considerable areas of good agricultural land in Willamette River Valley of Lane and Yamhill Counties which improve the collection records of those counties. The record would undoubtedly be much worse if the timber area, which is the real problem area, could be shown separately.

Clatsop County.[21] Roughly 90 percent of the land area of the county is devoted to forest use, and 10 percent is used primarily for agriculture.

[21] "An Area Plan For Land Use in Clatsop County, Oregon", unpublished ms., Bureau of Agricultural Economics in cooperation with Works Progress Administration, 1939, in files of Division of Land Economics. Material in this section was derived entirely from this report.

Forest cover has been rapidly depleted; approximately 68 percent of present forest land has been logged or burned and nearly 30 percent is in cut-over or nonrestocking condition. At the present rate of cutting and log depletion, the almost 8 billion board-feet of all timber species 16 inches in diameter reported in 1937 will have fallen to 5 billion by 1945. Loss of timber and land speculation in certain areas have been followed by tax reversion of considerable acreages, and present circumstances foreshadow a large increase in coming years. Maintenance of local governmental facilities has been somewhat affected by the drop in assessed valuation from 38.6 to 15.8 million dollars in the period between 1925-1937, a decline of 59 percent.

Some 125,000 acres of cut-over in the southwestern part of the county could be developed for grazing. Potential agricultural land is placed at 51,000 acres nearly twice the amount in present use, although some of this land has only limited possibilities for successful development. Land classed as suited to forestry comprises over 60 percent of the county area. The county has broad powers for management of tax-reverted land, and there is considerable need for placing such lands under a system of management to conserve resources and to insure future income. Rural zoning and related land-use restrictions, including a policy with regard to resale of tax-reverted land, is needed to prevent further settlement on nonagricultural land.

Clatsop County is located in the northwestern corner of Oregon, bounded on the west by the Pacific Ocean and on the north by the Columbia River. It has an area of approximately 830 square miles, including some 526,541 acres of land. The topography is generally mountainous. The valley of the Nehalem River is about a mile wide at its broadest point, narrowing into rough, mountainous country. The drainageways of the western slope are also narrow in their upper portions.

The climate, generally mild, varies widely between the coastal portion and the interior of the county. On the east side of the Coast Range, seasonal temperatures show greater variation and moisture is less plentiful. Most of the precipitation occurs during the winter months. Fog and more even temperatures and summer rains on the west slope cause heavy vegetative growth, favorable mainly to native forest cover.

A gradual increase in agricultural development has occurred. During the period 1880 to 1935, total acreage of improved land increased only from

10,070 to 14,496 acres, while total number of farms increased from 146 to 857. The total land in farms in 1935 was 52,908 acres, or only 10 percent of the total county land area. Rural farm population in 1930 was only 2,772 of a total population of 21,124. In 1935 farm population was 3,398.

Rapid exploitation of timber was due to the large supply of highgrade Douglas fir of saw-timber size, accessibility of the forests, and proximity of deep water ports. The Pacific Northwest Forest and Range Experiment Station in 1937 indicated that of 478,375 acres of forest land, only about 155,000 acres, or 32 percent, remain with commercial species of saw-timber size. Remaining forest land has either been logged or burned, although in 1937, some 171,500 acres, or 36 percent of the forest area, had stands of immature forest growth. Areas recently cut-over and nonrestocking old cut-over and burned-over land accounted for 30 percent of the total area.

The forest areas are roughly divided into two types by the Coast Range. Douglas fir is characteristic of the east slope, and Western hemlock, Sitka spruce, and pulpwood species are predominant on the slopes toward the Pacific Ocean and Columbia River. The Douglas fir area, where most of the merchantable timber has been cut, is characterized by rapid removal of forest values and tax reversion of cut-over areas. Apparently some owners plan to deed cut-over lands directly to the county following timber harvest, eliminating the formalities of tax reversion. In the spruce-hemlock belt, only 14 percent of the land is cut or burned-over, while in the Douglas fir area, 41 percent is cut-over or nonrestocking and 36 percent is in immature forest growth.

Areas of isolated settlement on cheap cutover lands unsuited to cultivation add to public service problems. Table 11 indicates present land use by areas in the county.

Land ownership in the county is as follows:

	Acres	Percent
Private, less than 1,000 acres	130,516	25.0
Private, corporate, and noncorporate, 1,000 acres and over	318,246	60.0
County (including platted lands in corporate limits of Warrenton)	61,490	12.0
State	5,722	1.0
Federal	3,412	0.7
Municipal	1,350	0.3
Urban	5,805	1.0
	526,541	100.00

On the western slope, in Areas I and VI, a few pulp companies control a large portion of the forest land. The county owns a number of scattered small tracts in these 2 areas and a few sizable tracts in the upper watershed of the Klaskanine River. Except for this latter area, however, the tax-reversion problem is not as significant as elsewhere in the county. This may be due to the intention on the part of the large companies owning the land to manage it for production of additional crops of timber. In the Douglas fir region, on the other hand, the timber companies are following a "cut out and get out" policy. This difference is attributable to the ease of growing forest crops of pulpwood, shorter growing period, and less hazardous fire conditions on the west slope. In taxation, much of the forest land is classed as reforestation land and exempted from *ad valorem* property taxes. A flat charge of 5 cents per acre is made until the timber crop is harvested, at which time a tax of 12-1/2 percent on gross yield is levied. Forest lands not so classified are assessed at from $1 to $100 per acre, according to forest cover. The heaviest valuations are placed upon old growth stands of Douglas fir.

In Area VI, tax rolls have declined materially due to loss of resort properties. Inflated values of speculative beach property were taxed heavily and a number of rural resort properties have reverted to the county, or are in process of foreclosure.

In Area I, 85 percent of the area is in forest use and 10 percent is agricultural use. Truck gardening is on the increase close to Warrenton. Proper development is handicapped by mistaken platting and subdivision of these lands, which are within the corporate limits. Subdivided land has reverted to the county in considerable volume and the county and city are cooperating in developing and leasing land in units suitable for agriculture.

In Area II, only 18 percent of the merchantable stands of timber remain on a total of 67,000 acres of forest land. Large blocks have reverted to the county and many additional tracts are now in process of foreclosure.

Area IV, in the southeastern part of the county, includes some 170,000 acres. It is predominantly cut-over forest land with some scattered Douglas fir now being logged. Small tracts of immature forest growth are scattered among large tracts of nonrestocking old cut-over and burned-over land and more recently logged lands. Agricultural development occurs in strips along the Nehalem River and its tributaries. Forest resources were originally

the most valuable in the county, but virgin timber stands remain on less than 23 percent of forest land, and these are now being logged. Recent fires have also been extremely destructive. Over 87,000 acres, or 53 percent of the forest lands, are recent cut-overs, nonrestocking cut-overs, and nonrestocking burned-overs.

These conditions are strongly reflected in the instability of private ownership. More than 34,000 acres, or 20 percent of the forest land, are county-owned, and some 20,000 additional acres are in process of foreclosure. These 54,000 acres represent 31.7 percent of the entire area. In addition, it is indicated that several timber operators whose taxes are now paid intend to deed large acreages of cut-over land to the county in order to save the county the time and costs involved in later tax-foreclosure proceedings. Apparently the bulk of forest land in this area will be in a short time. Conversion of some of this area to productive grazing use is being suggested with the proposal that the county attempt experimental grazing use in some of these areas. One such area of 830 acres of county-owned land has been established in cooperation with the Agricultural Experiment Station and the State Board of Forestry. Some 125,000 acres have some possibilities for grazing use. Only 9,000 are classified as potential agricultural land. Of this amount, about 7,000 acres are classed as having general crop adaptability, and 2,000 as having only limited crop availability. The latter are located chiefly on foot slopes and low hills near agricultural bottoms. They are largely cut-over and only a small portion have been cleared. Pasture and grain crops are the main indicated uses.

In Area V, in the southwestern part of the county, some 36 percent of the forest land is in stands of merchantable timber, largely Douglas fir now being logged. Cut-over and burned-over lands comprise slightly under 13 percent of this area, approximately one-half in county ownership and one-half in State or Federal ownership. Land in process of tax foreclosure are expected to double county holdings. Less than 200 acres of bottom land have been subject to agricultural development. Only 775 acres are considered to be potential agricultural land.

Area VI includes 102,150 acres, and although timber resources are important, the chief item of interest is recreational and resort development. About 6,000 acres of potential agricultural land are found in the area, 3,100 acres of which are of limited crop adaptability. Recreational

and resort lands consist of beach lands extending almost the full length of the seacoast of the county. Overgrazing and attempted cultivation have destroyed certain of the cover and have caused drift sand injurious to resort, agricultural, and forest land. Attempts are being made to correct this misuse and prevent grazing or agricultural use. The county owns lands located in the area, and other land will be taken to prevent misuse. Seashore and highway timber stands might be protected by cooperative efforts of county, State forestry, and highway agencies, utilizing as one measure of control the exchange of county and State lands for privately owned timber lands.

During the depression years 1931 to 1933, current tax collections in the county dropped to 40 percent of levy, but by 1937 they were about 83 percent of levy. The collection of back taxes increased materially from 1934 to 1937. The average of all current collections from 1926 to 1937 has been between 80 and 85 percent of taxes levied. Over 58,000 acres of rural land, however, are county-owned and nearly 40,000 acres are now in process of tax foreclosure. Total accumulated delinquent taxes on December 31, 1937, were 3.3 million dollars, the second largest total in the State, and nearly 3 times the total county tax levy for 1937. Current tendencies, however, do not offer assurance that the decline in assessed values and tax revenues will not continue and that increasing amounts of land will not come into county ownership. The major offsets to such a tendency would be property tax relief measures and needed reorganization of local units of government.

The problem of managing the 324,000 acres of land primarily suited to forestry will become increasingly related to the public ownership and management of areas acquired by tax forfeiture and direct deeding. Management or disposal possibilities for such land include: (1) county protection and ownership; (2) protection and management by cooperative agreement with the State Board of Forestry, the Federal Government, other counties, persons, or corporations; (3) transfer of title to the State Board of Forestry for development and management, as State forest; (4) sale or grant to federal agencies with approval of the State Board of Forestry for protection and administration as National Forest; and (5) return to private ownership by sale when warranted.

Present statutes give the county considerable authority to develop, manage, or dispose of reverted land in these various ways.

Tables 12, 13, and 14 present data indicating the amount and classification

of tax-reverted lands and the dollar volume of chronic delinquency for all counties in the State.

The Ozark Cut-Over Region

Missouri

A recent survey of tax delinquency in Missouri indicated that the percentage of current delinquency was highest in the Southeastern Lowlands and Ozark Center counties, and lowest in the Ozark Border and Northern Agricultural counties.[22] Total acreage delinquency was especially large in the Central Ozark and Southeastern Lowlands. With the exception of the Southeastern Lowlands, where special conditions to be discussed account for extreme delinquency, the poorer lands least suitable for agricultural development showed the heaviest delinquency.

The special circumstances causing abnormal delinquency in the Southeast Lowlands, which is an area of fertile soils suitable for agriculture, are:

(1) Heavy costs of clearing.

(2) Heavy costs of drainage.

(3) Cash crop farming with cotton as the single crop.

(4) High tax rates for public services in a newly developed area.

With reference to percentage of delinquency on the 1932 levy as of delinquency date, March 1, 1933, highest percentages were found in the Southeast Lowlands and Ozark Highlands. In many counties, over 40 percent of the levy was unpaid and the percentage of total area delinquent was even larger. Chronic, or long-term tax delinquency, (two years or more) was found to be most conspicuously concentrated in the Ozark Center and Ozark Plateau areas, and in the counties of the Southeast Lowlands. In northern and western Missouri, long-term delinquency was generally found on little more than 10 to 15 percent of the rural area, whereas in the Ozarks or Southeast Lowlands, the figure was usually 30 percent or higher.

When exceptions occur in the northern and western counties, they may be traced to overflow, or to high drainage or other special taxes. The heavy delinquency found in some parts of northern Missouri and in the Southeast Lowlands is not expected to be a permanent phenomenon. It will probably be eliminated with improvement of agricultural prices and reduction of excessive drainage costs. In the Ozark Center and Plateau areas, however, where the extent of long-term delinquency is more ominous, the lands delinquent are largely hilly and stony, and the soil is of poor

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[22] Much of the material on Missouri is derived from, Hammar, C. H., *Land Tax Delinquency in Missouri*, Res. Bull. 224 Univ. of Missouri, May 1935.

quality. In their present use, these lands are not productive. An examination of the extent of area delinquency, in the light soil classification, indicated that as far as the Ozark areas were concerned, virtually all townships reporting greatest acreage in long-term delinquency status were classified as stony, hilly and not suitable for agricultural use. In fact, tax delinquency in these cases is partial evidence of the lack of success in agricultural use of the land.

As of March 1, 1933, for 15 counties embracing the Ozark Center and Ozark Plateau areas, the total acreage delinquent for 1 year or more was approximately 2½ million, or 41 percent of the total rural area; 1,300,000 acres, or 22 percent were delinquent 2 years, and 632,702, or 10 percent, 3 years or more.

In Reynolds and Carter Counties, more than one-fifth of the rural area was delinquent 3 years or more. Reynolds County, in the Ozark Center area, showed the highest percentages for one- two- and three- year delinquency, as indicated in Table 17.

An examination of tax sales for 108 of the 114 counties for the period 1928-33 was made, which indicated that a large proportion of the total acreage sold for taxes was located in the Ozark counties. In 1933, for example, of 116,522.76 acres sold for taxes, 45,353 acres were in the 14 Ozark counties. (Table 18.)

No other major region of the State evidenced a comparable volume of tax sales. In the 14 Ozark counties, from 1914-22 foreclosure considerations were greater than costs and greater than costs plus taxes. From 1923 on, considerations generally were less than taxes and costs, and in 1931 less than costs alone, leaving nothing to cover the delinquent taxes. For 1931 and 1932, taxes and costs were more than twice considerations. In 1933, for 9 of the counties, taxes and costs were double considerations. For 11 Ozark counties, average costs per tract sere $38.34. In the size group 0-20 acres, the costs per tract averaged $34.51; in the size group 21-60 acres, $35.39; and in the size group 61-100 acres, $39.17. Land in forest purchase units in these counties does not bring a price of much over $2.00 per acre. In the case of tracts of 20 acres or less, little more than costs can be realized by the county in the event of tax suit.

In the Ozark areas, faulty land use has produced heavy delinquency on the type of soils best suited to forestry, but until the National Forests were established in this area in 1933, no forestry was being practiced.

Lumbering in the area has been highly exploitative and the forest industry of the State has undergone serious decline from a production of three-quarters of a billion board-feet in 1890 to less than 200,000,000 in the 1920's. From 1910-20, there was some speculative interest in land in the Ozarks. After 1929, prices collapsed and owners of the small, stony and hilly Ozark tracts were no longer willing to pay taxes.[23] The lands not only exhibited mounting current delinquency, but sizable acreages sold at tax sales were delinquent from 2 to 5 years.

It is estimated that some 8,000,000 acres of land in the Ozarks should be in managed forests. It is also estimated that, at the present time, 75 percent of land in the Ozark Center area is not used for crops.

Reynolds County. In Reynolds County, Missouri, 400,000 acres (85 percent of the county area of 529,920 acres) are classified as best suited to forestry.[24] Exhaustion of timber and misuse of land have curtailed economic activity. Except for narrow bottoms along streams, the topography is rough and broken, with no large areas of smooth upland. General land classes were as follows:

	Acreage	Percentage of total land area
A. Suitable for cultivated crops	17,082	3.40
B. Doubtful for cultivated crops	67,321	13.40
C. Unsuitable for cultivated crops	417,997	83.20
Total	502,400	100.00

Timber production continued at a high rate as late as 1911. Peak production was reached in 1898, at 92,116,000 board-feet, declining to 8,347,240 board-feet by 1929.

In 1934, 175,105 acres, or 33 percent of the land area of the county was in farms, but these farms contained only 66,087 acres of improved land. About 355,000 acres, or more than 67 percent of the land in the county was not in farms. Improved land comprises crop land harvested, idle and fallow land, and other pasture. During the period of timber exhaustion, 1850-60,

[23] Other factors in extreme delinquency are: (1) Laxity in enforcement of statutes. Delinquency is frequently to the advantage of collectors who receive part of the penalty; (2) collection on a fee basis with no giving of notice; (3) overassessment of lands, assessments lagging behind the fall in market value of land.

[24] Silkett, Ross, "Land and Fiscal Problems in Reynolds County, Missouri", unpublished, ms., Univ. of Missouri and U. S. Dept. Agr. cooperative study. The information following was entirely obtained from the report.

population in the county doubled and land in farms increased about ninefold. The rate of expansion of land in farms was largest in this period. Fifty years later, with population three times as large, the acreage of land in farms was not quite double the 1859 acreage.

In general, agriculture is limited because of rough, stony character of the land and the scarcity of land suited to cultivated crops as well as by the low carrying capacity of forest range lands for grazing. The growing of grain and roughage in the valleys and the use of timbered uplands for range pasture is the general farm practice. The soil survey shows only 17,182 acres definitely suited to intertilled crops. Free range prevails in the county, especially on rough and cut-over timber lands, and burning is a regular practice. Chronic delinquency has been prevalent, especially following the removal of timber and the inability of owners to sell the land for permanent agricultural development. (Table 19.)

In 1937, current delinquency on real estate levies in the State as a whole was 21.2 percent of tax levy, while that in Reynolds County was 46.77 percent. (Table 20.)

In this tabulation, each delinquent acre was listed only once, whether delinquent for one year or 8. Forty percent of the land area of the county had some delinquency outstanding against it. This area represented 30 percent of the total assessed valuation of real estate.

For 1924 levies, 147,812 acres of land were delinquent as of January 1, 1925, representing $764,221 in assessed valuation. For 1935 levies, as of January, 1936, 234,775 acres were delinquent, representing $633,805 in assessed valuation.

An analysis of a map of tax delinquency for this county indicates a relatively small amount in the northwestern corner of the county. This is due almost entirely to removal of land from the tax rolls by Forest Service purchases and payment of such taxes by vendors prior to transfer of title to the United States. If this land were not purchases, even greater delinquency would be manifest on such low valued lands.

Another factor affecting the delinquency picture is the compromise of taxes. Before property is sold for taxes, the county court may affect a compromise permitting the owner to settle for a fraction of the original amount levied against the property. The county court, if it believes the land is not worth taxes and costs, or will not bring this amount at sale, may accept less and release liens. For 1932-35, taxes on 202,182 acres

were compromised. The rate of compromise ranged from 45 to 49 percent, with a recorded loss of $9,777.28. In 1937, the loss from compromised land taxes amounted to 15.7 percent of the total revenue for that year. These compromises became more significant when it is realized that much of the land is assessed at less than $3.00 per acre and is taxed at a rate less than $2.00 per $100 valuation.

Although compromises were made on 202,182 acres, only 41 owners were involved and more than one-half were nonresidents. The lack of an adequate tax reversion law and a policy of use and disposal of reverted land commonly force such practices of compromise under pressure for revenue. (Table 21.) This practice of releasing liens, together with the results of tax sale and clearance of liens after 5 years delinquency, makes the statistical picture of chronic delinquency appear much better than it actually is.

In the southern part of Reynolds County, real estate promotion reached a peak in Garwood and Fruit City situated in an area of rough, wild land. This section was divided into town lots and many 5- and 10-acre tracts were sold to nonresidents. Much abandonment and failure to pay taxes occured. Unproductive lands were subdivided into tracts so small that profitable use was almost impossible. The county has abated taxes on most of the two developments. In the last 4 years, the tax loss by abatement was $4,915.35.

Wayne County. In nearby Wayne County, of 496,000 acres, only 36 percent of the land is now in farms and 175,394 acres are in a National Forest Purchase Unit. In the St. Francis Watershed alone, 88,501 acres were tax delinquent in March 1938; 16,564 acres, sold at tax sale for $669.75, or an average of 4.04 cents per acre, were assessed at $56,490, and were delinquent for at least 7 years. Only 62.6 percent of total taxes levied in 1934 were collected before they became delinquent, in spite of the fact that one-third of the valuation is represented by utilities which paid in full.

Some 105,000 acres in Wayne County, or approximately one-fifth of the land area, is considered suitable for agricultural uses. The remaining 391,000 acres, almost four-fifths of the area of the county, are classified as best suited to forestry. At one time, the area was largely forested with pine and hardwood, but extensive logging between 1880 and 1920 removed all but a few scattered stands of valuable timber. This cutting, together with annual burning and over-grazing, has left an extensive area of low productivity and little value. Considerable delinquency accrues upon such lands, ascribable in part to relative over-assessment. In a small sample

of 116 tracts purchased by the Forest Service, assessments were at 143 percent of market value (purchase price) on the average. Indicative of the level of current collections in the county is the reported collection of only 65.9 percent of the 1937 State property tax levies before delinquency date. Tax levies for the years 1932-38, inclusive, upon 36 scattered sections of wild land outside the Forest Service Purchase Unit totalled $8,608. Only $2,995, or 34.8 percent of this amount, was collected before taxes became delinquent. An additional $2,298, 26.8 percent of original levies, was paid after delinquency before January 1, 1940. A total of 61.6 percent of the amount levied had been collected through the date when the last year's levy had been delinquent for one full year. Normally, only a small portion of taxes delinquent on wild land for more than one year is paid. It is unlikely, therefore, that more than two-thirds of original levies on wild lands is ever collected.

At the 1937 tax sale, 79,000 acres delinquent for an average of 5.8 years were offered. Taxes, penalties, and costs amounted to $45,462, an average of 58 cents per acre. No bids were made on 27,900 acres, and tracts totalling 51,000 acres, with accumulated taxes, penalties and costs of $29,000 were sold for a little less than $4,500. The land was returned to the rolls despite the fact that the amount collected did not equal penalties. (Table 22.)

Arkansas[25]

About 32 million acres of rural land in Arkansas were subject to taxation in 1933. At the date of tax sale, 10,151,147 acres were delinquent and the loss of current revenue was estimated as $875,000. Of the total of 10,151,147 delinquent acres, about one-half was delinquent on the current levy, the remainder (5,388,844 acres) had been forfeited previously and was nominally held by the State.

Delinquent land in Arkansas moves by three steps to forfeiture and State "ownership". Land becomes delinquent when current taxes are not paid on or before the due date; at the close of the tax-paying period, the first Monday in November, under present law, the land is sold, either to an individual or to the State. The consideration is delinquent taxes plus certain costs designated by law. Land sold to individuals is restored to

[25] The first section of this report on Arkansas is based on two studies of tax delinquency in Arkansas: *State Owned Land in Arkansas*, by Orville J. Hall, Bull. No.370, Ark. Agr. Exp. Sta.,Fayetteville, Ark., Jan. 1939; and *Tax Delinquent Rural Lands in Arkansas*, by C.O. Brannen, Bull. No. 311. Ark. Agr. Exp. Station, Fayetteville, Ark., November 1934.

the tax rolls and is assessed as before, but delinquent land sold to the State appears on the next year's assessment roll and tax book as State land, although it is not subject to assessment. This forfeited land is not immediately listed as State-owned in the records of the State land commissioner. The third step is not taken until the land has been forfeited for a 2-year period. Then it is certified to the State land commissioner by the county clerk, and as certified land, it appears as State-owned and tax-exempt in the records of the State land commission.

On January 1, 1929, the records in the office of the State Land Commissioner showed that 1,093,023 acres of forfeited land had been actually certified to the State for nonpayment of taxes; and by January 1, 1934, the State held 1,448,453 acres, an increase of about 25 percent. The State holdings increased by this amount in spite of sales, donations, and redemptions of tax-forfeited land.

Table 23 shows the trend of tax delinquency over the 6-year period, 1928-33. During this period, "tax-troubled" land, i.e., land on which any taxes were delinquent, increased from 8.9 to 3.1 percent of all potentially taxable rural land in Arkansas. It is not hard to realize the seriousness of a tax-delinquency problem which encompasses almost one-third of the tax base. (Table 23.)

The figures in the table may even understate the actual situation. It is the opinion of Orville J. Hall that not more than three-quarters of the land forfeited for nonpayment of taxes is actually certified to the State Land Commission because of "faulty descriptions, (restraining) orders granted by the courts, and failure of county officials to obey the law". It is known, for example, that only 78.2 percent of the total area due to be certified in 1932 was actually certified to the State as forfeited. This was true in spite of the fact that in 1933 county clerks certified some 23,000 acres which should have been certified in previous years. There is evidence that in some years as little as one-third of the delinquent land due for certification was actually certified to the State, and in one or two counties no land had been certified for several years.

From the figures in Table 24, it will be seen that in 42 counties, more than a quarter of the land area was delinquent. In 22 counties, more than a quarter of the land had been taken over by the State or was forfeit and on the way to State ownership.

There is some evidence that tax delinquency is more prevalent in productive lowland areas than in relatively poor upland country, and the

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difference may be attributed to high drainage and levee taxes. In Lincoln County, for example only 33 percent of the upland was delinquent, whereas 46 percent of the lowland area was delinquent. Delinquency in rural drainage and levee districts was the forerunner of general property tax delinquency. In 1928, 24.4 percent of all special assessments in the State were delinquent. This rate gradually increased to 72.5 percent in 1933. These figures may be contrasted with the general delinquency rate of 8.9 percent in 1928 and 31.6 percent in 1933. Drainage districts in Logan County showed 97.3 percent delinquency in 1936, and in several other counties the delinquency of drainage and levee district taxes was almost as serious. Table 25 shows percentage delinquency in levee and drainage districts, by counties, from 1928 to 1933.

The depression has undoubtedly caused considerable tax delinquency. The value of the cotton crop in Arkansas during the 3 pre-depression years, 1927-29, averaged 130 million dollars. In the 3-year period, 1930.32, it averaged only 52 million dollars. This tremendous reduction in income made some tax delinquency inevitable, but delinquency cannot be attributed wholly to hard times. There are other causes. There is evidence, for example, that much delinquency is voluntary.

"In land taxation, the ultimate penalty contemplated in the law is loss of ownership. The point is reached in Arkansas taxation where there is little danger of such loss. Indifferent administration of the law, . . . leniency on the part of both state and local governments . . . the elimination of penalties in tax collection" are partly responsible for the breakdown of the general property tax. The tax in practice threatens to become voluntary in both assessment and collection. Minor technicalities in tax procedure have been interpreted as invalidating a tax title. Minor errors and omissions in the tax records, in advertising delinquency, in oaths of office and other requirements remotely relating to taxation may be used in the courts to successfully defend the original owner's title.[26]

The law permits the owner of land which has been forfeited to purchase the same land from the State for $1 per acre plus $1 for a deed. If the tax in 3 years, including the 1-year delinquency and the 2-year redemption period, exceeds $1 per acre, the owner can evade the tax and save money by allowing his land to forfeit and can repurchase it from the State at $1 per acre. The original owner also has the right of donation. He may regain

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[26] Brannen, C. O., *op. cit.*, pp. 24 and 35.

his land through the donation process, live on it for 3 years without payment of taxes, and by paying nominal fees to the State Land Office obtain a donee's deed.

Costs incurred by the counties in handling delinquent property reached $100,000 in 1931 and they were never less than $30,000 in the period 1928-33.[27] The county clerk is allowed 10 cents per 100 words for making a record of delinquent tracts; the collector is allowed fees, varying from 10 to 35 cents per call, for conducting the tax sale, and the clerk receives a fee, varying from 5 to 50 cents per call for attending the sale and keeping records of it. Advertising costs have ranged from 20 to 75 cents per tract. In some years, the cost of administration has exceeded the amount of both penalties and costs collected in land redemptions.

Until 1939, the policy of the State was to rid itself as rapidly as possible of land foreclosed on account of tax delinquency. Most of the land that moved from State to private ownership changed title without regard to the purposes to which it would be devoted under private ownership. The only objective seemed to be to increase the tax base.

For the 10-year period 1928-37, 1,368,542 acres of tax-delinquent rural land were redeemed from the State and restored to private ownership. Over 48 percent of this area was redeemed under different special acts passed from 1933 to 1935 and designed to assist delinquent taxpayers to reacquire title to their land. The local governments lost thousands of dollars through taxes excused under the "bargain" redemption laws, and much land was restored to the tax rolls, even though it was not suited to individual ownership.

In addition to redemption, the State employed donation and sale as a means of alienating public land. Donation is a scheme by which the State makes grants of State-owned land; it is similar to the homesteading procedure by which the Federal Government formerly disposed of public domain. From 1928 to 1937, the State donated 814,096 acres. Actually, deeds were granted on only a small portion of this area, probably not more than one-third. The remainder returned to the State because the donees found it impossible to keep their donations. "The gross inefficiency of the donation method of passing State-owned land to private ownership is apparent. . . . (It) is the result of a method which invited relinquishment of the land

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[27] *Ibid*, p. 30, Table 11.

under donation and which shows no regard for the quality of the land donated or the possibilities of its being revenue-producing.[28]

Sales of State-owned land amounted to 1,001,028 acres for the period 1937-38; 61 percent of the total was sold in 1936 and 1937, most of it for $1 per acre. The invitation to land speculation is obvious, and the ready means of evading taxes presented by the low selling price of land forfeited because of tax delinquency has been pointed out previously. If the sale price of State land were increased, there might be some curb on speculation and a decrease in delinquency.

From a study made in 1933,[29] it has been estimated that 85,677 acres of State-owned land could be classed as tillable agricultural land and 289,908 acres as woodland. In 1938, some 600 tracts belonging to the State were inspected and classified. The report showed that 53.6 percent of the tracts were not suited for homestead or farming purposes because of overflow and erosion, soil exhaustion, or rough topography. Even those tracts which could be recommended for homesteading were found to be inferior in quality to the average farm in the State; upon some, costly drainage improvements would be required, and others were almost inaccessible.

By far the largest portion of tax-forfeited land in Arkansas is forest land. The Agricultural Experiment Station at the University of Arkansas, in cooperation with the Southern Forest Experiment Station of the U. S. Forest Service, has made a study of 4 forest counties in Arkansas.[30] Little River County in the southwestern corner of the State, Washington County in the northwestern corner of the State, Johnson County in the north-central area, and Lee County in the Eastern Lowlands were studied, and tax delinquency in all the State's major forest-type areas was investigated.

The gross land area of the State is 33,616,000 acres. Of this area, about 65 percent, or 22,000,000 acres, is forest land bearing some form of tree growth. For many years, lumber and timber products have been second only to agriculture in their economic importance to the State, and in 1929, the value product of the lumber industry was $58,063,273, well over one-

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[28] Hall, Orville J., *op. cit.*, p. 21.

[29] "The Possibilities of Using State-owned Lands for Homestead Purposes". Mimeographed report of the Univ.of Ark. cited by Orville J.Hall in *State-Owned Land in Arkansas.*

[30] *Tax Delinquency of Forest Land in Arkansas, 1932-33.* Bulletin No. 340, June 1937. Agr. Exp. Sta., Fayetteville, Ark. The second section of this report which discusses tax delinquency in 4 forest counties is an adaptation of the study cited here.

quarter of the value of all products manufactured in the State.

As in many areas, timber resources in Arkansas have been ruthlessly exploited. Vast areas have been clear-cut and abandoned, or burned off. In 1931, 2,300,000 acres, or 10.4 percent of the forest area of the State, were either not restocking, or were restocking so poorly that a commercial stand of trees could not develop. An additional 3,000,000 acres showed only fair restocking.

The total land area involved in delinquency as of the date of tax sale in 1933, was 10,151,147 acres, or almost one-third the gross area of the State. A large part of this area is forest or potential forest land and for this reason discussion of delinquency in 4 forest counties has been included here.

Little River County. Little River County lies in extreme southwestern Arkansas. Its gross land area is 349,440 acres, of which about 11 percent lies in the bottomlands of the Red and Little Rivers and is subject to inundation; the remainder of the area is above high-water stages. The eastern two-thirds of the county consists of gently rolling plains of fine sandy loams and silt loams. In the western third, the topography is rougher and in some places almost hilly; the soil is mostly sandy loam.

Originally, at least 90 percent of the area of Little River County was covered with a forest of shortleaf and loblolly pine and various hardwoods. There was some cypress, sweet gum, and elm on the bottom lands. Shortly after the Civil War, with the coming of the railroad, exploitation of the timber began, and virgin stands of pine and cypress were rapidly logged off. Hardwood utilization began about 1885. Today, practically all the better stands of pine and cypress are gone, and much of the remaining hardwood is of poor quality. In 1932, not more than 60 percent of the county was forested, and most of the standing timber will not be merchantable for many years. On an area studied in 1932, the forest was 65 percent cut-over and 35 percent culled; no virgin timber was found. Obviously, the condition of most of the forest acreage was not conducive to continuous private ownership, as might be expected, much of the land was tax delinquent. The State owned about 20,000 acres, forfeited for nonpayment of taxes, and over 40,000 acres were forfeit and subject to certification in June 1933. Some 57,000 acres were delinquent for 1931 taxes. In all, therefore, approximately 120,000 acres, more than one-third the land area of the county, were "tax-troubled".

The soil of Little River County is well suited to forestry, and there is reason to believe that under good management, not only the quantity but also the quality of future yields could be increased. Actually, however, much of the county's forest land has no active management calculated to restore the timber resources. Much of the forest land is tax-delinquent and under present conditions, it is likely that large acreages of forest land now tax-paid will become delinquent and will eventually revert to the State.

About 47,500 acres of cleared land once used for agriculture have been abandoned and are either owned by the State or are rapidly approaching State ownership. Much of this land should never have been taken out of forest. If left alone, it might possibly revert to timber, but the chances are slight; if growing trees were not burned off or washed out by erosion, they would probably be removed illegally for what immediate revenue they would yield. Some 275,000 acres, or 80 percent of the rural land in the county, are principally suited to forest enterprise, but proper use cannot be assured without an active State land program. The high proportion of tax delinquency offers a means by which the State can assert control over land-use, and the State is apparently about to avail itself of this opportunity. The State recently established a progressive land policy through legislation which is duscussed below.[31]

Washington County. Washington County, with an area of 611,200 acres, is in northwestern Arkansas. The northern part of the county lies in the Ozark Plateau, which is a gently rolling plain; the southern part is mountainous and has deep narrow valleys and many small streams.

Fifty-three percent of the county's area is now in forest, mostly in poor condition. Nevertheless, in 1930, the county led all others in the State in the value of forest products cut on farms for home use and sale. The timber is almost entirely of the oak-hickory type, although there is a scattering of pine and other soft woods in the south. Altogether 55 species of trees have been found in various parts of the county. On 89 percent of the forest land surveyed, the timber was second-growth cut-over of no immediate commercial value. Only 1 percent of the sample, and probably not much more in the county as a whole, was virgin timber, and even it had been culled. Timber of high quality was found on 60 percent of the culled area, but most of it was too scattered to support commercial lumbering. In short,

[31] See section, "Arkansas Land Policy Act", p. 103.

there was practically no merchantable timber in the county. Many years of careful forest management will be required to restore Washington County forests to a satisfactory level of productivity, and then, continued supervision will be essential to insure sustained yields.

As of December 1, 1931, the State held nominal title, through certification for unpaid taxes, to 17,476 acres of rural land. This area accounted for only about 3 percent of the gross area of the county, but over 120,000 acres had been forfeited, and, in all, over 140,000 acres were delinquent. Much land not actually held by the State was rapidly approaching State ownership.

More than 60 percent of the delinquent land in the county was forest land, although forest land was only 53 percent of the gross land area of the county. Even more significant is the fact that 90 percent of the delinquent timber-land was cut-over.

There is no doubt about the increasing instability of forest-land ownership. And there is little doubt about the causes; thin soil, resulting in slow growth and poor tree form; and mismanagement of timber harvesting, resulting in the depletion of accumulated forest resources. Clear cutting and destructive fires have resulted in severe gully erosion, and local people state that most of the erosion has come subsequent to stripping of the timber and abandonment of the land by lumber operators.

The chief value of the forest land in Washington County is for wildlife refuges. Erosion control should probably be practiced largely or wholly as a flood-control measure. These ends may be achieved best under public ownership and control of the land. It is expected that abandonment of forest land will be continued until 80 percent of the forest land in some townships is publicly owned.

Johnson County. Johnson County is also in northwestern Arkansas, but east and south of Washington County. For the most part, it lies on the southern slope of the Boston Mountains where the most rugged topography in the State is found. Drainage is into the Arkansas River, the bottom lands of which extend into the southern part of the county. The valleys of the mountain streams which drain into the Arkansas River are steep and narrow, in many places walled in by nearly vertical cliffs.

In 1933, 298,728 acres, or 69 percent of the land area of the county was forest land. Of the total forest area outside the Ozark National Forest, from 65 to 70 percent was cut-over, and the remainder was not in

good condition. Some high grade pine and oak timber was found in virgin stands, but most of the virgin stands had been culled. Fire and exploitation have reduced the growing stock over much of the county below the level demanded by good forestry practice, and as a result, virtually no commercial lumbering was carried on in the county during 1933.

As of March 1933, the State held nominal title, through forfeiture and certification for taxes, to 29,736 acres. Some 24,000 acres were forfeited for 1930 taxes and about 40,400 acres for 1931 taxes. The total area involved in delinquency, over 94,000 acres, was more than one-quarter of the net taxable rural area of the county.

Much of the forfeited land was in the most rugged part of the county where the land was so badly eroded as to be uninhabitable and unusable. Except in denuded areas, taxes were not excessive even in relation to low forest productivity. In sample areas studied, 86 percent of the certified and forfeited area was cut-over and nonmerchantable, while in the tax-paid area only 11 percent of the forest land was in this condition. This relationship of merchantability of timber to delinquency is as significant in Johnson as in Washington County and is definitely related to the causes of tax forfeiture.

Slow growth and low yields are conditions which have to be met in this area. Thin, rocky soil, and bad slopes and accompanying erosion, fires, and fungus infestation make necessary the most careful forest management. Even then, the yields may be small, and it is likely that the chief value of most of the forest land in Johnson County will prove to be for watershed protection and wildlife refuges. In Johnson County, much of the tax delinquent land might well be transferred to the Federal Government for inclusion in the Ozark National Forest.

Lee County. Lee County lies in east-central Arkansas and is entirely within the Mississippi Alluvial Plain. The country is flat, except for one small ridge which rises 200 feet above the river, and it is dotted with lakes and bayous. The gross land area is 384,640 acres.

The forests of Lee County occupy 182,000 acres, or 47 percent of the county's area. An inspection of various selected areas disclosed no virgin stands, and only small patches of old-growth timber. About 81 percent of the total forest area was cut-over second-growth.

As of April 15, 1933, 29,736 acres of tax-forfeited land had been certified to the State. An additional 65,765 acres has been forfeited for 1930 taxes and would be certified, unless redeemed, in June 1933. About

53,000 acres were forfeited in 1931 and would be subject to certification in 1934. Thus, 150,000 acres were involved in delinquency, nearly 40 percent of the county's gross area. Although forest lands occupied only 47 percent of the county's area, on the basis of the sample areas inspected, they composed 54 percent of the area involved in delinquency. Most of the certified forest land was cut-over or burned-over.

Part of the delinquent acreage was in drainage districts, and high drainage taxes--as much as $3.10 per acre in some sections--accounted for much delinquency. Outside the drainage districts, however, there was no evidence that delinquency had been caused by high taxes. As in many other forest areas, in Lee County tax delinquency followed abusive exploitation of the timber resources and abandonment of the land.

The land in Lee County is suited to the production of high-grade timber under private management, but most of the forest area has been heavily cut-over and will require many years to produce another crop, even under careful forest management. Perhaps tax concessions are essential, for although taxes per acre showed an inverse relation to delinquency (as in the other counties studied), they were too high on all forest land for continued private ownership to be profitable.

Summary

For the State as a whole, 67 percent of the land certified for nonpayment of taxes was forest land. It was found that the *ad valorem* taxes levied upon forest land were not excessive where the timber was young or merchantable, but were excessive for cut-over or burned-over land where the timber would be of little value for many years. Most of the forest land involved in delinquency, irrespective of forest type, had deteriorated or was denuded. The large areas of nonmerchantable timber indicate the lack of forest policy among owners of timberland and mismanagement of timber resources is probably the chief cause of tax delinquency in Arkansas.

The Arkansas Land Policy Act

Arkansas has recently given its attention to these problems, and in 1939, the State Legislature enacted a statute which established a State land policy and provided for the administration and disposition of State-owned lands.[32] The Act declares it to be the policy of the State to: protect lands owned by the State and to provide for their classification

[32] Act 331, approved March 16, 1939.

and best use; to encourage settlement on family-sized tracts under conditions conducive to successful farming; to preserve land in public ownership suited to public use as forests and parks or for other purposes; and to cooperate with Federal agencies having similar objectives. The State Land Commissioner is authorized to secure the cooperation and assistance of the United States to enter contracts and agreements, to make conveyances necessary to secure Federal assistance, and to assign lands to the several State agencies for administration, subject to their agreement and acceptance. The Land Commissioner is charged with locating and surveying lands claimed by the State when location is doubtful because of faulty description, and he is authorized to request the Attorney General to bring actions to confirm or quiet title in the name of the State. The Land Commissioner may request the Land Use Committee of the State Planning Board, or other State and Federal agencies, to classify the land according to its most appropriate use. State lands must be classified as suitable for (1) public ownership; (2) agricultural settlement; or (3) return to private ownership through sale or donation. The classification may be changed from time to time, and the Land Commissioner is required to dispose of lands and to make deeds to them in accordance with the existing classification. Only lands classed as suitable for return to private ownership may be sold to private persons. Lands returned to private ownership may contain whatever deed restrictions are considered necessary by the Land Use Committee of the State Planning Board, and mineral rights must be reserved to the State, except that original owners and heirs may redeem without reservation of mineral rights to the State. Lands to be sold to private persons may be offered to the highest bidder, if the bid is equal to the appraised value, but no land may be sold for less than its appraised value, except pending appraisal by the State Planning Board. Under these circumstances, the Land Commissioner may continue sales as provided in Section 8631 of Pope's *Digest*. No lands may be donated unless classified as appropriate for donation by the Planning Board. If lands classed as suitable for private ownership are unsold 3 years after appraisal by the Planning Board, a reappraisal must be made by the Planning Board. Lands suited to agricultural settlement may be leased or disposed of to the United States or its agencies, or to individuals or organizations cooperating with Federal programs, on terms to be agreed upon by the Land Commissioner and the Agency to which the land is to be transferred.

The Land Commissioner, with the advice of the Land Use Committee of the Planning Board, prescribes all regulations and deed restrictions on land suitable for agricultural settlement which is to be donated. This power is given in order to prevent isolated settlement, settlement on land unsuited to agriculture, etc. Donation and sale to be made only for family-sized farms, taking into account the location, soil type, type of farming in the area, etc. The Land Commissioner is directed to investigate and to request aid of other State, local, and Federal agencies in investigating possibilities of development of lands which are classed as suitable for agriculture. If development is possible at reasonable cost, applications may be made to Federal agencies for assistance, and conveyances may be made to the agencies rendering assistance. Contributions of the Land Commissioner are limited to amounts needed to facilitate the initiation of settlement projects, but do not include financing actual development.

Proceeds from sale of State-owned land under the Act are to be deposited with the State Treasurer to the credit of the State Land Fund which is to be used as follows: (1) to defray necessary expenses of the Land Commissioner and State Planning Board incurred under the Act; (2) to protect State lands from fire and from illegal removal of timber; (3) to defray necessary expenses of agencies cooperating with the Land Commissioner; (4) to augment the permanent school fund of the State, after providing for all prospective needs for administering and protecting State lands.

Certain sections of law relating to donation were repealed and the following provisions substituted:

Donation of lands suited to agricultural settlement may be made to heads of families resident in Arkansas for 5 years or more, donations to be in quantities determined by the Land Commissioner under the Act. Together with contiguous tracts already owned, donations shall not exceed a family-sized farm. When the donee holds some land already, the donated land need not be cleared and cultivated, but may be used for farm woodlots or grazing. Application for donation of land classed as not suitable for donation *must* be rejected. When expenses for extending schools and roads to an isolated area would prove excessive, application for donation may be denied until a group of donees large enough to justify the expense desires to settle in the area. Timber valued in excess of $100 may not be sold by a donee while the donation is being proved; thereafter, it can be sold only to improve the donation.

This Act is significant as a statement of policy. It should constitute a start toward the proper management of State-owned lands based upon land-use considerations, but it does not attempt at correct some of the most pressing difficulties of tax procedure, and it does not provide a cheap and expeditious means by which the State may obtain good title to tax delinquent lands.

Gulf Coast Cut-over and Drained Areas

Mississippi

At one time Mississippi was almost covered by forest; only the Black Prairie region, smaller scattered prairie-grasslands, and a few coastal marshes were not wooded. Considerable land has been cleared for farming, but even now, approximately 53 percent of the area of the State remains forested. Forest-growth ranges from heavy stands of virgin timber, in a few places, to weathered stumps on broad expanses of barren cut-over land.

In the Mississippi bottomlands, or flood plains, which are bounded on the west by the Mississippi River and on the east by bluffs, mixed hardwoods once flourished, but today less than 40 percent of the area remains forested. With persistent cutting, cypress has become scarce, while oak, elm, and pecan, and less valuable woods like hackberry, have become more abundant. The broad bottomlands which border other major streams once had similar stands of hardwood, but they too have been almost entirely cut over.

On the uplands, a variety of hardwoods, mostly oak and hickory, and large dense areas of loblolly and shortleaf pine once formed Mississippi's most valuable natural resource. Much of the longleaf and loblolly pine has been cut off and is now being replaced by slash pine. The situation in the pine area is, therefore, not as bad as it is elsewhere, because slash pine is itself a valuable commercial timber.

By proper forestry practices, the timber resources of Mississippi could be doubled in a few years without reduction of current yields, but there is every indication that this will not be done under private ownership. First of all, fire must be controlled. Probably no State has suffered more than Mississippi from forest fires. The Mississippi Forestry Commission has estimated that 40,553,712 acres of forest and cut-over lands were burned over between 1930 and 1936. Nevertheless, great progress in fire protection was made during this period. From Table 26 it will be seen that the area burned in 1936 was only slightly more than half as large as the area burned

over in 1930. Some 10,600,000 acres of forested land, however, are still in need of organized fire protection.

Thousands of acres suited only for forests have been clear-cut and, because of erosion and removal of seed trees, are not now restocking-Lumbering most of restricted and directed, if the forests of the State are to be put on a sustained yield basis. The State Planning Board summarizes the State's land utilization problems, the activities which gave rise to them, and the need for a program to bring about their solution as follows:

"In the mad race for lumber and naval stores, the trees were either felled for timber or tapped dry for turpentine. Meanwhile, the cattlemen eagerly awaited their turn when only grass and stumps should remain. The aftermath of the harvest is appalling; thousands of acres of barren cut-over lands and weathered ghost towns with inhabitants stranded on the very brink of subsistence--the panorama a mute condemnation of selfish ambition and temporal prosperity. The ambition was realized only when the source of the ill-founded property was exhausted . . . and now, with broad expanses of cut-over land, thousands of acres worn out by cropping where crops should not have been or where their continuous production could not be sustained, and with clearing and plowing still expanding the non-productive areas, the State has awakened to the absolute necessity of conserving her greatest resource, the land of improving its utilization, and of perpetuating its productivity."[33]

On January 1, 1934, the State of Mississippi had legal claim to 1,331,116 acres on account of tax delinquency. This was 4.5 percent of the State's land area. On January 1, 1936, the State's holdings of forfeited land had increased to 1,711,411 acres, or almost 6 percent of the total land area.[34] Almost all of this land is unimproved and now has little or no commercial value.

A large portion of the forfeited land is in need of reforestation. Fires and clear-cutting have removed the principal tax base and there is no longer sufficient income to pay taxes. Private owners cannot afford to

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[33] *State Planning in Mississippi*, Program Report of Mississippi State Planning Commission, January, 1938, p. 64. The discussion of Mississippi's forestry problem has been based largely upon the Planning Commission's decision.

[34] Henderson, C. O. and Caldwell, John T. "Lands Owned by the State of Mississippi Through Tax Reversion". Mimeograph No. 4. Farm Sec. Adm. and U.S. Dept. of Agr., Nov. 1937. Much useful information was secured from this report. See especially pp. 10-16.

reforest and hold the land until it bears a new crop. High taxes have themselves encouraged clear-cutting of thin, immature stands to bring the land into the cut-over classification, and thus secure tax reductions. In this way, both private owners and local governments have lost revenue. The situation is summarized by Ronald B. Craig of the Southern Forest Experiment Station when he says that "forfeiture is primarily due to the removal of the original timber, the principal tax base, coupled with high taxes on the denuded land. Due to the overlapping of a very large number of taxing units: school districts, road districts, improvement districts, both general and special, in addition to the State and county, the tax per acre on this cut-over land frequently averages 20 to 30 cents per acre per year. One 80-acre farm in Harrison County paid 10 separate levies, totaling 70½ mills per dollar valuation. This example is by no means unique."[35] In 5 southeastern timber counties, the State held title to 264,499 acres of tax-reverted land on January 1, 1936. The estimated annual loss of revenue to the counties on this land was $34,000. Table 27 shows the percentage of the total area of each county which had reverted to the State.

In Lawrence and Marion Counties, also in the southern cut-over area, 10.0 and 13.0 percent respectively of the land area had reverted to the State for nonpayment of taxes.

Forfeiture in the Yazoo Delta, as in other portions of the Delta in other States, is primarily due to drainage and levee acreage taxes added to *ad valorem* taxes. In three counties, Quitman, Tunica, and Panola, in the Upper Yazoo Basin where the land is subject to periodic overflow from the Yazoo, Coldwater, and Tallachatchie Rivers, a high percentage of the land has reverted to the State for nonpayment of taxes. Lumber companies were first to recognize the value of delta land for its timber and were instrumental in establishing drainage enterprises. The cutting of the timber was accompanied by the development of the land for farming and the creation of a new economic interest in drainage. Drainage districts were organized and financed during the periods of high farm prices when the farmers anticipated income adequate to take care of bond maturities and interest. In too many cases, drainage works were constructed in insufficiently developed sections with the primary purposes of promoting settlement. Canals were run through

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[35] Craig, Ronald B. *The Extent of Tax Default in the Gulf States in 1934.* Occasional papers No. 49 August 1935. Southern Forest Experiment Station. p. 15.

the last developed areas with the result that the heaviest benefit charges, based on proximity to ditches, fell upon land least able to pay.

In the drainage districts of Tunica, Quitman, and Tallachatchie Counties, where much of the State-owned land is found, the land is only about 50 percent developed. When commodity prices and land values did not rise as anticipated (or actually declined), large areas reverted for taxes and drainage assessments. Once the lumber companies had removed the merchantable timber from their land, there was no inducement to pay either taxes or drainage assessments, and much of the cutover land not purchased by farmers was allowed to revert to the State. During the deflationary period by 1929-33, even developed farm land became delinquent and subject to forfeiture. As a result, the State acquired tax title to thousands of acres of undeveloped cutover land and to many acres of developed or partly developed farm land. On January 1, 1936, the State owned 21 percent of the land in Quitman County, 10.8 percent of the land in Tunica County, and 10.5 percent of the land in Tallahatchie County.

In the lower part of the Yazoo Delta, conditions are about the same. A substantial portion of the area is subject to backwater from the Mississippi River, and flood hazards are so great that only the higher lands have been developed. Even in the drainage districts, only about 15 percent of the land has been developed. The undeveloped land, denuded of its valuable timber, is unable to pay the high charges levied against it, and a large portion has reverted to the State. In Yazoo, Humphrey, Sharkey, Washington, Holmes, and Issaquena Counties, a total of 245,000 acres has reverted to the State for nonpayment of taxes. Issaquena County, lying entirely in the backwater area, had 38 percent of its land in State ownership on January 1, 1936. In some parts of the area, entire townships had reverted to the State.

One area of relatively good agricultural land in Yazoo County, assessed at $25 per acre, is subject to 33½ mills, plus assessments in 2 drainage districts, amounting to 79½ cents per acre. Total tax charges, therefore, are approximately $1.60 per acre on this land. It is not surprising that such costs occasion delinquency. In 10 drainage districts in the Mississippi Backwater area, covering portions of all but Holmes among the 6 counties mentioned above, 57,056 acres of a total of 451,533 acres were State-owned in 1936. Seventeen percent of the total assessed benefits of $7,886,973 were represented by State-owned, tax-delinquent lands, ranging

from 3.3 percent to 38.5 percent in individual drainage districts. In these 10 districts, more than 75 percent of the State-owned lands were uncultivated and undeveloped. In 7 of the 10, average assessed benefits per acre on State- or district-owned lands were higher than on tracts continuing in private ownership.

Undeveloped land, combined with high assessments, produced a large part of the recorded volume of delinquency and reversion. In each district, the proportion of the total acreage of State-owned land which was uncultivated was significantly higher than the proportion of acreage of privately owned land uncultivated. The summary data for the 10 districts is shown in Table 28.

In the eastern part of north-central Mississippi, there is a large area of submarginal farm land. The land is able to support the cost imposed upon it only in years of prosperity; in deflationary periods, it is unable to meet the fixed costs, either private or public. Mortgage foreclosures and payment of taxes by mortgagors tend to minimize the tax delinquency, but even so, by January 1, 1936, in 4 counties in this area, more than 10 percent of the land had reverted to the State because of tax delinquency. In Clay County, the State holds 15.3 percent of the land; in Webster, Choctaw, and Clark Counties, the percentages are, respectively, 14.1, 13.0, and 10.5.[36]

The Southern Florida Drainage Districts

The Florida real estate boom generated a number of land-use and public finance problems. Governmental finance problems were multiplied by the creation of various special jurisdictions, the most common of which were drainage districts. During the 1920-25 boom period a large number of these drainage districts were organized to achieve three main purposes: "to aid in the sale of lands subdivided into small tracts, without regard to the need for the production of such lands or the probable success of the buyers," to create "bonds which could be sold during the period of prosperity in the country as a whole," and to provide "work for engineers and contractors."[37] Major results have been the creation of unpayable debts and the ruination of land buyers and farmers. Mr. Walter P. Fuller, who studied the financial condition of 72 drainage districts in 26 Florida

[36] Henderson, and Caldwell, *op. cit.*, Appendix Table I.

[37] Gunn, Colin D. and Wallace, John, *Report on Land Problems and Conditions in Florida*, prepared for the National Resources Committee, January 1935.

counties, found that on January 1, 1934 all but three were in default.[38]

The largest of these districts and the one best exemplifying land-use and public finance problems is the Everglades Drainage District which embraces 4,477,810 acres in parts of 11 counties--practically the southern third of the State. It was organized in 1905 and has been in process of intermittent development since then. The everglades District[39] lies wholly within the Okeechobee Flood Control District and contains within itself 25 special drainage districts. Most of them have experienced the same financial difficulties as the parent, and were created partly because the difficulties of the Everglades District had become so great and so pressing as to prevent further necessary expansion and improvement in services. All of the districts were set up to protect the area within their boundaries from flood waters which pour into Lake Okeechobee at certain seasons of the year by way of the Kissimmee River and other smaller streams in the area. At flood times, the excess water in the Lake backs up into the surrounding low country and makes agricultural development in unprotected areas impossible. Originally a large part of the land now in the Everglades District was under water the year around, and the entire area had been subject to periodic, devastating floods.

By 1929, 7 main drainage canals had been constructed and to these were added 8 subordinate canals and numerous lateral ditches, totaling 439.97 miles. The entire construction had cost $17,567,778 up to that time, but in spite of the extensive works and huge expenditures, the drainage and flood protection were not sufficient. The canals were inadequate and were rapidly clogged by water hyacinth and aquatic weeds. The debt-burdened district could not afford proper maintenance, much less new construction. Many reconstruction plans have been submitted, but these have all been rejected by the commissioners of the district because of their great cost. In 1927, for example, the Everglades Engineering Board of Review reported that from 25 to 26 million dollars more would be needed to provide adequate drainage and dike protection in the Everglades District.

The subdistricts, previously mentioned, have attempted to make up the deficiences by constructing levees and installing pumps, and many individual

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[38] Fuller, Walter P. "Tax, Finance, and Economic Survey of the Several Drainage Districts of Florida." Federal Emergency Relief Administration Project 52-S-56.

[39] Most of the descriptive material in this section has been taken from unpublished reports in Government files.

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operators have constructed dikes and levees around their holdings and have installed pumps to rid their land of the flood waters. Finally, with the cooperation of the U. S. War Department, the Okeechobee Flood Control District was organized and about 6 million dollars have been spent in its name. The chief activities of the Flood Control District have been building levees around Lake Okeechobee, some of which are 34 feet high, and broadening and clearing drainage canals.

Despite these efforts, the water-control problem is far from being solved, and many operators have lost valuable crops or their entire investments as a result of inadequate drainage and flood damage. Flood hazards deter further agricultural development within the Everglades District and thus deprive the district of added financial backing which it so badly needs.

Farming is not balanced because of the limited number of crops which can be grown under prevailing conditions; a basic subsistence farming is impossible at present. Sugar cane, citrus fruits, and winter vegetables have been grown with more or less success, but there has been constant conflict among the growers over the different drainage requirements of different plant roots. As a result of variations in climate and the varying success of drainage operations, years of great success for some operators have been years of dire failure for others. Some crops flourish under one set of conditions, some under another. The bad drainage causes foot diseases in livestock, and thereby limits the amount of cattle-ranching which can be carried on successfully. Even so, an increasing amount of livestock grazing has been undertaken in recent years, and there are possibilities of its being extended much further if proper drainage is affected.

The soils are of two types: mineral and organic. The mineral soils are in the northern, northeastern, and eastern parts of the district and in a narrow rim on the southwestern and eastern shores of Lake Okeechobee. On this soil there are extensive pine and cypress forests and large prairies of native grass. Careful soil management is required, but the soil is productive. The organic soils border the Kissimmee River and Taylor Creek; they extend from the northern part of Indian Prairie back of the mineral ridge around Lake Okeechobee, and south through the central part of the district to its southern boundary. In some places the organic matter is from 12 to 16 feet in depth. Although the soil is rich, it is unstable, and farming in this area is hazardous. The soil is destructible and cold,

subject to fire and to lowering by oxidation and subsidence. Frost damage is common. The soil has been known to burn to a depth of three feet, and in some places has been lowered almost 5 feet by subsidence in the period between 1914 and 1933. Subsidence makes drainage constantly more difficult, and if it is not to become impossible, careful and immediate attention will have to be given the maintenance of the water-table.

In 1936, it was estimated that the Everglades Drainage District contained 175,000 acres of open prairie, 1,750,000 acres of muck or peat land, about 771,000 acres of prairie interspersed with muck and marl which could be used for raising feed and for grazing, about 1,450,000 acres of pine and cypress forests which could support some grazing, some 190,000 acres of marl suitable for raising tomatoes and potatoes, and 200,000 acres of low muck suited to general agriculture and grazing. Of all this, less than 150,000 acres were cultivated, and as table 29 shows, both the acreage cultivated and the population of some counties in the Everglades area declined between 1928 and 1934. It should be noted also that the increases both in cultivated acres and in population in the Everglades portions of other counties were very small.

The maximum additional development which can be anticipated in the next 10 years has been estimated as 180,000 acres, and one investigator has reached the conclusion that the Everglades Drainage District "is not a 4,000,000-acre or even a 2,000,000-acre project, but about a 200,000-acre project.

The total valuation of the district was $20,894,952, and of this, $12,779,500, or more than 50 percent, was concentrated on a little more than 400,000 improved acres. Some of this land is very valuable; cultivated farm land is worth as much as $1,000 per acre, and improved urban and suburban land is worth as much as $100,000 per acre. But even land as valuable as this cannot support a project designed to draw upon the productive powers of an area 10 times as large for its support.

If all 200,000 acres of developed agricultural land paid taxes on the basis of the rate set by the legislature in 1925 (that ordered used by a Federal court in a recent suit), the revenue would be slightly over $200,000, or a little more than one-fourth the district's interest requirements. It would take a tax of from $4.80 to $9.00 per acre to pay off a refinanced indebtedness in 33 years, which may be compared with taxes of from $0.80 to $1.50 per acre being levied.

On December 31, 1934, the Everglades District was in default on $1,116,000 principal and $2,051,215 interest on bonds issued from 1915 to 1934, and on $2,321,191 in short-term notes and interest thereon. Great as they were, the debts incurred by the Everglades District by no means completed the total financial burden of the land within the District boundaries. Obligations of land wholly within the District totaled $47,113,986 in 1936 and about 15 percent of this debt represented default.

Table 30 gives a summary of debts which had been incurred by various taxing jurisdictions overlapped by the Everglades District and the amount of principal and interest in default in 1936. It also shows the proportion of the debt based on property in the drainage district. From these figures, the proportion of the defaulted debt which may be attributed to property in the Everglades District has been computed. It was approximately $7,100,000 in 1936.

By July 1938, the financial condition of most local government in the area had improved, but it was still serious. The total debt attributable to property in the Everglades District was $30,624,374, and of defaults in principal and interest totaling $5,412,632, approximately $2,500,000 might be called the responsibility of property in the district. Much of the original debt has been written off by agreement between the districts and their creditors.

Extremely poor tax collection methods offer an immediate, though superficial, explanation of the financial difficulties of the drainage districts and other local governmental units in Florida, but the statistics shown in tables 31, 32, and 33 should be interpreted in the light of what has been said concerning the productive powers of land in the area and its ability to pay taxes. It should be remembered that, on the basis of the 1925 tax rates, there would have been defaults even if all developed land in the area had been fully paid up. Tax rates were extremely high, even in 1937, after considerable readjustment had been effected through debt compromises. In that year, the tax rate for all purposes in the 11 counties located wholly or partly within the Everglades District ranged from 28.63 mills in Collier County to 166.04 mills in Martin County. In 4 of the 11 counties the consolidated rate exceeded 100 mills, and in 5 others the rate exceeded 50 mills. Undoubtedly, therefore, the greater part of the delinquency shown in the tables 31, 32, and 33 was involuntary. It is, however, impossible to say how much delinquency was involuntary; and there are

reasons to believe that some was voluntary, especially because of inefficient and irregular collection procedure. One investigator found that the records of the Everglades District prior to 1931 were "hazy and ill-kept" and that soon after 1931, when some effort was made to bring the records up to date and consolidate them in one office, "the District ceased entirely to operate as a unit". Some taxpayers were unable to find out what their taxes were. Furthermore, the taxpayers' morale was broken by a wide variety of abatement and compromise acts passed by the Florida Legislature. There have been numerous moratoria and amortization plans that led taxpayers to expect a succession of compromises and remissions of penalties, which they actually secured more often than not.

On December 31, 1934, the balance sheet of the Everglades District showed among its assets the following items:

Taxes receivable	$ 29,145.48
Under certificates	862,745.83
Sold-uncertificated	394,075.65
Omitted	3,404,032.18
Fire tax certificates	131,864.83
Total	$4,821,863.97

On the same date, according to the auditor's report, the South Florida Conservancy District included among its assets:

Uncollected taxes, 1934	$ 87,818.33
Tax certificates and interest	394,891.15
Total	$ 482,709.48

The situation has improved somewhat, in that the acreage becoming delinquent has not continued to increase at such an alarming rate, but chronic delinquency is still increasing. In 1936, the Trustees of the Internal Improvement Fund held approximately 21 percent of the land in the Everglades Drainage District, and they had contributed almost $6,000,000 in taxes to the district on land held in their name.

In the State as a whole, as far back as 1933, 16,787,273 acres, or nearly half the land area of the State, was delinquent; and despite moratoria, compromises, abatements, installment-payment plans, and the liberal homestead exemptions recently accorded, the delinquent acreage is still large.

As early as 1919, the State legislature enacted legislation designed to prevent "unwarranted, ill-timed, premature, or unsound works of drainage within the Everglades Drainage District"[40] and to prevent the organization of subdrainage districts within the Everglades Drainage District without permission from the Commissioners of the Everglades District. These early efforts at land-use planning were inadequate, and the present financial difficulties and land-use maladjustments of the area testify to the need for a vigorous and comprehensive land-use adjustment program if financial balance and agricultural stability are to be achieved in the Everglades District and in the State as a whole.

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[40] Sec. 1574 Compiled General Laws of Florida (1927) Chapter 7866, p. 198.

APPENDIX B.—THE GREAT PLAINS AREA

Particular attention devoted in this report to tax delinquency in the Great Plains Area is believed necessary not only because long-term tax delinquency has been widespread in this large area, but because land-use problems have been strikingly apparent. The economic dislocations of the past decade have been severe, and, in a short space of time, have revealed areas of large dimensions in transition between intensive and extensive land utilization.

The Great Plains Area extends from North Dakota and Montana on the north to Mexico on the south. It was settled during an era of high yields and good agricultural prices, and the latter part of the settlement period was characterized by land speculation and high war prices for crops and land. Local governmental services or organization expanded in preparation for a settlement and land-use pattern similar to that in the more thickly settled areas from which the new residents came. The number of counties in Montana, for example, increased from 27 in 1909 to 54 in 1920.

The size of farms and the production scheme were generally unsuitable for most of the Plains area. Prior to 1911, land was homesteaded in 160-acre units, after which the homestead entry Acts successively raised the figure to 320 and 640 acres. Even these units were too small for economical range utilization, since at least 6 sections are deemed necessary for 100 head of livestock, a moderately-sized unit for a family seeking to derive livelihood from stock. Farm lands yielding an average of less than 12 bushels per acre under a summer fallow system are not considered economical for grain farming. More than one-third of the farm land in 12 Montana counties is of this character, and is of this character, and is classed as fourth grade farming land by the Montana Experiment Station. In some counties, as much as 80 percent of the land is of this quality. A large part of the land in these counties is used for wheat production, and the extent of present maladjustments in land use and the accompanying phenomena of heavy tax reversion, mortgage foreclosures, and local government fiscal difficulties are further indicative of the hazards of crop farming.

The division of the semi-arid Great Plains into small farm units by homesteaders, investors, and speculators as a result of use of the same

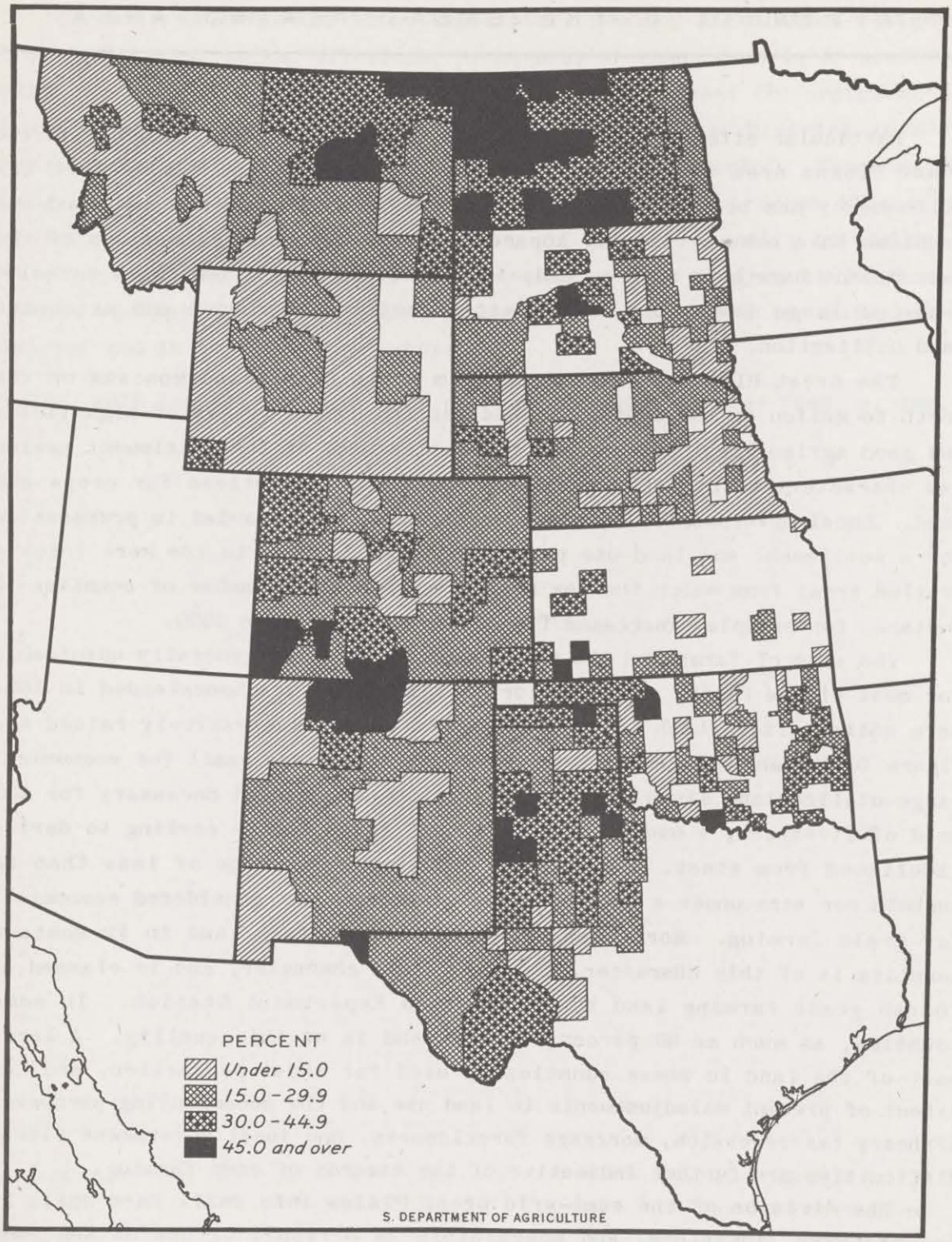

FIGURE 5.—Percentage of Real Estate Taxes Delinquent by Counties in 10 Great Plains States on Levy of 1932-33.

method of homestead settlement employed in the eastern humid areas now hampers operators in obtaining economic units. Properties must be leased from numerous scattered owners, many of whom are nonresident. Operators have no assurance that the leased lands will not be sold, or rates raised by competitive bidding of neighboring cattlemen who are under pressure for range. This uncertainty of range control promotes overgrazing and misuse of land; grazing capacity has been reduced in some areas by 50 percent in the last 15 years.[1]

In the Great Plains Area, it was estimated that there were 24,000 crop farms covering 15,000,000 acres which should no longer be plowed. Of the range lands, some 95 percent had declined in forage value, the decline ranging from 25 to 50 percent of original value in southwestern North Dakota to 50 to 75 percent in southwestern Nebraska and northwestern Kansas.[2] These changes have occasioned some decline in standards of living and increases in Federal assistance and tenancy. Mortgage foreclosure and tax delinquency have impaired ownership claims of a large number of farmers. The chief problems of land use concern the exhaustion of desirable grazing areas by overstocking, plowing of land unsuitable for cultivation, and failure to coordinate use of water resources with land use.

A high degree of absentee ownership and Federal, State, and county holdings scattered among the holdings of both resident and nonresident owners is typical. The ownership pattern is so checkered that establishment of economically sound ranch units of 8,000 to 10,000 acres in size is difficult.

As a result of certain of the undesirable land-use practices mentioned, soil wastage has been high. Wind erosion affected about 80 percent of an area of some 25,000 square miles in 20 counties of the Southern Great Plains to some degree, and about 40 percent to a serious degree.[3] Overstocking has depleted forage value of some 75 percent of the whole range.

The utilization of water for generation of power during the nonirrigation season has meant loss of water otherwise storable for irrigation. In other cases, water is used for producing cash crops to be shipped out of a given area, although nearby range cannot be used properly in many years

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[1] R. R. Renne, "Probable effects of Federal Land Purchase on Local Government", *Nat. Municip. Review*, XXV (7), July 1936.

[2] *The Future of the Great Plains*, p. 5. Report of the Great Plains Committee, Washington, D. C., Dec. 1936, U. S. Govt. Print. Off.

[3] *Ibid*, p. 49.

because of lack of supplemental forage for livestock feed. High-cost water has been used for cash crop production on lands of low productivity. High-cost and poorly designed irrigation developments and excessive withdrawal of ground water have also contributed to the problem of land use in various areas.

Concurrent with economic maladjustments are high local tax rates, extensive tax delinquency, and strained fiscal condition in many local units. The major taxable resource is agricultural real estate, and local units of government have depended chiefly on the general property tax. Rates in some counties in recent years have approached 3-1/2 to 4 percent on full value. Figure 5 shows the extent and seriousness of tax delinquency in sample areas of the Great Plains for 1932-33 levies. The areas in which the rate of delinquency was highest were generally those in which the need for land-use adjustment was most apparent.

The annual repetition of current delinquency of this nature is creating a new public domain in county ownership. When State law or pressure for revenue forces reverted land to be sold, the land often soon reverts again. This shifting of land between county and private ownership is one factor hastening the depletion of soil resources. Local governments may, by taking no account of the income-producing capacity of the property, become active agents in encouraging abuse of tax-reverted land.

Where the ownership pattern is complex and includes small, scattered, nonresident-owned properties, and where various types of farming are in operation and no material common interest of the various land users exists, land-use adjustment requires blocking out of small uneconomical units into larger units controlled to stabilize productivity. In this situation, Federal submarginal land purchase has been applied to help block out the areas of such lands to be leased for longer periods at reasonable rates to established ranchers and farmers located along the river bottoms and better land. This plan, now operating on a relatively small scale, is considered a beneficial measure in restoring and stabilizing productivity and in increasing taxpaying ability on land remaining in private ownership.

In an analysis of 9 Great Plains counties at an early stage of the Federal submarginal land program (before optioning and purchase were completed),[4] it was found that there would be 4,356,000 acres of Federally owned land in the counties as compared with the figure of 1,173,000 acres

[4] All lands listed for purchase were not purchased, of course.

prior to the program (assuming all lands listed for sale to the Federal government would be sold). In 1934, all local units received $127,000 in total revenue from the 4,356,000 acres, or about 3 cents per acre on the average. This included $112,186 in taxes on the 2,753,000 acres of privately owned lands which were then listed for sale to the United States, and $14,542 received by counties from 171,422 acres of county lands taken through tax deed and leased to private individuals. An additional 258,513 acres were owned by the counties and could not be sold or leased to private persons, so that no income from the lands was received in 1934. A large proportion of county-owned lands were to be optioned to the United States by the counties.

No revenue was derived from the 1,173,000 acres of Federal lands. These scattered public domain lands had never been appropriated or reserved, or, if homesteaded, had reverted to the United States by default. Prices obtained for county lands ranged from $1.00 to $1.53 per acre, or an average of $1.28. There were 430,000 acres of tax-deed land which had never been sold. On 2,753,000 acres of privately owned land listed for sale to the United States at the time, about 14 percent was tax delinquent for 1 year, 15 percent for 2 years, and 28 percent for 3 or more years. Estimated delinquent taxes against the 2,753,000 acres were $758,000.[5] In the absence of public purchase, much of these delinquent taxes would never have been collected.

Lands taken by counties for tax delinquency are usually removed from the rolls unless private buyers are found. Most counties in the Great Plains have found that only a small proportion of the reverted land can be disposed of promptly; the remainder is offered at auction to the highest bidder. Not infrequently, auction sale prices (if properties are sold at all) have been less than the accumulated back taxes and charges. The fact that 28 percent of the 2,753,000 acres of privately owned land listed for sale to the United States under the submarginal land purchase program were delinquent for 3 years or more indicates that many of these lands were destined to revert to the counties. The analysis for particular areas to follow brings out rather concretely the extent of actual or nominal reversion which has taken place.

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[5] Renne, *op. cit.*

Montana[6]

At the beginning of 1934, over 40 percent of the taxable agricultural land in Montana was delinquent on current tax payments. This delinquency covered some 21 million acres. Approximately one-fourth of the total, nearly 13 million acres, was delinquent 3 years or more, and one-tenth, nearly 5 million acres, was delinquent 5 years or more. In 1933, 4 years was the redemption period prior to the taking of tax deed by the county, with possible extension to 5 years in case of redemption of 1 year's delinquency. Tax-deed land holdings of counties increased 4,731 percent over the decade 1925-34, or from 52,292 acres in 1925 to 2,526,349 acres in 1934. In 1934, approximately 40 percent of owners, acreage, and accessed valuation were delinquent.

Seven counties had more than 55 percent of their land delinquent for the levy of 1934. Six of these counties, Phillips, Valley, Petroleum, Daniels, Sheridan, and Roosevelt, are in the northeastern part of the State. Sheridan County showed the largest percentage of delinquency, 73 percent. Other heavy delinquency was shown in the central part of the State.

In the northeastern part of the State, drought, hail, and insect damage to crops, and low wheat prices are cited as a major cause of delinquency. Accumulated delinquency was high in central and south central Montana, which was also subject to drought and low crop yield. The least amount of accumulated delinquency was found in strictly range livestock areas.

In a number of counties, the occurrence of heavy delinquencies over the period of 1923-28, a period which indicated better than average rainfall, is indicative that delinquency was not due to depression and drought alone.

Maladjustments in land use and local government are basic causes of tax delinquency in Montana. Depression prices and incomes and drought merely make more apparent the difficulties arising out of land utilization problems. As stated previously, small operating units in diverse ownership are one element in this picture. Analysis indicated that smaller properties were delinquent in a greater proportion than large units. Holdings under 260 acres, comprising one-sixth of the sample taken, accounted for nearly half of the total number of farms delinquent for 5 years or more. Holdings

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[6] Much of the material in this section is derived from Renne, R. R., *Readjusting Montana's Agriculture-Tax Delinquency and Mortgage Foreclosures*, p. 2. Bull. 319. Montana State College. Bozeman, May 1936.

of over 500 acres accounted for more than half the sample, but for only 6 percent of the total number of farms delinquent for 5 years. Examination of tax-deeded lands produced similar results. Farms under 260 acres were less than 5 percent of the acreage in the sample, but represented more than 20 percent of the total acreage delinquent 5 years or more. Farms over 500 acres represented over 85 percent of total acreage, but less than 15 percent of total acreage delinquent 5 years or more. In each county of this analysis, proportionately more of the land owned by persons residing outside the State was delinquent or under tax deed than land owned by residents and corporations.

Small tracts and a large degree of nonresident ownership are a major cause of inefficient farm operating units and loose and uncertain range control, leading to misuse of land, overgrazing, and tax reversion. Additional factors in delinquency in certain areas are the patterns of settlement and local governmental organization which entail costs of public services and tax charges that are excessive relative to the income produced by the land.

Proper adjustment of land use in many sections requires reduction in number of farm units and increase in size of units to permit more efficient operation. This may dictate reduction in absentee holding and a sounder basis of leasing land for farm and ranch units. Present operators, in order to achieve more efficient units, are obliged to lease lands from numerous owners scattered all over the country. The operators are not assured of keeping their units intact, for the leased lands may be sold or rentals raised by the bidding of neighboring stockmen, under pressure for range. This situation of instability leads to overgrazing and destruction of the range.

Montana Ownership Pattern.[7]

In 1934, 41,000,000 acres, or 44 percent of the land area of the State, was owned by public agencies (Federal, State, and local government) and was tax exempt. Corporations owned 13,000,000 acres, or 14 percent. Private persons owned 39,000,000 acres, or 42 percent. The Federal Government owns 33,000,000 acres as national forests, parks, Indian reservations, and

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[7] Much of the material in this section is derived from Renne, R. R., *Readjusting Montana's Agriculture. IV. Land Ownership and Tenure*, pp. 4-5. Bulletin 310, Montana State College. Bozeman, Feb. 1936.

scattered unappropriated and unreserved tracts. State lands amounted to 5,256,000 acres--school townships and lands substituted for school townships. County lands in 1934 amounted to 2,256,000 acres; these lands were mainly acquired through tax delinquency. County-owned lands were concentrated chiefly in a belt extending from Blaine and Phillips Counties south to, and including, the counties traversed by the Yellowstone River. Phillips, Petroleum, and Musselshell Counties, forming a belt through the center of the eastern two-thirds of the State, held more than one-fifth of the county-owned lands, while their area was but little more than one-twentieth of the State's total. These counties and the 8 adjacent to them held five-eights of all county lands in the State.[8] Land-use maladjustments and tax delinquency were most serious in this belt of counties. The lack of a good private market for the use tax-delinquent parcels meant that only the better and more strategically located tracts were leased. The remainder were rather freely used and exploited; and the accompanying reduction in productivity makes future restoration to tax rolls difficult. Removal from tax rolls leads, of course, to increases in tax burdens on remaining property and to additional tax delinquency.

According to the 1935 Census, there were only 50,564 farm units in the State, but over 182,000 different holdings or ownerships of agricultural lands. This contrast indicates the extent of splitting up by homesteading, investment, and speculation. Less than one-third of the State's land area is owned by those residing on and operating it. Excluding national forests, Indian reservations, and national parks, less than 45 percent of the land is owned by residents. In Petroleum County, the 1,071,847 acres were divided into 2,838 different tracts in 1935, or an average of 378 acres each. In Musselshell County, 1,196,640 acres were divided into 3,423 tracts, an average of 350 acres. An efficient ranch unit is considered to be about 4,000 acres with average grade of grazing land. Even where the land is suitable for farming, most of it is of such grade that over 800 acres are required to obtain an efficient operating unit under the summer fallow system. Units of even 640 acres are too small for efficient use of the range, and farm lands yielding an average of less than 12 bushels an

[8] Renne, *op. cit.*, p. 5. Value of county lands in a sample of 12 counties averaged $2.61 per acre, compared with $2.86 for all lands in these counties, or 10 percent below average. County-owned farm lands were about one-fifth below average in quality and county grazing lands about average.

acre under a summer fallow system are not considered suitable for grain farming.

An analysis of soils in 12 counties showed that 35 percent of the farm land in these counties was fourth grade farming land, and in Golden Valley County, 83 percent of the farm land was of this grade. In 4 other counties of the sample of 12 (Custer, Musselshell, Toole, and Wheatland) more than two-thirds of the farm land was of this class. Since a large portion of the land is farmed for wheat, the extent of improper land use is apparent.

Correction of land-use maladjustments of both range and farm lands requires blocking scattered small and inefficient holdings into units of proper size and placing them under such public or private management as is required to restore and maintain productivity. This process may be set in motion by: (1) consolidation of farms by the more successful farmers, taking over adjoining abandoned lands; (2) formation of cooperative grazing districts by ranchers obtaining control of a given area, including leasing of tax-reverted lands; (3) establishment of Taylor Grazing Districts administered by the Department of the Interior; (4) purchase of small, privately owned and scattered tracts by the United States.

All the above methods are used in the State. In dry-farming areas, particularly, consolidation of farms is the important element in blocking out efficient operating units. In 16 counties of the northeastern and north central portions of the State, accounting for almost two-thirds of the wheat acreage, crop land acreage per farm increased from 167.5 in 1920 to 222.3 in 1925 and 328.2 in 1930. This is a slow process, yet does improve the ownership pattern.

Group action of ranchers to set up planned range use and control through cooperative grazing associations is possible where small grain farmers and small, scattered absentee-owned properties are few. It is here that public purchase, leasing of tax-reverted land, and exchange of public domain land for privately owned land may be important in blocking out areas for efficient administration.

Tax Delinquency in Particular Montana Counties

Daniels, Sheridan, and Roosevelt Counties were among the 6 northeastern counties showing high tax delinquency in the preceding analysis. Financial problems in these counties are probably more acute than in any other equally

large area of the State. Property tax levies are higher and tax delinquency more se· ·re than in any other group of counties. Low yields and low prices over the past decade, combined with land-use maladjustments, have increased the volume of tax delinquency. The level of taxation is far out of line with the productivity of the land and the severity of delinquency is now requiring the counties to borrow heavily for current operations. In 1937, tax-deed land was held as follows: Daniels, 68,125 acres; Sheridan, 30,729 acres; Roosevelt, 12,399 acres. A much greater amount of land would have been held under tax deed if the county took deed on land eligible for such action. It is estimated that the counties now hold certificates on three-fourths of the taxable acreage and could exercise tax deed on more than one-third of the taxable acreage.

As indicated above, Sheridan is one of the northeastern Montana counties exhibiting a high level of delinquency.[9] Millage rates levied against agricultural real estate were higher than in any other county in the State, averaging 103.05 mills. These rates, together with the fact that farm real estate assessments have been above actual market value in many instances, mean that the level of taxation is extremely high. Taxes in excess of income from the land in many years of the past decade is one of the major causes of the high rate of delinquency of farm real estate. Sheridan County is a relatively small county for Montana, with an area of but 1,675 square miles. It is primarily agricultural, with a population of 9,869 in 1930, of which 6,719 were classified as rural-farm, and 3,159 as rural non-farm. Topography is fairly level to rolling bench land, cut by rough areas along deep-washed drains. The soil is darker and deeper than that usually found in the Northern Great Plains. Wheat farming accounted for almost two-thirds of the area farmed in 1933. Sheridan has been one of the principal wheat-producing counties, but droughts, rust, and insect pests have caused total crop failures in various sections in recent years. In 1930, livestock and livestock products accounted for only 21 percent of total farm income, compared with 69 percent for crops. Although livestock and combination livestock and crop farms have probably increased since 1930, cash grain is still the mainstay for farm income.

In 1937, about 40 percent of the area of the county was owned by

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[9] Voelker, Stanley W. "Local Public Finance Situation in Sheridan County, Montana". Unpublished ms. in files of Land Economics Division, B.A.E. Feb. 1940. The material on Sheridan County was derived entirely from that study.

operators, 26 percent by nonoperating individuals, 12 percent by corporations (mainly lending) and 21 percent by public agencies. The latter ownership is mainly accounted for by the Fort Peck Indian Reservation. In 1937, county ownership was only a little more than 30,000 acres. It is estimated that, at the present time, the county could exercise tax deed on 290,000 acres. Only 850,000 acres were taxable in 1937, and if the county took tax deed on all land now subject to such proceedings, taxable acreage would be reduced to two-thirds of the 1937 figure. Taxable valuation in 1939 was only $3,490,000, and over 55 percent was agricultural real estate. It is estimated that almost two-thirds of the total taxable value is accounted for by farm real estate and farm tangible personalty. In view of the secondary importance of livestock and lack of extensive irrigation development, local tax revenues are dependent chiefly on the fortunes of wheat farming alone. Poor yields and low prices for wheat in the past 10 years have caused serious fiscal problems for local governments.

Average taxes per acre in 1938 were 34 cents on land classed as nonirrigated-tillable and 9.4 cents on grazing land. Average taxes on all agricultural real estate (including improvements) were 26 cents per acre. Range management studies of the area indicated that taxes on grazing lands should not exceed one-third of the annual lease value. With this criterion, taxes on grazing land average at least twice the reasonable level of taxation, which is probably between 2 and 6 cents per acre. Actual average taxes per acre on grazing land, plus improvements, are probably between 11 and 12 cents.

On June 30, 1939, some $1,400,000 in delinquent taxes was listed on the county's books. Of this amount, 7 percent was on personal property and 93 percent on real estate. In addition, over $198,000 in back taxes had been abated by the taking of tax deed. The sum of these represents a total uncollected amount of nearly $1,600,000, $750,000 due strictly to county funds and $849,000 due other local units. The $750,000 due to county funds is almost four and one-quarter times the current levy for county purposes in 1939. As of June 30, 1939, over one-half the 1937 county levy (56.7 percent) was delinquent. Assuming all public utility properties paid taxes prior to delinquency date, almost 72 percent of 1937 taxes against real estate went delinquent. Local officials estimated 85 percent to 90 percent of the farm real estate is delinquent for 1938 levies.

On July 1, 1936, a survey by the Montana Experiment Station showed 560,000 acres, or 65 percent of taxable acreage, to be delinquent for one

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or more years. The survey also showed 240,000 acres (28 percent of taxable acreage) delinquent for 5 or more years, most of which would have been subject to tax deed had a moratorium not been declared. Tax liens against the 560,000 acres at that time totaled nearly $616,000, an average of $1.10 per acre. This sum was almost 3 times the total amount of taxes levied against agricultural land in the county for 1935. Except for adjoining Daniels County (69 percent). Sheridan had the largest percentage of agricultural lands delinquent in the State in 1935; the State average was 31.3 percent.

Causes of this volume of delinquency include: (1) low income from wheat production, due to low prices and poor yields in the past 10 years;[10] (2) low leasing returns on grazing land due to understocked condition since the droughts of 1934 and 1936; (3) excessive levels of rates and assessments, a product and a cause of delinquency; (4) moratoria, tax concessions, and a "tax strike".

1939 wheat yields were higher and fall prices more favorable than for several previous years, and collections of the first half of 1939 taxes in November were reported somewhat higher than in recent years. This gives greater significance to the farm income factor, yet the rolls disclose recent delinquency by banks and other lending agencies which previously had paid taxes in both good and bad periods. This may mean either expectation of tax adjustments or concessions, or willingness to relinquish title where tax burden is excessive relative to potential income.

The county is nearing its legal debt limitation and the discount on warrants is increasing. Any reduction in assessed valuation would bring the county even nearer the debt limit. If tax deed were taken to the 290,000 acres estimated as subject to tax deed, this margin would be reduced by $101,000 and the debt limit exceeded. In view of this fact, county officials are taking tax deed to only a few tracts upon which there is an Agricultural Adjustment Administration wheat base, or prospect of sale. In addition to comprehensive reassessment, urgent need for economy in county government, and particularly in school district operation, is apparent. The county-unit system of schools is being suggested to eliminate high-cost elementary schools with low enrollment and unduly small high schools. Declines in school population are further accentuating the need for reduction

[10] Only 8 percent of the $1,400,000 in delinquent taxes mentioned was for levies of 1929 and prior years, and 63 percent for levies since 1934.

in the number of inefficient school plants. A total taxable valuation of only $3,490,000, involving much overassessment, average tax rates at 103.05 mills, and the serious accumulation of delinquency noted above are obvious indicators of the need for change in local government organization and finance.

Phillips County is also in the group of 6 northeastern counties which exhibit a high level of delinquency. The county has an area of 5,178 square miles, a larger area than the State of Connecticut (4,965 square miles). A large Federal submarginal land purchase project is located within the county, comprising grazing lands and low-grade farming lands. This typical submarginal area provides a good source of material illustrative of delinquency associated with land-use problems.

Soil, topography, and climate rendered the land in the project area unsuitable for crop production. The adjustment being carried out by the project involves a return to extensive grazing of such land as is by nature suited only to such use and the control of contiguous areas to insure conservation. A substantial reduction in the number of operators is occurring. Over a 9-year period, 1926-34, taxes levied on land subject to purchase were only 68 percent collected up to February 1936. Delinquency of 32 percent is highly significant when it is considered that the period covered pre-depression and pre-drought years, as well as depression and drought years.

For the years 1931-35, entirely within the drought and depression period, only 41.68 percent of the total taxes levied against land optioned were paid or redeemed before Federal optioning. Of $157,894 levied, only $65,815 was paid normally; $92,078, however, was paid as a result of Federal purchase. With the depletion of cover and drought, it is not likely that current collections are much better on other land of this character. Collections included not only taxes paid as due, but all other collections by redemption, assignment of tax certificates, and other means, including settlements under waiver of penalty and interest where taxes were not sufficiently delinquent to provide legal grounds for taking tax deed. On all taxable lands subject to purchase (301,551 acres), only 52.5 percent of all taxes levied since 1926 were paid when due. The balance, or 47.5 percent, went delinquent; 15.5 percent went delinquent, but were paid prior to Federal purchase, or were redeemed before becoming eligible for tax deed. Three percent of all taxes levied against land purchased were waived by the

county in the process of taking tax title; 29 percent may be assumed to have been redeemed entirely as a result of Federal purchase.

For all property in the county, property tax delinquency is reported in Table 34. The percentage of total levy delinquent is given as of the delinquency date each year.

In 1937 Phillips County held more than 310,000 acres under tax deed; an additional 5,476 acres of land bought in the project were nominally owned by the county under tax deed, but the county had not cleared title through the courts. It permitted owners to option and in effect cancelled the deeds. Only 1 tax-deed tract (a 320-acre water development site) was actually sold directly to the government by the county. The county did not make it a policy to option tax-deed lands to the government, but wished to lease them to grazing associations. Total delinquent taxes, exclusive of penalty and interest, to be realized as a result of Federal purchase were conservatively estimated at $128,038 on 330,689 acres of land with a taxable valuation of $413,353.

The Federal submarginal land acquisition project (LA-MT-2) is located in Valley County, Montana, also one of the 6 northeastern counties in the area of high delinquency. Approximately 387,000 acres had been accepted for purchase in Valley County by April 20, 1937. Of this amount, 95,000 acres, or one-fourth, were tax-deed lands optioned from the county, and 3,500 acres were relinquishments upon unpatented homestead claims. Other land, totaling 288,000 acres, had been in private ownership and was on the 1935 tax rolls, except for some 1,600 acres nominally in county ownership under tax deed. The fact that the county has held much of its tax-deed land for more than 10 years indicates that the tax-deed tracts were not salable. The tax history of each tract accepted for purchase for the years 1931 to 1935 inclusive was analyzed to determine an approximate collection rate which would show the normal taxpaying record of such land. Certain taxes were assumed to have been paid as a result of Federal optioning and acceptance:

(1) Taxes for 1935 and prior years which were still delinquent on May 1, 1937; (2) taxes on tracts which were 4 years or more delinquent (and hence subject to tax deed for at least 9 months) on April 1, 1935, when the purchase program was started, even though the delinquent taxes on these tracts were later redeemed and the 1935 taxes (due in November 1935 and May 1936) were paid before going to tax sale; and (3) certificates redeemed

during 1936 and 1937, which were of such age at the time of redemption as to render these tracts subject to tax deed. This is a conservative method of estimating taxes paid as a result of the purchase program, since it includes only those redemptions on tracts which were subject to tax deed for several months prior to time of redemption. The normal tax collection record on accepted tracts is probably high, therefore.

In view of the present depletion of forage cover, wind erosion, and drought, the collection record of the 1931-35 period is probably not being bettered currently. Selection of a longer period, such as 1926-35, covering pre-depression and pre-drought years, would reveal a better record of tax collection on tracts accepted for purchase. Prior to 1929, however, delinquency was a serious problem in the county as a whole, many tracts being acquired by tax deed.

On the basis of this tax-collection record analysis for accepted tracts over the period 1931-35, average collection of all taxes levied against this land for the county was 50.43 percent. The rate of collection by school districts ranged from 28 to 100 percent. In 3 of 17 districts, collection rates were less than 40 percent, while in 5 others the rates were above 70 percent. However, an average delinquency of 49.57 percent over a 5-year period is serious. Total taxes levied against the land for the period were $131,689, of which $66,410 was normally collected and $65,279 paid only as a result of Federal purchase.

In Blaine County, the same Federal submarginal land purchase project (LA-MT-2) involved some 191,000 acres accepted for purchase as of April 1937. Of this amount, 4,822 acres, or 2.5 percent were relinquishments on unpatented homestead claims. Only 1 tract of county land (320 acres) was optioned, although the county held under tax deed more than 140,000 acres. All other acceptances, totaling nearly 186,000 acres, were in private ownership and on the 1935 tax rolls. A survey of the tax collection record on land accepted for purchase was made, using the same method as that previously described in Valley County. This analysis was based upon the tax history of each tract for the years 1931 to 1935 inclusive. Of total taxes levied on these lands for the 5 years, the county average of collections was 60.18 percent. Percentages varied between school districts from 26 to 100 percent. In 3 of 22 districts, the collection rate was less than 40 percent, while in 3 others it was over 70 percent. An average record of collections of 60.18 percent of levies for 5 years, or a failure to collect

almost 40 percent of the amount levied, is an indication of serious chronic delinquency. Of a total of $68,189 levied for 1931-35 against these lands in the sample, only $41,034 was paid normally and some $27,154 considered as to be paid or paid only as a result of Federal purchase.

In the Central Montana area of high delinquency, a Federal submarginal land-purchase area provides useful material. The Central Montana Land Use Adjustment Project (LA-MT-3) is located in Musselshell and Petroleum Counties. The project covered approximately 44 townships in which 235,064.39 acres were accepted for purchase in 1936. Originally, the area was devoted almost entirely to grazing and livestock ranches. During the War and post-War periods, thousands of acres in native grass were broken for dry-land grain production. The effects of severe drought, soil erosion, and low prices since 1927 have forced abandonment of a large portion of the cultivated land in the project area. A few irrigated tracts along the Musselshell River in both counties and along the larger creeks such as Flatwillow and McDonald were still cultivated. Alfalfa for seed and hay was the chief crop on these irrigated tracts. Low rainfall since 1929 has resulted in water shortage, and has forced curtailment of hay crops as stream flow diminished. During 1939, many ranchers had no water at all. Some coal mines are located in Musselshell County and reserve oil wells are found in Petroleum County. An oil boom encouraged speculation in agricultural land with overlending and excessive subdivision, making for inefficient farm and ranch units. This, in turn, produced excessive tax delinquency, foreclosure, and absentee ownership.

The attempt to populate the counties with wheat farmers on small holdings, many later abandoned, increased the demand for governmental services. Boom psychology also caused increase in local public debt. When it became apparent that the land could not support the structure of public and private debt, mortgage foreclosure, tax delinquency, and decline in land values and tax base resulted.

Musselshell County optioned 14,204.76 acres of county land to the United States at $1.26 per acre, and Petroleum County 43,359.42 acres at $1.25 per acre. These lands were acquired through tax-deed procedure. Approximately $72,100 was estimated to be realized from sale of this county-owned land to the government. In addition, accumulated delinquent taxes of $42,169 were estimated as subject to collection upon purchase of 177,500 acres of privately owned land assessed at $97,868.

In 1923, delinquent county taxes, including unpaid taxes against land taken by the county and not returned to the tax rolls, were approximately $208,000 in Musselshell County. By 1936, this had increased to $428,000. The threat of tax sale and county deed did not encourage the payment of taxes because farmers were abandoning land and leaving the area. The county commissioners tried in vain to sell tax-deed land at almost any price to restore it to the tax rolls. Total taxable valuation fell from about $8,500,000 in 1921 to under $3,500,000 in 1936 and millage rates more than doubled.

The Buffalo Creek Grazing District, Yellowstone County, Montana

An example of the problem of chronic real property tax delinquency in an area of questionable suitability to farming, and of county efforts to deal with it, is seen in the instance of Yellowstone County, Montana. In an area of one-half million acres, comprising roughly the northern half of the county, the agricultural economy as once established has completely broken down. Agricultural settlement of this area occurred late in the homestead area, reaching its peak about 1916, in a period of unusually favorable climatic and economic conditions. Old residents in the area state that, at the peak of settlement in 1916, there was approximately one settler per section of land throughout the area. This would indicate a peak occupancy of between 750 and 800 operators. The U. S. Census reported 450 operators in 1920, which would represent a decline of at least 40 percent during the first great migration of the drought period following 1918. According to the Agricultural Census of 1935, the number of farms declined 48 percent, and the acreage in crops 44 percent, from 1929 to 1934. It has recently been determined by actual surveys that there were but 115 operators in the area in 1937, and 22 of these left during 1938. There are today not more than one-fifth as many operators in the area as were there in 1920, and perhaps not one-eighth of the number that were there at the peak of settlement in 1916.

This wholesale abandonment has resulted in a high degree of nonresident ownership of land. Only one-eighth of the land in the area was occupied and operated by owners as of March 1, 1937, according to data compiled by Montana Experiment Station (Table 35). More than one-third was owned by individuals residing either elsewhere in the State or outside of

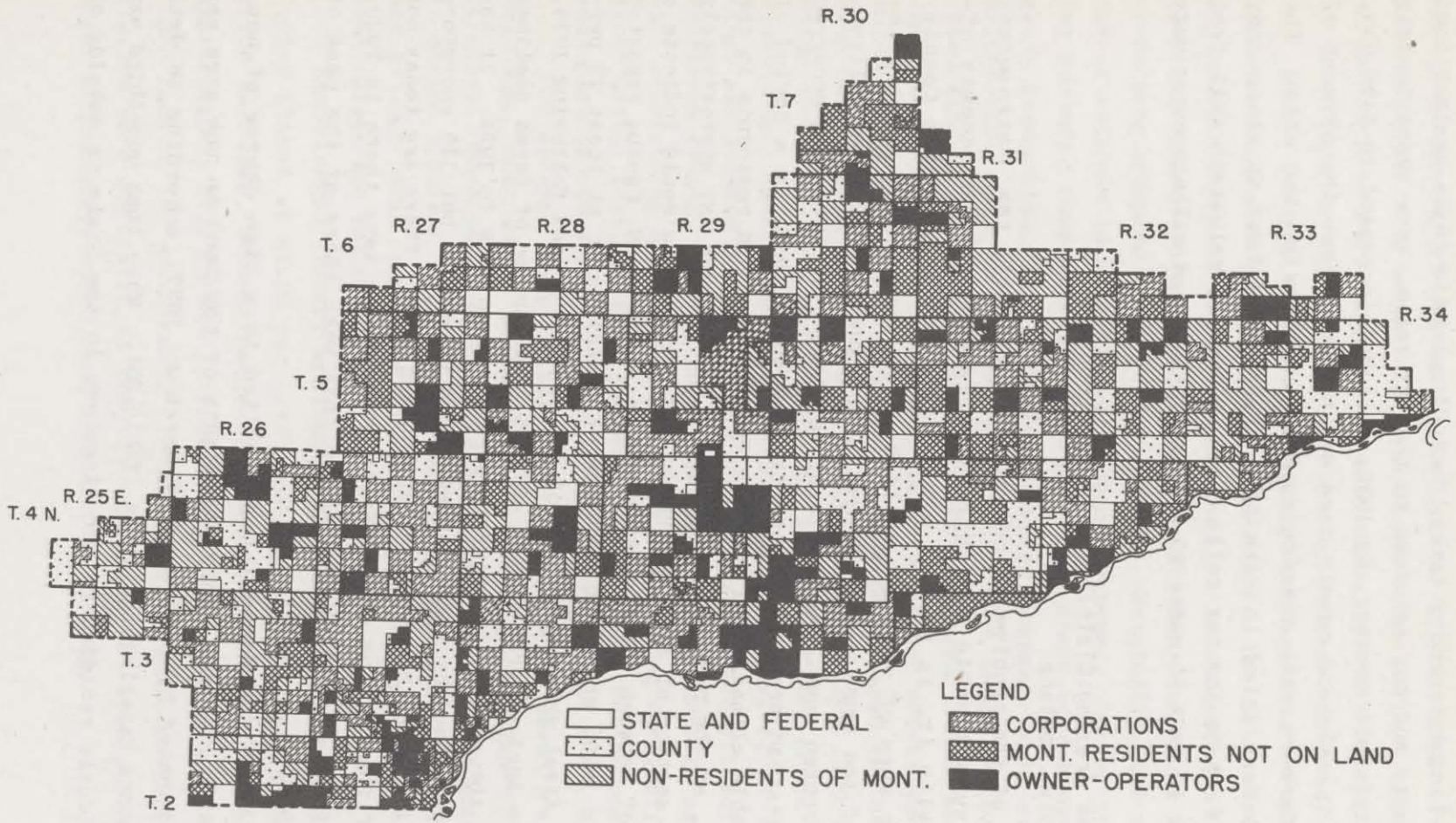

FIGURE 6.—Land Ownership in the Buffalo Creek Grazing District, Yellowstone County, Montana, as of March 1, 1937. Source: "Land Use Adjustments in the Buffalo Creek Grazing District, Yellowstone County, Montana", Bureau of Agricultural Economics, U. S. Dept. of Agriculture.

the State, while one-half was either in public or corporate ownership. The largest public holding was that of the county, which at that time, held 17.2 percent, or 90,720 acres, almost exclusively acquired through tax reversion.

The high degree of nonresident ownership reflects directly both migration from the area and mortgage foreclosure, either of which is evidence of distressed or probably involuntary ownership. The emigrant perhaps would have sold if he could, and generally the mortgage holder would not have foreclosed if he had any other means of maintaining his investment.

The extreme interspersion of small tracts in diverse ownership is revealed in Figure 6. Corporate groups and nonresident individuals, numbering more than 475 separate owners residing in 28 States and two foreign countries, owned 63 percent of all land in the area. These lands are interspersed among owner-operated lands. Under these conditions, effective control of land use has been virtually impossible. Abandoned farm land has been immediately subjected to highly competitive grazing; as a consequence, the grass cover has had little chance to become established or to maintain itself. Operators have faced great difficulty in securing satisfactory leases. On the other hand, nonresident owners have found that ownership alone is no guarantee of control. Since no advantage appeared to accompany the responsibilities of ownership, the area became virtually a "no-man's land".

As might be expected, tax reversion on lands in the area has been extremely high. Only 55 percent of the acreage which had at any time been on the tax rolls was free of delinquency on July 1, 1936. About 14 percent of the acreage was delinquent 5 years or more and subject to tax deed. The tax status of the entire acreage of the area is shown as of July 1, 1936, in Table 36 and in Figure 7.

At that time the county held 51,778 acres under tax title. Up to June 30, 1938, the county had acquired 97,461 acres of land by tax reversion. All of this acreage has been acquired since 1929, chiefly in two actions, one in 1930, the other in 1936.

The basic law of Montana with respect to tax-reverted lands presumes that such lands should and can be transferred by resale to responsible, taxpaying ownership. Reversion of lands to public ownership is presumed to constitute merely a necessary intermediate step in the transfer of property from owners who cannot, or will not, pay taxes, to others who are both willing and able to pay.

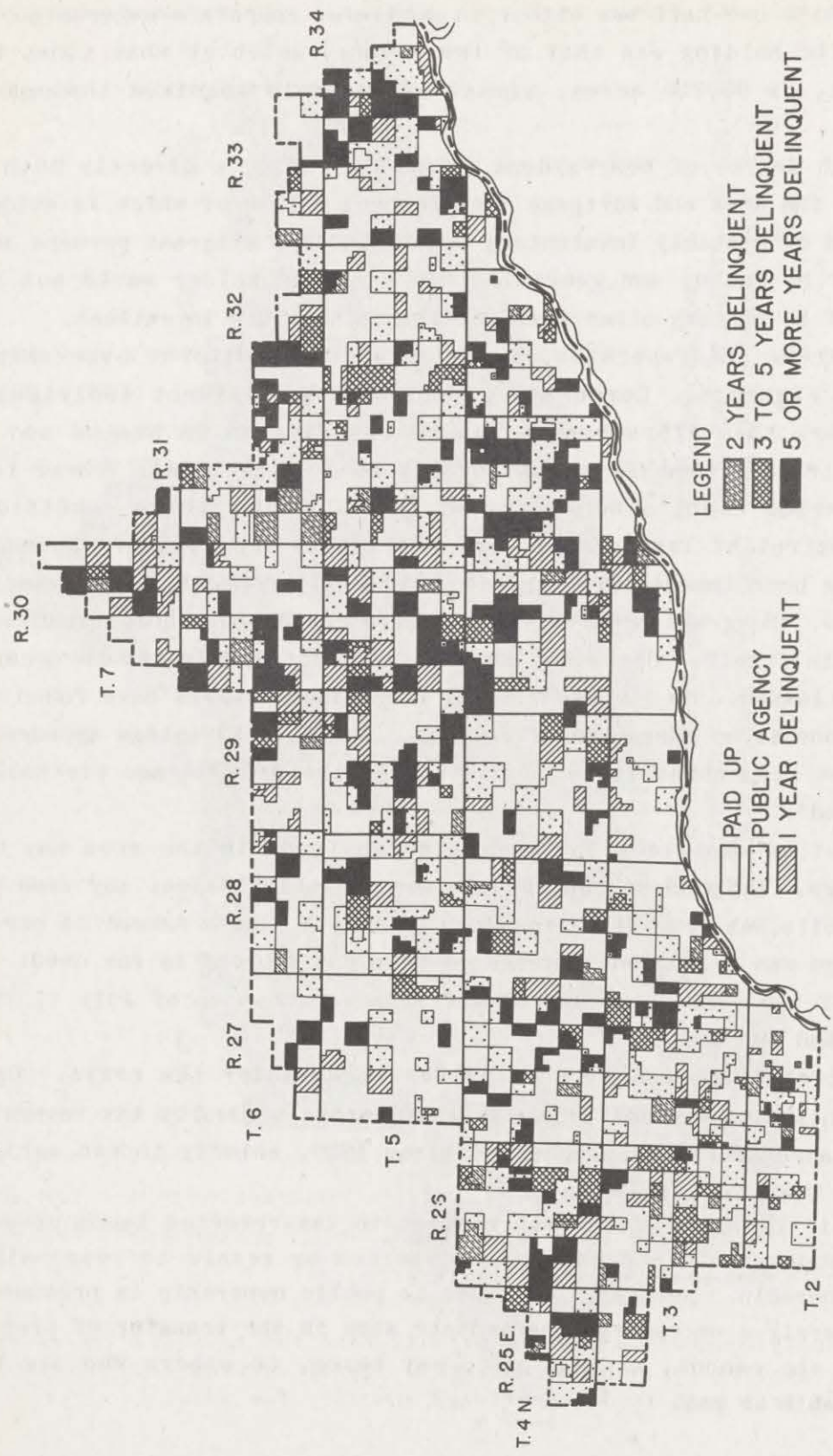

FIGURE 7.—Tax Status of Lands in Buffalo Creek Grazing District, Yellowstone County, Montana, as of July 1936. Source: See Figure.6.

This has been the traditional policy of Yellowstone, as well as other Montana counties. Yet, of over 97,000 acres acquired since 1929, only 17,294 acres, or 18 percent were sold, under the very moderate terms of contract sale permitted under recent Montana law. Subsequent history of these contracts reveals that only 6,912 acres, or 7 percent of the total acreage acquired by the county, have proceeded to deed under such contracts. An almost identical acreage has again reverted to the county through failure to meet the contract payments and subsequent current taxes. The disposition of these county lands is shown in Figure 8.

Quite obviously, the traditional policy of returning reverted lands to taxable status through resale to private owners, having little economic foundation, had completely broken down. The costliness of the title-taking procedure, together with the meager sales and high degree of failure of such sales as were made, resulted in an additional financial burden upon the county far out of proportion to the returns. As long as resale was the only outlet for reverted lands, the county could not justify a vigorous policy of enforcing tax collections by having recourse to the property.

With the advent of the Federal submarginal land purchase program, and the organization of grazing associations, the county problem was relieved in two significant ways: first, the acquisition by the United States of numerous interspersed small holdings increased the possibility of effectual land-use control over lands in large contiguous blocks, where control in small blocks was neither economical nor feasible; secondly, the organization of the grazing association reduced a large number of active or potential competitors for grazing land to a single responsible agency, thereby creating a lease market for the county's land holdings, both existent and potential.

These factors go far toward explaining the 1936 action in which Yellowstone County took title to all lands sufficiently delinquent, and its subsequent policy of taking titles as they mature. All county lands, not already disposed of through other channels, are now leased for a 10-year period to the grazing association,[11] and the contract provides for automatic lease to the association of all lands which subsequently revert to the county while the lease contract is in effect.

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[11] A law recently enacted in Montana permits counties to lease tax-reverted lands for grazing for periods up to 10 years, and removes the earlier requirement that such lands be offered annually for sale.

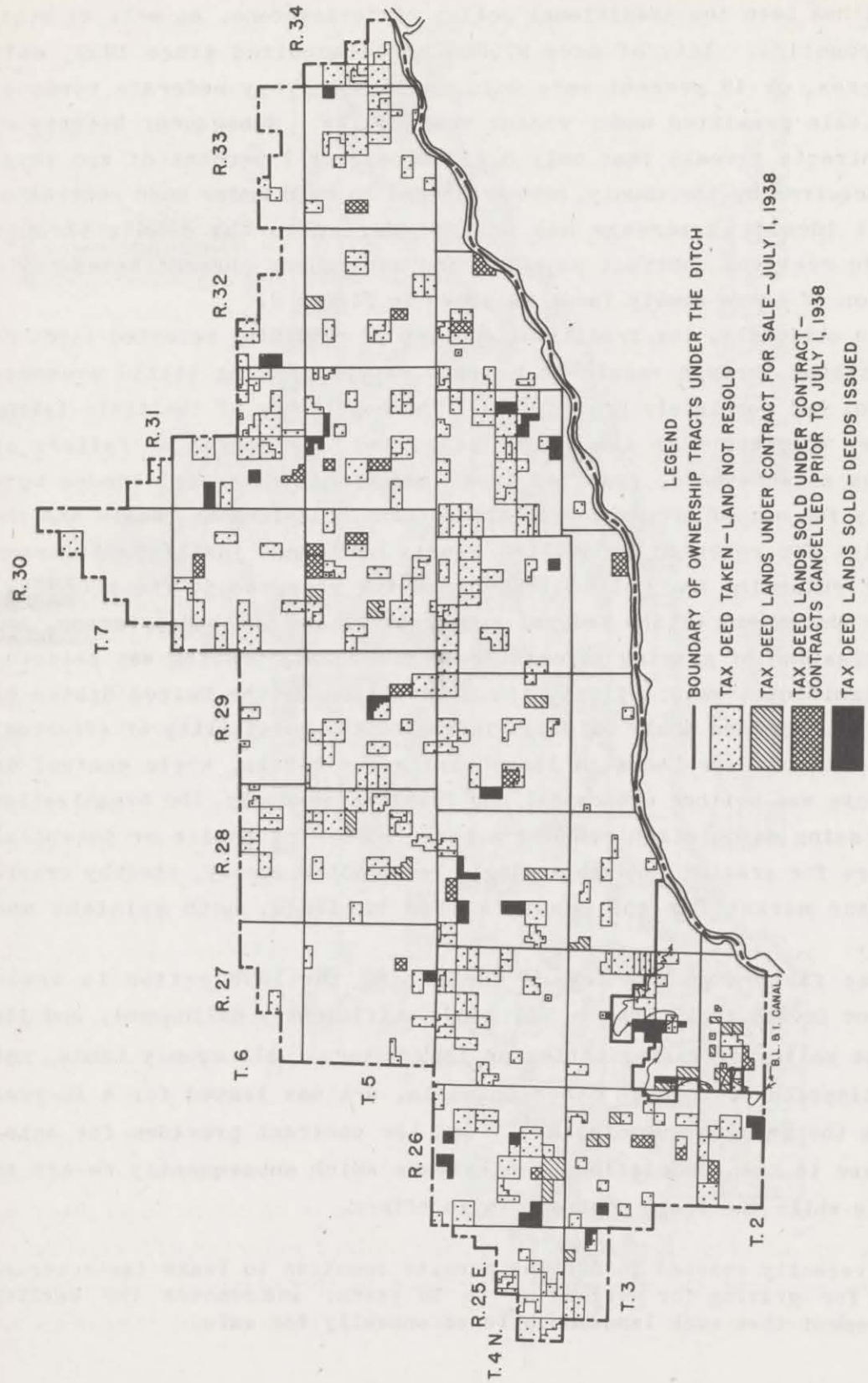

FIGURE 8.—Disposition of Lands Acquired in Buffalo Creek Grazing District by Yellowstone County, as of July 1, 1938. Source: See Figure 6.

Of the 90,549 acres held by the county on June 30, 1938, 86 percent was under lease to the Buffalo Creek Grazing Association; 4 percent was under sales contract; 3 percent was under other leases; and 7 percent under no formal control, this latter group comprising chiefly lands formerly under sale contracts, but where the contracting parties had abandoned the land and left the area.

Leases to the grazing association represent a new departure and a new hope in county administration of chronically delinquent lands. In this connection, the unpublished study of the District referred to above summarizes the situation as follows:

"It is evident from the above figures that sales of county land in an area of high abandonment are almost out of the question. If it were not for the large acreage leased to the grazing association, these lands would form for the most part a sort of 'no-man's land' to be used or abused free of charge by anyone who came along, at the same time providing but little revenue for local government."

This policy has been accompanied by a realistic approach to the question of assessments and taxes. Whereas the area was formerly classified largely as tillable land and taxed accordingly, the entire area is now classified as grazing land. Taxes have been reduced by approximately two-thirds, the average for the area in 1938 being $23.08 per section. In view of the low carrying capacity of the land and current prices of beef, lamb, and wool, it is apparent that these taxes are still much too high. However, by further tax adjustments on the one hand, and a vigorous policy of taking title to reverted lands on the other, the county will soon have established a real and effective division between lands suited to private ownership and those which seem to require public ownership and administration in the interest of sound land use for the area as a whole.

During the 1938 grazing season, the grazing association had effective control of 35 percent of the grazing district area including members' private holdings, Figure 9. It is recognized that substantial majority control is essential to permenent success of the association. Completion of the Federal purchase program, and the lease of all purchases land to the association, and continued efforts to lease the lands of nonresident owners, eventually should give the association the required majority effectively to control and regulate the use of grazing land in the district. The county will benefit both through the improved economic status of the operators as

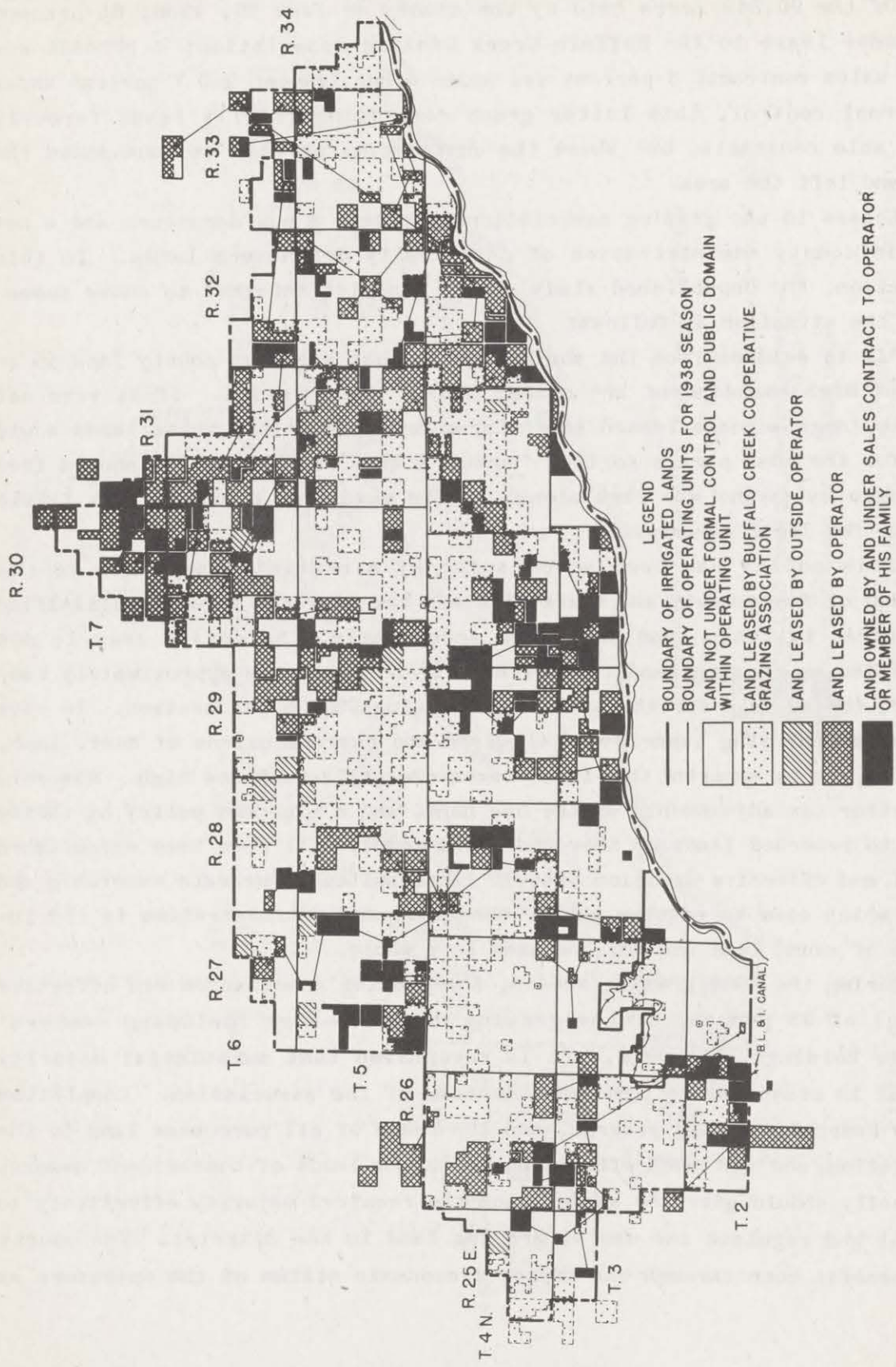

FIGURE 9.—Land-Use Control in Buffalo Creek Grazing District, 1938 Grazing Season. Source: See Figure 6.

individuals, reflected in their enhanced ability to contribute to the support of government, and through the expanding market which the association provides for disposition of county tax-reverted lands. Eventually, it may be hoped, the improvement of taxpaying ability through tax adjustment and enhanced income will gradually stabilize the tax base and eliminate (or minimize) the tax-reversion problem in this area, which is typical of much of the Great Plains region.

The foregoing description of the land-leasing program of Yellowstone County serves to illustrate the possibilities inherent in the type of legislative authority granted by the Montana County Land Administration Act.[12] Under this law, it is the duty of the Board of County Commissioners, within 6 months after acquiring tax title, to make and enter an order for the sale of such lands at public auction, at a price not less than the fair market value as determined by the Board. In the event any of said lands are not sold at the original public sale, they may be reappraised and again offered at either public or private sale, but at not less than 90 percent of the last appraised value. Sales may be on contract, in which event the lands become taxable in the name of the purchaser on the first Monday of March (assessment date in Montana) following execution of the contract. If taxes are not paid, the contract is cancelled and all payments are regarded as rent.

Whenever such lands have been offered for sale at public auction and not sold, the county commissioners may lease them. In the case of farming lands, the period is not to exceed 3 years, and in the case of grazing lands, up to 5 years, except that lands situated within a legally-created grazing district may be leased for periods up to 10 years. Leases are subject to land-use rules and regulations imposed by the county commissioners. Any lands offered for sale and not sold may be exchanged for other lands of equal value, where the effect of such exchange would be to acquire land which could be leased or sold to better advantage.

These provisions of law represent a wide departure in public policy with respect to chronically-delinquent lands. While classification of land according to use is not explicit in the law, it is implied in the language, "the county commissioners *may* . . . offer the same at public auction or sell the same at private sale . . ."; and "the county commissioners *may* lease said lands . . .". Placing discretion in the county commissioners as

[12] Ch. 193. Laws of 1939.

to sale or lease, once lands have been offered for sale and not sold, assumes that the county, through its commissioners, will exercise informed discretion. In a sense, the public determines which land shall return to private ownership, and which shall remain in county hands, by their bidding, or failure to bid, at public auction. Once land fails to sell, however, the county may determine whether to sell or lease, and if the latter, whether to lease for farming use or for grazing, under such regulations as to land use as the county may prescribe in the public interest. Therein lies the real opportunity for counties to bring order into the present chaotic situation relative to chronic delinquency in areas primarily suited to grazing.

While Yellowstone County probably represents an outstanding example of a county which has anticipated this act, the same opportunity is available to every county in Montana faced with a similar situation. Similar legislation has also been introduced or enacted in other Great Plains States.

North Dakota

The Missouri Slope Area
Southwestern North Dakota

Also illustrative of the Great Plains delinquency problem is the Missouri Slope Area, comprising 14 North Dakota counties located south and west of the Missouri River. These counties are: McKenzie, Dumm, Golden Valley, Billings, Stark, Slope, Bowman, Hettinger, Adams, Mercer, Oliver, Morton, Grant, and Sioux. The area contains a little over 12½ million acres, or approximately one-quarter of the total area of the State. Topography is undulating to rolling prairie plain with low, wide swales, except where cut by stream valleys, or marked by conical or flat buttes. The area is drained by the Missouri River and tributaries--the Little Missouri, Knife, Heart, and Cannonball Rivers. Valleys of the tributaries are 100 to 300 feet deep, sometimes as wide as 2 miles, and often bordered by steep to sloping bluffs. Valley sides are often cut by right angle tributaries and form extensive areas of broken land, frequently eroded into characteristic "Bad Lands". Soils are residual, formed from rock weathering--extremely variable in condition. Most soils possess potential fertility and are cultivable where topography permits. Stoniness and claypan, restricted and variable rainfall, long, severe winters, and brisk winds limit crop production. Repetition of successive seasons of drought from 1929-36 is indicative of the climatic hazards of the area.

The area west and south of the Missouri River is generally described as the Grazing-Forest-Crop Belt. The greater part of the western and southwestern parts of the State is rolling and hilly, the rougher areas being mainly "Bad Lands", bordering on the little Missouri River. Considerable areas in McKenzie, Dunn, Golden Valley, Billings, and slope Counties and a large portion of Sioux County are classified as untillable lands adapted mainly to grazing. These rougher areas are mainly the result of erosion. Elevation of this area is generally 2,000 to 3,000 feet; some sections of western Slope, Golden Valley, and western and southern Bowman Counties have an elevation of over 3,000 feet. In almost half the area of Billings County, 70 percent of the land was classified as untillable grazing land. Almost two-thirds of Billings County is classified as the Bad Lands Soil Series. The area in the southwestern part of the State, including most of Bowman, Stark, and Slope Counties has relatively late, killing spring frosts as a result of high elevation.

Up to 1900, in all the counties west of the Missouri River, less than 15 percent of the land area was occupied. From 1910 to 1925, a decrease in number of farms occurred in Dunn, Oliver, Grant, Hettinger, Adams, Slope, and Bowman Counties, but the average size of farms increased. Initial settlement in this area was chiefly by quarter sections. Average size of farms in the western half of the State is somewhat less than a section, but a section or more is the most successful size. Average value of farms was lowest in the southwestern part of the State.

In Billings County, a large portion of the land is devoted chiefly to ranching. However, there are more farms of the one-half and three-quarter section size in Billings County than any other size group, but the number of farms in this group decreased quite sharply from 1920 to 1925 and farms of larger size were increasing in number. In Billings County the proportion of total harvested crop acreage devoted to wheat increased greatly between 1909 and 1925.

A large typical area in Southwestern North Dakota, including much of Billings County, and designated as "Problem Area II", has been generally described as an area of transition between livestock and crop farming with overgrazing, erosion and economic instability. The chief adjustment required is the regrassing of a large portion of the cultivated land, increases in size of the small operating units and increased feed crops and controlled grazing. The area is more thickly settled than the Bad Lands

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and cash grain production is more important. In 1935, the problem area had a population of 7,792 on 1,583 farms. About 1,094,368 acres, or 79 percent of the land area was in farms and 38 percent of the land in farms was under cultivation.

Density of farm population was 3.6 persons per square mile and average value of land and buildings per acre was $10.73. The intermingling of farm land and farm-grazing land and untillable grazing land resulted in an overextension of cultivation on the poorer grades. Rainfall, the limiting factor of agricultural production in the area, was extremely variable over the period 1911-35. Average annual precipitation was 15 inches, with variations in given years of 60 percent more or less than this average. Average wheat yields 1919 to 1928 (harvested acres) were 9.4 bushels per acre for Bourman County; 9.3 for Slope; 8.6 in Billings; 10.2 for Stark, and 10.2 for Dunn. For 1929-33, Table 37 shows the extensive variability.

Instability of ownership and wide fluctuations of land values contributed to development of a diverse and complicated ownership pattern. Less than one-half of the land in Problem Area II was owned by private persons living on, or not more than 50 miles from their holdings. Indicative of the hazards of cash crop farming in areas subject to severe drought is the fact that for 1935-36, $175 per capita was expended in Federal aid in the entire tier of counties along the western border of the State. This included Civil Works Administration, Federal Emergency Relief Administration, Agricultural Adjustment Administration, Resettlement Administration, and Works Progress Administration funds. In 1935, 23 percent of farm operators in Slope, Bourman, Stark, Billings and Golden Valley Counties were on relief.

It was estimated that in Problem Area II, 808 of the 1,583 farms should be replaced by other land uses. This would involve 575,313 of the 1,094,363 acres.[13]

A tax delinquency survey of the Missouri Slope Area obtained tract tax data for 1933, 1934 and 1935 through the delinquency date for 1935 taxes (Oct. 15, 1936). In 1935, farm land constituted 61.1 percent of the total assessed valuation in the 14 counties. As of 1938, 78 percent of county receipts were derived from the general property tax, and school districts

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[13] Data from, "Preliminary Proposal Missouri Slope Land Use Adjustment Project, Site 3, Billings County, North Dakota," unpublished m.s. in files of Soil Conservation Service, U. S. Dept. Agr., Oct. 18, 1937.

and townships derived 96.4 percent and 100 percent of their receipts, respectively, from the general property tax.

In addition to the basic land use and soil conditions described above, several successive years of drought made tax delinquency in southwestern North Dakota acute. Sale of tax certificates broke down and counties automatically bid in large acreages. The statutes permitted issuance of certificates of indebtedness to the full amount of delinquent taxes by the pledging of delinquent tax collections. Successive moratoria, extending redemption periods, also postponed collection enforcement. Taxable value is only 50 percent of assessed or true value, and improvements on farm real estate are not taxed. This renders more significant the tax delinquency exhibited in this area. Following two successive extensions of the redemption period, provision for installment payment of delinquent taxes was made in 1937, but stimulation of collections was not significant, and executive proclamations provided for suspending the issuance of tax deeds wholly or in part (i.e., homesteads) for several periods between Sept. 1937 and Oct. 1939.[14] This suspension of the policy of taking tax deeds should be kept in mind in appraising the delinquency data to follow since it must be assumed to have a significant but indeterminate effect on inclination to pay taxes currently.

As of December 31, 1936, the total rural acreage of the area was 12,368,914 acres and the total taxable acreage 10,255,856. More than 7,000,000 acres, or 68.8 percent of the taxable acreage in the Missouri Slope Area, were tax delinquent for one or more years as of December 31, 1936. (1935 taxes were delinquent Oct. 15, 1936.) More than one-fifth of the total taxable acreage of rural land was delinquent 5 years or more (2,043,016 acres).

In 1935, taxes were paid up on only one-quarter of the total acreage of rural land in the Missouri Slope Area. Proportion of acreage on which taxes were paid up ranged from 48.8 percent in Golden Valley County to only 6.5 percent in Sioux County. Only 46,524 acres (6.5 percent) of the rural land in Sioux County was as effective part of the tax base in 1935, whereas 279,704 acres (39.2 percent) of the rural land is nominally a part of the tax base. Sioux County had a total tax base of only $1,505,311 in 1935.

[14] Wilner, Stanley. *Some Data on Taxation and Tax Delinquency of Farm Land in Southwestern North Dakota,* pp. 1-4. North Dakota. Agr. Exp. Sta. in cooperation with United States Department of Agriculture, Bureau of Agricultural Economics, and Works Progress Administration. Nov. 1939.

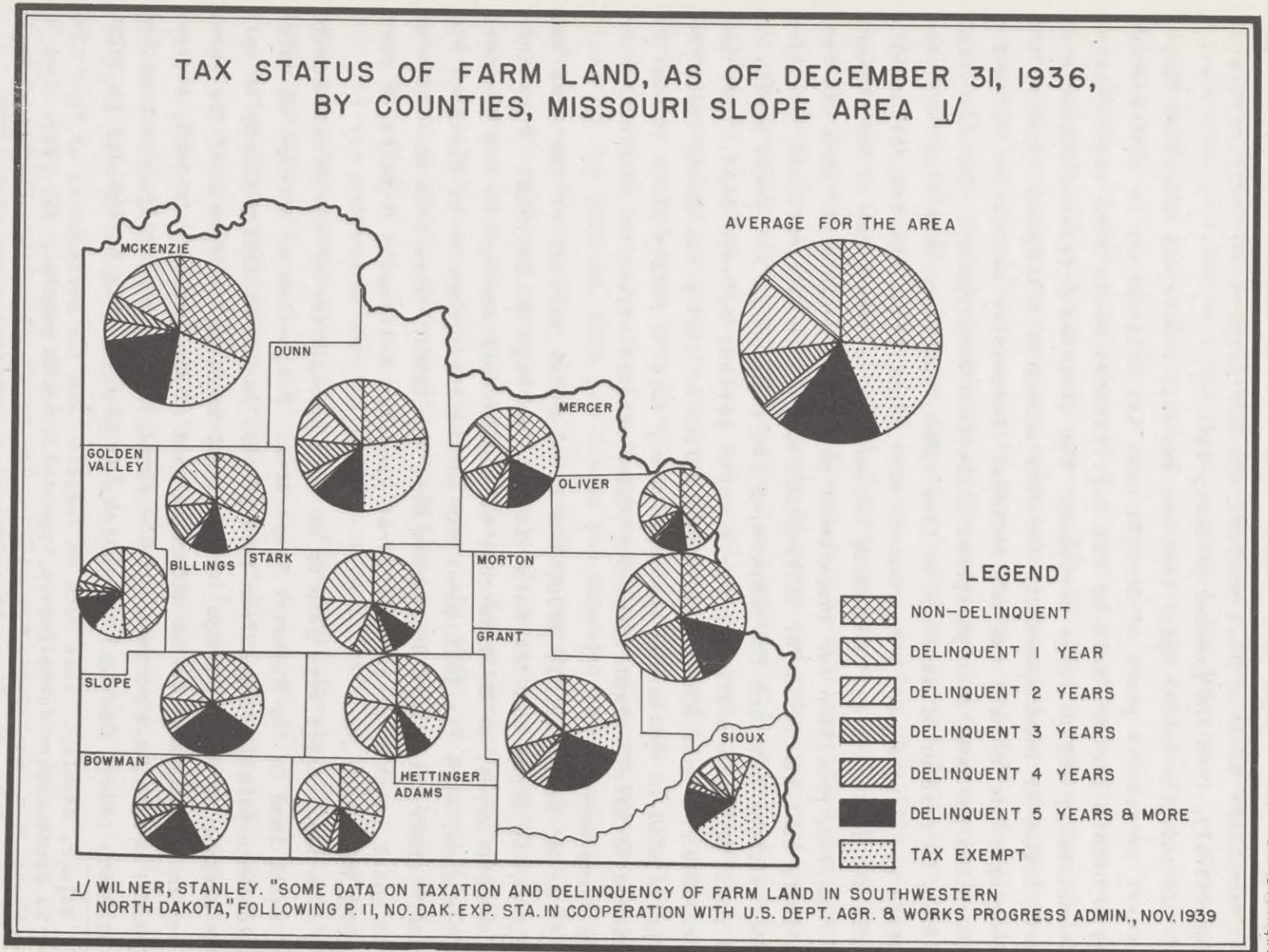

FIGURE 10.—Tax Status of Farm Land, as of December 31, 1936, by Counties, Missouri Slope Area.

It can be readily seen that the fiscal position of this county is likely to be hazardous. Analysis has shown that several of the other counties in the area are in actual distress.

Adverse climatic conditions and the business depression have so reduced agricultural income that some delinquency was inevitable during the past few years. The fact that 16.5 percent of the total acreage and 12 percent of the taxable valuation has been delinquent from 5 to 11 years (and would have been for the most part subject to tax deed were it not for moratoria), indicates more fundamental difficulties. Some of these may arise from the fact that tax burdens on the poorer grades of land are inconsistent with the long-time productive capacity of that land. It is admittedly difficult to measure statistically any relationship between tax delinquency and "overtaxation," for large numbers of nonresident owners are paying taxes out of income other than that derived from the land. In 1935, taxes on the bulk of the lands in the Missouri Slope Counties averaged below 20 cents per acre.

A number of surveys have directed attention to the fact that in this area there has been a gross overextension of cash crop farming, faulty land use, and oversettlement.[15] Attempts are made to levy and collect sufficient local property tax funds to support overdeveloped governmental service in these areas of an agricultural State which does not and cannot well have a highly developed State aid system. This produces tax delinquency which may be largely, though indirectly, a result of faulty land use and settlement patterns, past or present.

In this area, since 1935, substantial Federal acquisition has taken place for retirement of submarginal land from crop production, and for establishment of game refuges, parks, and recreation areas. As of June 1939, 427,768 acres had been accepted for Project LU-ND-38-1 in McKenzie County, and 290,398 for Project LU-ND-38-2 in Billings and Golden Valley Counties. The selection of these counties for submarginal land purchase is indicative of the presence of basic land-use maladjustments.

As indicated above, more than one-fifth of the total taxable acreage of farm land in the Slope Area (2,043,016 acres) was shown to be tax delinquent 5 years or more. This large acreage is potential county tax-deed land which is a virtual "no-man's-land" suspended between public and

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[15] Wilner, Stanley. *Land Use Problems in Southwestern North Dakota.* Resettlement Adm., Region 7, June 1937.

private ownership. In addition to the restrictions of moratoria, counties have been hesitant to take tax title in order to retain nominal taxable valuations for purposes related to tax limitation and borrowing on uncollected taxes, since failure to collect delinquent taxes specifically pledged for debt permits use of special levies beyond statutory limits. Further, the counties have experienced very little income yield from such lands in the past, except in the few cases of sale to private buyers. Basic laws and administrative procedures go on the assumption that the land should and will all be returned to the tax rolls without delay. Until very recently, no legal provision was made for long-term leasing and management of county-owned land. A program of public control for much of this land may be desirable, however, from the standpoints of both conservation of resources and stabilization of the agricultural economy. After classification as to best use and ownership, sale or retention in public ownership would be decided upon.

The 1939 session of the North Dakota Legislature recognized that, with the expiration of the chain of moratoria, a large acreage of tax-delinquent land would revert to the counties, and that there was little likelihood for resale under present conditions. A measure was enacted which permits counties to lease tax deed lands for revenue on a long-term basis. This provides an incentive to acquire lands subject to tax deed since there is opportunity to obtain revenue and stabilize operating units. Several northwestern South Dakota counties have since adopted a vigorous policy of taking tax deed and are now successfully leasing tax-deed lands, to the improvement of local government finances and the facilitation of needed land use adjustments.

More detailed indication of the kind of land delinquent in the Missouri Slope Area and the problems it poses is brought out by particular county analyses.

Billings County. A study was recently made in Billings County, North Dakota, by the Bureau of Agricultural Economics, in response to a petition of the Board of County Commissioners, who requested additional Federal purchase of submarginal land in the county and research on the subject of reorganization of county government.[16] Relatively severe tax delinquency

[16] Hansen, P. L. and Haggerty, J. J., *Land Use Adjustment and the County Fiscal Problem, Billings County, North Dakota,* U. S. Department of Agriculture, Bureau of Agricultural Economics, June 1939.

was one of the prime factors in the county fiscal problem. The summary table (table 39) for the 14 counties of the Missouri Slope Area, indicates that 53 percent of the total acreage of Billings County was tax delinquent for one year or more as of December 31, 1936; and 12 percent, or 88,412 acres, was delinquent 5 years or more. Basic to this delinquency were problems of land use of the same general nature as those of much of the rest of the Missouri Slope Area and other areas of the Great Plains Region. A farming economy, imposed on an area suited primarily to a range livestock economy, had broken down. An evidence of such a breakdown, is the estimated population decline of 20 percent since 1930, a high degree of farm abandonment in recent years, heavy mortgage foreclosures, and current tax delinquency amounting annually to 50 percent of the total tax levy. The result of farm abandonment and mortgage foreclosure is apparent in the increasing nonresident ownership of land. Table 41 shows rural land ownership in Billings County in 1935 prior to the establishment of a Federal submarginal land purchase program.

It is a common experience of operators to have difficulty in obtaining satisfactory leases, or any leases whatsoever, on range lands or abandoned farm lands owned by nonresidents. As a consequence, the natural tendency of operators to shift their emphasis to the livestock grazing has been impeded. Although much of this acreage has long been delinquent for taxes, the county in recent years has been restrained by moratoria from taking tax title through the reversion procedure. Only recently (1939) has a law been enacted authorizing long-term leasing of tax-deed lands for grazing. This law permits leasing for 5 years, subject to sale. Grazing leases may be made for as long as 10 years to cooperative grazing associations, soil conservation districts, and individuals, without the necessity for annual offer for sale. Previously, these county lands could be leased for 1 year only, or not at all. The long-term lease encourages operators to bid for such lands and to stabilize conservational use. In the absence of formal legal controls over the use of grazing land, competitive grazing has occurred and the range has deteriorated, causing cessation of revenue to owners and to the county. In the case of lands purchased by the United States since 1934 for the submarginal land project in Billings County (over 250,000 acres have been purchased or optioned in the county), fully three-quarters had been tax delinquent sufficiently long to be eligible for tax title by the county. The program of purchase calls for restoration to grass of

lands on which crop farming had been practiced, but which are ill-suited to farming. The lands purchased are expected to remain in Federal ownership, but to be made available for local grazing and maximum use consistent with their conservation as a resource. In all, some 350,000 acres of land have been purchased, or optioned by the Federal Government in Billings County for land utilization or park programs (Roosevelt Regional Park in the "Bad Land" area).

There are now approximately 50,000 acres of land in Billings County subject to tax deed on which proceedings for tax deed have been started. In addition, 25,000 acres are estimated to be subject to tax deed during 1939, and the total may reach 100,000 by 1940. If the county completes its action on the 50,000 acres subject to tax deed in 1939, it will be able to offer these lands for lease in 1940. A conservative estimate, based on lease rates in adjoining counties,[17] indicated that the county might derive 5 cents per acre annually. This would yield an annual income of $2,500. Average taxes *levied* against such land were approximately 11 cents per acre, but at current rates of collection probably little more than 5 cents are being collected. The county would have to distribute such income, after deducting not over 10 percent for administration, according to the percentage distribution of the taxes for which the land was forfeited. About one-half of the grazing lease revenues, or $1,100, would accrue to county funds. The taking of tax deed to 100,000 acres would double the revenue. These revenues would not eliminate the operating deficit or the pressing need for reorganization of county government. The county general fund deficit would be reduced only about one-tenth by such income as would accrue to that fund from proceeds of leasing 100,000 acres. Only one-half of the funds going to the county would be credited to the general fund.

The fiscal problem of Billings County is illustrative of the need for changes in local governmental organization in areas of land-use problems and excessive delinquency. The immediate fiscal difficulty arises from the inadequacy of tax base to yield sufficient revenues to the general fund upon application of the legal maximum tax rate. Aggregate valuation of all taxable property in 1938 was only $1,612,616. Public utility property comprised one-third of the tax base in 1938, while real estate accounted for 57 percent. Taxes on public utility property, represented chiefly by

[17] McKenzie County on the north is reported to have leased a considerable portion of its tax-deed lands to a grazing association at 5 cents per acre in 1938.

property of the Northern Pacific Railroad, are not delinquent. Since 50 percent of total taxes levied annually go delinquent, and utility properties pay their taxes in full, representing one-third of the amount levied, it follows that real estate and personal property, comprising two-thirds of the tax base, are actually paying but one-sixth of the taxes levied. This conclusion is substantiated by examination of the county's 1938 real estate tax rolls, which showed that 80 percent of the lands listed were delinquent for one or more years. Loss of tax base has resulted from a combination of factors: (1) mandatory reductions in assessments--from 75 to 50 percent of assessed full and true value by the 1931 legislature; (2) tax reversion; (3) foreclosure of mortgages by the State; and (4) Federal land acquisition.

In the case of Federal land acquisition, fully three-quarters of the lands were tax-delinquent long enough to be eligible for tax title. Their purchase represented little more than removal of dead tax base and realization of back taxes in process of title clearance which would otherwise have been largely uncollectible. In view of the debt condition, and the annual general fund deficits of between $10,000 and $15,000, it is not surprising that a movement is now in process to disorganize the county and to attach it to an adjoining county for administrative purposes.

It was recommended that the county take title to eligible delinquent lands and lease them for grazing, rather than that the Federal Government purchase all these lands. Although an immediate financial advantage to the county would result from sale to the United States because of immediate collection of back taxes, lease rates need only be as high as $0.0733 per acre for county revenues annually to exceed any possible revenues from sale to the United States, even when back taxes are considered. Local interest in the land conservation and adjustment program and local control were cited as advantages of a program of leasing county lands.[18]

With the completion of the Federal land purchase and development program planned for Billings County, an opportunity will have been created for adjustment of the agricultural economy of the area to the basic land resources. With reduction in number of competing operators, many small and inefficient farm units will have been eliminated. The more successful operators who remain will be permitted to enlarge their units to economic size and bring about the required shift from cash crop farming to the more stable and dependable ranching economy suitable for the area. Cooperative

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[18] Hansen and Haggerty, *op. cit.*, p. 22.

range control will have displaced competition for grass and range depletion. Full realization of gains was visualized only if accompanied by local government reorganization.[19]

Morton County. In Morton County, North Dakota, also included in the Missouri Slope Area, detailed land classification and delinquency data as of December 1, 1936, were obtained for 5 sample areas. From the 14-county summary of delinquency as of December 31, 1936 given above, Morton County showed delinquency for 1 year or more on 74 percent of its acreage, the highest of the 14-county area. Sixteen percent of its acreage was delinquent 5 years or more and eligible for tax deed. Detailed delinquency data are presented in table 41. The land-use classification of five sample areas in the county as shown in table 42, indicates that the percentage of the total area which is under cultivation varies from 37.8 in Area No. 1 to 55.4 percent in Area No. 5. For all areas, 36.6 percent of the land under cultivation is classified as unsuited to crop production. In Area No. 2, 49 percent of the land now cultivated is classified as not suited to crop production. The apparently serious misuse of land in Area No. 2 is undoubtedly due to peculiarities of topography and soil which permit cultivation but require classification of the land as unfit for continued cultivation according to the standards used. (Tables 42 and 43.)

In Areas 1, 2, and 3, which show the greatest amount of chronic delinquency (5 years and over), the land classification indicates the largest percentages of land now cultivated but not suited to cultivation. Only 4.1 percent of the total area of the 5 townships represents native grassland which might be cultivated, and land under cultivation which is suited to crop production averages only 27.7 percent of the total area. The sum of these two indicates that only 31.8 percent of the total land in the 5 areas can be construed as suitable for crop production, while 43.3 percent is actually under cultivation.

A record of 9 sample areas in southwestern North Dakota -- (1) the 5 townships in Morton County; (2) two in Slope County; (3) one in Bowman County, and (4) one in Hettinger County -- indicates that of the total taxes levied for the 10-year period 1926-35, 18.5 percent was still unpaid as of December 1, 1936. As of December 1, 1936, 19.7 percent of the acreage was delinquent 1 year; 16.3 percent, 2 years; 13.5 percent, 3 years; 5.5 percent,

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[19] Some disorganization of townships has already taken place and a proposal for county disorganization is now under consideration.

4 years; and 14.1 percent, 5 years or more and eligible for tax deed. One-third of the acreage was delinquent 3 years and more, and 8.7 percent tax exempt. The average tax per acre was 20 cents in 1934 compared with 25 cents for the 10-year period 1926-35. Average valuation per acre in 1934 was $5.03, ranging from $3.29 in Area 7 to $6.14 in Area 9.

The Federal Government has proposed a land purchase program in two townships of Morton County, covering a total of 30,000 acres, in an area of 78,464 acres. In 1935, 93 percent of the land in the project area was in farms, and 40 percent of the farm land was in crops. The preliminary survey revealed that most of the land was not suited to crop farming and that even land kept in grass and used exclusively for grazing had been badly abused. Drought and erosion, the latter increased by over-grazing, had exhausted 50 percent of the productive power of the range.

Tax delinquency on the land in these two townships was considerably worse than that in the 5 sample areas discussed above. More than 85 percent of the assessed acreage was tax-delinquent in 1935, and 30 percent had been delinquent 5 years or more.

The 1935 county tax levy was $240,834, but delinquency on this and prior levies amount to $543,674, or more than twice the current levy. In 3 years, the debt of all governmental units in Morton County increased by $309,000, or more than 100 percent.

Slope County. Another survey was made in Slope County (22-1/2 townships) and a small area (2 townships) in Golden Valley which are also part of the Bad Lands of the Missouri Slope Area. The gross area of the survey was 564,000 acres, of which about 290,000 acres, more than one-half, had been recommended for purchase in Project LU-ND-38-1. The topography is rough and broken; some parts are practically desert, and although there are small scattered tracts of fairly satisfactory crop land, the area as a whole is not suited to grain production. The proportion of tillable acreage and the average value of land per acre are among the lowest in the entire State of North Dakota.

Farmers who settled in the area during successive waves of homesteading expected to practice a system of arable farming. As has been mentioned many times before, the homestead laws were such that they could hardly do anything else. Thousands of acres of grazing land, physically unsuited for tillage, were plowed and set to the production of cash crops. The extreme climatic risk was not discovered until cash-crop production had become

greatly overemphasized in terms of the requirements of long-range, stable agriculture. The results have been unfortunate in almost every respect; the conversion of grass to crop-land has meant reduction in available range and consequent overstocking and overgrazing of the remaining range so that even on the larger farms, where livestock ranching is the type of agriculture followed, there is evidence of need for more land. Cash-grain farmers, in spite of encroachments on the range, have not been able to secure farm units large enough to produce an adequate income except in years of abnormal rainfall. Thus, neither the ranch operators nor the cash-grain operators have stable economic units capable of producing an adequate income over an extended period. The increase in population which accompanied the development of intensive farming made necessary more elaborate governmental organization than the land could support.

In most of the area, particularly in the western part, there should be no grain farming whatever; the problem requires for its solution that all crop land be returned to grass. Grazing districts should be organized (some have been already) to protect the range and utilize it to best advantage.

In some localities, there should be partial retirement of crop land and a change in emphasis from cash-grain production to livestock husbandry. There is some land which can be tilled profitably without impairing the value of the soil, but present farm units should be enlarged and some should be eliminated. Depopulation is inevitable and has been taking place for some time in concurrence with land-use adjustments. In the more thickly settled parts, formation of small community pastures would improve the farm economy.

Land-use adjustment is made particularly difficult by the complicated pattern of ownership in the area - as it is throughout the Great Plains. Leases on contiguous tracts can be secured only after lengthy negotiations, often with nonresident owners living at a considerable distance from their holdings. It was found that many operators leased from as many as 10 different owners in order to gain control of an adequate operating unit. Only by consolidation of holdings, by one method or another, can suitable units be created.

The breakdown of private ownership, as evidence by mortgage foreclosures, farm abandonment, and particularly by tax delinquency of which evidence is presented below, offers opportunities to hasten much needed land-use adjustments. The Federal Government has already instituted an

extensive purchase program in Slope County, but land-use adjustments can be extended and expedited through the exercise of social controls over tax-delinquent land.

In 1935, a total of 682,727 acres in Slope County, with a total valuation of $2,447,732, were assessed for taxation; on December 31, 1935, 522,617 acres (more than 75 percent of the assessed acreage) were tax delinquent, and total tax delinquency for 1935 and prior years amounted to $328,779 which was more than 3 times the 1935 levy. On January 1, 1936 a larger percentage (35 percent) of the taxable acreage was subject to tax deed in Slope County than in any other county in the Missouri Slope Group. Table 44 below shows the extent of tax delinquency in each school district in the county as of December 31, 1935.

Ward County. Ward County, in Western North Dakota, northeast of the Missouri Slope Area, also exhibited a relatively large amount of long term tax delinquency. As of January 1, 1938, tax-deed action had been taken on 16 percent of all land. Rural land tax delinquency as of December 31, 1937 for Ward County was as follows:[20]

Total assessed acreage (1936)	$1,201,613.10
Total assessed valuation (1936)	8,335,701
Total tax levied (1936)	325,031.63
Total taxes delinquent 1936 and prior years	1,117,830.77
Average assessed value per acre 1936	6.94
Average tax per acre 1936	0.27
Average total delinquent taxes per acre 1936	0.92

	Acres	Percent
Taxes not delinquent	336,985.14	28
Taxes delinquent	864,627.96	72
Taxes delinquent 1 year	89,892.04	7
Taxes delinquent 2 years	120,370.03	10
Taxes delinquent 3 years	173,231.67	14
Taxes delinquent 4 years	127,091.20	11
Taxes delinquent 5 years & over	354,043.02	30
Tax exempt (state, county, U. S.)	105,206.20	8

[20] 1936 taxes were delinquent October 15, 1937. Work sheet data from official Project No. 165-73-6999, Works Project No. 2211, sponsored by North Dakota Agricultural Experiment Station.

At that time (December 31, 1937), lands delinquent for 5 years or more could be construed as eligible for tax deed had normal procedure relative to the taking of tax title been operative. Thirty percent of the rural land was delinquent 5 years or more, accounting for 354,043.02 acres. On March 1, 1940, lands delinquent 3 years or more will be eligible for tax deed. Applying this criterion to the lands delinquent as of December 31, 1937, 55 percent of the rural land would have been eligible for tax deed, accounting for 654,365.89 acres.

For the entire county, tax delinquency data were examined with reference to tax rate areas (areas in which the total rate is uniform). The data appear to indicate a rather close relationship between the volume of tax delinquency and the current level of tax rates. The current tax rates are indicative of the rate levels which have been prevailing in these areas but also are influenced by the amount of delinquency which has occurred.

An analysis of tax delinquency data by school districts revealed particularly heavy tax rates associated with delinquency within high school districts, whether in areas of serious land-use problems or not. Of 15 high school districts, all but one showed 20 percent or more of the rural land delinquent 5 years or longer as of January 1, 1938. None of the 15 districts had less than 60 percent of rural land delinquent for one year or more as of January 1, 1938. Total tax rates for all purposes (school, county, township and state) in these 15 districts ranged from 47.12 to 102.02 mills. All but one district were subject to rates of more than 50 mills. High tax rates and delinquency have a reciprocal influence throughout the county. Heavy total rates are also found in a number of common school districts located in the poorer land areas of high long-term tax delinquency.

Examination of maps showing location of delinquent lands as of January 1938, and indicating lands delinquent for 1, 2, 3, 4 and 5 years or more, reveals considerable concentration of the longer term delinquency diagonally across the southwestern portion of the county. Although delinquency is widespread, this particular area of concentration, according to a map of major land use, contains a large amount of non-crop land and the land-use classification maps developed by community committees place most of this area in a class designated as "Now in Farms, Recommended as Suitable for Livestock Farming" with interspersed tracts of a class designated as "Special Classification of Restoration Lands."

The climate of this area exhibits extreme temperatures, low relative humidity and low precipitation. The frost-free period is about 120 days. High winds prevail during spring and fall months. Soils of the county are of the chernozem group, dark, high in organic matter and alkaline or neutral in chemical reaction. Major soil series are Barnes and Williams, with 8 other series of which Pierce and Sioux are the most significant. Soil composition is calcareous glacial drift and is subject to wind erosion under improper tillage. Native cover, mainly grasses, is typical of northern semiarid conditions. Trees and shrubs are found only along rivers, lakes and coulees. The climatic factors, particularly variable precipitation, exert the most significant influences upon agricultural production. The area described above as containing the most pronounced accumulation of long-term delinquency has a topography ranging from rolling to very rough. Loam soils predominate, but much of the area has a light-textured top-soil over gravel. The entire area is stony and in general somewhat less than 20 percent of the land is classed as suitable for cultivation. More than 20 percent is now being cultivated. The land-use classification designates this area as "Now in Farms, Recommended as Suitable for Livestock Farming." Livestock raising is now the chief enterprise in this area, but should be extended. It is now restricted by shortage of capital for stock purchase, and by relatively heavy tax burdens on grazing lands. Farm units are smaller than proper organization seems to require and absentee ownership (highest in the county) adds to the difficulty of unit enlargement. Range management and water development are required.

Cash crop farming is characteristic of the county as a whole. The Agricultural Adjustment Administration figures list 782,645 acres of cropland, comprising 59.5 percent of the land area. The seeded acreage of wheat, oats, rye, barley, flax, and corn, as a group, has been on the increase. Approximately 375,000 acres of wheat were seeded in 1937. Seeded acreage in corn was 32,000 in 1937. In 1938 there were 2,521 operating farm units, averaging 441 acres in size. Drought years and inadequate feed reserves produced a shortage of livestock feed. Some 68 percent of the land was tenant-operated.

Public and private debt is heavy and expenditures for all types of relief and charities in 1938 from all sources amounted to $1,154,715.43. Of this total, $145,113.28 was derived from county funds.[21]

[21] Data from preliminary county planning reports.

The Ward County situation makes it clear that while much chronic delinquency is specifically associated with symptoms of land-use maladjustment, delinquency may be infectious and of general occurrence for other reasons as well. Suspension of stringent tax enforcement, heavy tax charges arising out of excessive governmental organization and costs, and attempts to compensate for rising delinquency, are some of the elements at work. Any plan of vigorous assertion of public tax-title and classification of lands for subsequent disposal will be faced with the perplexing problem of handling widespread holdings and the treatment of present use and present occupancy of such holdings, in areas of all types.

South Dakota

Western South Dakota

The area of most serious land-use problems in South Dakota can be designated roughly as that part of the State lying west of the Missouri River. It is in the heart of the Northern Great Plains Region and is typical Great Plains country. Land-use problems are similar to those in the Missouri Slope Area of North Dakota. Twenty-five counties, which include over 26-1/2 million acres, are located in the area, and at least one-half of the land is either "poor" or "essentially incapable of tillage".[22] All but one of the Federal Government's submarginal-land purchase-projects are in the western half of the State.

South Dakota was settled during 3 boom periods which coincided with and were probably caused in part by periods of abnormal rainfall. Each period of expansion was terminated by drought and poor crops which revealed to the most thoughtful settlers the great climatic risks and the limited physical productivity of the region. They either made necessary adjustments or moved away, but unsuitable farm practices did not come to an end when the first settlers changed from dry-farming to ranching or left the country. New settlers came with the return of wet years and had to undergo the same experiences.

The total number of farms in South Dakota increased from 53,000 in 1900 to 83,000 in 1930, but growth has been very unevenly distributed over

[22] According to an investigation made for the National Resources Board in 1934, 15,552,419 acres, or 31.6 percent of the total land area of South Dakota, were classified as grade IV and judged "poor"; another 12,821,104 acres were classified as grade V and judged "essentially incapable of tillage".

the State. In general it conformed to the great westward migration. Development began in the eastern part of the State where it continued intermittently from 1900 until 1935. West of the Missouri River, rapid increase in the population and in the number of farms did not begin until wheat prices boom during the World War, and it was shortlived, for expansion virtually ceased in 1920. Since then, both population and farm units have decreased in the west-river counties.

There is some evidence, that land-use adjustments were being made even during the homesteading period. Nevertheless, a basic pattern of land-use and ownership was fixed on the plains country and survived with few changes until the great droughts which began at the end of the 1920's.

Statistics of land-use suggest the difference in the productivity of land in the eastern and western parts of the State. One-third of the land in the eastern area is used for crop production; in some counties as much as 75 percent of the land is cultivated. In several of the west-river counties, less than 1 percent of the land is cultivated, and in only 7 of the 25 counties is more than 20 percent of the land used for cash-grain crops.

A relatively low proportion of the land area not suited to crop farming is now under cultivation. Still, there are several million acres upon which the contest has not been decided with certainty; these are the areas which are now marginal, now submarginal, according to changes in natural conditions and price fluctuations; the areas where, in the words of the State Planning Board, farmers "contribute to the surplus in good years and to the relief burden in poor years".[23]

During the past few years, there has been an exodus of crop farmers from areas not suited to crop production, and much land formerly plowed has been returned, or is being allowed to return to grass. Farm abandonment and adjustments in the size of operating units and the type of agriculture have been deferred by governmental relief activities which have made it possible for the people to remain on the land in spite of adverse conditions. Moreover, if past experience can be trusted, new settlers will occupy abandoned farms with the return of more favorable weather, and farm practices unsuited to the area will be renewed by people unfamiliar with local conditions. Thus, land-use maladjustments tend to be perpetuated.

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[23] *Agricultural Resources, A Preliminary Report,* p. 121. South Dakota State Planning Board. January 1, 1936.

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Further evidence of the general distress may be obtained from statistics of tax delinquency, debt loads of local governments, farm foreclosures, and relief expenditures. In the 25 west-river counties, 6,014,567 acres, or 41 percent of the taxable land area, were delinquent on January 1, 1938, and on 3,997,176 acres of the tax-delinquent land, no taxes had been paid for 4 years or more, making them subject to tax deed. The counties had already taken tax deeds on over a million acres. This west-river country, with 54 percent of the State's land area, had only 43 percent of its taxable area, and on January 1, 1938, 59 percent of the delinquent acreage in the State was in counties west of the Missouri River. Moreover, 65 percent of the land subject to tax deed and 89 percent of the land on which tax deed had actually been taken was in the west-river country. In 1933, the Division of Taxation of the State of South Dakota found that, in all but 4 west-river counties, the outstanding debt exceeded $100,000. In the east-river area, the Division of Taxation found that all but 7 counties were debt free and that only one had a debt of more than $20,000.[24]

Throughout the State, there has been a decrease in acreage held by private individuals. In 1934, 66.8 percent of the total land area of the State was owned by individuals, but by January 1, 1938 the percentage had dropped to 60.6. In 1934, the Federal land banks, various insurance companies, and the State Rural Credit Department held 908,639 acres west of the Missouri River on account of mortgage foreclosures; by January 1, 1938 these agencies had increased their holdings to 1,289,654 acres, that is, by 42 percent.[25]

Recognizing the need for stimulation and direction of land-use adjustments, both the Federal Government and the State have undertaken land utilization programs. On January 1, 1940, over 500,000 acres in Pennington, Jackson, Custer, and Fall River Counties had been acquired by the government, and to this land over 50,000 acres of the old public domain have been added for administration.[26] The land varies in character from gently-

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[24] Westbrook, R. B., *Tax Delinquency and County Ownership of Land in South Dakota,* Bulletin No. 322, p. 33, South Dakota Agricultural Experiment Station, May 1938.

[25] *Ownership of Farm Land in South Dakota,* January 1, 1938, and *Supplementary Report of Ownership of Farm Land in South Dakota,* January 1, 1938, South Dakota State Planning Board, September, 1938.

[26] All of the material on these 4 counties is taken from an unpublished manuscript in the files of the Division of Land Economics, Bur. of Agr. Econ., Washington, D. C.

rolling grassland and tillable dry-farm land to badland buttes which are steep and bare. The climate is semiarid, and there is, therefore, no possibility either for irrigation or for the type of farming practiced in the more humid counties farther east. During recent years, wind erosion has become serious, both on cultivated dry-farming lands, and on overgrazed grasslands. The area is best suited for grazing livestock, and, indeed, most of the land is now used for grazing. Because of destructive overgrazing, however, land-use problems are not limited to cropland or confined to small areas. Thousands of acres that have never been plowed are badly eroded and in need of soil-restoring and conserving treatment.

If land resources are to serve as the basis of a stable agricultural economy, there must be changes in the type of farming and in farm practices. Dry-farming must be entirely eliminated, and stock-grazing must be limited until the range has been restored. The government's program recognizes these needs.

Necessary changes include removal of approximately half the present population from the area. Small tracts, many of which are owned by nonresidents, will be blocked up into grazing districts, and the range in these organized grazing districts will be leased to resident stockmen through local grazing associations.

In only one of the 4 counties in the project area did land make up more than 50 percent of the 1934 tax base: it was 53 percent in Jackson County. From table 46 it can be seen that the valuation of all taxable property in the 4-county area declined 24 percent in the ten years between 1925 and 1934. The shrinkage in land values during the same period was even greater, for in every county, land formed a smaller proportion of a greatly reduced total valuation. Statistics of tax delinquency for the 4 counties are given in table 47.

In 1937, members of the Land Utilization Division of the Resettlement Administration made a study[27] in 6 townships of Perkins County, South Dakota, where land-use maladjustments are particularly serious. It was found that nearly half the land used for crop production was suited only for grazing. Originally, the land in this area had been used almost entirely for grazing, but the homesteaders changed the agricultural economy to one of intensive farming. Maladjustments, therefore, are not of recent origin;

[27] Muehlbeier, John, and Johnston, Ralph E., *Some Land Use Problems in Northwestern South Dakota*, Land Use Planning Section, Land Utilization Division, Region VII, Resettlement Administration, June 1937.

they arose with the type of agriculture which developed during the first decade of the twentieth century. Distress did not occur immediately, because of the extraordinary weather, fresh land, and good markets, and the liberal credit practices of the State and Federal Governments.

Some land-use adjustments have been made and were being made even before the great wave of westward expansion had ceased. Of more than 800 homesteaders who filed entries in the area between 1902 and 1909, only 40 remained in 1936, and the total number of operators was only 130, but in spite of these changes, many small inefficient units remain.

A detailed soils and land-use survey of one township in Perkins County revealed that nearly half the present operating units need additional crop land, grazing land, or both, to provide a living for an average family. The same investigation showed that nearly all land suited for crop production is already being used for that purpose. Obviously, therefore, if some units are enlarged to the size required in this area to support an average family, other small units must be eliminated and further downward adjustments in population must follow.

Although some adjustments in the size of operating units and the type of agriculture have already been made, changes in the pattern of ownership have not kept pace. Operators have been compelled increasingly to deal with many different owners and have found it necessary to secure additional land not contiguous to the tracts on which their headquarters are located. This and the complicated soil pattern of the land used for crop production contribute to instability and inefficiency of operations.

The intensive farming which has developed has created an institutional pattern too costly for the limited productivity of the land. To meet these costs, crop production has been progressively expanded. Relatively poor land is greatly overassessed, but on the basis of productivity nearly all land is overassessed. High taxes seem to encourage additional expansion of crop production to land suited only for grazing, but they do not solve the financial problems of local governments which have grown progressively worse during recent years.

Perhaps all these problems would be solved ultimately by natural adjustments, but adjustments can be directed and hastened by governmental action. The hardships endured by the residents of the area during the past decade and the high cost of relief seem to make immediate social action desirable.

In these 6 townships, as of January 1, 1937, more than one-fifth of the land once privately owned was tax-delinquent 4 years or more and subject to tax deed. Almost one-third the total area showed some delinquency.

Conditions in the 6 townships are typical of the whole county. On January 1, 1935, 690,590 acres in Perkins County, 46 percent of the taxable land, were tax-delinquent, and 34 percent of the delinquent land was subject to tax deed.[28] By January 1, 1938, the delinquent acreage had increased to 739,092, or 52 percent of the taxable acreage; 515,953 acres, or 70 percent of the delinquent land was subject to tax deed.[29] On December 31, 1935, the county held 126,374 acres of tax deed land; 29,563 acres were acquired in 1936, and 42,195 acres more in 1937. Had all land actually subject to tax deed been foreclosed by the county, it would have held 648,730 acres on January 1, 1938, which would have meant that 51 percent of the land area of the county would have been off the tax rolls. (Table 48.)

The State of South Dakota, not only by cooperating with the Federal Government, but also through an independent program, is fostering land-use adjustments.

The 1935 session of the South Dakota legislature[30] provided for the formation of cooperative grazing associations and empowered the counties to offer 10-year leases on county land, subject to sale only to the grazing associations. By this legislation, the board of county commissioners was "required to reserve the right to regulate and limit . . . grazing" by incorporating necessary restrictions in the terms of grazing leases. They were empowered also to provide for a variable scale of rents based on the market prices of livestock or livestock products, or on the number and kinds of livestock to be grazed.

In 1937 the legislature gave this problem further attention and seems to have been particularly interested in those counties which lie west of the Missouri and have been included in the major area of land-use problems in South Dakota. Counties in which farm land predominates (mostly those east of the river) are not required to offer their land for lease under the

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[28] *Tax Status of Farm Lands in South Dakota, January 1, 1938,* South Dakota State Planning Board, Brookings.

[29] See table 47 which shows the amount of tax-delinquent farm land, and the amounts of county tax-deed land in all west-river counties as of January 1, 1938.

[30] The material which follows is taken from *County Land Management in Northwestern South Dakota,* by R. J. Penn and C. W. Loomer, Bulletin No. 326, South Dakota State College of Agriculture, September 1938.

1937 law, although they may elect to do so. West of the river, all grazing land acquired through tax-deed procedure was to be offered for lease at public auction. The county board was permitted to determine the terms of lease, including rental and the duration of the agreement, which was not, however, to exceed 5 years. If, under a long-term lease, prescribed rent was not paid annually by the end of each year, the lease was terminated automatically at the end of the first year of delinquency, and the land became subject to new bids on the next lease day. In the competitive bidding, a former lessee "who has the tract under enclosure" was given preference at the highest rate bid. The county auditor was authorized to conclude leases privately on any land not leased at public auction, but at no less than minimum rental set by the county commissioners before the auction. The law forbade separate leasing of a legal subdivision of less than 160 acres containing a water privilege, if the leasing price of the remaining acreage of the quarter section would be jeopardized.

The intention of the 1937 law was clearly that all county lands be offered for lease at public auction each year (or at the expiration of a lease). No bidder was given a right to a lease except by offering to pay at least as much as the minimum rate set by the county board and more than other bidders competing for the land. No provision was made for a lessee of county land to secure any right to the renewal of his lease except by a repetition of the process. In some counties, leases were made with a provision that they might be broken if the county had an opportunity to sell the land. Although the law allowed 5-year leases, most counties gave only 1-year leases which did not offer much security to the operator or give him an incentive to improve or even to preserve the range.

The counties themselves had no maintenance policy, unless spending as little as possible can be called a policy. The tendency was to economize on insurance, repairs, and, of course, new improvements, while hoping for good crops and a chance to dispose of land through sale.

The county commissioners attempted to adjust rentals to the productive powers of different tracts and to changing price levels. In some leases they reserved the right to increase the rental beginning with the year following that in which notification of the increase was given. By these and various other means, the commissioners tried to keep rentals in rough agreement with the value of land as a producing agent.

To further enhance the value of county lands to private operators,

some counties adopted a block system of leasing. In Butte County, for example, the leasing clerk prepared a plat book showing most of the farm operating units in the county. When the county acquired land within the block of any operator, the land was offered first to that operator. In other counties, operators were permitted to certify the size and location of their units and to state what additional land they wished to include in their units. Lease blocks were approved under these circumstances only after the consent of the operator's neighbors had been obtained. Land within lease blocks was leased noncompetitively, unless the operator within any block failed to lease land as the county acquired it, or failed to renew leases, whereupon the arrangement was automatically cancelled. The legality of the block system was doubtful although it was not tested in the courts. It appeared to be, however, a practical scheme. By 1936, 31 lease blocks covering an area of 200,000 acres had been formed in Harding County. The county owned 39,000 acres of this land and obtained from it rents of $2,000 per year.

The counties realized considerable revenue under the 1937 law. During the period from 1934 to June 1938, Harding County collected $43,512 in lease rentals and the annual return increased each year. Meade County collected $24,000 in the same period; Perkins County collected $31,103 during the 4 years ending May 1, 1938; and Butte County collected $27,851 for use of county land in 1938 alone.

In spite of the revenue derived from leasing county land, however, the scheme was not without serious faults. The insecurity of the lease has been mentioned. Lack of assurance that he might secure the use of land over a long period discouraged the operator from making improvements on county land and even from protecting the existing productive power by conservative grazing practices. Many tracts were not leased at all and thus returned no revenues to the counties.

The failure of some tracts to yield revenue does not mean that they were not used. In fact, trespass was one of the most serious problems the counties faced. The temptation to use accessible range is great, and supervision of large scattered holdings is difficult. Uncooperative operators were able to get free what others paid for, and thus the bona fide lessee was penalized, the counties lost revenue, and abuse of the land continued. Moreover, the law made no provision for classifying the land. Only through rentals could county officials exercise any control over land use. Little

progress was made, therefore, in the correction of land-use maladjustments or in conservation and restoration of land resources.

Finally, in most counties the accepted view was that county land should be disposed of by sale whenever possible. Sale prices have been low, and much land sold under contract has shortly returned to the counties, either because of tax delinquency or because of failure of purchasers to meet installments. On this account, some tracts have not been in stable ownership for years, and conditions are created which are particularly conducive to improper use of land.

A group of farmers and ranchers interested in making changes in public-land management met in November 1938 and appointed a public land committee.[31] On the basis of the committee's recommendations, the 1939 legislature passed a law designed to aid county commissioners in leasing and managing county lands. The purpose of the new law is not only to maintain income from the land, but also to protect and develop its productivity.

Under the new law, county commissioners are authorized to classify land into two groups; in one group are to be placed all lands which seem likely to remain in county ownership for some time; in the other group are to be placed all which are in condition to be sold at once or leased and managed as formerly. In connection with land placed in the first group, the commissioners are empowered especially to establish leasing and management practices which will result in an improvement in grass resources and water facilities. Long-term leases, not subject to competitive bid or sale, have been approved, and greater power over grazing practices is allowed. The new law allows the counties to manage land placed in the second group under virtually the same laws that had been operative since 1935.

In other words, the latest legislation does not compel the counties to exercise thoroughgoing control over county land or to adopt land-use planning practices, but it makes possible the adoption of a land-use planning program. The commissioners may, for example, issue permits for permanent improvements on the land. If improved land is leased to anyone other than the person who has made the improvements, under the terms of the new law, the subsequent renter must pay a reasonable price to the previous renter for improvements the latter has made on the land.

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[31] The material on the 1939 legislation is adapted from Raymond Penn and Harry A. Steele, "Land Management in South Dakota", *Land Policy Review* (Vol. 11, No. 6), November-December 1939.

The counties are also authorized to consolidate their land-holdings by exchanging titles or leases on scattered tracts with private individuals or public agencies. General supervision and, particularly, prevention of trespass should be made much easier by this change in the law.

Revenues from leased land may now be used in part to pay the cost of taking tax deed and of managing county lands; the remaining funds are apportioned to the various taxing units in which the land is located.

Finally, the system of block leasing, used so successfully by several counties, is given formal recognition and its use is encouraged.

If the county commissioners decide to take advantage of the classification provisions of the new law, they must designate "class 2" land by resolution; a plan for leasing and managing "class 2" land must be worked out and made a part of the resolution that establishes the classification. Actual administration of "class 2" land may be delegated, but the commissioners must set up procedures and standards for the individual in charge of leasing. The method of determining rentals, length of leases, conservation practices, and methods of allotting leases must be prescribed. Leases are also allocated more or less on the basis of need for land, measured by various criteria: (1) absolute need for land among operators near county land; (2) the wishes of the person using the land in the past; (3) the ability of individuals to feed in winter the stock they propose to graze on county land in the summer.

Almost all county land is acquired by taking tax deed on tax-delinquent property. The importance of the new law can be appreciated, therefore, by referring once more to table 48. In the west-river country, over 6,000,000 acres of land were tax delinquent on January 1, 1938; almost 4,000,000 acres were subject to tax deed and practically certain to be taken by the counties. The counties already held over 1,000,000 acres which were subject to the provisions of the 1939 law.

Colorado

Lincoln County is one of the 14 southeastern Colorado counties designated as being in the "dust bowl" area of the State. It is representative of most counties in the southern High Plains with respect to general agricultural history and development, local governmental organization, and finance. Population has been on the decline from the peak reached in 1920, when land valuations and speculation were at their height. That the agricultural economy required adjustments was recognized as early as 1930, but

a number of agricultural programs have tended to maintain the *status quo*. Agricultural Adjustment Administration programs and payments and relief expenditures of various types, for example, explain in part the lack of an even more widespread breakdown in an economy not suited by nature and resources to intensive agriculture. In the particular field of tax delinquency, such support undoubtedly limited the extreme effects of widespread tax delinquency on local governments.[32]

In assessment of real estate about 25 years ago, the State Tax Commission set up various classes for land assessment. Three of these classes were on dry-farming land, grazing land, and "bottom or hay" land. All land in Lincoln County was placed in one of these classes for assessment. Topography was the governing factor in classification; land level enough for tractor farming was assessed as dry-farming land. The 1937 tax roll showed land in the county classified and assessed as follows: 2807 acres of bottom or hay land; 590,670 acres of grazing land; 910,314 acres of dry farming land.

Of the total taxable acreage, 60.5 percent was assessed as dry-farming land, although a land use survey of 1936 indicated only 482,480 acres, or 32 percent of total county acreage to be actually plowed land, and 185,996 acres of this had been abandoned. Originally, the classification was designed to show potential and desired use of land, but it has been concluded in recent years that too much land had been plowed. Nevertheless, the old topographical classification continued to be used for assessment. Comparison of assessment with the 1936 land use survey indicates that at least 427,834 acres of native grassland are classified and taxed as farming land. The effect of this factor alone on tax delinquency is extremely significant.

In 1920, tax valuations on land reached their peak, with averages of $13.12 per acre for the dry farming class and $8.65 for the grazing class. By 1937, average valuations per acre were $3.64 and $2.27 respectively. All reductions in assessment, except for individual equalization, have been on a percentage basis in each class. Values of dry-farming land were recently reduced 43 percent, while grazing land values were reduced only 25 percent, As a result, some land now classed as dry-farming land has a lower assessed value than some of the best grazing land.

[32] "A Fiscal Analysis and Its Relation to Land Use Adjustments in Lincoln County, Colorado." Unpublished Ms. by Land Policy Staff, Land Economics Division, Bureau of Agricultural Economics; and *Land Use in Lincoln County, Colorado.* Bureau of Agricultural Economics, April 1, 1938. All material in this section is taken from these reports.

Tax rates vary widely between areas in the county due chiefly to differences in school levies. Average assessed values per acre in 1937 ranged from $2.25 in School District 40 to $6.67 in Consolidated School District No. 1, while tax rates ranged from 18.87 mills in District 43 to 42.41 mills in District 23. The lowest average tax per acre in the county was in School District 45, at 4.9 cents per acre, and the highest was in Consolidated School District No. 1, at 23.5 cents per acre. These tax burden factors, in conjunction with actual land use and classification for tax purposes, have an important bearing on the occurrence of tax delinquency.

For purposes of land classification, the Lincoln County Land Use Planning Committee divided the county into 5 land-use areas as shown in Figure 11.

Area 1 contains 103,315 acres, of which 57,006 acres (55.2 percent) are within operating units, and 46,309 acres (44.8 percent) outside operating units. Land was being used as follows: 13,993 acres, or 24.8 percent of all land in operating units were in row crops; 5,745 acres (9.6 percent) was idle crop land; and 37,538 acres (65.4 percent) was pasture. Included in the 46,309 acres of land outside operating units were 17,880 acres of abandoned cropland and 28,429 acres of open pasture. Wind erosion has been severe and some of the most severely eroded land in the county is located in this area.

Area 2 contained 156,997 acres. There were 115,436 acres (73.5 percent) in operating units and 41,561 (26.5 percent) outside operating units. Land in operating units had the following uses:

	Acres	Percent
Cropland	29,587	25.6
Fallow	445	.4
Idle land	16,386	14.2
Pasture	68,018	59.8

Of 41,561 acres outside of operating units, 18,510 acres, or 44.5 percent were abandoned cropland and 23,051 acres (55.5 percent) pasture. The area is largely comprised of sandy soils and in the past has been used extensively for growing row crops for cash. Under proper climatic conditions, the soil is very productive, leading operators to practice intensive farming year after year in order to obtain a bumper crop. The past few years have seen failures of cash crops. Larger units with emphasis on livestock are desirable in this area.

Area 3 contained 901,944 acres. Of this 554,357 acres, or 61.4 percent,

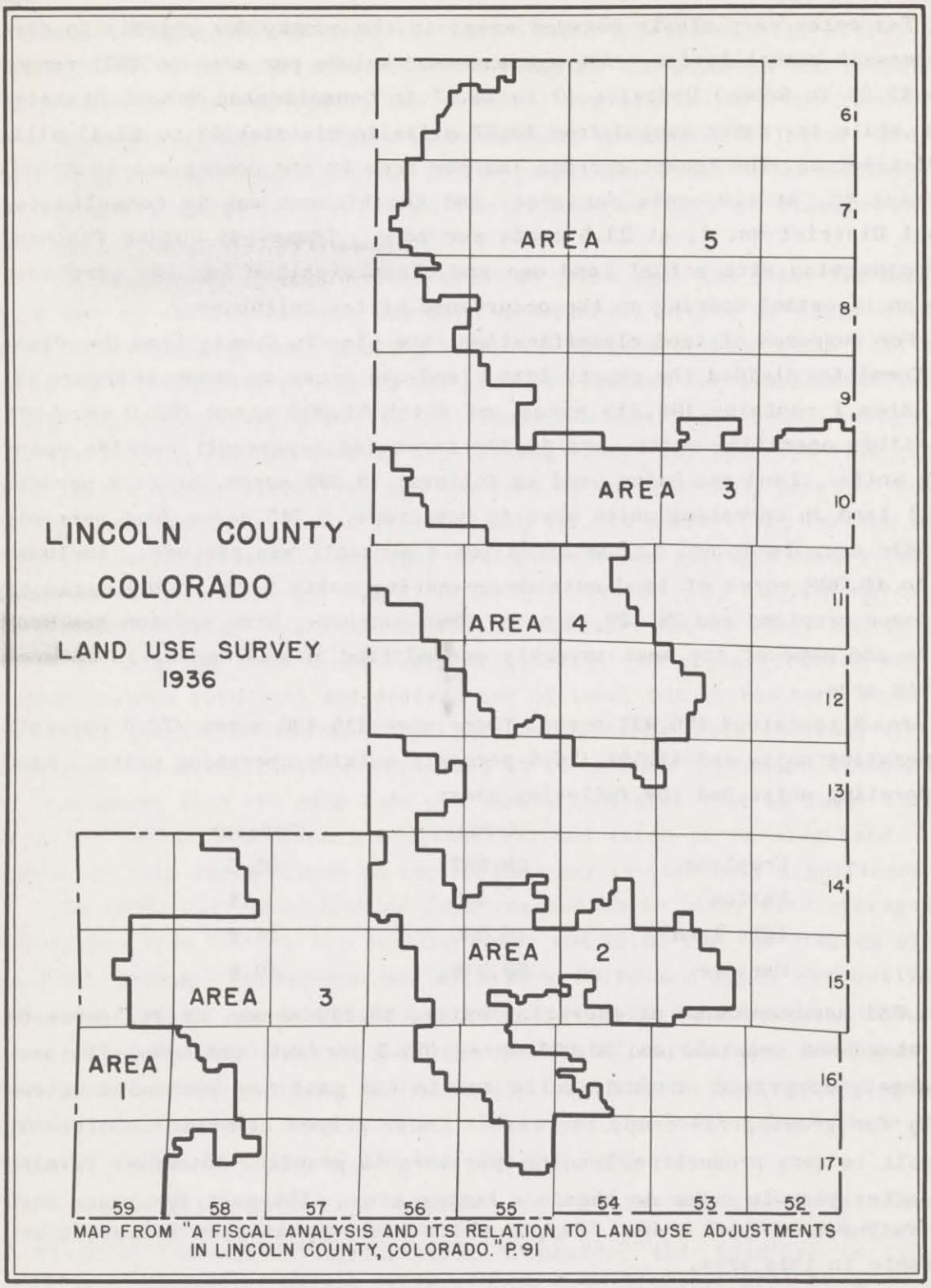

FIGURE 11.—Lincoln County, Colorado, Land Use Survey, 1936.

were in operating units and 347,587 acres, or 38.6 percent, were open, or outside operating units. Land in operating units was used as follows:

	Acres	Percent
Cropland	21,660	4.2
Fallow	1,295	.3
Idle	17,397	3.4
Pasture	515,005	92.1

Land outside operating units was used as follows:

	Acres	Percent
Abandoned crop land	32,320	9.3
Open pasture	315,267	90.7

The area is mainly used for livestock, which is its patently proper use, but drought and overgrazing have caused soil blowing to start. There is an apparent need for grazing control, including regulation of itinerant stockmen.

Area 4 comprised 126,698 acres; 84,313 acres, or 66.5 percent, were in operating units and 42,383 acres outside operating units. Land in operating units was used as follows:

	Acres	Percent
Cropland	23,163	27.4
Fallow	4,006	4.8
Idle	9,027	10.7
Pasture	48,117	57.1

The 42,383 acres of land outside operating units were used as follows:

	Acres	Percent
Abandoned cropland	23,724	55.9
Open pasture	18,659	44.1

Land use was generally similar to that in Area 2, but more cash-grain and more row crops for feed were grown. Plowed land included 20,491 acres in row crops, 2,460 acres in small grain, 212 acres in hay, 4,006 acres fallow, and 9,027 acres idle. The area requires adjustments similar to those for Area 2.

Area 5 comprised 371,950 acres, with 226,668 acres, or 60.9 percent, in operating units, and 145,282 acres outside operating units. Land outside operating units comprised 93,562 acres of abandoned crop-land (64.4 percent) and 51,720 acres of open pasture (35.6 percent). Land in operating

units was used as follows:

	Acres	Percent
Cropland	89,285	39.4
Fallow	18,975	8.4
Idle	45,790	20.2
Pasture	72,618	32.0

Plowed land comprised 44,344 acres in small grains, 44,836 in row crops, 105 in hay, 18,795 fallow, 45,790 idle, and 93,562 in abandoned cropland. The area was subject to intensive crop practices in the past and was used jointly for crops and small grains. It contains some of the best dry-farming land in the State, but unless wind erosion is prevented, units enlarged, and a departure made from crop farming, values are expected to decline.

Superficial analysis indicates the highest percentage of tax delinquency in Area 1. The county held certificates on 18,160 acres, or 18.9 percent of the privately owned acreage in the area. Lowest delinquency was indicated in Area 2, with only 8.9 percent of the total acreage delinquent. A somewhat different picture is presented, however, by tabulating total acreage on which tax certificates were issued and were unredeemed by *owners*. This includes acreage foreclosed by the Federal land bank and mortgage companies, acreage assigned by the county commissioners and acreage purchased by private purchasers at time of tax sale. This acreage, added to the total acreage on which certificates were held by the county, gives a better indication of the extent of "tax distress".

On this basis, Area 5 showed the largest amount of tax distress, with 154,560 acres, or 43 percent of the total area in tax distress; 35.5 percent of the area was in distress in Area 4; 31.6 percent in Area 1; 26.1 percent in Area 3; and 20.3 percent in Area 2, which has the smallest delinquent acreage upon which *owners* had not redeemed certificates, even though not held by the county.

From the standpoint of the percentage of total acreage on which certificates were held by the county and percentage of tax-delinquent acreage taken by other agencies, Area 1 was least attractive to investors in tax certificates. In Area 5, 28,000 acres, or 8.1 percent of the area, had tax deeds issued during the years 1932-38. The current practice of county commissioners was to assign tax-sale certificates (nonresident-owned lands only) on payment of 40 to 60 percent of taxes due. The purpose of this measure was to obtain some revenue and to restore property, for a while at

least, to an active taxpaying status. Area 5 had the largest percentage of abandoned acreage. The percentage of total acreage in cultivation is fairly uniform among areas, except for Area 3, which has a predominantly livestock economy. Due to physical limitations of topography in this area, the percentage was only 8.9. The percentages of total area in cultivation were 38.9 in Area 1, 43.1 in Area 2, 49.1 in Area 4, and 69.4 in Area 5.

The county continued to hold tax certificates on a total of 188,850 acres, or 12.2 percent of total taxable acreage. This acreage was distributed as follows among the areas: Area 1, 9.6 percent; Area 2, 7.1 percent; Area 3, 43.7 percent; Area 4, 9.2 percent; and Area 5, 30.4 percent. While the largest *proportion* of county-certificated land was found in Area 3, such county-certificated land represents only 10 percent of the total land in Area 3. Total acreage delinquent by period of delinquency was as follows:

Acreage	Number of years taxes not paid
2,288	9
26,438	8
22,804	7
6,908	6
14,723	5
51,109	4
56,732	3
47,378	2

Acreage delinquent for 1 year is not given, since the policy of the county is to sell tax certificates upon 2 years' delinquency instead of the customary 1-year period.

Since the entire county is generally classed as suited to grazing and requires larger units and less intensive cropping, it might be expected that lands now used for intensive cropping would be most often delinquent. The data for the 5 areas appear to bear this out. Area 5, with the largest relative amount delinquent (on 43.3 percent of its total acreage, tax certificates were issued and unredeemed by *owners* 1932-38), has the largest percentage of total acreage in cultivation, the largest percentage of total acreage in abandoned cropland, and the smallest percentage of area in pasture. Area 4, ranking second in delinquency, ranks second also in all these points. These two areas are also under the heaviest average tax per acre, Area 5 with the highest overall rates and Area 4 next in order. Area 1, also a crop area, ranks third in total amount of delinquency, fourth

in percentage of total acreage under cultivation, third in percentage of abandoned cropland, but has the second largest percentage of acreage in pasture. It enjoys perhaps the lowest average tax per acre of any of the 5 areas. Area 3, already a livestock area, ranks fourth in delinquency on this basis and, as might be expected, has the largest percentage of area in pasture, the lowest percentage of acreage in cultivation. It has an average tax per acre lower than Areas 4 and 5, but slightly higher than Areas 1 and 2. It would undoubtedly be lowest in delinquency were the land which is used for grazing actually classified for assessment purposes as grazing land. A tax of 9 to 10 cents per acre is high for grazing land, where a probable desirable maximum should not exceed 5 to 6 cents per acre. Area 2 ranks fifth, or lowest, in delinquency. It is a crop area, and probably the best crop area under proper conditions. It ranks third in percentage of area under cultivation, fourth in percentage of abandoned cropland; it has a smaller percentage of area in pasture than Areas 1 and 2, and it has the largest percentage of area in operating units. These factors, combined with a low average tax per acre in the area, may account for the smaller amount of delinquency prevailing within it. Tax per acre is second lowest (after Area 1 which has the lowest rate). (Tables 49 and 50).

APPENDIX C.-TAX DELINQUENCY IN OTHER AREAS

New Jersey's Pine Lands[1]

One of the worst land-use problems in the northeast is that presented by the pine lands of southeastern New Jersey. These pine lands comprise 1/2 million acres of inferior sandy soil, and include more than a third of the land area of the State. They extend from Monmouth County to Cape May and from the Atlantic Ocean into Burlington, Camden, Gloucester and Cumberland Counties on the west. Although within east driving distance of both New York and Philadelphia, the largest and third largest metropolitan areas in the United States, the pine lands are a sparsely settled forest-wilderness. Pitch pine, scrub oak, and white cedar cover most of the area, and there are great stretches of swampland.

About the middle of the 19th century, before coal and iron ore were discovered in western Pennsylvania, bog ore was mined from the pine land swamps and smelted in furnaces heated by charcoal made from the pine trees. Charcoal-burning continued for some time after the bog ore industry ceased, because there continued to be markets for charcoal in New York and Philadelphia, but charcoal, like bog ore, long ago ceased to be of commercial importance. Prior to 1900, valuable cedar lumber was obtained from the swamps. Small lumber mills, altogether employing many men, were scattered throughout the area. Very few of them remain, and now even the cutting of firewood is limited to a few small hardwood areas. The effects of uncontrolled exploitation have been aggravated by forest fires which have destroyed thousands of acres of timber, some of which was, or might have become, of commercial value. Although there are at present 378,000 acres in farms, only 192,000 acres are tillable, and most of the tillable land is in the border townships only parts of which are actually in the pine area. At present, therefore, most of the area has little or no productive value--the low original productive capacity of the soil and the exhaustion of limited

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[1] This section draws heavily upon studies by Dr. A. T. M. Lee, *Land Promotion Schemes in the New Jersey Pine Area*, October 1937, U. S. Department of Agriculture, Farm Security Administration, in cooperation with the New Jersey State College of Agriculture and Experiment Station. Other studies made by Dr. Lee and used here are cited elsewhere.

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natural resources have brought the pine area to a state of chronic economic maladjustment.

Unregulated land speculation has aggravated the distress. The low value of land, the moderate winter climate, the nearness of the area to large urban centers and easy accessibility by railroad and improved highways, and especially the lack of governmental regulation of land-use and development have made the pines a haven for unsound subdivisions and similar real-estate promotion schemes. For over 70 years, the pine lands have been regarded largely as something to be sold. Over 400 land-development schemes have been initiated in the area and the land has been divided and subdivided, sold and resold, until the ownership of many tracts can be established only with great difficulty, if at all.

In 1936, the New Jersey State Planning Board made an investigation which revealed that 58,872 acres in the pine area had been platted since 1915;[2] other thousands of acres had been platted before this, but the last traces of these earlier ventures in real-estate promotion "had all but disappeared from both official records and from the land."[3] Of the area for which plats had been recorded since 1915, 72 per cent, or 42,174 acres, remained wholly unoccupied in 1936. Fifty-one per cent of all unoccupied platted land in the State was concentrated in the pine area.[4]

A typical example of wildcat land-development in the pine lands is Paisley, "the Magic City", begun in 1888 on 1,400 acres of almost worthless land in Burlington County. A. T. M. Lee, who has studied the Paisley development,[5] found that more than 3,000 people had been induced to buy property during the period of promotion. Most of them were city-dwellers with neither the information nor the ability to judge the value of the land;

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[2] *Land Subdivision in New Jersey, Its Extent, Quality, and Regulation,* The New Jersey State Planning Board, 1938, p. 36. The Board's figure is based on statistics of the "Atlantic Coastal Region", but the area included is approximately coterminus with the pine area.

[3] *Ibid.*, p. 29.

[4] *Ibid.*, p. 36. The Board found that, for the State as a whole, land platted between 1915 and 1936 amounted to 152,057 acres; 55% of this area remained unoccupied in 1936.

[5] Lee, A. T. M., *Land Utilization in New Jersey. A Land Development Scheme in the New Jersey Pine Area.* Bulletin No. 665, New Jersey Agricultural Experiment Station and the U. S. Department of Agriculture, New Brunswick, New Jersey. July 1939. The material on Paisley is taken entirely from his study.

their purchases were admittedly speculative or for "investment", which probably means the same thing. Although it was extremely difficult to locate the purchasers of Paisley property, Lee found that of 72 who answered his questionnaire, only 5 saw the land before they purchased it and that only a few more inspected it afterwards. A rapid turnover in ownership was common. Few owners made any attempt to live on their holdings; and many of these lived on them only during the summer months. For them, and for many more who have speculated in pine land, the inevitable ultimate loss amounted to no more than the money paid for the property and whatever taxes were paid subsequently, but for others, the purchase price of lots and taxes paid on them were only a small part of the total losses.

Thousands of people, believing they could make a living in the country, have devoted time and labor and often considerable capital to developing property in the pine lands. With few exceptions, they have soon learned that poor soil, the inadequate size of their holdings, and their own lack of necessary training, experience, and capital make success impossible and that they must abandon the land or seek relief. The total loss, including wasted work and human misery, cannot be accurately measured, but its very great magnitude can be guessed.

To local governments, the counties and townships in the pines, as well as to the thousands of individuals who have purchased pine land and to the few who have tried to live and work there, the pine area has been a source of constant financial trouble. Increased costs of assessing and collecting taxes; expensive materials and storage space for recording and preserving thousands of deeds and plat maps; road construction; and provision of other public services, including poor relief, to destitute settlers stranded on worthless pine land, have multiplied the burdens of communities which were poor before land-speculation began within their boundaries. Mr. Lee found that, in Woodland Township, the tax assessor was paid 12 cents for each name listed on his records and that during the period 1889 to 1900 inclusive, when the Paisley properties were all within the boundaries of Woodland Township, there was a cumulative increase of 15,576 Paisley names on the local tax records. The tax collector received 12 cents for each paid-up name and 2 cents for each delinquent name on his rolls. The cost of sending out tax notices was at least $300 during the period considered, and the township incurred additional expenses of more than $2,000 in conducting a tax-sale of delinquent Paisley properties. From 1889 to 1937 inclusive, the total cost involved in the assessment and collection of taxes in Paisley was

$5,358. The net collection kept by the township after payment of State and County taxes levied on the property during this period was $3,442, leaving a net loss of $1,916 to Woodland Township.

There would have been tremendous social waste resulting from the Paisley development, even if all taxes assessed against the property had been paid. Less than half the taxes levied were actually paid, and tax delinquency, therefore, caused tax burdens to be shifted to other property owners. Approximately two-thirds of the 3,122 Paisley property owners identified by Lee paid no taxes whatever on their Paisley holdings. Although the tax base of Woodland Township increased from $111,025 in 1888 to $203,895 in 1890, the very great increase meant very little benefit to the Township. Of $23,524.32 levied on the Paisley property from 1889 to 1937, only $14,896.93 was collected, and $11,454.83 of this had to be paid to the State and county leaving only $3,442 for the Township. In 1894 a tax-sale reduced the number of owners in Paisley to 741, but tax delinquency continued, and eventually, in 1898, the problem became so acute that the Township Committee agreed to drop all delinquents from the tax rolls which, although not authorized, was the only practical method of handling properties such as those in Paisley. In this way, the township avoided the financial drain of State and county tax charges on the Paisley property which in New Jersey must be paid whether or not collections are made by the townships.

Everywhere in the pine area tax delinquency is serious. On January 1, 1936, 33.4 per cent of the land area of the Pines was one or more years tax-delinquent, as compared with 18.5 per cent of the land area of the entire State. More than 40 per cent of all tax-delinquent land in the State of New Jersey is concentrated in the pine lands.

Outside the areas of subdivision and land speculation schemes, there are large tracts of unfarmed or forested land which are tax delinquent. In 1939, pine area municipalities held tax-title liens on 296,427 acres of woodland property against which a total arrears in taxes of $1,073,077 had accumulated. Table 51 shows by counties, the tax-title land held by 48 Pine Land municipalities in 1939. Some townships held tax liens on more than 50 per cent of the rural acreage within their boundaries, and in all but one of the counties, more than 10 per cent of the pine land was under tax liens. The tax encumbrances, averaging $3.62 per acre, were so high that there was little prospect of redemption. The average tax arrears in the Atlantic County pine area was $6.22 per acre--several times the value of the land.

In interpreting these figures, one should bear in mind that only unimproved rural lands in the pine area are included. Abandoned lots in land developments and subdivision areas have not been reported, and delinquent property, outside the pine area, of which there is considerable in several counties, has also been excluded. Finally, only the delinquent land on which municipalities actually held tax liens appears in Table 51. Nevertheless, the total is very great and the problem is extremely serious.

Theft of timber from this tax delinquent land and from land held by absentee owners was rampant, and the slashing methods used to remove the timber increased fire hazards. Numerous disastrous fires have destroyed valuable timber and have prolonged for years the time which will be required to produce merchantable timber.

In addition to the unfarmed and forested land, many tracts now being farmed are tax delinquent. For the most part, this tax delinquent farm land should be taken out of agricultural use because of its low productivity. In a few instances, farm-units could be operated economically and taxes paid on them if the farms were enlarged and greater diversity of production secured. The possibilities for improvement by increasing the size of farms are limited, however, because so much of the land is scarcely worth the amount of accumulated taxes plus the cost which would be involved in necessary legal proceedings to bring about foreclosure and title clearance. It is obvious why less than 1 per cent of the tax liens on tax-delinquent land was held by private individuals.

The pine area can be made to yield good returns in recreational use, timber production, and even in increased agricultural production, if it is properly managed. Moreover, the area might serve as a protected watershed for the resort communities along the coast.[6] Submarginal land must be retired from use, and subdivision and land-development should be controlled by the governmental units concerned. These objectives can be achieved most satisfactorily through public ownership of much of the land in the Pine Area.

The fact that submarginal land is often chronically tax delinquent affords public taxing agencies an opportunity to promote correct land utilization. In the words of the State Planning Board, "If the natural resources

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[6] Suggestions similar to these have been made by the Burlington and Ocean Counties Joint Committee on Land Use Planning. See the Committee's report, *Proposals for the Development and Initiation of a Land Program for the New Jersey Pine Area.*

of the State are to be conserved and if the people of the State are to enjoy the best uses of them, tax policies should be shaped to recognize properly the varying use-capacities of the different grades of land..(and) an easy and direct method of transfer of land from private to public ownership is necessary." For, in the opinion of the Board, "as long as they (tax-delinquent lands) remain unproductive and in private ownership, they will be centers of tax delinquency because they represent a drain upon the resources of the owners...(who) will always attempt to turn their holdings to some type of productive use regardless of the potentiality of the soil or the relationship of that use to the general welfare of the State".[7]

A Joint Committee on Land Use Planning, representing Burlington and Ocean Counties, has recommended that tax titles on acreage properties in the pine lands be acquired from municipalities by the State. The Committee has suggested that the state acquire tax-title lands approved for public ownership and management by the local municipalities and the county boards of agriculture. They recommend that acquisition and development of this land be entrusted to the State Department of Conservation and Development and that the State Fish and Game Commission be given control of whatever land it needs to complete its program in the Pine Area.[8]

In short, the Committee believes that the many "social and economic problems of the (Pine) area can be solved best by the adoption of a positive public policy" for the development of the area.[9] This is one answer to the question asked some time ago by the State Planning Board: "What is to be done about the immediate problem of thousands of acres of tax-delinquent land with little present productive value?"[10]

Unseated Lands in Pennsylvania[11]

Even in Eastern United States, the area first and most intensively settled, there are scattered tracts, a few of them quite large, which have never been developed or used, except on a temporary basis. Their nominal

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[7] *Rural Tax Delinquency in New Jersey, 1929-34*, pp. 28, 48. The New Jersey State Planning Board, Trenton, N. J., 1938.

[8] Burlington and Ocean Counties Joint Committee on Land Use Planning, pp. 4-6.

[9] *Ibid*, p. 5.

[10] State Planning Board, *op. cit.*, p. 47.

[11] This section is based on an unpublished investigation made by Virgil Hurlburt of the Division of Land Economics, Bureau of Agricultural Economics.

ownership has changed frequently, and they have been used by people without property rights in them. In many cases, it is impossible to establish present ownership or to locate the last known owner. Most of these tracts are unimproved and unoccupied, and the intermittent use to which they have been subjected has been purely exploitative. Valuable mineral and timber resources have been depleted; recreation sites and wildlife refuges have been impaired or destroyed. The soil is usually found to be poor and the topography too rough for farming.

In Pennsylvania, land of this type is known as "unseated land". By definition, "unseated land" is unoccupied and undeveloped. Local assessors value it for taxation exactly as they assess improved and occupied lands, and it is carried on the tax rolls in the name of the warrant in which it is located. Often this name is that of the person receiving the original grant from the Commonwealth, although ownership may actually have changed many times since the original grant. The number of mills levied on the assessed value is the same whether the land being taxed is seated or unseated, but taxes on unseated land are entered on a separate roll and are collected by the county treasurer who sends bills to the last known owners. If taxes are not paid by May of the year following the levy, the land is sold at public sale by order of the county treasurer.

The experience of Centre County, Pennsylvania, with unseated lands has been chosen for presentation because it is typical of the experience of other counties in the State. For over 20 years, Centre County has held sales of unseated lands at 2-year intervals. The time of sale is apparently at the discretion of county officials for in some nearby counties, sales are held every year; in others at irregular intervals.

Our concern here is with those lands on which the tax lien is not purchased by an individual. The statutes require that the tax lien be sold for at least its face value plus accrued costs. If the highest bid is less than this amount, or if there is no bid, the lien is turned over to the County Commissioners. Prior to 1933, there was a 2-year period during which the owner could redeem the property by paying the taxes accrued during the year or two after it had first become delinquent. In 1933, the redemption period was increased to 5 years, and the County Commissioners were compelled to hold liens, acquired in 1934, until 1939 before they could offer the property for sale.

The commissioners' sale, which takes place after the redemption period

has expired, is different from the treasurer's sale in that property goes to the highest bidder, and the property itself rather than the tax duplicate is sold. Moreover, the commissioners' sale satisfied all taxes levied up to the date of the sale, and the property sold is deeded to the new purchaser by the County Commissioners. For as little as one dollar, buyers have obtained clear title to tracts on which accrued taxes amounted to more than $100. In 1930, one owner allowed a tract of 400 acres, subject to a tax of $50, to go delinquent. It was not sold at the treasurer's sale, nor at subsequent commissioners's sales. In 1934, the original owner purchased the tract from the commissioners for $1 and thus escaped taxes for 1930, 1931, 1932, 1933, and 1934. He secured a clear title to the property.

If no bids are received on a property at the Commissioners' sale, the property is carried over to a succeeding sale, or it may be sold at private sale (on petition by the commissioners to the Court of Common Pleas). The property may also be sold to the State, which has been acquiring property of this type for reforestation.

In addition to the tax revenue lost on this property, a few other direct and indirect costs are incurred by the counties. The land to be sold must be advertised for both the treasurer's and the commissioners' sales. Further costs are incurred in recording the results of the sales, in preparing new assessment records after changes in ownership, and in preparing advertisements, deeds, and acknowledgments. If a duplicate is sold to an individual at a treasurer's sale, the county is reimbursed because costs are added to the purchase price of the duplicate, but if the property is sold at a commissioners' sale, there is no reimbursement for clerical and other costs.

Most important to the people of the county is the effect which delinquency has on land use. No long-time program for land utilization can be developed for lands which are continually going through the tax-delinquency process. Unstable ownership not only prevents proper utilization, but actually encourages wasteful exploitation of timber and mineral resources. The procedures which have been provided by the statutes seem to encourage delinquency and make possible complete evasion of the tax on unseated land.

During the past 20 years, about half the duplicates offered at tax sales by the Treasurer of Centre County have been acquired by the county commissioners through failure of private bidders to make offers as high as the amount of the delinquent taxes. Table 52 summarizes the sale of delin-

quent lands to the county commissioners between 1916 and 1936. Of course, any one tract may have been sold a number of times during the period covered by the table, and, therefore, may appear in the totals for several years.

The cost of selling a tract at the treasurer's sale has changed very little during the past 20 years. With few exceptions, the cost per tract is listed at $3.12. The charges, which are listed below, must be paid by the individual if the duplicate is redeemed:

Advertising	$1.00
Preparing deed	1.50
Notary acknowledgment	.25
Postage	.12
Treasurer's acknowledgment	.25
Total	$3.12

If the property is acquired by the commissioners, the cost of the sale is nominally the same, but the treasurer recovers only $1.50 as follows:

Advertising	$1.00
Preparing deed	-
Notary acknowledgment	.25
Treasurer's fee	.25
Total	$1.50

Table 53 shows that from 1918-34 property sold at commissioners' sales yielded the county a total of $6,643. This amount satisfied taxes and penalties of almost $30,000. A majority of the properties sold at commissioners' sales bring only $1, though the tax due may be as much as $275.

Centre County has held title to many tracts of unseated land for over 20 years. Nine of the tracts offered at the commissioners' sale in 1934 had been acquired from the treasurer's sale of 1916; 43 properties offered at the 1930 sale had been acquired prior to 1916.

About one-third of the tracts sold at Commissioners' sales in 1930 and 1934 were held by their purchasers only two years, and the length of time during which the Commissioners hold property before selling is increasing. These are symptoms of the decreasing attractiveness of unseated land to private investors.

The problem, of course, is not peculiar to Centre County. Unseated delinquent lands are usually county property in name only, for no attempt is made to prevent trespass or uncontrolled use. Land bearing a slowly maturing timber crop may be acquired by an individual at a price far below its value, stripped of its timber before the maximum growth has been attained, and allowed to revert to the county once more through tax delinquency.

In 1938, Centre County held title or tax duplicates on over 25 per cent of the unseated lands assessed that year: 71,416 out of a total of 263,620 acres. Most of this land was acquired at the treasurer's sales in 1934 and 1936. The county took over duplicates on 24,616 acres in 1934 and 27,418 acres in 1936. The State has acquired title to 48,091 acres of unseated land, and might well acquire more of the delinquent unseated land in this and other counties. In table 54, a summary of ownership of unseated lands, by townships, is given.

The Middle Rio Grande Conservancy District

The fiscal condition of the Middle Rio Grande Conservancy District, New Mexico, illustrates the substantial delinquency which occurs in certain instances of special agricultural improvement districts involving costly development works which are expensive to maintain and operate. A similar instance was cited in the case of the southern Florida drainage districts. Although the land in the Conservancy District is basically productive from an agricultural standpoint, advalorem taxes, plus special district charges, become extremely burdensome when added to the costs of clearing and development. When a further maladjustment, such as farm units of uneconomic size, is present, the volume of delinquency on agricultural land is almost overwhelming.

The District covers parts of 4 counties--Sandoval, Bernalillo, Valencia, and Socorro--and embraces the towns of Albuquerque, Bernalillo, Las Lunas, Belen, Socorro, and 6 pueblos and small villages. The District extends from White Rock Canyon on the north to Bosque del Apache Grant on the south, a distance of 145 miles. Its area is limited to the fertile flood plain of the Rio Grande River between these points, and the district varies in width from 1 to 6 miles. The boundaries of the district embrace 210,000 acres, of which 123,000 acres are in the benefited limits. Of this latter acreage, 20,000 acres are Indian lands, and 5,000 acres are accounted for by cities, towns, and rights-of-way of railroads and highways. The remaining 98,000 acres of non-Indian agricultural lands are subject to irrigation and cultivation.

Organized in 1925, the District engaged in constructing and maintaining irrigation, drainage, and flood-protection works. Through May 31, 1939, $9,316,217.57 was expended for construction. Construction was begun in 1929 and largely completed by 1935. Through January 1937, $8,675,000 in bonds were sold, of which only $2,691,000 were taken by private investors. Prices

ranged from $850 to $940 per $1,000. The District realized $7,758,315 from sale of the bonds. The United States has paid $1,321,301.70 as the proportionate cost on Pueblo Indian lands.

As early as August 1, 1937, it became apparent that the District would not be in position to pay in full principal and interest due. The main reason for this condition was the heavy volume of tax delinquency on agricultural lands. Under the statutes, no assessment for bond service was made against such lands until the fall of 1934. Annual levies against assessments on these lands increased progressively, and the percentage of levy collected progressively decreased. General economic conditions and probably a number of specific local factors, such as the level of annual charges, held back anticipated agricultural development. At present, only 58,000 acres of the approximately 100,000 acres, other than Indian lands, susceptible to agricultural use and production are under cultivation. The rather heavy expense of bringing the balance of this land under cultivation, as well as the high level of ad valorem and special district tax charges, may prevent any rapid developments along these lines. Public utilities, public corporations, and town and city property are also subject to the benefit assessments of the district and have paid charges to a much greater extent than have the purely agricultural area. Public corporations and public utilities have paid district assessments as levied almost in full, and collections on assessment of private property in cities and towns have not been much poorer than the collections of general taxes on such property. Agricultural property, however, has been unable and apparently unwilling to pay in many instances, and the record of collection is very poor in this category. A number of owners in the agricultural area have attempted to obtain new benefit appraisals in order to relieve agricultural land and to bring about a separation from other types of property benefited. Such owners have also attempted to stop tax sales, to have all bonds and assessments to pay bonds declared invalid, or to have declared unconstitutional laws under which the District was organized.[12]

The distribution of total appraised benefits among various types of property in the District is of interest in indicating the degree to which

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[12] *Refunding Program for Middle Rio Grande Conservancy District, State of New Mexico Bonds.* Middle Rio Grande Conservancy District, State of New Mexico Bondholders Committee. p. 1.

nonagricultural property is being drawn upon.[13] (Table 55) Benefit assessments per acre were set as follows:

Classification	Benefits per acre
	Dollars
Cultivated Class 1	65
2	80
3	95
Bosque	90
Salt grass and pasture	105
Sand Dunes Class A	100
Sand Dunes Class B	70
Gravelly lands	70
Swamp and lake	120
Mesa and upland	120
Urban property	10% of appraisal value

Assessment powers were limited by appraised benefits determined by the Conservancy Court at $22,065,910. Borrowing powers were limited to 90 per cent of the construction fund assessment, aggregating $9,709,005. The difference between appraised benefits and construction fund assessments was to give additional security for $8,700,000 of bonds originally issued. The construction fund assessment constituted a perpetual lien in amount not exceeding the benefits appraised on lands. Bond service assessments were to be levied each year against construction fund assessments at a rate not to exceed 8 per cent per annum against agricultural lands. These assessments were to be apportioned so that no one of the first 10 annual installments exceeded $3.00 per acre. Maintenance and operation assessments are levied by the Board of Directors and apportioned on the basis of appraised benefits. The levy may not exceed 1 per cent in any one year, unless the Conservancy Court authorizes a larger percentage. (In *1938*, an increase of 1.5 per cent was authorized by the Court.) In 1931, a guaranty fund was established, comprising a levy of 2 mills on assessed valuation of all property in the district subject to State and county taxes. No levy is to be made as long as the guaranty fund equals 15 per cent of debt.

Table 56 shows the status of collections for all levies of the district as of May 31, 1939.

These delinquency figures are cumulative through May 31, 1939, which

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[13] *Middle Rio Grande Conservancy District.* Memorandum District Structure. Stanley Phillipi, Acting Chief Engineer. August 11, 1939.

is after the May 1 delinquency date for 1938 levies; 1939 levies were not included, since they were not due until November 1, 1939.

On privately owned land, delinquency was considerably worse than that on all property, shown without respect to ownership in table 52. This is accounted for by the good payment record made by the public utilities, public corporations, and the State of New Mexico. During the period 1934-37, public utilities were more than 90 per cent paid up; public corporations were more than 99 per cent paid up in all but one year. The collection record on property owned by private individuals was much poorer and reduced the general average. Assessments and collections on privately owned property for the period 1934-37 are shown in table 57.

These figures cover payments on all types of privately owned property, and do not reveal the extremely heavy delinquency on agricultural property alone. Delinquency on agricultural land is shown in table 58.

The soils of the area consist chiefly of loams and sandy loams of the Gila series, with clay loams and silty clay loams of the Anthony series and Brazito fine or loamy sands. Silty loams of the Anthony series are considered of better than average quality for crop yields, if well irrigated and drained and properly levelled. Costs of clearing and preparing land in the area are high, however, under conditions of uneven topography and cottonwood tree cover. Chief crops are alfalfa, corn, wheat, fruits, vegetables, dairy products, livestock and truck. Since the project began; over 13,000 acres of district lands and 500 acres of Indian lands have come into production. Average gross value of crops is $47.10 per acre.

In general, reclamation lands have been considered to have average capacity to pay construction charges of $2.83 per acre and operation and maintenance charges of $1.00 to $1.25 per acre, making total charges of $3.83 to $4.08 per acre. Lands in this district are construed to have a comparable capacity to meet fixed charges, granted that farm units are of economic size. However, farm units in the district are considered entirely too small. This has resulted in part from the excessive subdivision of grants by inheritance under the Spanish-American system. A large majority of the farm units are of the subsistence type, and provide a poor level of living for the large resident families. Little farm machinery is used, and farm methods followed do not permit effective utilization of owners' or other labor. Income from cash crops is so small that, after cash expenditures for family living are deducted, little is left to meet regular taxes

and district charges. (Table 59) Size of farm units, at the time appraisal of benefits was made, revealing the number of small ownerships in the district.

The initial report of appraisal valued irrigated lands in grain, orchards, alfalfa, and vegetables at an average of $83 per acre. More recent estimates by the University of New Mexico do not exceed $65 per acre.[14] These facts may help explain in part the abnormal delinquency on agricultural lands. (See table 58)

During the period of construction, collections from assessments exceeded interest requirements and no assessment was made for bond principal or maintenance and operation. Due to delinquency since 1934, collections of assessments have been insufficient to meet bond service and maintenance and operation. In order to avoid default, sums were transferred from reserve construction, guaranty, and maintenance and operation funds to cover debt service. Sales of equipment and machinery produced over $100,000. Now, however, such funds are no longer available, and debt service must be met from assessment collections. As indicated above, the chief source of inability to meet fixed charges is the poor record of collections from agricultural land. Only 58,000 acres of a total of 100,533 acres of non-Indian lands are cultivated. The balance is undeveloped. Of the 50,312 acres in cultivation, only 19,000 acres have assessments paid up currently. Owners of undeveloped land find it difficult to meet regular taxes and conservancy charges in addition to costs of development. While the assessments against cultivated land are high, some lack of willingness to pay is also apparent. Rates of levy per acre have increased materially from 1934 to 1937. By 1937, rates of levy per acre averaged $3.42 on irrigated land and $3.92 on nonirrigated land.

Average taxes for State, county, and school purposes on agricultural land in Bernalillo County were as follows from 1935-37:

Year	Taxes per $100 valuation	Taxes per acre
	Dollars	Dollars
1934	2.95	1.51
1935	2.81	1.25
1936	2.79	1.24
1937	2.67	1.20

Regular ad valorem taxes are considered to be at a similar leven in other counties of the area. With these average taxes per acre, the estimates

[14] Report of Investigation of Middle Rio Grande Conservancy District as of June 23, 1938.

shown in table 60 were made of total carrying charges on an average acre of cultivated land in the district with assessed benefits of $88.62 per acre for the period 1934-37.

Estimates of future carrying charges per "average acre" of cultivated land with assessed benefits of $88.62 per acre, assuming a district debt of $9,000,000, average maintenance and operation requirements of $270,000, and varying percentages of collection, are shown in table 61.

Since collections have not been running much better than 60 per cent, full levy of such requirements would mean a material increase in total carrying charges on agricultural lands. Early in 1938, the Federal Government was requested to provide funds for rehabilitation and assistance to delinquent taxpayers in amount of $585,000.[15] The primary purpose of this requested loan was to enable the district to purchase and acquire parcels of land held by the State of New Mexico for taxes of 1937 and prior years, in order that landowners might be protected from eviction and in order that they might reacquire lands subject to tax deed. Other purposes included the use of district machinery in leveling and clearing lands of delinquent owners of small areas by bringing uncultivated lands into cultivation. Conservancy district penalties were to be remitted to former owners purchasing lands at 4 per cent interest on deferred payment. This resolution indicates the seriousness of the situation of tax default on agricultural lands, whether voluntary or involuntary.

It might be added that this project is extremely costly to maintain and operate because of its great length. It is 1 to 6 miles in width and extends along the Rio Grande for some 140 miles. The storage reservoir is located 185 miles from Albuquerque. Some 629 miles of irrigation canals and laterals, 337 miles of drainage canals, and 181 miles of levees are operated. This means an average of 80 acres per mile of irrigation canals, 150 acres per mile of drainage ditches, and 280 acres per mile of levees. If only 20,000 acres of irrigated land are currently paying their assessment charges, there is an average of 32 acres of paid-up area per mile of irrigation canals, 60 acres per mile of drainage ditches, and 112 acres per mile of levees. It costs between $100 and $200 to clear each mile of irrigation canals and $225 to condition a mile of drainage ditches. In addition, the small ownerships require dealing with and accounting entries for 18,200 agricultural listings and 14,100 urban owners.

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[15] Resolution B. January 21, 1938.

As indicated above, maintenance suffered following the construction period due to poor collection of maintenance and operation charges. Maintenance was achieved in part by Civil Works Administration and Works Progress Administration work projects for reconditioning, reconstruction, and enlargement. Completed Federal projects, plus approved projects and projects pending and applied for, totalled nearly $1,500,000 in 1938, with district contributions at slightly over $600,000. These facts indicate the degree of delinquency and default which might have been expected had much outside assistance not been forthcoming and the district had been forced to rely on its own revenues for rehabilitation of various kinds.

Many other irrigation and drainage enterprises have experienced similar fiscal problems and extreme tax delinquency, in both depression and relatively good agricultural periods. The volume of Reconstruction Finance Corporation applications and the municipal bankruptcy petitions filed in recent years give some indication of the extent of the problem, but investigation would yield many more in which district default and chronic tax delinquency exist without active steps being taken to clarify the status of landowners, the district, or the bondholders.

Table I.

Distribution of Taxable Property by Various Ownership Classes, by Percent of Area and Taxable Value and Taxes Per Acre, Langlade County, Wisconsin, 1932*

Type of Ownership	Taxes per Acre	Percent of the Area of County	Percent of Total Assessed Value of the County Tax Base
Manufacturing, Commercial, etc.	—	—	10.2%
Active Farms	$0.98	34.9%	64.0
Abandoned Farms	.33	1.2	
Timber Companies	.44	21.9	13.36
Speculators	.21	24.8	8.18
Recreational and Other	.83	3.5	4.44
County Owned Land	--	13.7	—

*Based on Tables 23, 25 and 27 of "Langlade County, A Survey of its Natural Resources and their Utilization", Special Circular, Extension Service of the College of Agriculture, University of Wisconsin, April, 1934.

Table 1.-Trend in Real Estate Tax Delinquency, 26 Counties of Cut-Over Region and State Average (1929-35)1/

Counties	Year						
	1929	1930	1931	1932	1933	1934	1935
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
State Average	5.5	7.7	11.1	17.6	26.6	25.6	19.2
Douglas	11.7	13.0	16.0	22.8	28.4	28.9	34.3
Florence	18.6	20.9	21.5	28.2	34.8	27.9	31.9
Rusk	18.8	20.7	24.0	25.5	42.2	36.3	35.2
Langlade	12.3	11.2	15.1	29.1	44.3	39.4	30.2
Bayfield	21.9	20.3	20.5	24.3	28.3	25.7	22.4
Ashland	12.6	14.5	17.4	20.3	34.2	31.5	28.6
Iron	8.6	11.8	12.3	16.9	33.5	26.6	22.5
Vilas	15.9	18.7	21.3	25.3	31.5	29.7	28.5
Forest	15.0	19.9	19.4	43.6	45.9	32.2	25.9
Oneida	15.6	17.3	20.0	24.7	32.9	28.9	21.7
Sawyer	24.3	27.9	26.1	28.8	34.9	29.8	26.6
Washburn	22.2	24.5	27.2	32.0	35.8	29.2	26.6
Burnett	17.3	19.0	23.4	29.0	31.2	32.4	28.1
Oconto	9.5	11.8	15.4	24.1	28.0	26.5	27.0
Price	17.0	16.8	15.0	20.0	44.9	37.6	18.5
Taylor	15.8	16.9	16.1	22.5	27.7	25.8	18.3
Lincoln	10.5	10.9	12.2	16.5	26.1	23.7	18.0
Marinette	9.8	11.7	11.0	16.0	15.8	15.4	11.6
Chippewa	5.3	6.5	9.0	11.2	14.8	15.6	12.3
Clark	7.3	9.0	9.8	15.7	20.2	17.0	12.8
Eau Claire	5.9	7.4	9.7	10.6	18.3	18.8	14.5
Jackson	7.6	7.5	10.8	15.7	21.2	19.3	14.5
Monroe	2.9	4.0	5.9	7.2	10.4	10.8	7.2
Wood	4.4	5.7	6.6	5.5	13.0	14.5	12.5
Adams	7.6	7.5	10.9	12.3	20.1	16.1	15.0
Juneau	7.5	9.0	9.7	9.6	16.5	15.5	14.3

1/ "Financial Condition of Wisconsin Counties, 1935", p. 76, Op. cit. Delinquencies for the years through 1934 are the percentage of tax sales to real estate levies as compiled by the Wisconsin Taxpayer's Alliance from records of the Wisconsin Tax Commission. The figure for 1935 is delinquency on that year's levy as of September 1, 1935, from data gathered by the Wisconsin Emergency Relief Administration.

Table 2.-Present Uses of Land in Forest County, Wisconsin

(Exclusive of the City of Crandon)1/

Use of Land	Acres	Percent of Total
Private Use:2/		
Farms	60,367	9.3
Rural non-farm homes	5,050	.8
Recreation	3,732	.6
Village, Commercial, Industrial	2,941	.4
Merchantable timber	60,495	9.3
Cut-over or waste	116,564	17.9
Private forest crop	26,871	4.1
Total private	276,020	42.4
Public Use:3/		
Federal forest	279,007	42.8
B. A. E.	9,675	1.5
Indian land	12,112	1.9
State land	36,550	5.6
County forest crop	10,200	1.5
Other County land	16,954	2.6
Town land	10,558	1.6
Other public	420	.1
Total public	375,476	57.6
Total Land	651,496	100.0

1/ V. W. Johnson, Sidney Henderson, J. H. Marshall. "A Land Program for Forest County, Wisconsin", p. 5, Technical Bulletin 687, U. S. D. A., Washington, D. C., September, 1939. Material in this section on Forest County was derived entirely from that report.

2/ Data from 1934 tax rolls, adjusted for transfers to public uses and from public to private uses between 1934 and 1936.

3/ Apnroved options held by the Forest Service and Bureau of Agricultural Economics classified as public use.

Table 3.-Real Estate Tax Delinquency (1929-33) in 7 Towns in Jackson County Included in Submarginal Land Purchase Area

Year	Total tax levy	Real estate taxes returned delinquent on settlement date		Real estate taxes unpaid as of 5/3/35	
		Amount	Percentage	Amount	Percentage
	Dollars	Dollars	Percent	Dollars	Percent
1929	56,753.43	18,829.31	33.2	14,556.00	25.6
1930	56,020.64	22,826.68	40.7	16,669.26	29.8
1931	41,273.05	17,789.77	43.1	11,328.70	27.4
1932	27,805.46	13,443.06	48.3	6,306.66	22.7
1933	28,059.29	11,184.67	39.9	6,825.75	24.3

Table 4.-Current Tax Delinquency as Percentage of Levy in 14 Counties of Northeastern Minnesota, 1929-32 1/

County	1929	1930	1931	1932
	Percent	Percent	Percent	Percent
Aitkin	48.83	55.61	64.40	66.98
Beltrami	51.22	53.05	61.13	66.37
Carlton	11.45	12.18	30.95	24.89
Cass	46.11	48.56	60.38	65.40
Clearwater	34.44	36.53	47.95	54.41
Cook	39.76	38.62	31.08	30.55
Hubbard	35.28	39.34	45.40	52.94
Koochiching	28.43	45.00	54.00	55.12
Lake	23.59	22.89	35.74	28.29
Lake-of-the-Woods	66.14	68.46	78.81	78.46
Pine	28.52	30.76	36.49	45.51
Crow Wing	11.53	12.93	23.92	28.46
Itasca	8.77	10.00	12.58	12.20
St. Louis	3.22	4.54	7.67	18.26
State as a whole	7.74	9.52	15.79	20.18

1/ Jesness, O. B., Nowell, R. I., et al. "A Program for Land Use in Northern Minnesota", p. 116, University of Minnesota Press, 1935.

Table 5.-Comparative Tax Data for Twelve Towns in Eastern[1] Pine County, and Twelve Towns in Western Pine County

Town	1935 tax rate (mills)	Percentage of 1934 tax levy delinquent Jan. 1, 1936	Percentage of town acreage on which 1934 taxes were delinquent 1/1/36	Percentage of town acreage subject to reversion to the State on Dec. 12, 1936[2]
Eastern Towns				
Arna	283.7	89.1	95.0	73.5
Belden	858.5	99.2	99.8	30.6
Bruno	129.8	68.2	78.6	40.4
Clover	102.2	67.6	71.3	29.0
Danforth	97.3	78.7	79.9	35.8
Dosey	273.9	84.5	91.8	66.7
Fleming	182.5	89.7	93.0	41.4
Keene	185.8	87.8	91.8	43.0
Nickerson	120.2	88.5	93.3	56.1
Ogema	151.8	71.9	76.2	39.6
Park	116.4	79.0	86.6	20.5
Wilma	160.7	86.0	89.7	43.7
Average	184.2	85.7	87.5	44.4
Western Towns				
Birch Creek	80.6	30.8	43.8	4.7
Bremen	90.2	48.8	56.1	19.0
Brook Park	94.8	55.1	65.6	30.2
Chengwatana	70.5	23.5	44.2	22.9
Dell Grove	75.2	34.0	38.9	3.8
Hinckley	77.4	28.4	41.1	3.8
Mission Creek	86.9	11.3	22.9	2.2
Pine City	74.3	11.8	17.0	1.0
Pine Lake	84.4	40.9	45.0	12.9
Pokegama	92.4	26.9	32.0	1.9
Rock Creek	70.4	13.8	21.3	1.5
Royalton	84.0	8.7	14.	.4
Average	82.3	25.2	40.9	9.7

1/ Minnesota Land Use Planning Staff. "Isolated Settlement and Tax Delinquent Land in Northern Minnesota", Land Use Planning Publication, Publication No. 12, p. 27, January 1937.

2/ This is land tax delinquent for 1929 or prior years. Data as of November 1, 1936.

Table 8.-Ownership and Land Cover Classifications of Hubbard County.

Intent of owners	Percentage in each use	Cover survey	Percentage in each use
	Percent		Percent
Agriculture	42.16	In agricultural use	19.47
Timber	54.21	Forest	61.97
Industrial and residential	.31	Industrial and residential	.16
Recreational	2.01	Recreational	.01
Water Power	1.20	Waste	18.36
Miscellaneous	.11	Miscellaneous	.03
Total	100.00	Total	100.00[1]

1/ University of Minnesota Land Economic Survey, Bulletin 317, p. 127, University of Minnesota, St. Paul, March 1935.

Table 9.-Current Tax Delinquency, 1928, and Percentage Land in Forest Use[1]

Township	Percentage of delinquency on 1928 levy	Percentage of land in forest use
	Percent	Percent
Steamboat River	80.38	93.97
Thorpe	75.43	87.51
Clay	71.88	59.25
Schoolcraft	69.25	66.23
Hendrickson	63.95	81.96
Lake Alice	63.46	75.15
Clover	62.00	63.06
Lake George	55.26	70.60
Fern	53.79	74.63
Lake Hattie	49.59	76.82
Mantrap	48.53	65.11
Rockwood	43.75	66.05

1/ University of Minnesota Land Economic Survey. Op. cit., pp. 14 and 192.

Table 10.-Changes in Assessed Valuation From 1928 to 1935 in Counties Overlying the Project Area

County	Assessed valuation of rural property 1928	1935	Percentage of decline
	Dollars	Dollars	Percent
Lane	31,819,355	26,012,080	18
Lincoln[1]	9,890,880	8,586,933	13
Tillamook	25,502,350	11,562,915	55
Yamhill	16,154,151	14,384,756	11

1/ Figures are for 1929 and 1935.

Table 6.-Relationship Between Assessed Valuations[1] and Town and School District Indebtedness in Towns of Arna and Dosey, 1936

Town	Debt	All parcels assessed		Parcels not delinquent 1929 or prior levies		Parcels on which 1934 taxes were paid by Jan. 1, 1936	
		Assessed valuation	Debt per dollar	Assessed valuation	Debt per dollar	Assessed valuation	Debt per dollar
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Arna	61,735	45,644	1.35	14,332	4.31	7,120	8.67
Dosey	98,748	45,828	2.24	15,390	6.42	9,088	10.87

1/ Under the present law, lands classified as homesteads are assessed at 20 percent of full and true value up to a value of $4,000. Homestead valuation in excess of $4,000 and other rural lands are assessed at 33 1/3 percent of true value.

Table 7.-Amount of Town and School Debt per Acre in Towns of Arna and Dosey, 1936[1]

Town	Debt	All parcels assessed		Parcels not delinquent 1929 or prior levies		Parcels on which 1934 taxes were paid by Jan. 1, 1936	
		No. of acres	Debt per acre	No. of acres	Debt per acre	No. of acres	Debt per acre
	Dollars	Acres	Dollars	Acres	Dollars	acres	Dollars
Arna	61,735	23,754	2.59	6,415	9.62	2,809	21.98
Dosey	98,748	23,901	4.13	8,083	12.22	4,641	21.28

1/ Minnesota Land Use Planning Staff. Op. Cit., p. 32.

Table 11.-Present Land Use by Areas, Clatsop County[1/]

Use	Area I	Area II	Area III	Area IV	Area V	Area VI	County totals
	Acres	Acres	Acres	Acres	Acres	Acres	Acres
Forest Use							
Merch. coniferous timber	35,958	12,180	1,937	37,669	12,032	57,402	157,178
Coniferous second growth 6" - 20"	32,735	13,316	3,753	20,631	4,293	18,429	93,157
Seedlings and saplings under 6"	18,498	30,048	5,062	18,250	2,011	6,307	80,176
Cut-over	21,182	8,975	1,055	62,172	10,478	4,296	108,158
Burned over	819	408	-	24,932	3,577	2,323	32,059
Lowland hardwood	2,609	1,760	-	2,361	766	2,499	9,995
Total	111,801	66,687	11,807	166,015	33,157	91,256	480,723
Agricultural Use							
Field crops, including plowable pasture	10,370	5,765	118	3,553	156	2,087	22,049
Nonplowable pasture	2,082	1,273	10	392	37	1,094	4,888
Total	12,452	7,038	128	3,945	193	3,181	26,937
Other Use							
Waste	1,342	5,793	130	-	-	-	7,265
Beach-Resort	-	-	-	-	-	3,494	3,494
Urban, military reserve, etc.	3,808	-	95	-	-	4,219	8,122
Total	5,150	5,793	225	-	-	7,713	18,881
Grand Total	129,403	79,518	12,160	169,960	33,350	102,150	526,541

1/ "Area Plan for Clatsop County, Oregon", Table 1, p. 24, unpublished ms., Bureau of Agricultural Economics and Works Progress Administration cooperating, 1939. In files of Division of Land Economics. The numbered areas are land-use classification areas.

Table 12.- Total Areas of Tax-Reverted Rural Lands in Oregon Counties 1934, 1936, 1938 1/

County	Year		
	1934	1936	1938
	Acres	Acres	Acres
Baker	12,430	10,365	3,890
Benton	5,505	19,319	17,877
Clackamas	5,140	4,968	4,923
Clatsop	23,060	58,809	57,857
Columbia	28,040	83,720	54,342
Coos	17,550	46,999	44,000
Crook	58,340	57,375	45,200
Curry	16,140	14,186	33,500
Deschutes	117,280	174,565	142,545
Douglas	40,900	159,816	156,000
Gilliam	2,560	160	265
Grant	9,530	29,780	14,000
Harney	143,635	224,615	200,000
Hood River	12,955	24,453	20,336
Jackson	40,630	48,723	43,213
Jefferson	22,960	23,790	21,437
Josephine	38,555	40,731	40,731
Klamath	25,485	12,012	11,924
Lake	83,290	151,276	151,276
Lane	35,965	58,705	70,000
Lincoln	43,230	40,427	40,427
Linn	6,810	8,848	7,451
Malheur	199,380	139,441	200,000
Marion	5,200	14,251	14,251
Morrow	39,420	70,500	70,500
Multnomah	2,575	847	847
Polk	3,670	3,228	7,674
Sherman	260	-	-
Tillamook	72,250	145,716	145,716
Umatilla	5,280	14,685	14,368
Union	8,880	23,693	23,693
Wallowa	12,705	17,915	17,915
Wasco	4,565	3,930	8,407
Washington	6,485	23,530	14,726
Wheeler	1,840	17,596	5,760
Yamhill	3,050	9,298	9,298
State Total	1,156,550	1,778,273	1,714,349

1/ "Management of Tax Reverted Lands in Oregon", p. 22, Table 5. Oregon State Planning Board. November 1938.

Table 13.-Classification of Tax-Reverted Rural Lands in Oregon, April-November, 1936[1/]

County	Acreage of tax-reverted rural land					Last assessment	Taxes, penalty interest costs
	Timber	Reforest-ation	Non-tillable	Tillable	Total		
	Acres	Acres	Acres	Acres	Acres	Dollars	Dollars
Baker	9,230	-	1,135	-	10,365	18,389	5,989
Benton	5,559	-	13,697	63	19,319	140,900	30,213
Clatsop	19,215	9,206	30,099	289	58,809	1,251,344	1,649,125
Clackamas	-	-	4,968	-	4,968	32,325	26,690
Columbia	977	14,582	66,285	1,876	83,720	406,992	137,943
Coos	7,483	-	56,674	244	64,401	653,180	211,882
Crook	-	-	57,375	-	57,375	77,182	18,527
Curry	12,896	-	1,290	-	14,186	137,811	40,270
Deschutes	2,653	1,440	156,400	14,162	174,565	345,830	232,171
Douglas	116,168	-	43,648	-	159,816	1,360,988	126,046
Gilliam	-	-	160	-	160	840	272
Grant	1,120	-	28,660	-	29,780	29,890	25,736
Harney	-	-	224,615	-	224,615	336,920	95,011
Hood River	23,497	-	956	-	24,453	191,461	85,912
Jackson	26,597	-	20,646	1,480	48,723	381,620	101,658
Jefferson	-	-	23,790	-	23,790	39,146	12,428
Josephine	3,854	-	36,399	478	40,731	179,648	27,175
Klamath	120	3,599	8,293	-	12,012	23,723	5,931
Lake	-	-	151,276	-	151,276	301,775	30,255
Lane	-	-	58,705	-	58,705	553,728	102,147
Lincoln	2,250	15,300	22,878	-	40,428	207,810	33,684
Linn	3,936	-	4,912	-	8,848	95,275	7,897
Malheur	-	-	139,388	53	139,411	174,640	34,337
Marion	12,558	-	1,693	-	14,251	140,120	79,535
Morrow	-	-	70,500	-	70,500	149,670	23,349
Multnomah	-	-	847	-	847	56,876	3,059
Polk	-	-	3,196	32	3,228	24,260	15,945
Sherman	-	-	-	-	-	-	-
Tillamook	60,260	68,935	16,285	237	145,717	825,360	231,100
Umatilla	-	-	14,685	-	14,685	77,255	24,806
Union	1,673	-	22,020	-	23,693	37,593	19,604
Wallowa	7,273	-	10,207	435	17,915	77,753	14,262
Wasco	-	-	3,668	262	3,930	23,115	1,265
Washington	1,039	3,077	19,346	68	23,530	91,485	55,726
Wheeler	5,225	-	12,371	-	17,596	176,100	23,503
Yamhill	2,560	-	6,429	309	9,298	63,130	25,252
Total	326,054	116,138	1,333,495	19,987	1,795,675	8,684,134	3,558,705

1/ "Statistics of Tax-Reverted Lands in Oregon, April-November 1936". A report submitted to the Governor. Prepared by the Research Staff of the Oregon State Planning Board, in co-operation with the State Tax Commission.

Table 14.- Delinquent and Foreclosable Taxes in Oregon Counties December 13, 1937

County	Total accumulated delinquent taxes December 31, 1937	Delinquent taxes 1934 and prior years foreclosable in 1938 1/	Percentage of total accumulated delinquent taxes foreclosable in 1938
	Dollars	Dollars	Percent
Baker	462,487.74	230,822.61	49.9
Benton	452,146.76	242,103.96	53.5
Clackamas	1,379,028.54	677,795.96	49.2
Clatsop	3,337,312.61	2,605,861.05	78.1
Columbia	937,377.01	566,790.31	60.5
Coos	2,995,664.19	2,002,078.45	66.8
Crook	261,887.85	148,647.78	56.8
Curry	517,581.50	332,546.22	64.3
Deschutes	409,174.56	200,142.08	48.9
Douglas	1,740,053.40	1,053,844.18	60.6
Gilliam	310,815.16	213,976.02	68.8
Grant	331,372.35	229,266.80	69.2
Harney	284,593.90	165,605.03	58.2
Hood River	604,534.05	400,933.07	66.3
Jackson	1,728,665.17	1,021,808.32	59.1
Jefferson	331,127.16	254,870.00	76.9
Josephine	516,960.31	218,316.92	42.2
Klamath	1,991,846.40	1,308,789.46	65.7
Lake	280,229.96	194,001.35	69.2
Lane	1,975,387.69	1,129,363.07	57.2
Lincoln	1,061,236.57	720,173.62	67.9
Linn	550,658.45	283,234.86	51.4
Malheur	752,484.28	376,203.14	50.0
Marion	1,060,363.97	567,763.01	53.5
Morrow	328,684.54	201,083.36	61.2
Multnomah	10,190,806.68	5,484,775.18	53.8
Polk	427,755.60	157,923.59	36.9
Sherman	185,186.63	116,066.01	62.7
Tillamook	1,847,880.38	1,185,250.83	64.1
Umatilla	589,411.85	221,043.22	37.5
Union	766,223.41	520,747.78	67.9
Wallowa	341,280.86	175,475.32	51.4
Wasco	460,651.51	243,700.87	52.9
Washington	669,383.67	300,733.66	44.9
Wheeler	143,578.22	99,816.54	69.5
Yamhill	551,319.46	255,304.60	46.3
State Total	40,775,152.39	24,106,857.33	59.2

1/ "Management of Tax-Reverted Lands in Oregon", p. 64, Table 6. Op. cit.

Table 15. - Regional Growth of Current Property Tax Delinquency in Missouri 1928-33. 1/

Regions	Percentage of Levy Delinquent in					
	1928	1929	1930	1931	1932	1933
	Percent	Percent	Percent	Percent	Percent	Percent
North West Mo.	7.8	8.6	11.5	18.4	22.3	20.3
Northeast Mo.	11.1	12.2	15.8	19.8	22.5	21.5
Ozark Border	8.4	9.0	10.6	13.2	16.7	17.6
Ozark Center	18.0	18.8	25.6	32.7	37.3	39.7
Ozark Plateau (N)	12.0	12.5	14.9	20.3	22.5	19.8
Ozark Plateau (S)	17.9	17.5	20.7	25.5	30.0	30.5
S.W. Corn & Small Grain	10.9	12.9	15.9	19.0	21.0	23.8
S.W. Fruit & Dairy	15.3	16.9	21.8	24.8	24.4	31.4
Southeast Lowlands	32.9	32.2	39.4	48.2	52.2	32.2

1/ Hammar, C. H. "Land Tax Delinquency in Missouri." Res. Bull. 224, p. 10, Univ. of Mo., May 1935.

Table 16. - Percentages of Total Rural Area Delinquent from 1 - 5 years 1928-1932 1/

Item	1 yr.	2 yrs.	3 yrs.	4 yrs.	5 yrs.
	Percent	Percent	Percent	Percent	Percent
10 Northern Agricultural Cos.	22.3	10.6	4.1	2.8	1.1
15 Ozark Cos.	41.1	22.1	10.7	4.7	2.0
4 Southeast Lowlands Cos.	51.7	34.8	23.4	14.5	10.9

1/ Hammar. Op. cit., p. 25.

Table 17. - Tax Delinquency of Rural Land in Reynolds County, 1933. 1/

Period of Delinquency	Acreage delinquent	Percentage of rural land area delinquent.
Years	Acres	Percent
1	290,558	56.1
2	194,139	37.5
3	116,721	22.5
4	41,739	8.0
5	7,759	1.4

1/ Hammar. Op. cit., p. 29.

Table 18. - Proportion of Total Tax Sales Occurring in 14 Ozark Counties, 1928-33

Year	14 Ozark counties tax deed transfers.	Transfers by foreclosure for delinquency, 108 counties. 1/
	Acres	Acres
1928	18,263.28	96,453.54
1929	29,402.68	41,620.30
1930	24,668.51	108,417.18
1931	36,301.50	111,089.03
1932	20,612.10	97,429.23
1933	45,353.20	116,522.76

1/ Hammar. Op. cit., pp. 30-31.

Table 19. - Current Deliquency on Real Estate, Reynolds County 1929-35.

Year	Total levy on real estate	Amount Delinquent 1/	Percentage Delinquent
	Dollars	Dollars	Percent
1929	49,748	11,075	22.27
1930	59,322	21,078	36.60
1931	53,049	24,806	46.77
1932	50,538	25,359	50.18
1933	38,055	16,482	43.32
1934	41,113	15,547	37.82
1935	40,517	15,378	37.96

1/ As of Jan. 1, year following levy.

Table 20. - Period of Real Estate Tax Delinquency Reynolds Co., Mo., as of Oct. 1, 1936

Number of years delinquent	Acreage Delinquent	Percentage of total acreage in county
Years	Acres	Percent
1	60,258	11.4
2	55,530	10.5
3	28,899	5.5
4	21,940	4.1
5	19,443	3.7
6	11,882	2.2
7	7,324	1.4
8	1,576	.3

Table 21. - Tax Compromises Reynolds County 1932-35. 1/

Year	Average years delinquent when compromised	Acreage involved	Amount of taxes due	Amount reduced by compromise	Percentage average of compromise	No. owners obtaining compromise
	Years	Acres	Dollars	Dollars	Percent	Number
1932	2.8	15,533	3,324.97	1,593.39	48	8
1933	2.2	78,993	9,183.03	4,516.21	49	19
1934	2.2	103,204	6,850.31	3,204.78	46	15
1935	3.2	4,452	1,016.86	462.90	45	8
Total	-	202,182	20,375.17	9,777.28	48	-

1/ Silkett. Op. cit., p. 76.

Table 22. - Summary of 1937 Tax Sale, 1/ Wayne County.

Item	Offered	No bid	Sold
No. of Tracts	591	213	378
Acreage	79,054	27,931	51,123
Average years delinquent	5.8	5.2	6.1
Taxes, penalties and cost (dollars)	45,462	16,210	29,252
Sale price (dollars)	-	-	4,450

1/ All data from preliminary information prepared by F. A. Clarenbach, Div. of Land Economics, B.A.E. Feb. 1940.

Table 24. Counties Ranked According to Percentage of Tax Troubled Land on Due Date in 1933 Percentage of Area Delinquent and Percentage State-owned and Forfeiting 1/

County	Delinquent	State-owned and forfeiting	Total
	Percent	Percent	Percent
Poinsett	12.1	48.9	61.0
Desha	13.4	47.5	60.9
Craighead	13.7	44.9	58.6
Lee	17.7	39.3	57.0
Scott	18.7	38.2	56.9
Phillips	14.1	40.9	55.0
Pope	25.6	28.8	54.4
Chicot	21.3	31.1	52.4
Cleburne	30.4	20.1	50.5
Lonoke	21.9	28.1	50.0
Lawrence	11.9	37.8	49.7
Cross	17.1	31.9	49.0
Greene	15.6	30.4	46.0
Woodruff	24.8	21.1	45.9
Lincoln	16.4	29.3	45.7
Jefferson	17.5	27.6	45.1
Monroe	15.5	28.8	44.3
Little River	15.0	29.2	44.2
Arkansas	14.3	29.5	43.8
Conway	18.2	25.4	43.6
Mississippi	14.4	28.4	42.8
Washington	18.4	23.3	41.7
Miller	13.3	28.2	41.5
Benton	20.4	20.5	40.9
Franklin	12.4	28.2	40.6
St. Francis	15.5	25.1	40.6
Sebastian	14.9	24.8	39.7
Crittenden	16.5	22.9	39.4
Prairie	17.3	20.0	37.3
Grant	14.7	19.4	34.1
Hempstead	17.6	16.2	33.8
Jackson	18.1	15.7	33.8
Logan	17.0	16.5	33.5
Johnson	14.1	19.0	33.1
Faulkner	16.7	16.2	32.9
Randolph	15.1	17.1	32.2
Stone	11.1	20.8	31.9
Yell	14.4	15.8	30.2
Clay	13.7	14.2	27.9
Perry	14.0	13.8	27.8
Lafayette	18.1	8.2	26.3
Ouachita	19.3	6.7	26.0
Fulton	12.8	11.9	24.7
Marion	11.0	13.6	24.6
Nevada	14.3	10.3	24.6
Independence	14.4	8.5	22.9
White	20.5	2.2	22.7
Izard	12.0	10.3	22.3
Pulaski	19.8	2.5	22.3
Columbia	20.5	1.1	21.6
Clark	12.5	8.8	21.3
Saline	19.6	1.6	21.2
Boone	13.0	7.1	20.1
Sevier	16.6	3.4	20.0
Van Buren	15.2	4.6	19.8
Newton	8.6	11.1	19.7
Garland	16.4	3.0	19.4
Dallas	9.6	9.7	19.3
Madison	8.2	11.1	19.3
Union	11.5	7.4	18.9
Polk	12.6	5.8	18.4
Searcy	13.4	4.9	18.3
Howard	9.4	7.7	17.1
Calhoun	12.5	4.2	16.7
Bradley	11.8	4.7	16.5
Pike	11.0	3.8	14.8
Sharp	9.8	4.5	14.3
Crawford	5.4	8.6	14.0
Ashley	10.2	3.6	13.8
Hot Spring	8.1	5.1	13.2
Carroll	9.5	2.1	11.6
Baxter	8.6	2.8	11.4
Cleveland	10.5	.7	11.2
Montgomery	9.4	.8	10.2
Drew	8.7	.5	9.2
Entire State	14.8	16.8	31.6

1/ Brannen, C. O., Op. cit., pp. 13-14. Adapted from Table 6.

Table 23. - Tax Status of Rural Land in Arkansas as of Date of Tax Sale, 1928-33. 1/

Tax status	Year 1928	1929	1930	1931	1932	1933
	Acres	Acres	Acres	Acres	Acres	Acres
Delinquent	1,471,135	1,259,976	1,529,016	4,321,518	4,093,405	4,762,303
State-owned and forfeiting	1,423,602	1,714,764	1,781,901	2,318,324	4,027,372	5,388,844
Tax paid	29,494,560	29,373,999	28,968,744	25,555,035	23,999,346	21,936,900
Total	32,389,297	32,348,739	32,279,661	32,194,877	32,120,123	32,088,047

1/ Brannen, C. O., Op. cit., adapted from Table I, p. 6.

Table 25. - Percentage Delinquency of Rural Drainage and Levee District Assessments, as of Due Date, 1928-33. 1/

County	Number of districts wholly or partly in county 2/	1928	1929	1930	1931	1932	1933
	Number	Percent	Percent	Percent	Percent	Percent	Percent
Arkansas	22	34.6	33.1	38.0	59.1	65.5	69.9
Ashley	3	-	-	-	-	57.7	63.5
Chicot	10	31.5	32.6	43.9	62.6	82.4	90.2
Clark	1	-	-	-	51.5	80.7	59.4
Clay	18	19.2	22.2	28.9	43.9	39.2	57.4
Conway	11	12.5	8.7	7.3	24.7	42.0	55.0
Craighead	32	27.7	32.7	38.9	55.2	58.8	73.8
Crawford	2	-	-	-	31.3	24.6	39.6
Crittenden	14	17.8	20.0	26.3	42.4	45.4	63.2
Cross	9	23.3	25.0	38.2	44.3	41.9	58.8
Desha	10	37.8	39.1	33.5	56.4	81.4	87.8
Drew	2	0	0	0	31.2	-	-
Faulkner	2	-	-	-	-	-	93.4
Greene	25	51.7	57.6	69.7	69.2	63.4	67.9
Hempstead	4	-	-	-	-	25.6	44.9
Independence	2	19.2	18.4	57.8	75.1	3/	3/
Jackson	23	14.8	15.0	29.6	40.7	54.3	80.8
Jefferson	37	19.6	17.8	19.7	48.3	52.2	67.6
Lafayette	3	-	-	-	-	60.6	77.6
Lawrence	17	6.8	8.4	31.4	50.7	39.4	59.4
Lee	14	6.0	6.6	16.1	44.9	57.6	84.0
Lincoln	17	14.9	13.5	14.7	47.8	71.5	85.0
Little Rive	3	-	-	-	-	79.0	91.7
Logan	2	0	-	.6	36.9	52.4	97.3
Lonoke	22	13.7	-	16.3	49.8	63.6	73.2
Miller	9	32.7	22.1	27.0	52.1	40.1	52.0
Mississippi	13	14.8	15.5	23.3	41.4	62.7	68.5
Monroe	6	31.8	32.7	44.3	28.4	52.7	54.4
Perry	2	4/	4/	4/	4/	57.5	75.0
Phillips	10	25.5	33.0	66.0	70.3	62.7	73.6
Poinsett	11	33.6	38.0	57.1	51.3	61.2	73.7
Pope	7	9.4	6.3	9.4	30.3	64.8	84.1
Prairie	5	46.7	52.8	68.0	30.2	63.9	77.5
Pulaski	13	23.1	8.7	10.3	25.7	35.1	53.0
Randolph	9	17.4	23.4	27.8	54.8	53.1	59.4
St. Francis	5	11.2	10.8	29.9	44.9	29.0	-
Woodruff	8	26.2	45.0	58.7	40.6	84.2	-
White	3	67.5	67.8	26.6	35.4	72.6	88.3
Yell	2	4/	4/	4/	4/	38.7	71.4
State total or average	357	24.4	26.2	34.3	49.9	59.1	72.5

1/ Brannen, C. O., Op. cit., p. 23 Adapted from table 9.
2/ Total number of districts in 1933, including districts with bonded debt paid out since 1927.
3/ No tax levied.
4/ No data.

Table 26. Forest Area Burned in Mississippi, 1930-36. 1/

Year	Acreage burned
1930	8,000,000
1931	7,548,000
1932	5,588,000
1933	6,210,000
1934	4,366,000
1935	3,976,451
1936	4,865,261

1/ Biennial Report of the Mississippi Forestry Commission. Cited in Program Report of Mississippi State Planning Commission, January 1938. p. 57.

Table 27. - Percentage of Tax-Reverted Land in Five Southeastern Timber Counties, January 1, 1936.1/

County	State-owned lands	
	Acres	Percentage of Total Area
Perry	77,215	18.7
Green	46,123	10.2
George	43,466	14.3
Harrison	37,435	10.3
Stone	60,260	21.3

1/ Henderson and Caldwell. Op. Cit., p. 16, and Appendix Table I.

Table 28. Ownership and Development of Land in 10 Mississippi Drainage Districts 1936

Ownership	Acreage			
	Total	Cultivated	Uncultivated	Percent of total uncultivated
	Acres	Acres	Acres	Percent
Private	390,043	207,577	182,466	46.78
District or County	2,117	487	1,630	76.99
State	59,102	8,065	51,037	86.35
All Land	451,262	216,129	235,133	52.17

Table 29. Cultivated Acres and Population in Everglades Drainage District1/

County	Area in Everglades Drainage District	Area Cultivated		Population in Everglades Drainage Dist.	
		1928	1934	1928	1934
	Acres	Acres	Acres	Number	Number
Broward	704,900	20,160	25,040	800	1,000
Collier	346,625	No development			
Dade	1,100,527	27,250	30,024	30,150	35,200
Glades	291,846	4,240	6,000	4,500	2,000
Hendry	422,044	4,730	5,730	3,500	4,300
Highlands	85,242	323	620	100	150
Martin	203,400	800	1,000	No data	100
Monroe	115,200	40	400	5	25
Okeechobee	80,772	2,000	2,250	No data	2,500
Palm Beach	1,057,872	45,000	60,000	"	10,000
St. Lucie	69,482	150	150	"	25
Total	4,477,810	104,693	131,214	39,055	55,300

1/ Unpublished Government records.

Table 30.- Debts Incurred by All Taxing Districts Overlapped by the Everglades Drainage District, 1936 1/

Taxing Unit	Bonds and other debt	Principal in default	Interest in default	Total debt	Proportion of Total Attributable to Property in the Everglades Drainage District
	Dollars	Dollars	Dollars	Dollars	Dollars
Counties	36,452,017	2,254,090	4,551,410	41,003,428	8,404,002
School Districts	16,546,009	1,376,873	1,089,976	17,635,985	11,265,279
Cities	43,809,289	2,437,000	3,093,553	46,902,843	19,431,924
Drainage Districts	7,128,500	1,039,000	898,093	8,026,594	6,327,593
Inlet Districts	7,562,000	420,000	1,266,537	8,828,537	1,685,188
Total	111,497,815	7,526,963	10,899,569	122,397,387	47,113,986

1/ Unpublished material in Government files.

Table 31.- Tax Collection Record of the Everglades Drainage District 1924-1934, 1935-37 1/

Year2/	Total levy	Collection	Percentage of total collected	Paid by 3/ trustees	Percentage of collections paid by trustees
	Dollars	Dollars	Percent	Dollars	Percent
1924	1,195,489	1,124,315	94.0	263,903	23.5
1925	1,435,059	1,239,453	86.4	248,887	20.1
1926	1,438,523	1,201,305	83.5	259,872	21.6
1927	1,769,902	1,272,080	71.9	305,785	24.0
1928	1,760,033	1,006,034	57.2	268,531	26.7
1929	1,287,113	482,308	37.5	242,024	50.2
1930	1,285,103	349,167	27.2	172,850	49.5
1931	1,043,563	86,502	8.3	4/	4/
1935	1,966,251	205,290	10.4	4/	4/
1936	2,205,253	152,697	6.9	4/	4/

1/ Unpublished material in Government files.
2/ No drainage taxes were spread from 1932 to 1934 because of the legal entanglements in which the Everglades District was involved.
3/ Trustees of the Internal Improvement Fund paid on property held by them as a result of mortgage foreclosures.
4/ The Trustees informed the district that there was nothing in the law which required them to pay on property held by them and that in the future they would not do so.

Table 32.- Tax Collection Record of the Okeechobee Flood Control District1/

Year	Total levy	Collection	Percentage of total collected
	Dollars	Dollars	Percent
1929	519,695	255,908	49.2
1930	565,936	127,393	22.6
1931	1,229,632	105,992	15.9
1932	681,171	121,070	17.8
1933	245,400	92,879	37.9

1/ Unpublished material in Government files.

Table 33.- Tax Collection Record of the South Florida Conservancy District 1/

Year	Total levy	Collection	Percentage total collected
	Dollars	Dollars	Percent
1925	114,200	113,799	99.6
1926	126,470	87,323	69.0
1927	169,124	142,019	84.0
1928	210,600	158,420	75.2
1929	327,552	177,754	54.3
1930	327,552	205,994	62.9
1931	327,552	92,920	28.41

1/ Unpublished material in Government files.

Table 34.-Annual Property Tax Delinquency Phillips County, Montana, 1929-34

Year	Percentage of property tax levy delinquent	Percentage of real estate tax levy delinquent
	Percent	Percent
1934	29.1	49.2
1933	30.3	51.4
1932	32.4	57.5
1931	31.4	52.0
1930	29.8	46.9
1929	22.2	34.4

Table 35.-Classification of Land Ownership in the Dry-land Portion of the Buffalo Creek Grazing District, as of March 1, 1937 1/

Class of ownership	Acreage owned		Number of owners
	Acres	Percent	Number
Public agencies			
United States (public domain)	8,045	1.5	1
State of Montana	30,739	5.9	1
County (mainly tax-reverted lands)	90,720	17.2	1
Other public agencies	360	.1	2
Total public agencies	129,864	24.7	5
Corporate groups			
Railroad	65,874	12.5	1
Land investment and mortgage companies	39,703	7.6	32
Commerical banks	6,993	1.3	12
Insurance companies	4,521	.9	6
Federal land bank	20,867	4.0	1
Operating livestock companies	2,889	.5	1
Religious, educational, and fraternal groups	2,580	.5	7
Other corporations	3,194	.6	2
Total corporate groups	146,621	27.9	62
Individuals			
Owner-operators	64,998	12.4	105
Residents not on the land	74,835	14.2	155
Nonresidents of Montana	109,563	20.8	261
Total individuals	249,396	47.4	521
Total, all classes of owners	525,881	100.0	588

1/ Unpublished manuscript entitled "Land Use Adjustments in the Buffalo Creek Grazing District in Yellowstone County, Montana", in files of Division of Land Economics, Bur. of Agr. Econ., Wash., D. C.

Table 36.- Tax Status of Lands in Buffalo Creek Grazing District, July 1, 1936 1/

Tax Status	Acreage in each status	Percentage in each status
	Acres	Percent
Paid up	271,851	55.5
Delinquent 1 year	51,861	10.6
Delinquent 2 years	12,303	2.5
Delinquent 3-4 years	30,276	6.2
Delinquent 5 years	67,693	13.8
County tax deed	51,778	10.5
State (foreclosed)	4,359	.9
Total	490,121	100.0

1/ Unpublished manuscript, "Land Use Adjustment in the Buffalo Creek Grazing District in Yellowstone County, Montana," in files of Division of Land Economics, Bur. Agr. Econ., Wash. D. C.

Table 37.—Average Wheat Yields, 5 Missouri Slope Counties (1929-33)

Year	Bourman County	Slope County	Billings County	Stark County	Dunn County
	Bu. per Acre	Bu. per Acre	Bu. per Acre	Bu. per Acre	Bu. per Acre
1929	9.4	8.6	7.8	9.1	8.5
1930	8.0	7.5	5.9	9.8	7.5
1931	3.6	3.2	2.2	6.5	2.4
1932	12.3	10.7	12.7	14.1	11.5
1933	3.2	4.2	5.8	5.4	4.4

Table 38. - Tax Status of Rural Land in Missouri Slope Area in Percentage of Total Acreage, 1935

Tax status	Percentage total acreage
Nondelinquent	26
Tax-exempt	17
Tax-delinquent	
5 years and more	17
4 years	4
3 years	9
2 years	12
1 year	15
Total	100

Table 39. - Taxable valuation by types of property in southwestern North Dakota, by counties, 1935 1/
(Texable valuation represents fifty percent of assessed valuation) 2/

County	Total all types of property		Rural real estate		Urban real estate		Total real estate		Public utilities		Personal property	
	Doll.	Pct.	Doll.	Pct.	Doll.	Pct.	Doll.	Pct.	Doll.	Pct.	Doll.	Pct.
Adams	3,921,919	100	2,381,252	60.7	422,302	10.8	2,803,554	71.5	623,919	15.9	494,446	12.6
Billings	2,360,207	100	1,547,482	65.6	20,326	0.9	1,567,808	66.4	526,998	22.3	265,401	11.2
Bowman	3,816,529	100	2,330,076	61.1	374,657	9.8	2,704,733	70.9	633,739	17.9	428,057	11.2
Dunn	5,709,314	100	4,335,168	75.9	248,055	4.4	4,583,223	80.3	463,989	8.1	662,102	11.6
Golden Valley	3,390,648	100	2,123,719	62.6	99,989	3.0	2,223,708	65.6	774,497	22.8	392,443	11.6
Grant	6,461,459	100	4,610,487	71.4	507,393	7.8	5,117,880	79.2	786,718	12.2	556,861	8.6
Hettinger	5,076,304	100	3,435,380	67.6	501,229	9.9	3,936,609	77.5	407,045	8.0	732,650	14.4
McKenzie	5,443,488	100	3,756,434	69.1	340,998	6.2	4,097,432	75.3	648,651	11.9	697,405 3/	12.8
Mercer	5,312,155	100	3,131,699	59.0	464,411	8.7	3,596,110	67.7	951,814	17.9	764,231	14.4
Morton	13,224,110	100	6,084,807	46.0	2,590,247	19.6	8,675,054	65.6	3,004,366	22.7	1,544,690	11.7
Oliver	2,768,216	100	1,898,858	68.6	68,150	2.4	1,967,008	71.0	470,185	17.0	331,023	12.0
Sioux	1,505,311	100	825,966	54.9	81,493	5.4	907,459	60.3	322,678	21.4	275,174	18.3
Slope	3,042,707	100	2,493,027	81.9	96,019	3.2	2,589,046	85.1	149,813	4.9	303,848	10.0
Stark	8,706,587	100	4,229,762	48.6	1,766,123	20.3	5,995,885	68.9	1,658,198	19.0	1,052,504	12.1
Total or average	70,738,954	100	43,184,117	61.1	7,581,392	10.7	50,765,509	71.8	11,472,610	16.2	8,500,835	12.0

1/ Taken from county records
2/ Wilner, Stanley. "Some Data on Taxation and Tax Delinquency of Farm Land in Southwestern North Dakota", following p. 5. No. Dak. Agr. Exp. Sta. in cooperation with U. S. Dept. Agr. and Works Progress Admin., Nov. 1939.
3/ Includes rural telephone assessments.

Table 40.--Tax status of rural land in southwestern North Dakota as of December 31, 1936, by counties 1/

County	Non-delinquent (1) acreage		Acreage tax-delinquent												Tax exempt (8) acreage	
			(2) Total		(3) 1 year		(4) 2 years		(5) 3 years		(6) 4 years		5 years (7) or over			
	Acres	%	Acres	%	Acres	%	Acres	%	Acres	%	Acres	%	Acres	%	Acres	%
Adams	180,569	29	389,470	62	137,687	22	85,622	14	61,863	10	25,240	4	79,058	12	58,618	9
Billings	229,717	32	390,448	53	118,630	16	72,156	10	86,825	12	24,425	3	88,412	12	110,726	15
Bowman	195,982	26	426,379	58	98,723	13	85,269	12	43,118	6	38,899	5	160,370	22	117,068	16
Dunn	298,018	23	658,508	59	171,831	13	142,432	11	110,131	8	56,990	4	177,124	13	364,986	28
Golden Valley	313,358	49	245,667	38	105,749	16	26,639	4	19,732	3	19,824	3	73,723	12	83,004	13
Grant	219,857	21	737,736	70	146,209	14	158,091	15	90,083	8	79,989	8	263,364	25	99,647	9
Hettinger	207,778	29	453,423	63	162,349	23	135,290	19	73,591	10	25,435	3	56,758	8	58,297	8
Mercer	107,861	15	492,857	70	90,037	13	125,444	18	93,973	13	43,185	6	140,218	20	103,179	15
McKenzie	604,509	34	795,172	44	143,724	8	158,797	9	80,710	4	64,668	4	347,273	19	402,930	22
Morton	216,287	18	704,634	74	178,993	15	209,127	17	252,182	21	65,688	5	198,644	16	103,461	8
Oliver	180,075	39	243,759	53	85,235	18	58,866	13	36,340	8	10,256	2	53,062	12	35,706	8
Sioux	46,524	6	233,180	33	48,159	7	35,707	5	41,013	6	22,040	3	86,261	12	433,281	61
Slope	160,110	21	522,617	67	111,311	14	77,473	10	62,400	8	31,392	4	240,041	31	92,292	12
Stark	237,118	28	564,243	66	200,676	23	168,366	20	92,933	11	23,560	3	78,708	9	49,863	6
Total Missouri Slope Area 2/	3,197,763	26	7,058,093	57	1,799,313	15	1,539,279	12	1,144,894	9	531,591	4	2,043,016	17	2,113,058	17

1/ Wilner, op. cit., following p. 11

2/ Total acreage of rural land can be obtained by adding columns (1), (2) and (8).

Table 41. Land Ownership in Billings County, North Dakota, 1935

Class of ownership	Acreage in each ownership class	Percentage in each class
	Acres	Percent
Resident private	322,778	43.9
Nonresident private	191,931	26.1
Corporation	104,277	14.2
Federal land bank	1,760	.2
County owned	18,272	2.5
Bank of North Dakota	2,404	.3
Public domain	33,145	4.5
State and school	60,499	8.3
Total	735,066	100.0

Table 42.--Tax Status of Land - 5 Sample Areas, Morton County, North Dakota, 1936 1/

Sample area number	Paid up		Acreage Delinquent										Tax Exempt	
	Acres	Per-cent	One year	Per-cent	Two years	Per-cent	Three years	Per-cent	Four years	Per-cent	5 yrs. & over 2/	Per-cent	Acres	Per-cent
1	4,644	20.1	2,721	11.8	3,591	15.5	1,394	6.0	1,400	6.0	6,314	27.4	2,964	12.8
2	3,231	14.0	5,690	24.7	4,094	17.8	4,955	21.5	960	4.1	2,757	12.0	1,283	5.5
3	2,217	9.6	3,464	15.0	2,947	12.8	6,510	28.2	1,520	6.6	3,749	16.2	2,599	11.2
4	5,184	22.6	7,155	31.2	2,459	10.7	4,511	19.6	640	2.7	1,681	7.3	1,280	5.5
5	7,108	30.9	5,100	22.1	3,394	17.3	1,678	7.2	760	3.3	1,435	6.2	2,918	12.6
All areas	22,384	19.6	24,130	21.1	16,485	14.4	19,048	16.7	5,280	4.6	15,936	13.9	11,044	9.7

1/ Adapted from Table 17, "Land Use Problems in Southwestern North Dakota", by Stanley Wilner, U. S. Resettlement Administration, Washington, D. C., June 1937.

2/ Subject to tax deed.

Table 43.--Land Classification - 5 Sample Areas, Morton County, North Dakota, 1936 1/

Sample Area Number	Total area operated (acres)	Land now cultivated							Native grass land					
		Total		Not suited to crop production			Suited to crop production			Total		Suited to Crop production		Suited only to grazing	
		Acres	Percent of total area	Acres	Percent of total area	Percent of land now cultiv'd	Acres	Percent of total area	Percent of land now cultiv'd	Acres	Percent of total area	Acres	Percent of total area	Acres	Percent of total area
1	22,702	7,888	34.7	2,980	13.1	37.8	4,908	21.6	62.2	14,814	65.3	564	2.5	14,250	68.8
2	17,906	9,587	53.5	4,698	26.2	49.0	4,889	27.3	51.0	8,319	46.5	830	4.6	7,489	41.8
3	19,472	8,995	46.2	3,830	19.6	42.5	5,165	26.5	57.4	10,477	53.8	548	2.8	9,929	51.0
4	22,260	7,838	35.2	2,610	11.7	33.3	5,228	23.5	66.7	14,422	64.8	1,185	5.3	13,237	59.5
5	10,840	6,006	55.4	411	3.8	6.8	5,595	51.6	93.2	4,834	44.6	697	6.4	4,137	38.2
All areas	93,180	40,314	43.3	14,529	15.6	36.0	25,785	27.7	63.9	52,866	56.7	3,824	4.1	49,042	52.6

1/ Adapted from Table 21, "Land Use Problems in Southwestern North Dakota", by Stanley Wilner, U. S. Resettlement Administration, Washington, D. C., June 1937.

Table 44.--Tax Delinquency on Rural Lands by School District, Slope County, North Dakota, December 31, 1935

School District Number	Total assessed area	Total assessed valuation	Total tax levied	Tax Delinquency			Taxes delinquent 5 years and over	
	Acres	Dollars	Dollars	Dollars	Acres	Percent	Acres	Percent
1	21,363.98	105,277	3,901.20	8,415.90	16,333.78	76.5	3,910.24	18.3
2	19,210.21	60,808	2,352.62	13,127.79	17,851.88	92.9	12,188.61	63.4
3	20,609.43	52,568	1,883.96	5,939.06	14,315.93	69.5	7,970.92	38.7
4	37,073.68	79,954	2,674.76	12,618.26	1,338.06	84.5	27,775.48	75.3
5	20,766.74	102,047	4,857.08	13,695.81	16,356.53	78.8	4,737.67	22.8
6	20,941.59	70,462	2,716.73	7,250.12	15,826.86	75.6	3,011.83	14.4
7	21,112.43	99,717	2,636.01	6,749.36	14,533.13	68.8	3,034.15	14.4
8	20,426.30	113,200	4,329.19	9,258.31	10,139.71	49.6	3,665.13	17.9
9	20,759.39	108,053	4,797.53	19,873.23	19,488.60	93.9	8,390.68	40.4
10	21,707.73	113,277	5,225.74	10,847.03	16,051.56	73.9	1,815.69	8.3
11	21,185.76	109,232	4,482.13	7,025.97	12,907.83	60.9	1,842.16	8.7
12	28,816.51	38,234	3,081.78	17,189.17	25,519.66	88.6	15,406.05	53.5
13	20,517.23	69,306	2,403.27	10,370.23	17,133.67	83.5	9,022.54	44.0
14	21,023.84	104,793	4,041.43	14,494.56	17,287.75	82.2	9,104.03	43.3
15	19,428.04	87,288	3,553.57	7,106.44	11,755.78	60.5	3,981.20	20.5
16	22,092.34	103,121	3,933.45	10,978.76	14,494.34	65.6	5,960.93	27.0
17	21,225.23	73,945	2,667.41	9,951.13	17,201.12	81.0	7,505.95	35.4
18	21,346.38	108,690	5,502.78	16,213.57	16,320.12	76.5	7,173.70	33.6
19	20,884.33	88,834	4,211.12	16,445.33	16,955.42	81.2	10,289.14	49.2
20	21,194.13	80,348	3,096.89	6,807.12	16,468.48	77.7	2,312.70	10.9
21	21,459.12	40,897	1,535.91	6,343.20	18,274.49	85.2	9,455.14	44.1
22	36,422.68	26,815	959.67	8,591.54	31,172.39	85.6	21,411.66	58.8
23	20,691.20	74,928	2,807.46	7,629.10	13,495.79	65.2	4,499.18	21.7
24	20,825.26	109,981	4,247.50	9,047.63	12,057.12	57.9	3,797.26	18.3
25	21,939.60	45,241	1,749.16	3,563.81	17,106.14	78.0	3,180.62	14.5
26	20,583.35	42,237	1,800.70	7,052.05	18,805.89	91.4	11,264.41	54.8
27	20,825.27	112,737	4,199.70	8,750.71	14,636.96	70.3	3,676.36	17.7
28	18,313.28	66,165	5,758.18	27,240.46	16,095.00	87.9	10,737.63	58.6
29	19,602.85	65,380	2,056.06	8,291.02	15,295.30	78.0	7,557.43	38.5
30	21,001.81	71,026	2,669.53	10,349.66	13,930.65	66.3	8,769.01	41.7
31	19,377.78	53,171	1,868.23	6,763.15	13,467.50	69.5	6,593.56	34.0

Table 45. - Tax Rates and Tax Delinquency in 76 Rate Areas of Ward County, North Dakota

No. of tax rate areas	1939 Tax Rates in rate areas	Percentage of taxable acreage tax delinquent one year or more as of Jan. 1, 1938
	Mills	Percent
6	30-40	64.83
34	40-50	71.52
14	50-60	72.81
10	60-70	72.84
9	70-80	76.78
3	80 & over	85.73
76		71.52

Table 46. Trend in Taxable Valuations in 4 "Bad-lands" Counties in South Dakota, 1925-34

County	Taxable value of all property		Percentage decline in 10-yr. period	Taxable value of farm land		Percentage decline in 10-yr. period	Ratio of farm land to total tax base in	
	1925	1934		1925	1934		1925	1934
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Percent	Percent
Custer	7,608,626	5,760,546	24.0	3,873,025	2,618,439	32.4	50.9	45.5
Fall River	14,515,239	9,278,320	37.0	7,148,604	3,310,010	53.7	49.3	35.7
Jackson	7,718,056	4,793,066	38.0	4,806,811	2,537,569	47.2	62.3	52.9
Pennington	25,690,184	22,220,967	14.0	10,970,718	7,784,997	29.0	42.7	35.0
Total	55,532,105	42,052,899	24.0	26,799,758	16,251,015	39.4	48.0	39.0

Table 47. Comparison of General Tax Delinquency in 4 "Bad-lands" Counties With Tax Delinquency on Submarginal Lands

County	All Taxes 1931-33		Taxes on optional land 1931-33		Percentage of Delinquency	
	Levied	Delinquent	Levied	Delinquent	All taxes	Taxes on Optioned land
	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Pennington	3,227,867	641,392	35,847	18,360	20	51
Jackson	633,278	208,068	44,484	24,856	33	56
Custer	629,281	186,335	12,338	6,808	30	55
Fall River	1,172,701	279,736	37,689	18,200	24	48
Total	5,663,127	1,315,531	130,358	68,224	23	52

Table 48. Tax Status of Farm Land in South Dakota Counties West of the Missouri River, January 1, 1938[1]

County	Total farm lands Jan. 1, 1938	Total taxable area Jan. 1, 1938	Taxable land delinquent on Jan. 1 1938		Taxable land delinquent 4 years or more subject to tax deed, Jan. 1, 1938		County tax deed land Jan. 1, 1938
	Acres	Acres	Acres	Percent	Acres	Percent	Acres
Armstrong	336,373	20,405	12,330	60.4	12,075	59.2	
Bennett	763,266	331,496	58,304	17.6	22,669	6.8	7,709
Butte	1,448,428	935,743	212,043	22.7	138,121	14.8	147,200
Corson	1,606,001	600,021	419,239	69.9	272,949	45.5	73,840
Custer	989,001	512,870	140,981	27.5	73,065	14.2	5,614
Dewey	1,214,007	378,691	231,136	61.0	167,481	44.2	83,928
Fall River	1,120,753	678,231	283,084	41.7	198,015	29.2	55,309
Gregory	665,546	544,340	145,647	26.8	51,141	9.4	16,440
Haakon	1,171,421	955,136	441,302	46.2	354,922	37.2	29,992
Harding	1,712,763	979,974	385,547	39.3	300,242	30.6	153,720
Jackson	515,523	276,460	124,219	44.9	89,635	32.4	67,709
Jones	622,853	477,500	205,443	43.0	146,565	30.7	8,128
Lawrence	512,466	168,864	75,048	44.4	60,026	35.5	680
Lyman	1,073,478	746,416	262,468	35.2	172,963	23.2	29,896
Meade	2,223,689	1,817,932	624,314	34.3	353,187	19.4	80,305
Mellette	836,887	345,584	156,347	45.2	106,360	30.8	56,749
Pennington	1,760,708	906,888	259,167	28.6	98,462	10.9	98,605
Perkins	1,849,212	1,425,177	739,092	51.9	515,953	36.2	132,777
Shannon	613,993	86,541	39,448	45.6	20,296	23.5	2,774
Stanley	963,127	722,257	472,141	65.4	417,350	57.8	22,310
Todd	889,909	249,963	99,205	33.6	38,290	13.0	
Tripp	1,035,713	729,331	245,667	33.7	105,539	14.5	481
Washabaugh	681,205	146,271	69,432	47.5	48,863	33.4	1,380
Washington	728,594	84,642	38,109	45.0	24,249	28.6	
Ziebach	1,261,006	448,229	274,854	61.3	208,758	46.6	23,380

1/ "Tax Status of Farm Land in South Dakota, Jan. 1, 1938", and "Supplementary Report of Tax Status of Farm Land in South Dakota, Jan. 1, 1938". South Dakota State Planning Board, Brookings.

Table 49.-Tax Delinquency and Land Use Factors by Areas, Lincoln County, Colorado, 1938

Land class area no.	% of acreage on which tax certif. issued & unredeemed by owners 1932-38	Rank	% of acreage county-held tax certif. only	Rank	% of total acreage in cultivation	Rank	% of acreage in abandoned crop land	Rank	% of area in pasture	Rank	% of land in operating units	Rank	% of acreage under tax deed	Rank	Remarks on land use
5	43.3	1	16	2	69.4	1	25.2	1	53	1	60.9	2	8.1	1	Fast intensive cropping--- crops and small grain. Erosion on abandoned cropland. Some good dry-farming land, but needs larger units and restriction of crop farming.
			Estimated average tax per acre, 14.3 cents, Rank 1												
4	35.5	2	14.2	3	49.1	2	18.7	2	53	2	66.5	4	2.8	4	Similar to Area 2, but grows more cash grain and feed. Needs similar adjustments.
			Estimated average tax per acre, 13.0 cents, Rank 2												
1	31.6	3	18.9	1	38.9	4	17.3	3	81	4	55.2	1	4.6	2	Row crops, but serious wind erosion.
			Estimated average tax per acre, 7 cents, Rank 5												
3	26.1	4	10.1	4	8.9	5	3.58	5	92	5	61.4	3	3.8	3	Correctly used for livestock; mostly in pasture. Drought, overgrazing, and slightly high tax rates on range land are factors in delinquency.
			Estimated average tax per acre, 10 cents, Rank 3												
2	20.3	5	8.9	5	43.1	3	11.79	4	58	3	73.5	5	.4	5	Good crop area under proper conditions, but needs larger units and less emphasis on cash crops.
			Estimated average tax per acre, 9 cents, Rank 4												

Table 50.-Lands on Which Tax Sales Certificates Have Been Issued and Unredeemed by Delinquent Owners, 1932-38, Lincoln County, Colorado (Status as of November 1938)

Item	Area 1		Area 2		Area 3		Area 4		Area 5		County Total	
	Acres	%	Acres	%	Acres	%	Acres	%	Acres	%	Acres	%
Acreage privately owned	95,995	100	150,757	100	816,304	100	121,896	100	356,910	100	1,541,862	100
County tax sale certificates 1935 and prior years 1/	5,480	5.7	3,120	2.1	31,400	3.8	5,880	4.8	25,120	7	71,000	4.6
County tax sale certificates 1936-37-38	12,680	13.2	10,320	6.8	50,940	6.2	11,480	9.4	32,160	9	117,580	7.6
Total acreage certificates held in county	18,160	18.9	13,440	8.9	82,340	10.1	17,360	14.2	57,280	16	188,580	12.2
Acreage paid and foreclosed by Federal Land Bank	4,720	4.9	12,240	8.1	48,760	6.0	10,920	8.9	41,840	11.7	118,480	7.7
Acreage tax deed	4,440	4.6	640	.4	31,560	3.8	3,480	2.8	28,800	8.1	68,920	4.5
Acreage paid and foreclosed by mortgage company	1,560	1.6	960	.6	22,120	2.7	3,080	2.5	14,960	4.2	42,680	2.8
Acreage assigned by county commissioners	1,440	1.5	2,720	1.8	22,560	2.8	5,160	4.2	9,640	2.7	41,520	2.7
Acreage sold to private purchasers	-	-	640	.4	5,920	.7	3,240	2.7	2,240	.6	12,040	.8
Total acreage indicating tax distress	30,320	31.6	30,640	20.3	213,260	26.1	43,240	35.5	154,760	43.3	472,230	30.6
Total acreage in cultivation	37,348	38.9	64,928	43.1	72,672	8.9	59,920	49.1	247,612	69.4	482,480	31.3

1/ Subject to county tax deed.

Table 51.-Acreage and Amount of Tax Arrears on Woodland and Swampland Properties on Which Pine Area Municipalities Hold Tax Title Liens, 1939 1/

County	Total land area in selected municipalities wholly in Pine Area	Unimproved properties on tax title lien records 2/		Accumulated tax arrears through 1939 3/	
		Acreage	Percentage of total land area	Total	Per Acre
	Acres	Acres	Percent	Dollars	Dollars
Atlantic	324,363	79,192	24.4	$492,624	$6.22
Burlington	367,780	43,712	11.9	55,376	1.27
Camden	59,167	15,882	26.8	107,364	6.76
Cape May	153,408	18,392	12.0	38,080	2.07
Cumberland	132,800	20,521	15.5	52,458	2.56
Gloucester	64,403	12,085	18.8	70,228	5.81
Monmouth	60,544	1,634	2.7	11,718	7.17
Ocean	393,088	105,009	26.7	245,229	2.34
	1,555,553	296,427	19.1	1,073,077	3.62

1/ From information supplied by Dr. A. T. M. Lee and published in a mimeographed paper entitled, "Proposals for the Development and Initiation of a Land Program for the New Jersey Pine Area". A note indicates that the program is sponsored by the Burlington and Ocean Counties Joint Committee on Land Use Planning (1940)

2/ Abandoned lots in land developments are not included.

3/ Includes only actual taxes outstanding. Cost of holding tax sale and interest on delinquent taxes is not included.

Table 52.-Summary of Treasurer's Sales of Tax-Delinquent Unseated Land to County Commissioners, Centre County, Pennsylvania, 1916-36.

Year	Number of tracts	Number of acres	Amount of taxes for which sold	Total costs	Total taxes and costs
	Number	Acres	Dollars	Dollars	Dollars
1916	93	22,288	1,410	290	1,700
1918	84	21,401	1,164	262	1,426
1920	59	14,636	824	184	1,008
1922	46	13,021	1,044	144	1,188
1924	40	8,946	1,588	125	1,713
1926	135	32,155	3,628	421	4,049
1928	65	9,650	1,600	203	1,803
1930	123	25,557	4,773	384	5,157
1932	80	16,121	1,667	244	1,911
1934	107	24,616	4,457	334	4,791
1936	139	27,418	2,970	437	3,407
Total	971	215,799	25,125	3,028	28,153

Table 53.--Summary of County Commissioners' Sales of Unseated Lands, Centre County, Pennsylvania, 1918-34

Year of Sale	Number of Acres	Receipts from Sale		Number of Properties
		Total	Average per Property	
	Number	Dollars	Dollars	Number
1918	19,692	3,809	56.01	68
1920	8,927	67	2.48	27
1924	29,686	1,642	14.15	116
1928	20,638	211	2.54	83
1930	28,998	791	6.18	128
1934	25,055	123	1.15	107
Total	132,996	6,643	12.56	529

Table 54.-Ownership of Unseated Lands - Centre County, Pennsylvania, 1938

Township	Acreage			
	Private	State	County	Total
Benner	445	-	200	645
Boggs	11,359	97	5,485	16,941
Burnside	15,056	9,679	6,105	30,840
College	-	-	121	121
Curtin	7,131	2,823	6,845	16,799
Ferguson	992	-	1,015	2,007
Gregg	1,309	-	1,181	2,490
Haines	962	-	1,766	2,728
Halfmoon	2,031	-	125	2,156
Harris	2,839	-	1,050	3,889
Howard	201	-	3,089	3,290
Huston	754	866	373	1,993
Liberty	2,394	-	2,317	4,711
Marion	816	-	1,139	1,955
Miles	4,567	145	4,216	8,928
Patton	1,194	-	1,129	2,323
Penn	-	-	424	424
Potter	531	-	2,204	2,735
Rush	26,928	24,991	10,399	62,318
Snow Shoe	40,625	7,681	14,079	62,385
Spring	753	-	894	1,647
Taylor	2,162	834	6,393	9,389
Union	10,550	975	200	11,725
Walker	8,184	-	142	8,326
Worth	2,330	-	525	2,855
County Totals	144,113	48,091	71,416	263,620

Table 55. - Distribution of Benefits - Middle Rio Grande Conservancy District

Type of property	Appraised benefits
	Dollars
Agricultural land	10,139,891
Private property in cities and towns	3,038,213
Municipalities	
Albuquerque	1,923,140
Belen	80,190
Las Lunas	9,000
Socorro	29,620
Counties	
Sandoval	55,770
Bernalillo	372,920
Valencia	223,990
Socorro	130,310
State of New Mexico	733,250
Suburban areas	283,394
Public utility	5,046,222
Total	22,065,910

Table 56. - Collection of Levies by Middle Rio Grande Conservancy District to May 31, 1939 1/

Fund	Years	Total levied	Total Collected	Total delinquent	Percentage delinquent
		Dollars	Dollars	Dollars	Percent
Bond principal	1933-38	383,994.06	288,703.88	95,290.18	24.81
Bond interest	1929-38	3,558,828.22	2,752,822.41	806,005.81	22.65
Maintenance	1934-38	1,032,597.65	698,144.74	334,452.91	32.39
Guaranty	1931-38	357,439.58	324,506.68	32,932.90	9.21
Total	-	5,332,859.51	4,064,177.71	1,268,681.80	23.79

1/ "Middle Rio Grande Conservancy District." Memorandum District Structure, Stanley Phillipi, Acting Chief Engineer. Aug. 11, 1939.

Table 61.- Estimates of Rates Required at Various Percentage of Collection to Cover Annual Costs of the Middle Rio Grande Conservancy District 1/

Charges for:	60 percent	70 percent	80 percent	90 percent	100 percent
	Dollars	Dollars	Dollars	Dollars	Dollars
Bond service	3.06	2.62	-	-	-
Maintenance and operation	1.81	1.55	-	-	-
Total assessment	4.87	4.17	3.67	3.25	2.92
Ad valorem tax average	1.20	1.20	1.20	1.20	1.20
Total carrying charges	6.07	5.37	4.87	4.45	4.14

1/ Estimates are based on total assessed benefits of $22,000,000.

Table 57. - Total Assessments and Collections from Private Owners (except Guaranty Fund) by Counties, 1934-37 1/

County	Assessments	Collections 2/	
		Amount	Percentage
	Dollars	Dollars	Percent
	1934 Levy		
Sandoval	21,360.56	16,180.54	75.8
Bernalillo	169,452.13	154,518.08	91.2
Valencia	128,819.29	53,213.29	41.3
Socorro	78,836.62	18,131.09	23.0
	398,468.60	242,043.00	60.7
	1935 Levy		
Sandoval	20,959.67	13,959.67	66.8
Bernalillo	167,214.61	150,806.84	90.2
Valencia	126,018.99	45,865.76	36.4
Socorro	77,314.09	15,861.50	20.5
	391,507.36	226,532.94	57.9
	1936 Levy		
Sandoval	26,277.29	14,061.09	53.5
Bernalillo	209,234.25	174,120.58	83.2
Valencia	158,861.85	42,639.79	26.9
Socorro	97,095.51	17,386.95	17.9
	491,469.00	248,208.41	50.5
	1937 Levy		
Sandoval	27,615.47	10,103.84	36.6
Bernalillo	227,277.04	141,344.51	62.2
Valencia	171,676.78	27,804.66	16.2
Socorro	104,588.43	10,116.45	9.7
	531,157.72	189,369.46	35.7

1/ Report of Investigation of Middle Rio Grande Conservancy District as of June 23, 1938. 2/ Collections to June 1, 1938.

Table 58. - Collections of 1935, 1936, and 1937 Levies on Agricultural Lands only. 1/

County	Assessments	Collections	
		Amount	Percentage
	Dollars	Dollars	Percent
	1935 Assessment Collected to May 31, 1936		
Sandoval	18,741.10	4,580.42	24.4
Bernalillo	80,858.58	35,965.00	44.48
Valencia	122,327.94	21,441.86	17.53
Socorro	80,906.32	12,124.82	14.99
	302,833.94	74,112.10	24.87
	1936 Assessment Collected to May 31, 1937		
Sandoval	23,503.17	7,000.49	29.79
Bernalillo	101,505.05	55,597.02	54.77
Valencia	154,255.33	25,318.32	16.41
Socorro	95,933.31	10,485.90	10.93
	375,196.86	98,401.73	26.23
	1937 Assessment Collected to May 31, 1938		
Sandoval	24,598.02	7,784.77	31.65
Bernalillo	110,287.75	46,574.72	42.23
Valencia	166,674.35	24,958.02	14.97
Socorro	103,325.25	9,761.83	9.45
	404,885.37	89,079.34	22

1/ Unpublished material in Government files.

Table 59. - Partial Tabulation of Size of Farm Units

Size group	Number	Gross area	Average area
		Acres	Acres
Over 400 acres	10	12,833	1,283.3 1/
Over 80 acres	127	28,140	221.6
.	.	.	.
.	.	.	.
Under 20 acres	9,718	39,520	4.1
.	.	.	.
.	.	.	.
Entire project	11,300	100,533	8.9

1/ Includes 1 ownership of 5,634.50 acres.

Table 60. - Total Carrying Charges Average Acre of Cultivated Land 1/

Tax charge	Year			
	1934	1935	1936	1937
	Dollars	Dollars	Dollars	Dollars
Bond principal	.31	.16	.29	1.43
Bond interest	1.63	1.55	1.95	2.01
Maintenance and operation	.47	.71	.79	.89
Total assessment	2.41	2.42	3.03	3.33
Ad valorem taxes	1.51	1.25	1.24	1.20
Total charges	3.92	3.67	4.27	4.53

1/ Unpublished material in Government files.