

AGRICULTURAL EXPERIMENT STATION

KANSAS STATE COLLEGE OF AGRICULTURE
AND APPLIED SCIENCE
MANHATTAN, KANSAS

DEPARTMENT OF AGRICULTURAL ECONOMICS

TAX DELINQUENCY ON FARM REAL ESTATE IN KANSAS, 1928 TO 1933¹

HAROLD HOWE

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INTRODUCTION

Contrary to popular opinion, extensive farm tax delinquency has existed in Kansas even during years that were considered fairly prosperous. Although the depression has forced this problem to the front, it can by no means be said that delinquency of taxes on farm lands is a problem peculiar to years of general economic depression. There was a delinquency problem before the general debacle of the early thirties. In 1928, approximately two million dollars in farm taxes became delinquent in Kansas. Four years later the amount of delinquency was slightly less than five million dollars.

A comprehensive picture of farm-tax delinquency has been made possible through a nation-wide project, financed under a grant of funds by the Federal Civil Works Administration and administered by the Bureau of Agricultural Economics of the United States Department of Agriculture, assisted by Agricultural Experiment Stations in the 48 states. During the first four months of 1934, 360 Kansas men and women compiled the data for this state from county records in all of the 105 counties. County clerks and treasurers, county civil works administrators, and managers of county reemployment offices contributed much to this project by the capable assistance which they rendered. Delinquency data were obtained for a six-year period, 1928-1933, by year of levy. Complete records were obtained for all except six counties. In these six counties, full records for approximately 75 percent of the townships were obtained. For the state as a whole, the delinquency figures are complete for approximately 99 percent of the area.

1. Contribution No. 94 from the Department of Agricultural Economics. This report is based on a study conducted in cooperation with the Bureau of Agricultural Economics of the United States Department of Agriculture. The data were assembled in connection with federal Civil Works Administration Project F-6, "Farm Mortgages, Land Values, and Rural Tax Delinquency."

Workers were instructed to make a record of all properties on which taxes had become delinquent during the period of the study and which answered the following description: (1) Of three acres or more, (2) outside the boundaries of cities and incorporated villages, and (3) unplatted.

It was necessary to omit the summary of tax delinquency records for 1933 except for eleven counties. Consequently, the delinquency data reported in these pages are for the five-year period, 1928-1932.

TAX DELINQUENCY

The term "tax delinquency" is frequently used rather loosely and with a variety of meanings. This fact sometimes makes it difficult to compare one study with another in the same state or with similar studies in different states. Therefore, it seems advisable to define the term "tax delinquency" as it is used here.

For the purposes of this survey, tax delinquency was defined as, "taxes due and unpaid on the date when a penalty was legally applied or an interest charge began."

In Kansas, during the period covered by this study, these dates were December 21, for the first half of the tax in the same year in which the tax was levied, and June 21 of the following year for the last half of the tax.

Tax sales were held on the first Tuesday in September in the year following the year in which the tax was levied. Under the law in effect before 1933, tax delinquent properties became subject to transfer by tax deeds if not redeemed before the expiration of three years from the time of sale. A new law, enacted in March, 1933, extended this period to four years.

EXTENT OF DELINQUENCY

Table I shows the amounts of taxes on farm lands and buildings becoming delinquent each year from 1928 to 1932. Attention should be called to the fact, that the delinquency figures in this table, as well as in other tables of this manuscript, represent fresh delinquencies for each year. The figures are for delinquency on individual levies rather than for total delinquency. The figure for total delinquency would be larger because it would include, in addition to the delinquency on the current levy, that portion of the delinquency on levies for previous years which remained unpaid.

TABLE I.—GENERAL, SPECIAL, AND TOTAL OF TAXES DELINQUENT ON FARM LANDS AND BUILDINGS IN KANSAS, ON THE LEVIES OF 1928-1932. (a)

YEAR OF LEVY.	General taxes delinquent.	Percent of 1928.	Special assessments delinquent.	Percent of 1928.	Total of taxes delinquent.	Percent of 1928.
1928	\$2,023,459.05	100.00	\$34,778.18	100.00	\$2,058,237.23	100.00
1929	1,987,790.53	98.23	26,590.76	76.45	2,014,381.29	97.86
1930	2,850,695.63	140.88	32,186.60	92.54	2,882,882.23	140.06
1931	4,788,528.50	236.65	30,904.87	88.86	4,819,433.37	234.15
1932	4,716,065.10	233.06	34,867.77	100.25	4,750,932.87	230.82

(a) Records from six counties, Chautauqua, Cheyenne, Greeley, Hamilton, Seward, and Sheridan, although incomplete, are included.

In 1929, delinquencies were slightly less than in 1928. This slight downward trend in 1929 was followed by a sharp increase in 1930 and in 1931. In 1931, the total delinquency reached more than two and one third times that in 1928, but in 1932 there was a slight recession from this peak.

TAX DELINQUENCY IN KANSAS

A clearer idea of the extent of tax delinquency can be obtained by comparing total delinquent taxes with total taxes levied. This comparison is made in Table II.

TABLE II.—TOTAL TAXES LEVIED ON FARM LANDS AND BUILDINGS IN KANSAS, AMOUNTS OF DELINQUENCY, AND PERCENTAGES. (a)

YEAR.	Total taxes levied (b).	Taxes delinquent.	Percent.
1928.....	\$30,136,453.41	\$1,958,320.58	6.50
1929.....	30,249,149.05	1,905,303.15	6.30
1930.....	28,433,132.62	2,844,284.44	10.00
1931.....	26,859,032.74	4,702,006.58	17.51
1932.....	21,065,335.74	4,576,882.00	21.73
Five-year average.....	\$27,348,621.09	\$3,197,359.35	11.69

(a) In this table, record of taxes levied and taxes delinquent are omitted for the six counties for which delinquency data were incomplete. Consequently, the figures under "taxes delinquent" are smaller in this table than they are in Table I, where the delinquency data for the six counties, although incomplete, are included.

(b) Taken from the biennial reports of the State Tax Commission for from unpublished data furnished by the Tax Commission.

The percentages of total taxes levied on farm lands and buildings which became delinquent are also given. This table adds a different aspect to the picture by showing that the amount of delinquency has not only increased at a rapid rate, but that it has done so in the face of decreasing tax levies. This table also shows that, instead of a decrease in delinquency in 1932, there was really an increase when it is compared with total taxes levied. In that year, more than one fifth of all taxes levied on farm land and buildings became delinquent. Figure 1 illustrates graphically the narrowing distance between total taxes levied and those which became delinquent.

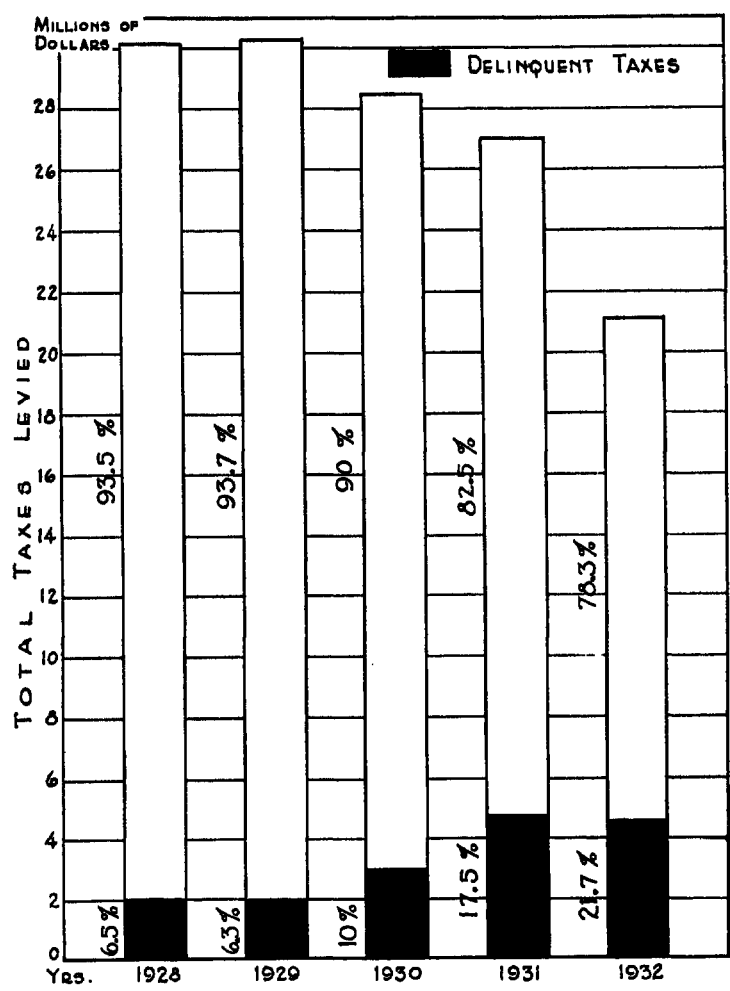


Fig. 1.—Comparison of delinquent taxes with total taxes levied on farm land and buildings in Kansas. (Six counties omitted.)

Data on the area involved in tax delinquency are also available. The total land area of Kansas is 52,499,078 acres. Of this amount nearly 52 million acres are in farms.² Reference to Tables III and IV shows that in years of com-

2. The differences in size of total figures in various tables may be explained by the fact that different combinations of counties are used in the tables. For example, in some tables, data for the six counties where records were incomplete for tax delinquency, are omitted while in other tables, the data on these counties, although incomplete, are included. The apparent discrepancy in "total acres in farms" between this statement and Table IV may be explained in this manner.

TAX DELINQUENCY IN KANSAS

parative prosperity, approximately five million acres of farm land are involved in tax delinquency. This is nearly one tenth of all land in farms. From 1929 to 1932, delinquency more than trebled, bringing the total area involved to more than 16 million acres, or nearly one third of all land in farms.

TABLE III.—AREA OF KANSAS LAND DELINQUENT. (a)

YEAR.	Acres on which taxes became delinquent.	Acreage, percent of 1928.	Properties on which taxes became delinquent.	Properties, percent of 1928.
1928.....	5,082,928	100.00	31,160	100.00
1929.....	4,836,578	95.15	33,317	106.92
1930.....	7,198,172	141.61	50,469	161.97
1931.....	11,838,520	232.91	80,087	257.02
1932.....	16,407,383	322.79	100,499	322.52

(a) Records for six counties, although incomplete, are included.

TABLE IV.—TOTAL ACRES IN FARMS AND TOTAL ACRES DELINQUENT. (a)

YEAR.	Total acres in farms (b).	Total acres delinquent.	Percent of area delinquent.
1928.....	48,584,369	4,660,364	9.59
1929.....	48,601,705	4,443,704	9.14
1930.....	48,603,492	6,738,443	13.86
1931.....	48,598,826	11,040,980	22.72
1932.....	48,604,749	15,630,663	32.16

(a) Records for six counties where records were incomplete are omitted.

(b) Taken from biennial reports of the Kansas Tax Commission.

DISTRIBUTION OF TAX DELINQUENCY

The diversity of agricultural resources and methods in different sections of the state make it seem advisable to segregate these sections for individual study with regard to tax delinquency. The map in figure 2 shows the five-year weighted average percent of delinquency in four major farming sections of the state. The highest percentages of total taxes levied on farm lands and improvements are found in the general farming and western wheat belt areas.

A further division of this study is presented in Table V. The areas represented are the type-of-farming areas of the state³ (Fig. 3.) A glance will show that delinquency is far from being evenly distributed even within the major sections presented before.

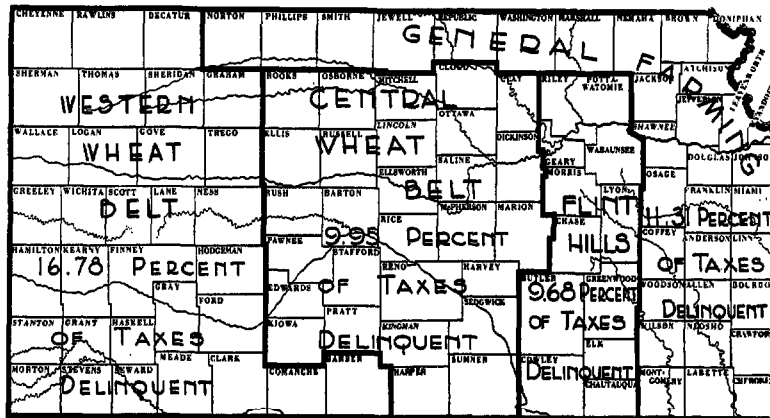


Fig. 2.—Percentage of delinquency in four major sections of Kansas—five-year weighted averages. (Records for six counties incomplete omitted.)

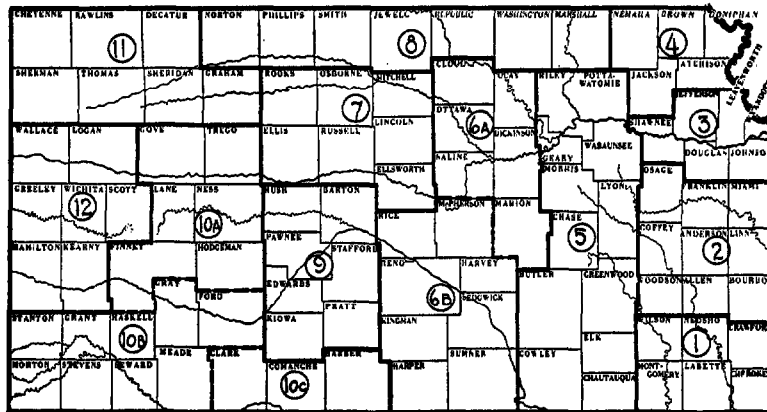


Fig. 3.—Type-of-farming areas in Kansas (Hodges' revision of figure 18, Bulletin 251).

3. Information on type-of-farming areas may be found in Kansas Agricultural Experiment Station Bulletin 251, "Types of Farming in Kansas," by Hodges, Elliott, and Grimes. The areas appearing in figure 3 and Tables V and VI are based upon figure 18 in Bulletin 251 as revised by J. A. Hodges in 1984.

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TABLE V.—PERCENTAGE OF TOTAL TAXES LEVIED ON FARM LAND AND BUILDINGS WHICH BECAME DELINQUENT, BY TYPE-OF-FARMING AREAS IN KANSAS. (a)

	1928.	1929.	1930.	1931.	1932.
Area 1.....	8.8	9.9	13.0	16.2	13.2
Area 2.....	6.0	5.9	9.1	20.8	19.1
Area 3.....	5.4	5.8	9.0	14.0	16.8
Area 4.....	5.5	6.7	11.4	18.4	23.2
Area 5.....	3.6	5.2	9.2	14.6	19.6
Area 6a.....	2.3	3.2	6.9	16.8	18.9
Area 6b.....	4.1	6.2	9.1	15.6	20.6
Area 7.....	4.0	3.5	5.7	10.9	16.0
Area 8.....	6.7	7.0	9.2	19.9	18.5
Area 9.....	6.3	5.5	12.9	19.0	26.1
Area 10a.....	5.3	5.2	7.1	12.3	26.1
Area 10b.....	23.1	7.8	15.1	24.2	34.0
Area 10c.....	9.2	10.6	14.0	24.5	29.7
Area 11.....	14.6	12.5	13.5	24.5	32.7
Area 12.....	16.6	15.5	16.0	49.2	35.5

(a) Records for six counties where records were incomplete are omitted.

Table VI gives the rankings of the areas according to five-year weighted average percentages to total acres in farms and of total taxes levied which became delinquent. It will be noted that the areas included among the highest five comprise the western portion of the state. The next group of five are areas in the extreme eastern, northern, and central western portions. The central and southern areas show the lowest percentages of delinquency. Another fact which should be noted from this table is the extreme range from lowest to highest. Such variations within one state seem almost inexplicable.

TABLE VI.—RANKING OF AREAS ACCORDING TO PERCENTAGE OF DELINQUENCY. (a)
 According to five-year weighted average

RANKING OF AREA.	Percentage of acres in farms which became delinquent.		Percentage of total taxes levied which became delinquent.	
	Area.	Percent.	Area.	Percent.
1.....	12	23.80	12	28.98
2.....	10c	23.24	10b	19.56
3.....	9	21.21	10c	16.84
4.....	11	20.33	11	14.68
5.....	10b	20.19	9	12.99
6.....	4	19.00	4	12.20
7.....	1	17.64	1	12.12
8.....	10a	17.35	8	11.61
9.....	6b	16.65	2	11.45
10.....	2	15.85	10a	10.52
11.....	8	15.08	6b	10.25
12.....	3	14.17	5	9.68
13.....	5	14.10	3	9.67
14.....	6a	12.77	6a	8.82
15.....	7	10.86	7	7.45

(a) Records for six counties where records were incomplete are omitted.

LONG-TERM TAX DELINQUENCY

The figures previously given included all delinquency without any attempt at discrimination between short-term and long-term delinquency. Short-term delinquency has been defined as "that which exists when a tax remains unpaid at the end of the regular collecting period and becomes subject to a penalty. Long-term delinquency has been defined as that which exists "when taxes are two or more years in default, and the taxpayer is in some real danger of losing his property."⁴ The summarized material which is available for the state as a whole does not make it possible to determine what part of the total delinquency, previously given, runs long enough to come under this classification of long-term delinquency. However, information is available which will give an indication of the amount of delinquent taxes which are likely to continue into long-term delinquency. This indication may be found in the amount of taxes due on properties sold at tax sales and in the number of these properties remaining unredeemed. The number of tax deeds issued also will give some indication of long-term delinquency.

Table VII gives the amounts of general, special, and total taxes due on properties sold at tax sales for the period 1928 to 1933. A glance reveals that these tax sales increased by almost five times during that period.

TABLE VII.—GENERAL AND SPECIAL TAXES DUE ON PROPERTIES SOLD AT TAX SALES. (a)

YEAR.	General taxes due.	Special taxes due.	Total general and special taxes due.	Percent of 1928.
1928.....	\$622,409.61	\$5,320.48	\$627,730.09	100.00
1929.....	820,060.88	13,791.33	833,852.21	132.84
1930.....	1,111,650.54	14,940.93	1,126,591.47	179.47
1931.....	1,948,117.49	19,290.29	1,967,407.78	313.42
1932.....	3,065,302.35	35,346.77	3,100,648.12	493.95
1933.....	3,709,011.97	28,046.78	3,737,058.75	595.33

(a) Records for nineteen counties are incomplete.

4. Quotations from a committee's report presented by Fred R. Fairchild, chairman, to the Conference of the National Tax Association in 1932. Proceedings of the Twenty-fifth National Conference of the National Tax Association, page 293.

The area involved in tax sales also shows the large increase in delinquency which runs for a considerable length of time. Reference to Table VIII shows that there was an even greater increase in area than in amount of taxes which went to tax sales from 1928 to 1933.

A clearer idea of the relationship existing between total delinquency and that which continues for sufficient length of time to become subject to tax sale can be gained from the comparison made in Tables IX and X. These figures represent the actual amounts which became delinquent and which went to tax sales in 85 counties for which all records were complete.

TABLE VIII.—ACRES AND PROPERTIES SOLD FOR TAXES. (a)

YEAR.	Total acres sold.	Number properties sold.	Acreage, percent of 1928.	Properties, percent of 1928.
1928.....	1,456,535	8,933	100.00	100.00
1929.....	1,629,080	11,686	111.85	130.82
1930.....	2,042,666	16,013	140.24	179.26
1931.....	4,420,197	28,094	303.47	314.50
1932.....	6,456,351	44,235	443.27	495.19
1933.....	8,861,298	57,217	608.38	640.51

(a) Records for nineteen counties are incomplete.

TABLE IX.—COMPARISON OF TAXES DELINQUENT WITH THOSE DUE ON PROPERTIES SOLD AT TAX SALES IN 85 COUNTIES

YEAR.	Taxes delinquent.	Taxes due on properties sold at tax sale.	Percent.
1928.....	\$1,722,861		
1929.....	1,662,180	\$747,894	43.41
1930.....	2,421,331	983,987	59.20
1931.....	4,061,740	1,734,484	71.63
1932.....	3,938,838	2,678,817	65.95
1933.....		3,448,215	87.54

TABLE X.—COMPARISON OF ACRES DELINQUENT WITH THOSE SOLD AT TAX SALES IN 85 COUNTIES

YEAR.	Acres delinquent.	Acres sold at tax sale.	Percent.
1928.....	3,977,797		
1929.....	3,782,480	1,397,569	35.13
1930.....	5,681,135	1,891,556	50.01
1931.....	10,585,040	3,894,842	68.56
1932.....	14,950,931	6,636,668	62.70
1933.....		7,997,081	53.49

TAX DELINQUENCY IN KANSAS

A further index to long-term delinquency can be obtained by comparing the total number of properties sold at tax sales with those remaining unredeemed up to the time at which this study was completed. Table XI shows the number of these properties redeemed, the number remaining unredeemed, and the number of tax deeds issued. The figure indicating the number of properties unredeemed in each year does not include those which went to tax deed.

TABLE XI.—TAX SALES AND REDEMPTIONS. (a)

YEAR.	Number of properties sold at tax sales.	Number of properties redeemed before March, 1934.	Number of properties unredeemed March, 1934.	Percent unredeemed.	Tax deeds issued.
1928.....	8,933	8,099	834	9.34	44
1929.....	11,686	10,128	1,558	13.33	89
1930.....	16,013	13,135	2,878	17.97	55
1931.....	28,094	19,835	8,259	29.40	51
1932.....	44,235	23,254	20,981	47.43	47
1933.....	57,217	19,515	37,702	65.89	170

(a) Records for nineteen counties are incomplete.

These figures reveal the large number of properties which have become subject to tax deed according to law and the comparatively small number of tax deeds which have been issued. All of these properties sold in 1928 and 1929, and yet unredeemed, have become subject to tax deeds. This includes 2,392 properties. Tax deeds could have been issued for the properties sold in 1928 any time after the first Tuesday in September, 1931, and for those sold in 1929 any time after the first Tuesday in September, 1932. Yet, during the entire period, 1931 to 1933, inclusive, only 268 tax deeds have been issued, and some of these may have been for properties sold in earlier years. This means that there are now at least 2,124 properties subject to tax deed for which no tax deed has been issued.

No great significance can be attached to the number of tax deeds issued in each year because they were recorded by the year of issue rather than by the year of sale of the property for delinquent taxes.

It is interesting to note that a large part of this rapidly increasing load of tax delinquent properties has been "carried" by the counties, since the demand from private investors in this field has not kept pace with the increase in total number of properties "sold" at tax sales. (Table XII.)

TABLE XII.—PUBLIC AND PRIVATE BUYERS OF DELINQUENT PROPERTIES

YEAR.	Total buyers recorded.	Public buyers.	Private buyers.	Percentage private buyers is of total.
1928.....	8,917	6,405	2,512	28.17
1929.....	11,298	8,400	2,898	25.65
1930.....	15,486	12,057	3,429	22.14
1931.....	26,926	22,313	4,613	17.13
1932.....	43,177	37,369	5,808	13.45
1933.....	54,978	50,949	4,029	7.33

Records indicate that, at some time during the past six years, at least 81 counties have used the "county purchase plan" under which private individuals are not given an opportunity to "bid off" properties for delinquent taxes.

There are indications that some counties formerly using the "county purchase plan" have changed to the policy of offering these investments to private individuals since delinquency has become so great. However, this action has been attended by only a small increase in the number of private investments in tax-sale certificates up to 1932, and a decrease in 1933 from the 1931 and 1932 figures. During the entire six years studied, sales to private investors have accounted for a gradually decreasing percentage of the total number of sales recorded.

GENERAL EXPLANATION OF TAX DELINQUENCY

Delinquency arises in a number of ways. The taxpayer may fail to pay his taxes because of carelessness, financial inability to meet the tax payment, or because of deliberate intent. Carelessness or forgetfulness accounts for some tax delinquency, although perhaps not a large amount. Financial inability to meet the tax payment is a common cause of delinquency. This inability may be the result of a temporary set-back or it may be a chronic situation. It may be the result of extremely high taxes compared to income from the property or it may be due to income below the subsistence level, improvidence or poor management on the part of the property owner. Deliberate nonpayment of taxes may result from several motives. (1) There are a few taxpayers who, it would appear, believe that it is good business to pay their taxes late and after the penalty has been applied. (2) There are also some who believe that by failing to pay their taxes when due, they may compromise later for a smaller sum than was due originally. (3) There are some who fail to pay taxes when due because they believe that laws setting aside penalties will be continued or that new and more liberal laws along the same line will be introduced. (4) There are many who refuse to pay taxes because the annual tax is for an amount larger than the annual income from the property.

The above enumeration of the ways in which delinquency arises, throws some light on the causes back of property owners' motives in not paying their taxes when due. In the first place, collection practice, faulty in many ways, is an important cause of tax delinquency. Collection practice gives little consideration to the convenience of the taxpayer. The times during the year when he can most easily pay have not been taken into account in setting the dates when taxes are due and penalties applied. The plan of easy payments so universally used elsewhere has not been applied to tax payments. These arbitrary aspects of the collection procedure are responsible for some delinquency but, paradoxically as it may be, a far larger percentage of delinquency may be attributed to the easy, indulgent attitude of tax collection agencies. The lack of certainty that the penalty will be applied at the time specified, the possibility of tax compromise, the hope, frequently justified, that laws will be passed deferring penalties, and the otherwise desultory attitude of tax collection agencies, have resulted in a large amount of delinquency. This applies particularly to the depression years when collection practice has become even less certain and strict than formerly.

A heavy tax charge against property is another important cause of tax delinquency. This may result from large governmental expenditures, hence generally high tax rates, or it may result from a large and unequitable share of the total tax load being carried by the property in question. Usually both factors are responsible. When the tax rate is low, even the overassessed properties do not suffer excessively. When tax rates are high, all properties feel the effect, but those that are overassessed suffer most.

