

A CRITICAL STUDY
OF THE
TAXATION OF NET INCOME
BY THE
STATE OF OKLAHOMA

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By

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PREFACE

"...In the face of the contentions reproduced... it would seem reasonably certain that whatever may be the future of the income tax in the United States, it has no prospects as a state income tax. In this conclusion almost all serious students agree...."¹

Such was the opinion in 1911, of Edwin R. A. Seligman, one of the outstanding authorities and students of early income taxation in the United States. He was not alone in his forecast of the future of state income taxation however, as is shown in the report of a special tax commission of New York in 1907 which closed with the following emphatic words:

"...Whatever may be the situation in future years, your Commissioners are convinced that to advance the project of a direct state income tax at the present time is an iridescent dream...."²

Nor were these the only persons during this period who were highly critical of income taxation by the states. During the early part of the twentieth century, year after year passed with recurring articles and comments against the feasibility of using this tax as a permanent part of the state tax systems.

In all fairness to these individuals however, it must be admitted that from the results of the few states which had embodied the income tax in their laws, notwithstanding the adverse criticism given them on many sides, the opinions of the critics were well founded. It was only the forecast of the future in which they were badly mistaken.

It is not the intention of this writer to detract from the work of these early students of income taxation by the states. The references given in the preceding paragraphs merely show that the administration of government finance is not static, and that the problems of taxation can-

¹ Edwin R. A. Seligman, The Income Tax, (1911), p. 425.

² Ibid., p. 425

not be fully solved without sufficient experimentation.

The main problem of this thesis is, "Are the Net Income Tax rates in Oklahoma too high?" In order to arrive at an answer to this question, several secondary problems arise. "First, what part does Oklahoma's Net Income Tax revenue have in the tax structure of the state, and how does this policy compare with that of other states?" "Second, what relationship does the total state tax revenue of Oklahoma have to the Federal Income Tax revenue from Oklahoma, and how does this relationship compare with that of other states having Net Income Tax laws?" "Third, what is the relationship of Oklahoma's Net Income Tax revenue to the revenue received by the Federal government from Oklahoma due to the Federal Income Tax law; and how does this relationship compare with that of other states?" And finally, "Does the existing income tax rate structure tend to destroy the base of the tax, by placing a relatively too heavy burden on the sources of individual and corporate incomes in the state?"

The author wishes here to acknowledge the assistance of Professor Z. B. Wallin, and Professor F. E. Jewett, of the School of Commerce faculty, whose guidance as major and minor advisers has helped to mold whatever worthwhile conclusions the writer has presented.

Especially does this writer wish to thank Dean Raymond D. Thomas for his valuable and helpful criticism of the entire thesis. Seldom does a student have the opportunity of having a thesis adviser who is such an outstanding authority, both theoretically and practically, on the subject matter of the thesis. Dean, Thomas, having served as a member of the Oklahoma State Tax Commission, has been able to give the writer much first hand information of the workings of the income tax in Oklahoma and in other states, for which the writer is grateful.

July 17, 1939

T. G. S.

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Chapter I
HISTORY OF NET INCOME TAXATION
BY THE STATES

The early history of the taxation of income in the United States is a series of one failure after another. Inefficient administration coupled with abnormally low receipts from this kind of tax, caused the failure of the tax to become a workable part of the tax systems of the various states. And, wherever the tax was in effect, it was tainted with unconstitutionality.

The earliest taxes recorded were really taxes on gross incomes; however, as certain deductions were made from the total gross income, they tended to approach the effect of net income taxation.

The first general income tax law in this country dates back to colonial times. Massachusetts Bay Colony passed an act in 1634 which contained the provision assessing each man, "according to his estate and with consideration of all other abilityes whatsoever."¹ The term abilityes was partly defined as including as subjects of taxation, "certain classes of persons receiving income from their labor or trade." The tax, however, was not called an income tax but was known as a faculty tax. Not until 1821 were the people willing to admit that it was in reality an income tax and should so be called. Massachusetts is the only state which has from colonial times up to the present continued to use the taxation of net incomes in some form.

Other colonies in the seventeenth century which provided for the income tax under the name of a faculty tax" were:² Plymouth Colony in 1643;

¹ National Industrial Conference Board, State Income Taxes, (1930), Vol., I, p. 5.

² Edwin R. A. Seligman, The Income Tax, (1911), pp. 370-372.

New Haven in 1649; Connecticut in 1650; Rhode Island in 1673; and New Jersey in 1864.

After the beginning of the eighteenth century, several other New England colonies as well as some of the Middle and Southern colonies brought the "faculty tax" into use. South Carolina in 1701 enacted a law taxing the citizens according to their "estates, stocks and abilities, or the profits that any of them do make off or from any public office or employment."³

New Hampshire's first act in 1719 was changed in 1739 and again in 1772 at which time the law provided that the assessor should use his discretion as to how much tax each individual should be assessed, except that he should not be taxed over twenty pounds.⁴

Delaware's tax of 1752 assessed single men who had no visible estates; not less than twelve pounds, nor more than twenty-four pounds.⁵

In Maryland, when the state constitution was adopted in 1777, the tax imposed an assessment of one-quarter of one per cent on the "amount received yearly" by "every person having any public office of profit, or an annuity or stipend," and on the "clear yearly profit" of "every person practising law or physic, every hired clerk acting without commission, every factor, agent or manager trading or using commerce in this state."⁶ In 1779 the tax was raised to two and one-half per cent, but in the next year, the entire tax was abandoned.

Pennsylvania, in 1782, passed its first "faculty tax" law, the rates being from twenty-five cents to ten dollars, depending on the type of income, and not upon the amount.⁷

³ Edwin R. A. Seligman, The Income Tax, (1911), pp. 370-372.

⁴ Ibid., p. 376.

⁶ Ibid., p. 379.

⁵ Ibid., p. 378.

⁷ Ibid., pp. 377-378.

From 1786 to 1790, Virginia attempted to tax attorneys, merchants, physicians, surgeons, and apothecaries by the "faculty tax" method; however, in the latter year, the whole system was abolished.⁸

Few of these commonwealths continued the use of this type of tax without interruption; however, in almost every case, an income tax was later adopted in the tax laws of the states in the future. Due to the unfairness of assessments, and to the difficulties involved in administration and collection of the tax, one by one, the states, with the exception of Massachusetts, abandoned this unwelcome form of taxation.

During the nineteenth century, eight additional states levied income tax laws.⁹ Alabama in 1843 enacted an income tax law, placing a tax at the rate of twenty-five cents on every hundred dollars of the income of auctioneers, factors, cotton brokers, and commission brokers. If any one refused to render a tax return, he was assessed at three thousand dollars. With a few minor changes, this same law remained in force until the Civil War.

In 1845, Florida passed an income tax law which placed the rate at twenty cents upon every hundred dollars of income received by lawyers, doctors, public weighers of cotton and other products, public inspectors, and pilots. After a futile attempt to make the law successful, finally in 1855, the tax was abandoned.

Texas, in 1860, levied a tax on salaries of over five hundred dollars; however, the law worked so badly that eleven years later it was allowed to lapse.

Missouri experimented with a tax on incomes starting in 1861. The rates provided for a tax of thirty-two cents on each hundred dollars of

⁸ Edwin R. A. Seligman, The Income Tax, (1911), p. 380.

⁹ *Ibid.*, pp. 404-414.

income from all salaries over eight hundred dollars, and from stocks and other property not taxed in the state. With the close of the Civil War, Missouri's income tax act also came to an end.

Georgia, levying an income tax in 1863, introduced the progressive feature in her first act. The law seemed to be aimed directly at high profits, because these were the only incomes affected to any great extent. The assessments were as follows: If the income was twenty per cent of the capital, the tax was one-half of one per cent; if the income was twenty to thirty per cent of the capital, the tax was one and one-half per cent; and for every increase of ten per cent in the percentage of profits to capital, the rate increased one-half of one per cent ad infinitum. By this act, when the profits of a business venture were twenty times the capital, the entire profits would go as taxes. Due to so much protest of its unfairness, the law was dropped from use soon after the Civil War ended.

West Virginia was another state adopting a tax on incomes in 1863. The act was patterned after the Virginia laws, but no records have been found to show it ever being enforced.

In 1864, Louisiana passed an act providing for a tax of one-quarter of one per cent on all incomes in excess of two thousand dollars from any "trade, profession or occupation." Although this act remained in force until the end of the century, its efficiency as far as revenue was concerned was practically nil.

The last of the states entering the income tax field in the nineteenth century was Kentucky, which in 1867 imposed a tax on the income from United States bonds; however, in 1872, this law was declared unconstitutional by the Supreme Court of the state.¹⁰

¹⁰ Edwin R. A. Seligman, The Income Tax, (1911), p. 414.

North Carolina was the only state, other than the foregoing, which tried to effect an income tax before the start of the twentieth century. In 1849, the state passed its first income tax law. After several changes in the act, it was modified in 1859 to tax income from interest, at four per cent; and the tax upon salaries was placed at one per cent.

Due to much difficulty experienced in the administration of the acts by the states first using the income tax, it is no surprise that before the twentieth century there were so many failures in trying to embody the new tax in the revenue systems of the various states. In Virginia, for example, during the first years of the new century, not only were the collections insignificant, but in about thirty per cent of the counties of the state, no tax at all was collected.¹¹ As a great many of the taxpayers believed the income tax to be unconstitutional, the state officials did not exert themselves to enforce the laws. Too, the administration facilities were so faulty that little could be done about collecting the tax if the taxpayer did not voluntarily offer to pay the assessment.

Examples of how little revenue was received by some of the states using the income tax in this early period are plentiful. The receipts in South Carolina in 1900, 1901, and 1902, were \$975, \$609, and \$292 respectively.¹² In Louisiana, the receipts for the year 1899 were exactly \$104.¹³ The state of Virginia, which had taxed incomes for the first time in 1786, received an average of about \$5,000 annually during the nineties.¹⁴ The collections in Oklahoma during the first year of its

¹¹ Edwin R. A. Seligman, The Income Tax, (1911), pp. 415-416.

¹² Ibid., p. 417.

¹³ Ibid., p. 413.

¹⁴ Ibid., p. 416.

income tax law were only \$2,816.¹⁵

After a study of the early use of the income tax by the various states, it is easy to understand why students of the problem almost un-
animously refused to give the tax any promise as a future source of state
revenue.

Soon after the turn of the twentieth century, the history of income
taxation by the states is a different story, especially after the passage
of the Sixteenth Amendment to the United States Constitution in 1913.
This amendment finally settled the century old problem of the constitu-
tionality of the income tax. Under this new amendment, the Federal gov-
ernment was allowed to tax the incomes of both individuals and corpor-
ations.

Although several states had continued the use of the income tax from
1900 to 1913, the revenues from the tax were negligible when compared with
the total tax receipts of the states. In 1912, for example, the state of
Oklahoma received only \$4,834 from this source.¹⁶ North Carolina's revenue
from the tax for the same year was \$33,497.¹⁷ From her existing law in
1912, Virginia received \$102,678.¹⁸

The state of Wisconsin was an exception to this group of states,
the state of Wisconsin receiving \$1,935,847 which was twenty-eight per cent
of the total state tax revenue for the year 1912.¹⁹

At this point, the experience of some of the states using the income

¹⁵ Annual Report of the State Auditor of Oklahoma, 1909, p. 73.

¹⁶ Alzada Comstock, Fiscal Aspects of State Income Taxes, American Economic Review, Vol., X, p. 263.

¹⁷ Report of the North Carolina Tax Commission, 1928.

¹⁸ Comstock, op. cit., p. 267.

¹⁹ Ibid., p. 260.

tax as an important source of revenue will be discussed. As the main problem of the thesis deals with the state of Oklahoma, this state will be taken up last. These experiences present a picture of the income tax from its inception in the states. However, as it is impossible in this study to gather data for every change in the tax laws of the various states, without primary source material, parts of the historical changes will be missing.

As Massachusetts was the first state using the income tax as a source of revenue, the experience of that state will be given first. The principles of taxing income in Massachusetts were used by most of the colonies as an example when making their first laws.

After the passage of the first act in 1634, not many changes were made in the laws until the colony of Plymouth united with the Massachusetts Bay Colony to form the Province of Massachusetts in 1692. At this time, a law was enacted providing that all estates whatsoever, real and personal, should be taxed at a "quarter part of one year's value or income thereof."²⁰ The rate of this law was not made very clear, nor was it cleared up by any of the subsequent acts in 1697 and 1698. But in the law of 1706, assessors were to rate "income by any trade or faculty, which any person or persons (except as before excepted) do or shall exercise in gaining money, or other estate not particularly otherwise assest, or commissions of profit in their improvement, according to their understanding and cunning, at one penny on the pound, and to abate or multiply the same, if need be, so as to make up the sum hereby set and ordered for such town or district to pay."²¹ By this act, it is seen that the tax authorities fully realized the flexibility of the yield of an income tax, and that the tax

²⁰ Seligman, op. cit., p. 372.

²¹ Ibid., pp. 372-373.

could readily be increased or decreased to better fit the needs of current revenue in any one year.

With only one more minor change in the law in 1738, the Act of 1706 remained in force until 1777. When the new constitution was adopted in 1780, practically all of the old tax law was retained.

Although there was a tendency toward the end of the eighteenth century to refer to the "faculty tax" as a tax on income, it was not until the provisions of the law of 1821 that the term income tax was used.

The next real change in the law came in 1849, at which time an exemption of six hundred dollars was allowed.²² The exemption was raised to one thousand dollars in 1866, and in 1873 this amount was increased to two thousand dollars, at which point it remained stationary until the act of 1917.²³

The history of the Massachusetts system from 1917 to 1929 is mostly one of reforms.²⁴ The Income Tax Act of 1917 was not a general income tax, but a partial tax on personal incomes, as it imposed different rates on certain classes of income. Annuities were taxed at a flat rate of one and one-half per cent. Gains from dealings in intangibles were taxable at three per cent. Net incomes from professions, employment, trade or business were taxed at one and one-half per cent. The tax went up to six per cent on the income derived from intangibles in excess of the partial interest deduction.

The exemptions were made more liberal under the Act of 1917, allowing as a maximum exemption, \$3,000; however, if both husband and wife

²² Seligman, op cit., p. 390.

²³ Ibid., p. 391.

²⁴ National Industrial Conference Board, op. cit., pp. 9-18.

received business incomes, each was allowed an exemption of \$2,000. The regular exemption was \$2,000, in addition to which a \$500 increase was allowed to a married taxpayer, and \$250 for each child under eighteen, or parent entirely dependent upon the taxpayer; but in no case was the total exemption to exceed \$3,000.

By the law of 1922, this \$3,000 limitation was removed and a \$250 allowance was made for each dependent, regardless of number. In 1924 another change was made in the exemptions, this time lowering them so that an unmarried person would not be taxed on an income of less than \$1,000; or the combined income of husband and wife of less than \$1,500 would not be taxed.

In 1919, the state passed a franchise tax which used in part, as a base for measuring the tax, income received from within the state. A two and one-half per cent tax was imposed on the amount of the net income derived from within the state, and was based upon the net income reported to the Federal government, after exemptions were deducted.

Massachusetts, in 1925, attempted to tax the income of tax-exempt government securities. However, in 1929, the Supreme Court of the United States declared the act unconstitutional.

Outside of this one attempt to change the law, the rates under the acts of 1917 and 1919 have remained in effect to the present time, except that in 1938, the law places a maximum of six per cent on corporations, national banks, and trust companies. The individual rates remain graduated from one and one-half per cent to six per cent, based not upon amount of income, but upon the type of net income received. The individual rates are: one and one-half per cent on business income; one and one-half per cent on annuities; three per cent on gains from the sale of intangibles;

and six per cent on certain interest and dividends received.²⁵

Although not parallel to that of Massachusetts, the history of the income tax in North Carolina is interesting. The first act, in 1849, opens with the following preamble:²⁶

"Whereas there are many wealthy citizens of this state who derive very considerable revenues from moneys which produce interest, dividends and profits, and who do not contribute a due proportion to the public exigencies of the same, be it resolved," etc.

Under the law enacted, all moneys at interest were taxed at three per cent, and all profits from moneys invested in shares or in trade were assessed at the same rate. Profits to the extent of sixty dollars were exempt. A tax on the professions was also levied, by providing that after the first five years of their practice, all professional classes, except ministers and judges, should pay an annual tax of three dollars, if their income exceeded five hundred dollars. Other slight changes were made in 1851, 1855, and in 1857; however, the most important change was in the law of 1859 which placed a one per cent tax upon the salaries and fees of all individuals. The tax upon interest, which had been raised to four per cent in 1857, remained at that rate.²⁷

Several changes were made, beginning with the Civil War era.²⁸ By the law of 1861, the exemption of judges from the tax was repealed, and the rate upon toll roads, bridges, and ferries was increased to two and one-half per cent.

In 1863, a general exemption, in the case of salaries and fees, of one thousand dollars was made. Also, a graduated tax upon different classes of income was passed. Ten per cent was levied on the income of

²⁵ Tax Systems of the World, Seventh Edition, 1938, p. 42. ²⁷ Ibid., p. 404.

²⁶ Seligman, op. cit., pp. 403-404.

²⁸ Ibid., pp. 408-409.

all brokers and bankers; ten to twenty per cent on the profits of liquor dealers; two per cent on the profits of money or capital invested in certain manufactures and commodities; and five per cent on the profits derived from the purchase and sale of articles imported into the state from neutral ports.

During the next year, the outstanding change made in the law was the provision taxing the profits of certain manufactures at a rate ranging from five to fifteen per cent. This Act of 1864, taxed the profits made in exchange or manufacture of cloth, leather and leather goods, iron, tobacco, and salt, at the following rates:²⁹

5%	on profits up to	\$10,000
12%	on profits from	10,000 to \$20,000
15%	on profits from	20,000 to 30,000

The law of 1866 taxed all incomes, except those from salaries and fees, on a progressive scale of from one to three and one-half per cent.

This progressive rate was reduced in 1867, and in 1869 the law was passed which again made the income tax proportional at the rate of two and one-half per cent. The rate was lowered still further by the Act of 1870, when provisions for the new rate was one and one-half per cent.

Not until 1893 was the progressive rate again introduced, and after a few changes in the acts of 1895 and 1897, the rates remained in effect until 1907, except that in 1901 the rate was again made proportional.

The progressive rates under the Act of 1897 were as follows:³⁰

Incomes from	\$1,000 to	\$5,000	paid	1/4 of one per cent
Incomes from	5,000 to	10,000	paid	1/5 of one per cent
Incomes from	10,000 to	20,000	paid	one per cent
Incomes in excess of	\$20,000		paid	two per cent

The Act of 1901, while bringing back the proportional principles,

²⁹ National Industrial Conference Board, op. cit., p. 88.

³⁰ Seligman, op. cit., p. 416.

also changed the base of the tax from net income to gross income. A tax of one per cent was levied on gross incomes in excess of \$1,000. The gross income tax was used by the state until 1917, when once more the progressive principle was reenacted.

After much agitation to amend the state constitution, North Carolina in 1920 finally adopted a constitutional amendment (Article V, Section 3) which provided that the rate of tax on incomes shall not in any case exceed six per cent. Exemptions, under the amendment, provided that a married individual shall deduct not less than \$2,000, and to all other persons, a deduction of not less than \$1,000 was allowed. The Act of 1921 allowed a widow or widower having a minor child or children, an exemption of \$2,000.³¹ It was the purpose of this amendment to enact a law which would insure that only net incomes would be taxed.

The next change in the laws dealing with income taxation was made in 1925 when a \$200 exemption was allowed for each dependent, and a reciprocal law was passed allowing non-residents to deduct certain credits for income taxes paid in the state of their residence, if such state allowed a like credit to citizens of North Carolina.³²

A comparison of the 1921 and 1925 personal rates follows:³³

1921 rates:

1%	on the first	\$ 2,500
1½%	on the second	2,500
2%	on the third	2,500
2½%	on the fourth	2,500
3%	on all above	10,000

1925 rates:

1½%	on the first	\$2,500
2%	on the second	2,500
2 ¾%	on third	2,500
3½%	on the fourth	2,500
4½%	on the next	5,000
5%	on all above	15,000

³¹ National Industrial Conference Board, op. cit., p. 90.

³³ Ibid., p. 91.

³² Ibid., pp. 90-91.

In 1921, North Carolina also imposed a franchise tax on net income earned in the state by both domestic and foreign corporations. Starting at three per cent in 1921, the rate was increased to four per cent in 1926, and to four and one-half per cent in 1927.³⁴ The 1925 personal rates remained in force until 1931, when they were changed to a two per cent minimum and a six per cent maximum.

The 1931 rates on individuals were:³⁵

2% on the first	\$ 2,000
3% on the second	2,000
4% on the third	2,000
5% on the fourth	2,000
5½% on the fifth	2,000
6% on all above	10,000

The minimum was raised in 1933 to three per cent, however, the maximum remained at six per cent.³⁶

The rate on corporations from 1927 remained at four and one-half per cent; however, in the latter year it was increased to five and one-half per cent.³⁷ Again, in 1933, it was increased, this time to six per cent.³⁸

At the present time, 1938, the individual rates in North Carolina range from three to seven per cent, while the rate on corporations remains at the 1933 rate which was six per cent.³⁹

New York, although it did not experiment with income taxation in the early part of the twentieth century, has had a successful experience with its use since 1918. Ever since its inception, it has yielded a great part of the tax revenue of the state.

³⁴ National Industrial Conference Board, op. cit., p. 90.

³⁵ Federal and State Tax Systems, Third Edition, 1932, p. 42.

³⁶ State Law Index, No. 5, 1933-1934, p. 674.

³⁷ State Law Index, No. 4, 1931-1932, p. 593.

³⁸ State Law Index, No. 5, 1933-1934, p. 674.

³⁹ Tax Systems of the World, Seventh Edition, 1938, p. 53.

The rates on personal income during the years from 1919 to 1930 remained at one, two, and three per cent, with the exception of the years 1923, 1924, and 1925, during which time the rates were the same, but a twenty-five per cent reduction in the tax was made.⁴⁰

The Act of 1919 provided for moderately progressive rates. The first \$10,000 of net income was taxed at one per cent; income between \$10,000 and \$50,000 was taxed at two per cent; and net income in excess of \$50,000 was assessed at three per cent.

In the matter of exemptions, the New York act followed the Federal law: single persons were exempted \$1,000; married persons, or the head of a family were allowed an exemption of \$2,000; and \$200 was allowed for each dependent.

In 1923, the exemption for a married person was increased to \$2,500 if the net income was not in excess of \$5,000; however, if the net income was more than \$5,000, the exemption remained at \$2,000. Exemptions for dependents were increased to \$400.

A law in 1924 further increased the exemptions, this time to \$1,500 for single persons, and \$3,500 for married persons, the deduction for dependents remaining at \$400.

Another increase in exemptions came in 1929 when single persons were exempted \$2,500, and married persons were allowed \$4,000.

Due to the high yield of the personal tax from its beginning, the authorities made a reduction of twenty-five per cent on the taxes for the years 1923, 1924, and 1925; however, the rates were left at the level of the existing act so that a new law would not have to be enacted whenever more revenue was needed.

⁴⁰ National Industrial Conference Board, *op cit.*, pp. 66-78.

The first real corporate income tax law in New York was enacted in 1917, although it was called a "franchise" tax.⁴¹ The value of the franchise was measured by net income, and the tax was computed on the basis of the net income reported to the Federal government. The 1917 act imposed a flat rate of three per cent on the portion of the entire net income allocated to the state. However, in 1919 this rate was increased to four and one-half per cent.

During the years 1931 and 1932, the personal rates were doubled, making the rates two, four, and six per cent; on the first \$10,000, the next \$40,000, and over \$50,000 respectively.⁴² In 1933, the old rates under the 1919 act prevailed, except that an additional tax of one per cent was made on the regular basis.⁴³

At the present time, 1938, the New York individual rates range from two to seven per cent. Although the state does not have a general income tax law dealing with corporations, it does have a four and one-half per cent tax on the income received by National Banks, and a four per cent tax which is levied on unincorporated businesses.⁴⁴ According to some of the best students of income taxation, this last tax is destined to become one of the most used bases for the future taxation of net income.

The state of Wisconsin offered the first workable state law of income taxation in 1911. From the first year of the tax, the revenue received completely outclassed that of any other state having the tax at that time. The history of the tax from 1911 to 1928 shows an increasing effort to arrive at an income tax which would be equitable as well as one which

⁴¹ National Industrial Conference Board, *op. cit.*, pp. 72-73.

⁴² State Law Index, No. 4, 1931-1932, p. 605.

⁴³ State Law Index, No. 5, 1933-1934, p. 674.

⁴⁴ Tax Systems of the World, Seventh Edition, 1938, p. 57.

would satisfy fiscal needs.⁴⁵

By the Act of 1911, both individuals and corporations were taxed; however, the rates were slightly different. Single persons were allowed an exemption of \$300, married persons \$1,200. For each dependent, an allowance of \$200 was provided. Non-residents were not able to take advantage of these exemptions, nor were corporations allowed an exemption.

These rates remained in effect until the year 1925 when the exemption for husband and wife was increased to \$1,600; and for children under eighteen, and dependents, the deduction was increased to \$300.

Under the law of 1927, Wisconsin added a new type of exemption, by giving a deduction based on dollars of tax payable, instead of on dollars of income which had become the practice of the states up to this time. By this new principle, a single person was allowed a reduction in his income tax of \$8; the husband and wife, or head of a family received a reduction of \$17.50; and for each child under eighteen, and for each dependent, a reduction of \$3 was allowed.

An amendment to the law in 1928 provided that a single person making a net income of less than \$800, and married persons receiving net incomes of less than \$1,600, need not make income tax returns.

In the original act of 1911, the taxpayer was allowed to offset the amount of personal property tax paid, against the amount of income tax due. This meant that whenever the personal property tax exceeded the income tax, the taxpayer paid the personal property tax; and whenever the income tax exceeded the personal property tax, he paid the income tax. It was the intention of the framers of the first act to let this plan remain in force indefinitely; however, due to revenue needs, a new law

⁴⁵ National Industrial Conference Board, op. cit., pp. 26-26.

was passed in 1925 removing this offsetting principle of operation.

The tax structure in the 1911 act provided for the following rates on individuals and corporations: (As the law taxing both individuals and corporations was rather complicated, the table given on page 80 of "The Tax Problem in Wisconsin," by the National Industrial Conference Board will be reprinted in full.)

See table on page 18.

EXPLANATORY NOTE:

The rates given in the following table include amendments to the 1911 act; however, these changes are explained in the footnotes at the bottom of the table.

WISCONSIN INCOME TAX RATES IN 1911

(Source: National Industrial Conference Board, "The Tax Problem in Wisconsin," p. 80)

Taxable Income Group	Individuals, Partnerships, etc.					Corp., Joint Stock Co., or Associations			
	Normal Tax ¹	Soldiers' Bonus Surtax ²	Educational Bonus Surtax ²	Teachers' Retirement Fund Surtax ²	Total	Normal Tax ¹	Soldiers' Bonus Surtax ³	Educational Bonus Surtax	Teachers' Retirement Fund Surtax
Under \$1,000	1.0%				1.0%	2.0%	2.0%	0.40%	
\$1,000 to 2,000	1.25				1.25	2.50	2.50	0.50	
2,000 to 3,000	1.50				1.50	3.00	3.00	0.60	
3,000 to 4,000	1.75	1.75%	0.35%	0.29%	4.14	3.50	3.50	0.70	0.33%
4,000 to 5,000	2.00	2.00	0.40	0.33	4.73	4.00	4.00	0.80	0.67
5,000 to 6,000	2.50	2.50	0.50	0.42	5.92	5.00	5.00	1.00	0.84
6,000 to 7,000	3.00	3.00	0.60	0.50	7.10	6.00	6.00	1.20	1.00
7,000 to 8,000	3.50	3.50	0.70	0.58	8.28	6.00	6.00	1.20	1.00
8,000 to 9,000	4.00	4.00	0.80	0.67	9.47	6.00	6.00	1.20	1.00
9,000 to 10,000	4.50	4.50	0.90	0.75	10.65	6.00	6.00	1.20	1.00
10,000 to 11,000	5.00	5.00	1.00	0.84	11.84	6.00	6.00	1.20	1.00
11,000 to 12,000	5.50	5.50	1.10	0.92	13.02	6.00	6.00	1.20	1.00
12,000 and above	6.00	6.00	1.20	1.00	14.20	6.00	6.00	1.20	1.00

1 Personal property offset was permitted against this tax before this provision was repealed in 1925

2 No personal property offset was permitted against this tax. The soldiers' bonus surtax was applicable only to 1918 incomes, and the educational bonus surtax applied only to 1918-1922 income.

3 No personal property offset was permitted. Before computing surtax, a deduction of 6% capital, surplus and undivided profit was allowed.

It is impossible to compute the total percentage for the Corporation, Joint Stock Companies or Associations tax because of a deduction of 6% of capital, surplus and undivided profit for surtax purposes.

The taxation of corporations under the 1911 act proved so complicated and cumbersome, that in 1912 it was provided that the corporations be taxed the same as individuals.

The Soldiers' Bonus Surtax which was enacted in 1919, and the Educational Bonus Surtax of 1918 are not now a part of the Wisconsin Tax system. However, the Teachers' Surtax Retirement Fund Act of 1921 is still in effect.

In 1930, two new changes were made in the laws. The normal tax on individuals ranged from one to six per cent, and the normal tax on corporations was placed at a two per cent minimum and a six per cent maximum.⁴⁶ In addition to the normal tax, both individuals and corporations were subject to the Teachers' Retirement Surtax, fixed at one-sixth of the foregoing rates.

The rates on individuals were modified in 1931, ranging from one to seven per cent. The rates in effect during this year were as follows:⁴⁷

1% on the first	\$ 1,000
1½% on the second	1,000
1¾% on the third	1,000
2% on the fourth	1,000
2½% on the fifth	1,000
3% on the sixth	1,000
3½% on the seventh	1,000
4% on the eighth	1,000
4½% on the ninth	1,000
5% on the tenth	1,000
5½% on the eleventh	1,000
6% on the twelfth	1,000
7% on excess of	12,000

A surtax was also charged in addition to the foregoing rates. In order to arrive at the surtax, the taxpayer was allowed to make the authorized deductions from the normal tax, then deduct \$37.50, then divide

46 Federal and State Tax Systems, First Edition, 1930, p. 55.

47 Federal and State Tax Systems, Third Edition, 1932, p. 59

the remainder by six.

At the present time, in 1938, Wisconsin has an income tax law divided into three sections:⁴⁸

- Section a. A graduated Normal income tax for individuals at the foregoing rates. A corporation tax at from two to six per cent.
- Section b. A Teachers' Retirement Fund Surtax which is Normal tax less \$37.50 for individuals, and less \$75 for corporations; divided by six.
- Section c. A Surtax for Pension and School Aids which is sixty per cent of the Normal tax for both individuals and corporations.

Exemptions in 1938 are as follows: on the Normal tax, a single person \$8; a married person \$17.50; and the deduction for dependents \$4. On the Surtax for Pension and School Aids, the exemptions are: for single persons \$10; for married persons \$25; and the deduction for dependents \$2.

As far as receipts are concerned, the state of Wisconsin ranks among the top of the states using the income tax as a source of revenue, and it has maintained this status since the beginning of the tax in 1911.

Oklahoma, although it is one of the youngest states in the union, is rapidly coming to the front in the use of the income tax as a source of revenue. This is true at the present time, in spite of the fact that for the first twenty-two years in using the tax, as far as revenues were concerned, the state law was a failure. Since 1931 the tax receipts have steadily grown until in 1933, over eight million dollars were collected by the Oklahoma State Tax Commission from the taxation of net income.

The income tax in Oklahoma dates back to statehood in 1907. Article

⁴⁸ Tax Systems of the World, Seventh Edition, 1938, p. 79.

Ten, Section Twelve of the Oklahoma State Constitution makes the following provision:

"The Legislature shall have power to provide for the levy and collection of license, franchise, gross revenue, income, collateral and direct inheritance, legacy, and succession taxes; also graduated income taxes, graduated inheritance, direct inheritance taxes; graduated legacy and succession taxes; also stamp, registration, production or other specific taxes."⁴⁹

On May 26, 1903, the first Oklahoma income tax law was enacted.⁵⁰

The tax was based not upon net incomes, but upon gross income in excess of \$3,500. The tax was levied upon individuals only, at the following rates:

7½ mills on the dollar on excess over \$ 5,000 and less than	\$10,000
12 mills on the dollar on excess over 10,000 and less than	20,000
15 mills on the dollar on excess over 20,000 and less than	50,000
20 mills on the dollar on excess over 50,000 and less than	100,000
33 1/3 mills on the dollar on all above	\$100,000

Only one exemption, other than that of exempting gross incomes of less than \$3,500 was made. The law provided that the tax shall not be levied upon the income derived from property upon which a gross receipt or excise tax has been paid.

The law was not successful as a source of revenue, bringing in collections of only \$2,816 the first year. Very little more success was had the following years, and in 1912, the State Auditor recommended that the act be either thoroughly revised, or, that it should be thrown out completely.

In 1915, a new law was enacted which revised the entire law of 1903.⁵¹ This act provided for a tax on single persons making a net

⁴⁹ Oklahoma State Constitution, Article X, Section 12 p. 58.

⁵¹ Session Laws of Oklahoma, 1915, Chapter 164, Sections 7 and 8, p. 235

⁵⁰ Session Laws of Oklahoma, 1907-08, Chapter 81, Article X, pp. 730-732.

income of over \$3,000; and for married persons making income of over \$4,000. The new rates were:

10 mills on the first	\$10,000
20 mills on the next	15,000
30 mills on the next	25,000
40 mills on the next	50,000
50 mills on all above	50,000

A deduction of \$300 was allowed for children under eighteen. Other dependents provided for a deduction of \$500 while they were acquiring an education, and a deduction of \$200 in other cases. The Act of 1915 taxed individuals only.

In 1931, another change was made in the Oklahoma Law. A new act was passed, taxing individuals at the following rates:⁵²

7½ mills on the dollar on the first	\$10,000
15 mills on the dollar on the next	15,000
20 mills on all above	25,000

These taxes were placed upon all net incomes above \$3,000, except that the same deductions as enacted in the 1915 act still prevailed.

Corporations, as well as individuals, were taxed by the next law, in 1931, the same rates applying to both. Under this act, passed on April 4, 1931, the following rates were in effect:⁵³

2% on net income up to	\$10,000
3% on net income in excess of	10,000 and not over \$20,000
4% on net income in excess of	20,000 and not over 100,000
5% on all net income above	100,000

An exemption of \$750 was applicable to both individuals and corporations. Further deductions for the individual were: for single persons \$750; for married persons \$1,500; and for the dependents of the immediate family \$750.

June 30, 1933, a new change was made in the law, under which both

⁵² Session Laws of Oklahoma, 1921, Chapter 44, Sections 7 and 8, pp. 62-63.

⁵³ Session Laws of Oklahoma, 1931, Chapter 66, Sections 7 and 8, pp. 240-242.

individuals and corporations, as well as National Banks, State Banks and Trust Companies were taxed at the same rate.⁵⁴ The rates were:

1%	on first	\$2,000	of net income
2%	on next	2,000	of net income
3%	on next	3,000	of net income
4%	on next	3,000	of net income
5%	on next	4,000	of net income
6%	on all	above 14,000	

Deductions for individuals were: for single persons \$1,000; for married persons \$2,000; and for dependents \$500.

In this new act, corporations were not allowed an exemption as under the Act of 1931.

The Act of 1935,⁵⁵ finally separated the taxation of individuals and corporations. Under this new act, the corporation was taxed at six per cent of its net income. The rates on individuals were:

1%	on the first	\$1,000
2%	on the next	1,000
3%	on the next	1,000
4%	on the next	1,000
5%	on the next	1,000
6%	on the next	1,000
7%	on the next	1,000
8%	on the next	1,000
9%	on all	above 8,000

Deductions under this act were: for single persons \$350; for married couples \$1,700; for any dependent \$300.

No changes have been made in the rates of the Act of 1935. The foregoing rates and exemptions are still in effect in 1938.

Although for the first seven years the Oklahoma law affecting income did not bring in much revenue, after the 1915 law was passed, there was a steady growth of income from this source. In fact the 1916 receipts

⁵⁴ Session Laws of Oklahoma, 1933, Chapter 195, Sections 6 and 11, pp. 430-441.

⁵⁵ Session Laws of Oklahoma, 1935, Chapter 66, Article 6, Sections 6 and 11, pp. 288-293.

alone amounted to more than had been received in the entire seven years before.⁵⁶

As a revenue producer, however, it was not until the Act of 1935 that an appreciable amount of income was received by the state from the taxation of net incomes.

Due to a highly progressive schedule of rates in the 1935 Act, and to the efficiency of a comparatively new state tax commission, the receipts since the year 1935 are highly satisfactory from a fiscal point of view. Since 1936, the revenues have compared favorably with those of other states claiming to have effective income tax laws. However, Oklahoma is still far behind in many respects as far as the possible yield from a net income tax is concerned.

Many other states, other than the ones discussed in the latter part of this chapter, have net income tax laws at the present time, some of them dating back to the beginning of the twentieth century and before. However, as the experience of these states would not be of any material help in solving the problems connected with this thesis, the data concerning these states will be used only when necessary to further some conclusion in succeeding chapters. A detailed history of the income tax revenues received by these states will be given in tabular form in the Appendix.

At the present time, in 1938, there are thirty-six states using the net income tax for either individuals or corporations, or both. The twelve states not having any laws at the present time are: Florida, Illinois, Indiana, Maine, Michigan, Nebraska, Nevada, New Jersey, Rhode Island, Texas, Washington, and Wyoming. Five of these states; Florida,

⁵⁶ See table XXVI in the Appendix.

New Jersey, Rhode Island, Texas, and Washington have at some time in their history experimented with the income tax; but for various reasons these states have all let their laws lapse.

Several of the states still follow the old custom of calling the income tax by some other name. Some of these states have franchise and privilege taxes on corporations which are nothing more than ordinary net income taxes. Another name for the income tax used by some of the states is that of corporation excise tax. One state called its income tax on corporations a corporation business tax. Still another state calls its tax on both individuals and corporations, a property relief tax.

In 1938, out of the thirty-six states using a tax on net income, two states, Delaware and West Virginia taxed only individuals; while two other states, Connecticut and Pennsylvania had taxes on corporations only.

All of the remaining thirty-two states do not have general income tax laws. Some of them have what is called a "partial" income tax; that is, taxes levied on specific bases rather than on incomes in general. New Hampshire, Massachusetts, Ohio, Tennessee, and Vermont impose classified income taxes which makes the validity of a comparison between these states and those using the general income tax, doubtful in some respects.

Two states, California and North Dakota share the distinction of having the highest maximum rates, both states having a maximum rate of fifteen per cent on net incomes of individuals.

The personal income tax of California is probably the highest however, because Federal income tax payments are not deductible as they are in North Dakota which also has the fifteen per cent maximum rate. The California rates on individuals for 1938 are as follows:⁵⁷

⁵⁷ Tax Systems of the World, Seventh Edition, 1938, p. 20.

Up to	\$5,000	1%		
"	10,000		\$50 plus 2% on excess over	\$5,000
"	15,000		150 plus 3% on excess over	10,000
"	20,000		300 plus 4% on excess over	15,000
"	25,000		500 plus 5% on excess over	20,000
"	30,000		750 plus 6% on excess over	25,000
"	40,000		1,050 plus 7% on excess over	30,000
"	50,000		1,750 plus 8% on excess over	40,000
"	60,000		2,250 plus 9% on excess over	50,000
"	70,000		3,450 plus 10% on excess over	60,000
"	80,000		4,450 plus 11% on excess over	70,000
"	100,000		5,550 plus 12% on excess over	80,000
"	150,000		7,950 plus 13% on excess over	100,000
"	250,000		14,450 plus 14% on excess over	150,000
Over	250,000		28,450 plus 15% on excess over	250,000

Maryland at the present time has the lowest rate on personal taxes, the rate being one-half of one per cent. This was a temporary measure to be in force during 1937 and 1938 only, after which time a constitutional amendment will be submitted to the voters to decide whether an income tax law will be used in the future or not. The possibilities of this tax in Maryland are great, as the income received in 1933 from this source amounted to over a million dollars, and this, from a rate of only one-half of one per cent on the net incomes of individuals. The one-half of one per cent rate applies only to residents of the state of Maryland, however. Income received by state residents from a fiduciary or trustee who is not a state resident, is taxed at six per cent.

Oregon leads the states in having the highest rate of tax on corporate incomes, the tax in this state amounting to a flat rate of eight per cent.

Six states share the distinction of having the lowest corporate net income rate. These are: Arkansas, Connecticut, Iowa, Kansas, Missouri, and New Mexico, all of which have a flat rate of two per cent on the net income of corporations. Two states have a lower minimum rate than this; however, the rates are graduated which means ultimately that the net rate

would be somewhat higher than two per cent. These two states are South Dakota and Idaho, the first one having rates ranging from one to eight per cent, and the rates of the other ranging between one and one-half to eight per cent.

The state receiving the greatest revenue from the income tax in 1938 was New York, the receipts amounting to over one hundred and seventy million dollars.

New Mexico received the smallest revenue from the income tax in 1938, the amount being just a little over three hundred and eighty thousand dollars.

The importance of the revenue received from state income taxation is seen by a report of the Tax Policy League.⁵⁸ According to this report, in 1938, income taxes were third in fiscal importance in the states, representing twelve and one-half per cent of the total yield of state taxes.

To summarize the history of net income taxation by the states, it might be said that it has been a succession of "trial and error methods." Complete state laws of one state have in some instances been tried without change in another state. Simplification has been the goal of most states. Multiple changes have been necessary in the laws of each state bringing this new tax into use, before the state could find a workable structure for its own tax system.

Revenue, up until the last few years in most states, has been unsatisfactory; and collection and administration of the tax have always been difficult.

This is a history of the past however. In the light of what has happened in the past few years, the future of the taxation of net incomes by

⁵⁸ Tax Policy League, Tax Policy, 1938, Vol., VI, p. iv.

the states seems to be assured. This one truth is now apparent; it is replacing many of the old taxes based upon the ownership of property.

Oklahoma, after trying for many years to effect a workable tax on net incomes, finally succeeded in passing an act in 1931 which brought to the state over a million dollars in revenue during the next year; however, it has been only since 1935 that the state has received an appreciable part of its total state tax revenue from the income tax source.

Chapter II

THE PLACE OF THE NET INCOME TAX

IN THE TAX STRUCTURES OF THE STATES¹

In making comparisons of the place the net income tax has in the tax structures of the states, there is a question of the validity of such comparisons in some instances, due to the fact that a few of the states have "partial" income taxes, while others have "general" income tax laws. Also, the data in column one of the tables in the Appendix includes revenue, in some cases, which is returned to local governments for their expenditures. Some of the states return a part of the state income tax collections to the local governments in some manner.

Nevertheless, as our problem at the present time is confined chiefly to the revenue received from the taxation of net income, it would appear that any conclusion drawn from the actual facts presented by the data at hand should prove interesting in so far as the history of changing tax bases is concerned.

Up until 1911, when the state of Wisconsin passed its first law taxing net income, the revenue received from income taxes by the various states having laws at this time played a relatively small part in the total tax receipts of the states.

In 1912, however, the revenue from the Wisconsin income tax amounted to twenty-eight per cent of the total tax revenue of the state;² the total tax receipts for that year being \$6,825,603 and the revenue from the state income tax amounting to \$1,935,847. Of the four other states having laws before 1916: North Carolina, Oklahoma, South Carolina, and Virginia;

¹ Unless otherwise shown by footnotes, all data used in this chapter is taken from the tables in the Appendix.

² Wherever the term "Total State Tax Revenue" appears in this and succeeding chapters, it means the total tax received by the state for state purposes. Both personal and corporate taxes are included in the income tax revenue from the states and the Federal government.

only Virginia received as much as \$100,000 from income taxes in any one year. The yields for these states in 1915, were: Virginia \$167,432 which was two per cent of the total state tax revenue; North Carolina \$58,606 which was two per cent of the state tax revenue; South Carolina \$14,433 which was undoubtedly a very small per cent of the total tax revenue in that state, although data is not complete for this year; and Oklahoma \$2,952 which was considerably less than one per cent of the total state tax revenue.

The total state tax revenue for Wisconsin in 1915 is not available; however, as the income tax receipts for that year amounted to just a little under three million dollars, this last figure must undoubtedly be something over thirty per cent of the total state tax revenue of this year.

In 1916, Massachusetts took the spotlight away from Wisconsin as far as income tax revenue was concerned. Out of the total state tax revenue of this year amounting to \$21,193,941, the income tax accounted for \$12,245,541 of the amount. This was fifty-eight per cent of the total tax collections for state purposes.

Wisconsin was not far behind however, as her income tax receipts were \$6,161,967 which was fifty-one per cent of the total state tax revenue of \$11,990,490.

The remaining five states having income tax laws during this year show a different picture, both in revenue, and the per cent the income tax receipts played in the total tax collections. Oklahoma was third in the list for this year, having received three per cent of her total state tax revenue from the taxation of income which amounted to \$156,371. In the amount of income tax revenue, however, she was behind the state of Virginia whose receipts of \$177,284 amounted to but two per cent of the total state

tax revenue. North Carolina's income tax receipts also amounted to two per cent of the total state tax revenue of this year, the receipts from income taxes amounting to \$61,336. South Carolina was next, with the income tax accounting for only six-tenths of one per cent of the total tax receipts of the state. In this year, her income tax collections amounted to \$15,597. Mississippi received the smallest amount of all from this source of revenue, the receipts being the small sum of \$14,953 which was only four-tenths of one per cent of the total state tax revenue of the state.

Again, in 1917, Massachusetts led with the amount of revenue received from income taxes. The collections of \$14,077,801 accounted for sixty-seven per cent of the total state tax revenue. Wisconsin continued in second place, with the income tax collections of \$6,951,483 amounting to fifty-three per cent of the total tax revenue of the state. Connecticut was third, with income tax receipts of \$1,598,081 accounting for fifteen per cent of the total state tax revenue. Virginia, whose income tax receipts were \$299,823 was in fourth place, the foregoing receipts being four per cent of the total tax revenue of the state. Missouri, another new state starting the use of the income tax, was fifth, with receipts of the tax amounting to \$295,973 which was four per cent of the total state tax revenue. Oklahoma, which dropped down to sixth position this year, collected \$186,653 from her income tax law. These collections were three per cent of the total tax revenue of the state. North Carolina's tax receipts of \$64,152 from the income source, again amounted to two per cent of the state tax revenue. South Carolina's tax in this year amounted to one per cent of the state revenue, the income tax accounting for \$27,197 of the total receipts for 1917. The state of Mississippi was again last on the list, the income tax receipts of \$9,133 amounting to three-tenths of one per cent of the total state tax revenue.

It is interesting to note here that two of the leaders in 1917, Massachusetts and Connecticut, had only "partial" income tax laws, yet both states depended on the receipts of the tax for a substantial part of the total tax revenue of the state.

The part played by the income tax in the tax structures of the states having income tax laws in 1918 is shown below:³

TABLE 1
Comparison of State Income Tax Revenue
to Total State Tax Revenue, 1918.

State	(1) Total State Tax Revenue	(2) State Income Tax Revenue	(3) Per Cent Column (2) is to (1)
Massachusetts	\$23,435,123	\$14,960,000	64
Wisconsin	14,643,693	6,100,000	42
Delaware	1,097,036	400,000	36
Connecticut	14,455,123	5,270,000	36
New York	72,227,011	13,630,000	19
Montana	3,139,441	500,000	17
Missouri	7,699,413	616,107	8
Oklahoma	7,085,647	421,133	6
Virginia	3,408,359	360,263	4
North Carolina	4,154,933	109,333	3
South Carolina	2,272,777	29,003	1
Mississippi	3,523,110	23,920	0.3

Here again, Massachusetts led, with Mississippi once more at the bottom of the list. Oklahoma dropped again, this time to eighth position. Two new states, with "partial" income tax laws, were among the leaders, the new states being Delaware and New York. Now, four out of the five leaders were states not having "general" income tax laws, Wisconsin being the one state in which all net incomes were taxed.

In 1920, a peculiar thing happened concerning the income tax receipts of Wisconsin. Money received from the income tax for this year amounted

³ See tables of these states in the Appendix. (As this chapter deals with the part the income tax plays in the tax structures of the states, in this and the following tables, the state showing the highest percentage will be listed first.)

to \$15,514,000 which was 104% of the total state tax revenue of \$14,500,590.⁴
 This abnormality was possible because of the fact that Wisconsin returned
 a part of the income tax receipts to local governments.

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In this same year, Oklahoma reached her highest percentage (up to the year 1920) of income tax revenue to total state tax revenue. The receipts from income taxes amounting to \$820,000 which was ten per cent of the total state tax revenue amounting to \$8,600,253.⁵

The status of the part the income tax accounted for in the tax structures of the states in 1921 is shown by the following table:⁶

TABLE 2
 Comparison of State Income Tax Revenue
 to Total State Tax Revenue, 1921.

State	(1) Total State Tax Revenue	(2) State Income Tax Revenue	(3) Per Cent Column (2) is to (1)
New York	\$124,911,589	\$77,780,000	62
Massachusetts	36,070,030	15,090,000	42
Missouri	17,564,591	4,794,495	27
Wisconsin	22,644,650	5,980,000	26
Connecticut	16,222,536	2,940,000	18
Delaware	No Data	300,000	18*
Virginia	17,470,015	2,100,000	12
North Dakota	3,991,045	440,000	11
Oklahoma	11,696,398	916,064	8
Montana	2,742,530	200,000	7
North Carolina	10,713,562	498,781	5
Mississippi	No Data	40,000	1*

New York jumped into first place this year in receipts from the income tax, and was also at the head of the group in percentage of income tax revenue to total state tax revenue.

Oklahoma was shoved down to ninth place in the list, and Mississippi

⁴ See Table XXVI in the Appendix. ⁵ See Table XXVI in the Appendix.

⁶ See tables for these states in the Appendix.

* This figure is an estimate. Data for this year was incomplete. (Revenue from preceding and succeeding years were taken into consideration.)

was again in the bottom position.

The following table shows the percentages for 1926:⁷

TABLE 3
Comparison of State Income Tax Revenue
to Total State Tax Revenue, 1926

State	(1) Total State Tax Revenue	(2) State Income Tax Revenue	(3) Per Cent Column (2) is to (1)
Massachusetts	\$ 42,332,217	\$21,952,482	52
New York	166,600,650	79,280,000	47
Wisconsin	31,730,324	13,820,338	43
Delaware	2,635,580	868,819	33
North Carolina	23,659,212	6,054,757	25
Mississippi	11,991,434	1,789,189	15
Missouri	29,954,936	4,336,118	11
South Carolina	13,813,460	1,491,139	11
Connecticut	23,774,814	1,995,923	8
North Dakota	7,734,796	557,401	7
Virginia	25,223,149	1,750,000	6
Tennessee	16,816,136	915,000	6
New Hampshire	7,200,000	450,000	6
Montana	4,660,540	300,000	6
Oklahoma	19,042,500	335,714	2

The states of Arkansas and Oregon cannot be included in the 1926 table as they had no income tax laws during this year. Arkansas was without an income tax law from 1926 to 1929, while Oregon had no law from 1925 to 1930.

Massachusetts led the list in 1926, with New York and Wisconsin a close second and third.

The outstanding change made in this year was the case of Mississippi, whose per centage increased to fifteen per cent. From last position to sixth place, was the five year record of this state.

Oklahoma dropped from ninth place in the list of twelve states in 1921, to last position in a group of fifteen in 1926, this change being mostly due to the large increase in total state revenue, and not to depleted income tax receipts.

⁷ See tables for these states in the Appendix.

In 1931, the twenty states having laws taxing net income showed the following percentages:⁸

TABLE 4
Comparison of State Income Tax Revenue
to Total State Tax Revenue, 1931.

State	(1) Total State Tax Revenue	(2) State Income Tax Revenue	(3) Per Cent Column (2) is to (1)
New York	\$224,245,980	\$94,092,375	42
Massachusetts	57,989,358	22,559,706	39
Wisconsin	49,403,653	18,450,514	37
Delaware	5,960,845	1,299,344	22
North Carolina	32,773,499	5,970,202	18
Virginia	33,690,000	4,074,832	12
Connecticut	33,280,644	3,554,787	11
South Carolina	17,877,000	1,726,482	10
Missouri	36,757,000	3,420,464	9
Mississippi	10,719,350	1,015,815	9
Arkansas	18,582,000	1,189,951	6
Montana	6,879,000	437,908	6
California	97,780,000	5,474,400	5
Tennessee	25,909,290	1,176,590	5
Oregon	20,441,000	1,111,561	5
New Hampshire	10,607,271	573,614	5
North Dakota	8,214,116	433,293	5
Georgia	30,702,466	1,378,598	4
Utah	8,460,000	339,000	4
Oklahoma	23,545,000	356,218	1

From ninth to twentieth and last place in the list was the record of Oklahoma in the ten year period, 1921 to 1931. With a total revenue of only \$356,218 from income taxes, this figure was one per cent of the total state tax revenue for 1931.

Mississippi jumped from last place to sixth place by the year 1926, but fell to tenth place in 1931. The receipts from income taxation in this state started rising in 1926 when they were well over the million dollar mark; and from 1926 on, the state remained toward the center position in the list of states.

Missouri, which had ranked in third place in 1921, fell to ninth position in 1931. This was not due to the decrease in income tax receipts

⁸ See tables for these states in the Appendix.

entirely however, but more to the fact that in this ten year period, the total tax revenue of the state had doubled.

New York and Massachusetts remained at the top of the list in 1931, New York having a percentage of forty-two, and Massachusetts in second position with a percentage of thirty-nine.

For the ten year period, 1921 to 1931, Oklahoma was continually toward the bottom of the list, both in amount of income tax revenue and the percentage of this revenue to the total state tax receipts. In one year, 1928, the state received a little over a million dollars from the tax on income; however, the percentage for this year amounted to only five per cent. The lowest income for this period was in 1924, when the tax collections brought in only \$189,765, the lowest figure in nine years, which was two per cent of the total state tax revenue for 1924.

Up to 1931, Oklahoma had never had a workable income tax law; however, with the change in the income tax laws of the state made in 1931,⁹ from this year on, the state has continued to use the income tax as a source of revenue in greater and greater proportions.

Out of all the states having income tax laws during this ten year period, Oklahoma and North Dakota were the only two states which did not try consistently to increase the receipts from this source. In only two years, 1928 and 1929, did Oklahoma receive over a half-million dollars revenue from income taxes; and in most years, the receipts were considerably less than a half-million dollars. North Dakota's revenue continued to remain around the amount this state had collected from the income tax in 1921.

Most of the other states showed substantial increases, both in revenue

⁹ Session Laws of Oklahoma, 1931, Chapter 66, Article 7, Sections 7 and 8, pp. 240-242.

received, and percentages of this revenue to total state tax revenue during the ten year period.

Many new laws were passed by the states in 1931, raising the rates of their income tax laws; and from this year on, definite plans were being made by the states to replace some of the existing tax bases with the income tax.

1931 might well be called the turning point in the taxation of net incomes by the states, as the data from this point on will show.

Oklahoma, for example, has never received less than a million dollars yearly from the income tax source since 1932. In only one year since 1932 has the revenue from this source decreased from the preceding year, and this was in 1934 when the receipts from the income tax dropped to \$1,774,312 from the preceding year's amount of 1,896,717.

Since the passage of the 1931 income tax law, the state of Oklahoma has used the income tax in increasing proportions as a source of state revenue. Although the income tax receipts in 1931 amounted to only one per cent of the total state tax revenue, in 1936 this percentage had risen to twenty-two per cent, the income tax collections for the latter year amounting to over four million dollars. And where Oklahoma ranked twentieth and last in the list of states in 1931, in percentage of income tax receipts to total state tax revenue, she had risen to fourth place in the group in 1936. Only three other states in the union had used the income tax for a greater proportion of their total tax revenue in this year, these states being New York, Massachusetts, and Wisconsin which had consistently been up at the top of the list for the past fifteen years.

New Mexico was down at the foot of the group in 1936, her receipts from the income tax amounting to but \$310,000 which was only one per cent

of the total state tax revenue for this year.

The complete list of twenty-nine states using the income tax in 1936 follows:¹⁰

TABLE 5
Comparison of State Income Tax Revenue
to Total State Tax Revenue, 1936.

State	(1) Total State Tax Revenue	(2) State Income Tax Revenue	(3) Per Cent Column (2) is to (1)
New York	\$320,707,206	\$94,823,710	30
Massachusetts	60,902,896	18,010,474	30
Wisconsin	48,615,009	12,580,343	26
Oklahoma	21,463,944	4,726,329	22
Vermont	No Data	564,215	17*
North Carolina	54,666,862	7,722,766	14
Idaho	9,674,212	1,216,544	13
Delaware	8,070,633	907,842	11
Missouri	55,133,381	5,528,439	10
Minnesota	56,107,820	5,337,965	10
South Carolina	22,929,991	2,237,017	10
Oregon	21,466,101	2,168,613	10
Georgia	30,044,440	2,572,075	9
Iowa	48,896,890	3,754,691	8
Virginia	37,660,929	2,839,337	8
Kansas	22,709,946	1,761,884	8
Louisiana	36,222,331	2,520,237	7
Arizona	11,227,082	813,160	7
Montana	11,606,432	711,782	6
Alabama	23,896,225	1,100,731	5
Mississippi	19,186,805	939,399	5
New Hampshire	8,006,595	410,660	5
Utah	9,110,843	498,919	5
California	163,641,922	6,525,815	4
North Dakota	8,748,004	313,040	4
Connecticut	33,711,564	1,005,121	3
Tennessee	29,233,608	958,129	3
Arkansas	20,074,017	370,893	2
New Mexico	20,983,425	310,000	1

In this year, three states received over one-fourth of their total state tax revenues in the form of taxes on net income. Twelve out of the twenty-nine states using the tax in 1936, had a percentage of ten or over.

¹⁰ See tables for these states in the Appendix.

* This percentage is estimated. (Revenue from preceding and succeeding years was taken into consideration.)

The year 1937 showed an even greater use of the income tax by states, and in 1938, a total of thirty-six states were using the tax on net income as a source of state revenue. The table for 1938 follows: 11

TABLE 6
Comparison of State Income Tax Revenue
to Total State Tax Revenue, 1938

State	(1) Total State Tax Revenue	(2) State Income Tax Revenue	(3) Per Cent Column (2) is to (1)
New York	\$366,687,576	\$170,858,250	47
Wisconsin	59,599,743	24,958,759	42
Massachusetts	66,508,478	24,517,153	37
Oklahoma	23,849,474	8,538,549	37
California	201,091,144	42,785,658	21
Vermont	4,173,390	761,737	18
Minnesota	59,014,797	10,115,900	17
Georgia	33,108,566	5,764,346	17
Idaho	13,002,241	2,352,739	17
North Carolina	69,596,637	11,260,955	16
Missouri	46,432,863	7,421,747	16
South Carolina	24,096,203	3,770,232	16
Arizona	6,830,598	1,124,714	16
Pennsylvania	202,936,056	28,133,733	14
Montana	7,127,117	922,043	14
Iowa	37,233,119	4,735,364	13
Kentucky	42,592,615	4,504,666	11
Louisiana	25,565,282	2,798,007	11
Alabama	24,438,312	2,580,612	11
Delaware	No Data	1,469,429	11*
Virginia	44,740,441	4,472,239	10
Tennessee	No Data	3,958,485	10*
Connecticut	36,963,990	3,661,523	10
Kansas	26,744,137	2,597,204	10
Mississippi	21,602,579	2,180,333	10
Utah	No Data	1,701,644	10*
Ohio	76,092,209	6,233,474	8
Oregon	No Data	5,344,022	8*
New Hampshire	11,301,039	657,266	6
South Dakota	10,006,906	559,499	6
North Dakota	9,955,366	505,633	5
West Virginia	45,698,619	1,854,033	4
New Mexico	9,734,143	330,512	4
Maryland	34,215,995	1,012,234	3
Colorado	25,294,402	811,336	3
Arkansas	23,279,137	706,966	3

11 See tables for these states in the Appendix.

* These figures are estimates. (Receipts for preceding years were taken into consideration when estimating the percentages.)

Oklahoma was fourth in the group in 1938, her greatest revenue from income taxes being collected this year. As the total state tax receipts amounted to \$25,249,474, and the revenue from the income tax amounted to \$8,533,549, this meant that in 1938, Oklahoma was depending upon the taxation of net income for over one-third of her total state revenue.

New York was at the top of the list with a percentage of forty-seven, while Arkansas was at the bottom with a percentage of three.

Out of the thirty-six states having income tax laws in 1938, thirteen of them used this base to bring in one-sixth or more of the total state tax revenue. Twenty-six of the states derived over ten per cent of the total state tax revenue from a tax on net income.

In the matter of using net income as a base for state tax purposes, Oklahoma stands close to the top of the group of states, along with those states which are known as the more progressive states which have embodied the income tax in their tax systems.

Chapter III

A COMPARISON OF THE TOTAL TAX REVENUE OF THE STATES AND THE FEDERAL NET INCOME TAX REVENUE FROM THE STATES¹

This chapter is included in the thesis because the data shows an interesting state of affairs in several states. Although strict comparisons cannot easily be made of states not having the same kinds of income within the states, and, because there is such a wide variance in the total state tax revenue of the various states; it might nevertheless be worthwhile to take account of the percentages offered in this chapter because of the fact that the revenue received from income taxes by the Federal government offers the student of taxation one of the best opportunities of examining the possibilities of just how much revenue a state income tax law can produce.

After the passage of the Federal Income Tax Act of 1913, the states were freed of the old "unconstitutionality" pleas against the taxation of incomes; however, it was not until quite a few years later that many of the states resorted to this means of securing additional revenue for state purposes.

For the first two years of the operation of the Federal law, the receipts were very low, but in 1916 a marked increase was seen in the revenue from all states. And since this year, the receipts have continued to grow until at the present time they represent one of the largest single items in the total tax revenue of the national government.

Because of the fact that very low receipts were had by the Federal government in the first two years of the life of the tax; and, because of the abnormally high receipts during the years from 1916 to 1920, due to the increased rates during the World War years, no comparisons will

¹ All reference data for this chapter, unless otherwise shown by footnotes, is taken from the tables in the Appendix.

be made before 1921.

The relationship of the Federal tax receipts from net income to the total state tax revenue for 1921 is shown by the following table:²

State	(1) Total State Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (2) is to (1)
New York	\$124,911,589	\$379,249,000	303
Massachusetts	36,070,030	93,474,000	259
Missouri	17,564,591	34,284,000	195
North Carolina	10,713,562	16,760,000	156
Connecticut	16,222,536	18,144,000	113
Delaware	No Data	2,228,000	100*
Wisconsin	22,644,658	19,998,000	88
South Carolina	4,234,114	3,164,000	75
Virginia	17,470,015	10,557,000	60
Oklahoma	11,696,398	6,717,000	57
Montana	2,742,530	1,509,000	55
Mississippi	No Data	1,686,000	33*
North Dakota	3,991,045	824,000	21

Only a historical sketch will be offered in this chapter concerning the relationship of Federal income tax revenue to total state tax revenue. Full treatment of the percentages will be given in detail in the concluding chapter, the sole purpose of this chapter being to present the possibilities the states have of using the taxation of net income as a source of revenue for state purposes.

For the year 1921, New York led the list of states, the Federal government receiving over three times as much from its tax on incomes as the state received from its complete state tax program.

Oklahoma during this year, was tenth in the list, the Federal income tax revenue amounting to over half of the total tax receipts of the state.

² See tables of these states in the Appendix. (The states will be shown in the order of their importance as to the percentages of Federal income tax revenue to total state tax revenue.)

* Estimated per cent, estimate being based on immediately preceding and succeeding years.

North Dakota was at the bottom of the list, with the receipts of the Federal tax amounting to twenty-one per cent of the total state tax revenue for this year.

From six of the thirteen states having income tax laws in 1921, the Federal government received more revenue from the Federal law than the states received from their entire state taxes.

The figures for the year 1926 are shown in the table below:³

State	(1) Total State Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (2) is to (1)
Delaware	\$ 2,635,580	\$ 15,916,000	604
New York	166,600,650	603,573,000	362
Massachusetts	42,332,217	85,616,000	202
Missouri	29,954,936	47,445,000	158
Connecticut	23,774,814	29,397,000	126
Wisconsin	31,730,324	31,611,000	99
Oklahoma	19,042,500	18,462,000	97
Virginia	25,223,149	20,779,000	82
Tennessee	16,816,136	11,829,000	70
North Carolina	23,659,212	16,415,000	69
Montana	4,660,540	2,081,000	45
New Hampshire	7,200,000	2,265,000	31
Mississippi	11,991,434	2,079,000	17
South Carolina	13,813,460	2,113,000	15
North Dakota	7,734,796	602,000	8

Delaware headed the list of fifteen states having income taxes this year, the receipts from the Federal tax amounting to over six times the total state tax revenue of Delaware.

Four other states show a percentage of over one hundred, these states being in their respective order of percentages: New York, Massachusetts, Missouri, and Connecticut. Wisconsin, with a ninety-nine per cent figure, and Oklahoma with a per cent of ninety-seven, were just under the one hundred per cent mark.

³ See tables for these states in the Appendix.

North Dakota was again at the bottom of the list with a percentage of eight.

The year 1931 saw a total of twenty states using a tax on net income. The percentages for this year were as follows:⁴

TABLE 9
Comparison of Total State Tax Revenue
with Federal Income Tax Revenue, 1931.

State	(1) Total State Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (2) is to (1)
Delaware	\$ 5,960,845	\$ 19,523,000	327
New York	224,245,980	448,040,000	200
Massachusetts	57,989,358	59,629,000	103
Missouri	36,757,000	32,286,000	88
California	97,780,000	76,764,000	78
Connecticut	33,280,644	23,422,000	70
Oklahoma	23,545,000	14,062,000	60
Virginia	33,690,000	18,042,000	53
Wisconsin	49,403,653	20,985,000	42
North Carolina	32,773,499	11,809,000	36
Tennessee	25,909,290	6,963,000	27
Utah	8,460,000	1,756,000	21
New Hampshire	10,607,271	2,181,000	20
Georgia	30,702,466	4,929,000	16
Montana	6,879,000	1,142,000	16
Oregon	20,441,000	1,111,000	15
Mississippi	10,719,350	1,090,000	10
South Carolina	17,877,000	1,568,000	8
Arkansas	18,582,000	1,133,000	6
North Dakota	8,214,116	312,000	4

Delaware again led the list in 1931, with the Federal tax receipts amounting to over three times as much as the state itself received from its various state tax laws. New York and Massachusetts also showed high percentages for this year, both states being over the one hundred per cent mark.

From Oklahoma, which was in seventh position in this year, the Federal government received sixty per cent as much from its income tax as the state received from its entire state tax structure.

The tendency for the ten year period, 1921 to 1931, was for the per-

⁴ See tables for these states in the Appendix.

centages to decrease. This was due mostly to the fact that the cost of operating state governments during this period had risen by leaps and bounds, without a corresponding increase of incomes within the states.

With twenty-nine states using the income tax in 1936, the percentages were as follows:⁵

TABLE 10
Comparison of Total State Tax Revenue
with Federal Income Tax Revenue, 1936.

State	(1) Total State Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (2) is to (1)
Delaware	\$ 8,070,633	\$ 31,385,000	389
New York	320,707,206	414,345,000	129
Massachusetts	60,902,896	59,167,000	97
Connecticut	33,711,564	28,681,000	85
Missouri	55,133,381	34,983,000	63
Oklahoma	21,463,944	12,160,000	57
California	163,641,922	84,381,000	52
Virginia	37,660,929	13,366,000	35
Georgia	30,044,440	9,881,000	33
New Hampshire	8,006,595	2,633,000	33
North Carolina	54,666,862	17,541,000	32
Minnesota	56,107,820	17,228,000	31
Wisconsin	48,615,009	14,840,000	31
Tennessee	29,233,608	9,134,000	31
Kansas	22,709,946	6,134,000	27
Louisiana	36,222,331	9,259,000	26
Vermont	No Data	1,134,000	24*
Utah	9,110,843	1,909,000	21
Montana	11,606,432	2,138,000	18
Iowa	48,396,890	8,231,000	17
Oregon	21,466,101	3,658,000	17
Alabama	23,896,225	3,853,000	16
South Carolina	22,929,991	2,932,000	13
Idaho	9,674,212	1,137,000	12
Arizona	11,227,082	1,204,000	11
Arkansas	20,074,017	2,044,000	10
Mississippi	19,186,805	1,597,000	8
North Dakota	8,748,004	582,000	7
New Mexico	20,983,425	729,000	3

In only two states this year did the Federal government receive more revenue from its income tax than did the states from their own taxes from all sources.

⁵ See tables for these states in the Appendix.

* Estimated per cent, estimate based on preceding and succeeding years.

As Federal income tax receipts rose sharply during 1937, in this year the government collected more from its tax in seven states than the total state revenue in the states amounted to.

The percentages of the thirty-six states using the net income tax in 1938 were as follows:⁶

TABLE 11
Comparison of Total State Tax Revenue
with Federal Income Tax Revenue, 1938.

State	(1) Total State Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (2) is to (1)
Ohio	\$ 76,002,209	\$154,622,000	203
Delaware	No Data	68,632,000	200*
New York	366,697,576	691,503,000	189
Maryland	34,215,995	64,238,000	188
Connecticut	36,963,990	58,451,000	158
Massachusetts	66,508,478	99,877,000	150
Missouri	46,432,863	58,825,000	127
Pennsylvania	202,966,056	206,873,000	102
Oklahoma	23,249,474	21,586,000	93
California	201,901,144	156,294,000	78
Louisiana	25,565,282	19,349,000	76
Colorado	25,294,402	17,572,000	69
Virginia	44,740,441	28,692,000	64
Wisconsin	59,399,743	36,990,000	62
Vermont	4,173,390	2,466,000	59
Georgia	33,108,366	18,895,000	57
Minnesota	59,014,797	31,215,000	53
New Hampshire	11,301,089	5,108,000	45
Kentucky	42,592,615	17,436,000	41
North Carolina	69,596,637	27,659,000	40
Montana	7,127,117	2,698,000	38
Arizona	6,830,598	2,580,000	38
Alabama	24,448,312	8,694,000	36
Iowa	37,255,119	12,904,000	35
Kansas	26,744,137	9,473,000	35
West Virginia	45,688,619	13,805,000	32
South Carolina	24,096,203	7,138,000	30
Tennessee	No Data	16,726,000	20*
Utah	No Data	3,926,000	20*
Idaho	13,002,241	2,436,000	19
Arkansas	23,279,137	4,168,000	18
North Dakota	9,965,366	770,000	18
Mississippi	21,602,379	3,709,000	17
New Mexico	9,734,148	1,564,000	16
Oregon	No Data	7,505,000	11*
South Dakota	10,006,906	923,000	9

⁶ See tables for these states in the Appendix.

* These figures are estimated by using previous years as a base.

From eight of the states in 1953, the Federal government received more from its tax on net incomes than did the states from all of their tax laws.

From Oklahoma, the Federal government collected almost enough revenue from its tax to run the whole state government for the year, the percentage being ninety-seven.

These tables throw an interesting light on the possible revenue a state might expect to receive from a state income tax, because everywhere, from the layman to the tax expert, the Federal income tax law represents the maximum rates chargeable. This does not mean, however, that the states should place their rates as high as the Federal government's law; it merely shows that a state has a maximum possibility of collecting revenue from the income tax source, unless, of course, the exemptions were placed down so low that the tax would become a real burden on the small wage earner.

Many states can never expect much revenue from the income tax source, due to the fact that these states do not produce large incomes; hence, to be able to derive very much revenue from a tax on net income, the rates in these states would have to be abnormally high, and, the exemptions would have to be at a very low figure if the states expected to use the income tax as an important law in their state tax structures.

Chapter IV
A COMPARISON OF STATE AND FEDERAL REVENUES
FROM NET INCOME TAXATION¹

From this chapter, most of the conclusions of the next chapter will be drawn. In showing the relationship of State and Federal revenues from the income tax, the comparisons may be strictly adhered to. An attempt will be made in this chapter to give a background which will definitely show whether or not the income tax rates in Oklahoma are too high, based upon the experience of other states using the income tax as a source of state revenue.

As the amount of revenue the Federal government receives from its tax on incomes is one of the best indices of what a state may expect to receive from the same source; the percentages in this chapter will show the relationship of State income tax revenue, to the revenue received by the Federal government from its tax.

No valid comparisons between these two items can be made before 1916, as the Federal revenues from the tax before this time were very small, and most of the few states having income tax laws during this period were far from satisfied with their administration. Nevertheless, some interesting facts are apparent from the very beginning of the Federal income tax law of 1913.

The state of Wisconsin, for example, received almost three times as much from its state tax on incomes in 1914 as the Federal government received from its own tax, the revenue in Wisconsin being \$1,906,442 and the receipts of the Federal government from its tax amounting to but \$718,426 from the state.

¹ Unless otherwise shown by footnotes, all data used in this chapter is taken from the tables in the Appendix.

Other states having income tax laws in 1914 were: Virginia, North Carolina, South Carolina, and Oklahoma. Virginia's receipts from the tax in this year were \$165,000 which was thirty-two per cent of the \$516,100 received by the Federal government from its tax. North Carolina's receipts amounted to \$50,798 which was twenty-three per cent of the revenue received by the Federal government which amounted to \$219,839. South Carolina had a percentage of only fourteen for this year, her revenue from the income tax amounting to \$15,305 while the Federal government received \$108,094 from its tax. Oklahoma, with receipts of only \$3,978 had the lowest percentage for 1914, the income tax revenue amounting to only one per cent of the Federal government's receipts of \$270,846 for this year.

1916, a year when several additional states were using the income tax as a source of revenue, shows a slightly different picture; several states during this year accounting for an abnormally high amount of revenue to the Federal government because of being manufacturing states which were at this time beginning to profit from the War in Europe.

The relationship of the revenue received by the states from their taxes, to that received by the Federal government from its tax in 1916, is shown by the following table:²

TABLE 12
Comparison of State and Federal
Income Tax Revenues, 1916.

State	(1) State Income Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (1) is to (2)
Wisconsin	\$ 6,161,967	\$ 3,868,000	159
Massachusetts	12,245,541	19,820,000	62
Virginia	177,284	2,302,000	8
South Carolina	15,507	522,000	3
Mississippi	14,955	417,000	3
Oklahoma	156,371	6,544,000	2
North Carolina	61,586	51,761,000	0.2

² See tables for these states in the Appendix. (The states will be listed in the order of percentages of State income tax revenue to Federal income tax revenue.)

Wisconsin for the third straight year received more money from its state law than the Federal government did from its tax. This was due to the fact that Wisconsin had higher rates and lower exemptions than the Federal act of 1913 had provided for.

Massachusetts was next in the group, with a percentage of sixty-two; Oklahoma ranked sixth in a list of seven, with two per cent; while North Carolina was at the foot of the group, having a percentage figure of less than one per cent.

The next four years, being affected materially by the World War, would not show any helpful data due to the abnormality of the heavily increased Federal taxation of net income, hence comparisons for these years will not be made.

In 1921, however, with twelve states now using a tax on net incomes, the figures begin to show a normal trend upward, as will be shown by the succeeding tables in this chapter. The percentages in 1921 were:³

TABLE 13
Comparison of State and Federal
Income Tax Revenues, 1921.

State	(1) State Income Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (1) is to (2)
North Dakota	\$ 440,000	\$ 824,000	53
Wisconsin	5,930,000	19,933,000	29
New York	77,780,000	379,249,000	20
Virginia	2,100,000	10,557,000	20
Massachusetts	15,090,000	93,474,000	16
Connecticut	2,940,000	13,144,000	15
Missouri	4,794,495	34,284,000	14
Oklahoma	916,034	6,717,000	13
Delaware	300,000	2,223,000	13
Montana	300,000	1,809,000	13
North Carolina	493,731	16,760,000	3
Mississippi	40,000	1,636,000	2

Starting in 1921 there was a definite trend of states using the income tax as a source of revenue in greater and greater proportions. In this

³ See tables for these states in the Appendix.

and succeeding years, even up to the present time, the revenues received by the states from the income tax have continued to grow in proportion to the amount received by the Federal government from its tax. As may be seen by the table for 1931, all of the states, with the exception of North Carolina and Mississippi, received a substantial amount of money from the income tax, when compared with the receipts of the Federal government from its tax on net incomes.

In the year 1936, the following table shows the relative standing of the states:⁴

TABLE 14
Comparison of State and Federal
Income Tax Revenues, 1936.

State	(1) State Income Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (1) is to (2)
North Dakota	\$ 557,401	\$ 303,000	92
Mississippi	1,739,189	2,079,000	86
South Carolina	1,491,159	2,113,000	70
Wisconsin	13,320,333	31,711,000	44
North Carolina	6,054,757	16,415,000	39
Massachusetts	21,952,432	39,616,000	26
New Hampshire	450,000	2,265,000	19
Montana	300,000	2,081,000	14
New York	79,293,000	603,573,000	13
Missouri	4,356,118	47,443,000	9
Connecticut	1,995,923	29,597,000	9
Virginia	1,750,930	20,779,000	8
Tennessee	915,000	11,329,000	8
Delaware	869,319	15,916,000	5
Oklahoma	335,714	13,432,000	3

In this year, three out of the fifteen states having income taxes, received well over fifty per cent as much as the Federal government received from its tax. Six out of the fifteen received better than one-fourth the amount the Federal government collected from the state; and only one, Oklahoma, did not receive a substantial part of the possible revenue from the tax during this year. Oklahoma dropped from eighth in

⁴ See tables for these states in the Appendix.

a list of twelve states in 1921, to fifteenth and last among the states in 1926.

From the growth of revenue during the five year period, 1921 to 1926, it may be seen that the states were making use of this new lucrative source of income in their tax structures.

The year 1931 shows another increase in the percentages by the states, as may be seen in the table below:⁵

TABLE 15
Comparison of State and Federal
Income Tax Revenues, 1931.

State	(1) State Income Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (1) is to (2)
North Dakota	\$ 433,295	\$ 312,000	139
South Carolina	1,726,482	1,568,000	110
Arkansas	1,189,951	1,133,000	105
Mississippi	1,015,815	1,090,000	93
Wisconsin	18,450,514	20,985,000	88
North Carolina	5,970,202	11,809,000	50
Massachusetts	22,559,706	59,629,000	38
Montana	437,908	1,142,000	38
Oregon	1,111,561	3,185,000	35
Georgia	1,378,598	4,929,000	28
New Hampshire	573,614	2,181,000	26
Virginia	4,074,832	18,042,000	22
Utah	389,125	1,756,000	22
New York	94,092,375	448,040,000	21
Tennessee	1,176,590	6,963,000	17
Missouri	3,420,464	32,286,000	16
Connecticut	3,534,787	23,422,000	15
California	5,474,400	76,764,000	7
Delaware	1,299,344	19,523,000	7
Oklahoma	356,218	14,062,000	2

North Dakota led again this year, together with South Carolina and Arkansas receiving more from their state taxes than the Federal government received from its taxes on incomes from the states. Out of the twenty states having income tax laws in 1931, six received over one-half the amount the Federal government received from its tax; while eleven out of the twenty received over one-fourth as much from their own state income

⁵ See tables for these states in the Appendix.

taxes as the Federal government did from its taxation of net incomes.

All of the states, other than California, Delaware, and Oklahoma, received substantial proportions of the possible revenue from an income tax law for this year.

Oklahoma was against the bottom of the list, receiving the small sum of \$356,219 from her income tax law.

The percentages for 1936 are given in the table below:⁶

TABLE 16
Comparison of State and Federal
Income Tax Revenues, 1936.

State	(1) State Income Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (1) is to (2)
Idaho	\$ 1,216,544	\$ 1,137,000	107
Wisconsin	12,580,343	14,840,000	85
South Carolina	2,287,017	2,932,000	78
Arizona	813,160	1,204,000	68
Oregon	2,168,613	3,658,000	59
Mississippi	939,399	1,597,000	59
North Dakota	313,040	582,000	54
Vermont	564,215	1,184,000	48
Iowa	3,745,691	8,231,000	45
North Carolina	7,722,766	17,541,000	44
New Mexico	310,000	729,000	43
Oklahoma	4,726,329	12,160,000	39
Montana	711,782	2,138,000	33
Minnesota	5,387,965	17,223,000	31
Massachusetts	18,010,474	59,167,000	30
Kansas	1,761,884	6,134,000	29
Alabama	1,100,731	3,853,000	29
Louisiana	2,520,237	9,259,000	27
Georgia	2,572,075	9,831,000	26
Utah	498,919	1,909,000	26
New York	94,823,710	414,345,000	23
Virginia	2,859,337	13,366,000	21
Arkansas	370,893	2,044,000	18
Missouri	5,523,439	34,988,000	16
New Hampshire	410,660	2,633,000	16
Tennessee	958,129	9,134,000	10
California	6,525,815	84,381,000	8
Connecticut	1,005,121	28,681,000	4
Delaware	907,842	31,385,000	3

Idaho, having lower rates and exemptions than the Federal government,

⁶ See tables for these states in the Appendix.

received more from its income tax than the Federal government received from its tax in 1936. Twenty out of the twenty-nine states having income tax laws during this year, collected more than one-fourth of the amount received by the Federal government from its tax on income. Twenty-six out of the twenty-nine had a percentage of ten or better.

Oklahoma, during 1936, received thirty-nine per cent as much as the Federal government did, the receipts of \$4,726,889 being the highest in the history of the state. The state was above the average in this year, the median being thirty, and the arithmetic average being thirty-seven per cent.

The tendency of all states, during the fifteen year period 1921 to 1936, was to raise their income tax rates, or to lower their exemptions, or to do both, in order that this fruitful source of income could be used as a working part of the state systems.

Delaware, at the bottom of the list, had never used the income tax as an integral part of its tax system. Today, 1936, in this state the rates range from one per cent up to only three per cent which is a comparatively weak income tax law for the purpose of securing revenue.

Idaho, on the other hand, since 1934 when the income tax law went into effect for the first time, has consistently used this source of revenue as much as possible. The rates in this state at the present time, 1936, range from one and one-half to eight per cent which is a little higher than the average for all the states using the income tax.

The year 1937 saw state income tax receipts increase still further, along with Federal receipts from its tax, and in 1938, it may be definitely said that income taxation by the states is swiftly encroaching on the Federal government's tax structure. The taxpayer has seen the cost of his state government rise, and he has consistently wanted a reduction of

Federal income tax rates. Pressure is just beginning to be felt in the nation's capital with respect to the reduction of Federal rates.

The relationship of state income taxes to Federal income taxes in 1938 is shown by the following revenue table:⁷

TABLE 17
Comparison of State and Federal
Income Tax Revenues, 1938.

State	(1) State Income Tax Revenue	(2) Federal Income Tax Revenue	(3) Per Cent Column (1) is to (2)
Idaho	\$ 2,252,739	\$ 2,436,000	92
Oregon	5,344,028	7,505,000	71
Wisconsin	24,955,739	36,990,000	67
North Dakota	505,633	770,000	66
South Dakota	559,499	923,000	61
Mississippi	2,180,335	3,709,000	59
South Carolina	3,770,282	7,138,000	53
Arizona	1,124,714	2,580,000	44
Utah	1,701,644	3,926,000	43
North Carolina	11,260,955	27,659,000	41
Oklahoma	8,538,549	21,586,000	40
Iowa	4,735,364	12,904,000	37
Montana	992,043	2,698,000	37
Minnesota	10,115,900	31,215,000	32
Georgia	5,764,846	18,895,000	31
Vermont	761,737	2,466,000	31
Alabama	2,590,612	8,694,000	30
California	42,785,658	156,294,000	27
Kansas	2,587,294	9,473,000	27
Kentucky	4,594,866	17,436,000	26
New York	170,853,250	691,503,000	25
Massachusetts	24,517,155	99,877,000	25
New Mexico	380,313	1,564,000	24
Tennessee	3,858,485	16,726,000	23
Arkansas	700,906	4,168,000	17
Virginia	4,473,239	28,692,000	16
Pennsylvania	28,183,735	206,873,000	14
Louisiana	2,798,007	19,349,000	14
Missouri	7,421,747	58,825,000	13
West Virginia	1,854,083	13,805,000	13
New Hampshire	687,266	5,108,000	13
Connecticut	5,661,525	58,451,000	6
Colorado	811,836	17,582,000	5
Ohio	6,238,474	154,622,000	4
Delaware	1,469,420	68,632,000	2
Maryland	1,012,234	64,238,000	2

Idaho, having had a tax on net income since 1934, headed the group

⁷ See tables for these states in the Appendix.

in 1938 with a percentage of ninety-two. In all the five years of the Idaho tax, it has never fallen below the seventy-five per cent mark, and in three years, 1935, 1936, and 1937, the state received more revenue from its state law than the Federal government did from its tax on the net incomes of Idaho.

Oklahoma received two-fifths as much revenue from its state tax as the Federal government did from its law.

The median for the year 1938 was twenty-seven per cent. The arithmetic average was slightly over thirty-one per cent.

Since the passage of the 1931 law in Oklahoma, the state has continued to increase its revenues from the taxation of net income. With the additional changes of the 1931 law, made in 1933 and 1935, Oklahoma now has one of the most outstanding income tax laws in the nation. It is adequate from a fiscal standpoint, and the rates are not as high as several other states at the present time. The personal exemptions also compare favorably with those of other states.

In summarizing the trend of State and Federal revenues from net income taxation, the following totals are given by five year periods:

TABLE 13
Comparison of Total State and Federal Income Tax Revenues
by Five Year Periods, 1916 to 1938.

Year	Total State Revenue	Federal Income Tax
	From Income Taxes ⁸	Revenue From All States ⁹
1916	\$ 18,833,011	\$ 509,705,861
1921	111,079,340	3,206,709,694
1926	135,897,810	1,968,027,635
1931	168,665,779	1,842,808,244
1936	183,921,130	1,595,657,164
--	--	--
1938	396,044,112	2,555,961,576

⁸ The year 1916 includes seven states; 1921, twelve states; 1926, fifteen states; 1931, twenty states; 1936, twenty-nine states; 1938, thirty-six states.

⁹ Data taken from Treasury Annual Reports for the respective years.

Up to the year 1933, the revenue received by states from their income tax laws, maintained a steady growth from year to year; but the receipts in 1938 more than doubled those of 1933.

Again it should be emphasized that the Federal receipts cannot be taken as an absolute criteria to base the state collections upon; however, the fact remains that the Federal figures give a very good insight to the maximum amount of revenue obtainable from an income tax source, taking into consideration of course, that liberal exemptions are given to the taxpayers.

From the history of the income tax, as used by the states; and from the operation of human nature, which leads tax authorities toward the paths of least resistance, it might be assumed that in the future, the states will continue to encroach upon the Federal government's main source of revenue in greater and greater proportions, thus exerting so much pressure on Congress that they will have no other alternative than to lessen the Federal rates in order to maintain a fair system of taxation on net incomes.

Chapter V

CONCLUSIONS

Adam Smith, in his "Wealth of Nations", gave to the modern world as the first maxim of taxation:

"The subjects of every state ought to contribute towards the support of the government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state...."¹

He then goes ahead to explain that revenue may be received from only three sources; wages, rents, or profits.

Since the time of Adam Smith, several theories of "single" taxes have been propounded; but in each theory, so many flaws were evident, at least from a practical administrative standpoint, that all governments have of necessity continued to use whatever bases of taxation presented themselves at the opportune time.

It is hardly possible that Adam Smith could have been a believer in any single tax argument; however, from his first maxim of taxation, it may be argued that the taxation of incomes would have been one of the strongest bases of taxation advanced by him.

Certain necessary functions of government require a stable amount of revenue from year to year, if the efficiency of government is to be maintained. And, although in the last analysis, most of our taxes are really taxes on income, it must be admitted that a tax on incomes alone will not meet the stability requirement of the proper administration of good government finance.

The primary purpose of this chapter will be to determine whether

¹ Smith, Adam, An Inquiry into the Nature and Causes of the Wealth of Nations, p. 651. (1893).

or not the taxation of net income by the State of Oklahoma is too high; and, if this taxation is driving the source of the tax revenue out of the state.

In making a decision concerning the first part of the question, "Is Oklahoma's net income tax too high?" the answer must come from a comparison of Oklahoma's tax with the taxes of other states.

The answer to the preceding question, in the light of the tax up to 1931, must be definitely NO. Oklahoma's first law, passed in 1908, exempted gross personal incomes up to \$3,500, and in addition, specified that the income tax should not be levied upon the income from property upon which a gross receipt or excise tax had been paid. The exemption was raised to a maximum of \$4,000 for married persons by the Act of 1915, at which point it remained until the Act of 1931.

In 1931, it may be properly questioned whether the exemptions were lowered too much or not. By the Act of 1931, single persons were allowed an exemption of only \$750, and married persons an exemption of \$1,500. Corporations were also taxed for the first time by this law. However, although these exemptions were very low, the rates were also low, ranging from two per cent on net income up to \$10,000 to five per cent on all net income over \$100,000.

Since 1931, the rates have steadily risen until at the present time, 1933, the individual rates range from one per cent on the first \$1,000 to nine per cent on all income above \$8,000. The exemptions under the law are: for single persons \$850; and for married persons \$1,700. The rate for corporate net income is a flat six per cent. Under the law dealing with individuals, a deduction of \$300 is allowed for dependents.

A comparison of the Oklahoma rates with those of other states brings

forth some interesting facts. Out of the thirty-four states in 1938 having taxes on individuals, all but one have graduated rates. The one state, New Hampshire, taxes income from intangibles at an average rate of other property, the tax applying to both individuals and corporations. In the matter of taxing corporate income, ten out of the thirty-four states having taxes on this source use a graduated tax, the rest having flat rates on all net income. Oklahoma is with the majority of states in both groups, the state having progressive rates on individual incomes, and a flat rate on corporations.

A more comparison of rates is misleading, due to the fact that the exemptions of the different states vary, and the graduated rates are placed upon different scales; however, in the matter of rates on individuals, only three states, California, Minnesota, and North Dakota have higher rate percentages than does Oklahoma. Oklahoma places a graduation of one per cent on each thousand dollars up to \$8,000, and all above this figure is taxed at nine per cent.

California's rates range from one to fifteen per cent, up to \$5,000 being subject to a one per cent rate, and all above \$250,000 being taxed at fifteen per cent. In one of the lower brackets, \$5,000 to \$10,000 California places a tax of only two per cent. This state's nine per cent tax is not reached until the bracket of \$50,000 to \$60,000 incomes. In addition to those rates, California also has a graduated money tax on all brackets over \$5,000, ranging from \$50 on incomes from \$5,000 to \$10,000 to \$26,450 on all incomes above \$250,000. Hence, although California's tax is much greater in the higher brackets, the tax in Oklahoma is more severe in the lower brackets, especially for net incomes ranging from

\$1,000 to \$5,000.

Minnesota has a tax structure which taxes at a progressive rate of one per cent on each thousand dollars up to \$6,000, and at this point the tax lessens in progressiveness until it reaches the maximum of ten per cent on all incomes over \$20,000. The brackets between \$6,000 and \$20,000 are taxed at the following rates: \$6,000 to \$7,000 six per cent; \$7,000 to \$8,000 seven per cent; \$8,000 to \$9,000 seven per cent; \$9,000 to \$12,500 eight per cent; and incomes between \$12,500 and \$20,000 being taxed at nine per cent. This makes Oklahoma's tax a little higher in the lower brackets, especially from \$6,000 to \$20,000, while for income over \$20,000 the Minnesota tax is greater.

North Dakota's tax on individuals, ranging from one to fifteen per cent, is not as severe as that of California, due to the fact that in North Dakota, a deduction is allowed for Federal income tax payments.

At least seven other states; Georgia, Idaho, New York, North Carolina Oregon, South Dakota, and Wisconsin have laws approximating the rates in Oklahoma. The rates of these states are as follows: Georgia, one to seven per cent; Idaho, one and one-half to eight per cent; New York, two to seven per cent; North Carolina three to seven per cent; Oregon, two to seven per cent; South Dakota, one to eight per cent; and Wisconsin, one to seven per cent, with additional surtaxes on income over \$4,000.

Therefore, even though Oklahoma does have a rather high tax rate on the lower brackets of income, the rate structure as a whole is not out of line with the rates of tax out of the other thirty-three states using a tax on net incomes of individuals.

In the matter of corporate net income taxation, five states; Massa-

achusetts, Minnesota, North Carolina, Oregon, and Pennsylvania have rates as high as Oklahoma, the latter two having higher rates than the state of Oklahoma, their rates being eight and seven per cent respectively.

The other three states have the same rate as Oklahoma, six per cent. One other state, Georgia, has a flat rate of five and one-half per cent.

Seven other states have graduated corporation rates approximating the structure of the Oklahoma law. These states are: Arizona, one to five per cent; Colorado, four to six per cent; Idaho, one and one-half to eight per cent; Mississippi, two and one-half to six per cent; North Dakota, three to six per cent; South Dakota, one to eight per cent; and Wisconsin, two to six per cent. A surtax is also imposed by Wisconsin on all corporate incomes.

Hence, in the matter of an income tax on corporations, Oklahoma is not out of step with the more progressive states using a tax on this source of revenue.

Due to the practical difficulties of enforcing state income taxes, it might be interesting to see just how the states neighboring Oklahoma use their taxes on net income. Texas, not having had an income tax law since 1871, cannot be used in the comparisons. The other states surrounding Oklahoma have the following rates on individuals and corporations: Kansas, individual rates one to four per cent, corporation rate a flat two per cent; Missouri, individual rates one to four per cent, corporation rate a flat two per cent; Arkansas, individual rates one to five per cent, corporation rate a flat two per cent; Louisiana, individual rates two to six per cent, corporation rate a flat four per cent; and Colorado, individual rates one to six per cent, corporation rates four to six per cent.

It is apparent that the taxation of net income by Oklahoma is somewhat higher than the taxes imposed by neighboring states. Due to this fact, there has been much agitation by various lobbying groups in the state since 1951, to cause the Oklahoma rates to be lowered so that they would be in line with the rates of the neighboring states. The argument for lowering the tax rates is that the high Oklahoma net income tax would drive individuals and industries out of the state, thereby driving the source of the tax revenue out of the state of Oklahoma.

It must be conceded that there is some possibility of truth in this argument, due to the individual differences in human nature; and, occasionally there might be an instance when individuals or industries because of economic reasons involved, might be able to move to some other state in order to escape a higher income tax in the state of their first residence. But as there is a tendency for states to tax incomes in the state in which the income was made, it would hardly be practicable for either an individual or industry to move away from the source of their incomes. And, in the last analysis, industry does not locate in a state because that particular state happens to have low tax rates, rather, the economic surroundings, and the possibilities of making profits by locating in a particular part of the country, are the primary factors involved in the selection of a location for a business enterprise.

Too, there is of course, no certainty that any particular state will continue to use its existing tax rate structure for any definite period of time. History has shown that states have enacted laws to keep up with the more progressive states, rather than lowering their rates to the level of states having lesser rates. These facts should outweigh any argument in favor of removing a business to another state, merely for tax

ESCAPE REASONS.

An example of some of the publicity against high rates for the taxation of net income is shown by the following quotation:

TAXATION HERAGES

ECONOMIC STABILITY

(A Rich Man Speaking)

"Perhaps I classify as an 'economic royalist'. I am in the higher brackets of the Income Tax (79 per cent, plus State Income Tax), and the Death Tax (70 per cent). In this tax area it is too expensive to either live or die.

I cannot afford to make money, save it, give it away, or spend it. No matter which way I turn, I am hedged in by an insurmountable tax barrier. Out of every dollar I receive the government takes 79 cents, leaving me 21 cents, and at death takes 70 per cent of all I accumulate. I can not afford to take the risk. When I lose, the loss is all mine.

This is a 'tax depression' we are in. Reduce the Income and Death Tax rates one-half or more and permit the natural flow of money into private enterprise and the depression is over; continue these rates as at present and the depression is permanent. These rates must not only be reduced but stabilized. No one can afford to make investments subject to Income Tax rates that may be drastically increased at any session of congress. There must be a ceiling somewhere. Without a limit I have no title to what I earn; my deeds and my bonds become scraps of paper, when government takes all my income...."

Although one cannot doubt the sincerity of the preceding statement, the facts are stated inaccurately. In the first place, the Federal maximum rate at the time this article was published was seventy-five per cent, and not seventy-nine per cent; and this rate applies only on incomes of over \$5,000,000. The author of this article actually received more than his supposed "twenty-one" cents out of every dollar.

It is natural that those of us who are not in the income bracket

2 Anonymous article in the Tulsa Daily World newspaper as an advertisement, June 21, 1939, p. 13-A.

taking three-fourths of an amount earned, perhaps feel that we would be happy to retain the one-fourth which would be well over a million dollars for a year's endeavor, giving the government its share of seventy-five per cent. Then of course we would also have a large part of the other income left from the lower brackets.

But on the other hand, it is just as natural that those individuals who are in the higher brackets dislike the thought of giving over half of their income back to the government which enabled them to earn it.

Many articles of this type have been placed before the layman in order to spread the idea that tax assessments are too high; however, there are so few of these individuals affected, compared to the great masses of voters, that their power to get rates decreased is generally diminished.

Another type of publicity given against high tax rates of income taxation is the argument given by industries failing in their enterprises, that "high taxes" caused their downfall. In answer to this argument, it appears that rather than "taxes" being the reason, it is more than likely one of "management", coupled with the fact that certain locations suddenly, and without warning, become unsuitable for profit ventures.

As a final conclusion to the question of whether Oklahoma's income tax rates are too high, and whether these rates destroy the base of the tax, it may safely be said that the answer is still NO. It is possible of course, that the tax structure as a whole might be too severe on certain individuals, but to place the blame on income taxes alone, is to intimate that the taxation of other bases need not be taken into consideration. In view of the fact that other states have successfully administered income tax laws having as high or higher rates than the ones in

Oklahoma, it must be admitted that from the standpoint of equitable taxation, the State of Oklahoma is only being progressive in its administration of state government finance, by placing more of the burden of taxation on income, rather than upon other bases.

Because after all, no tax can be paid for any length of time unless it comes out of current receipts of the individual or business. Regardless of what some tax authorities wish to call the many bases of taxation, most of our taxes must ultimately be based upon income in some manner, else we would have no money to pay taxes with; and the progressive rates upon net income, provided that fair exemptions are made to individuals, is accepted without question, of being the most equitable form of taxation the state or any other government can administer.

APPENDIX

(Explanatory Note)

Column one of the tables in the Appendix gives the total state tax revenues which does not include any taxes assessed by local governments.

Column two represents the revenue received from state income tax laws. Both personal and corporation taxes are included.

Column three gives the Federal income tax receipts from the states. The figures are given in even thousands of dollars and include taxes on both individuals and corporations.

Column four shows the percentages of State income tax revenue to the total State tax revenue of the states.

Column five compares the revenue received from the Federal government from its income tax law, with the total state tax revenues of the states.

Column six gives a comparison of state income tax revenue, and the Federal income tax revenue from the states.

As most of the states return a part of the revenue received from state assessments to the different local governments, any comparison of columns two and three, with column one, are subject to misinformation; however, as none of the agencies reporting data for this column have segregated the revenue, to show in every case the part returned to local governments, this writer has not attempted to make the differentiation because of the impossibility of obtaining primary source material.

Because of the fact that the fiscal periods of the states vary with the calendar year, in some instances; and because collections are made years after the assessment is due, in some cases, the data of certain years will vary as it is reported year by year from the different reporting agencies.

TABLE I

ALABAMA

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1934	\$20,031,665	\$ 373,169	\$1,938,000	2	10	19
1935	21,552,525	875,205	3,150,000	4	15	27
1936	23,896,225	1,100,731	3,853,000	5	16	29
1937	No Data	2,005,390 <u>3</u>	6,546,000	x	x	31
1938	24,488,312 <u>4</u>	2,580,612 <u>4</u>	8,694,000	11	36	30

1 Tax Systems of the World, Seventh Edition, 1938, p. 393.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Financial Statistics of States, 1937 Bulletin, Alabama, p. 4.

4 Tax Policy League, Tax Policy, Vol., VI, pp. 23-24.

TABLE II

ARIZONA

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (2) is to (1)	Per Cent (5) is to (1)	Per Cent (2) is to (3)
1935	\$ 9,367,637	\$ 414,460	\$ 711,000	4	8	58
1936	11,227,082	813,160	1,204,000	7	11	68
1937	No Data	1,151,401 <u>3</u>	2,014,000	x	x	57
1938	6,830,598 <u>4</u>	1,124,714 <u>4</u>	2,580,000	16	38	44

1 Tax Systems of the World, Seventh Edition, 1938, p. 393.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Financial Statistics of States, 1937 Bulletin, Arizona, p. 4.

4 Tax Policy League, Tax Policy, Vol., VI, p. 24.

TABLE III

ARKANSAS

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (3) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
	1924	\$12,009,000	\$ 55,000	\$3,523,000	0.3	24
1925	14,078,354	147,343	3,949,000	1	23	4
1926	16,142,453	No Law	3,605,000	x	22	x
1927	16,719,353	No Law	3,151,000	x	19	x
1928	15,579,535	No Law	2,450,000	x	16	x
1929	18,430,045	No Law	2,104,000	x	12	x
1930	20,732,492	1,202,044	813,000	6	4	143
1931	18,582,000	1,189,951 <u>3</u>	1,133,000	6	6	105
1932	17,638,000 <u>4</u>	333,000 <u>4</u>	807,000	2	5	41
1933	No Data	311,718 <u>5</u>	535,000	x	x	53
1934	15,712,404 <u>6</u>	178,955 <u>6</u>	891,000	1	6	20
1935	17,218,059 <u>6</u>	314,333 <u>6</u>	1,536,000	2	9	20
1936	20,074,017 <u>6</u>	370,893 <u>6</u>	2,044,000	2	10	13
1937	No Data	627,865 <u>7</u>	3,414,000	x	x	18

TABLE III (Continued)

ARKANSAS

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1938	\$23,279,137 <u>8</u>	\$700,906 <u>8</u>	\$4,168,000	3	18	17

1 Financial Statistics of States.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Federal and State Tax Systems, 1933, p. 197.

4 Statistical Abstract of the United States.

5 Tax Systems of the World, Sixth Edition, 1935, p. 356.

6 Tax Systems of the World, Seventh Edition, 1938, p. 394.

7 Financial Statistics of States, 1937 Bulletin, Arkansas, p. 4.

8 Tax Policy League, Tax Policy, Vol., VI, p. 25.

TABLE IV

CALIFORNIA

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1930	\$ 89,769,000	\$ 7,271,840	\$ 63,250,000	8	70	11
1931	97,780,000	5,474,000	76,764,000	5	78	7
1932	89,963,000 <u>3</u>	No Data	48,668,000	x	54	x
1933	No Data	3,354,925 <u>4</u>	50,473,000	x	x	7
1934	112,021,733 <u>5</u>	No Data	57,469,000	x	51	x
1935	138,091,484 <u>5</u>	No Data	69,350,000	x	50	x
1936	163,641,922 <u>5</u>	6,525,815 <u>5</u>	84,381,000	4	52	8
1937	No Data	No Data	124,070,000	x	x	x
1938	201,091,144 <u>6</u>	42,785,658 <u>6</u>	156,294,000	21	78	27

1 Report of the California Tax Research Bureau, 1933.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Statistical Abstract of the United States.

4 Tax Systems of the World, Sixth Edition, 1935, p. 356.

5 Tax Systems of the World, Seventh Edition, 1938, p. 394.

6 Tax Policy League, Tax Policy, Vol., VI, p. 25.

TABLE V

COLORADO

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue	State Income Tax Revenue	Federal Income Tax Revenue	Per Cent (3) is to (1)	Per Cent (5) is to (1)	Per Cent (6) is to (5)
1938	\$25,894,402 <u>1</u>	\$611,836 <u>1</u>	\$17,572,600 <u>2</u>	69	69	69

1 Tax Policy League, Tax Policy, Vol., VI, p. 26.

2 Commissioner of Internal Revenue, Treasury Annual Report, 1938, p. 49.

TABLE VI

CONNECTICUT

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>2</u>	Federal Income Tax Revenue <u>3</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1917	\$10,323,044	\$1,593,091 <u>1</u>	\$55,332,000	15	550	3
1918	14,435,125	3,250,000 <u>4</u>	65,162,000	23	594	4
1919	13,246,611	3,000,000 <u>4</u>	55,371,000	20	425	5
1920	14,367,425 <u>5</u>	1,800,000 <u>4</u>	34,139,000	13	245	2
1921	16,222,536 <u>5</u>	2,940,000 <u>4</u>	18,144,000	18	113	15
1922	16,503,416	1,933,300	23,664,000	12	144	9
1923	13,061,594	845,499	24,332,000	5	133	3
1924	No Data	2,158,947	24,442,000	1	1	0
1925	22,676,545	2,626,342	23,421,000	12	127	9
1926	23,774,814	1,995,923	29,597,000	8	126	9
1927	25,865,860	2,526,351	32,944,000	9	123	9
1928	27,977,434	2,623,011	42,674,000	9	156	6
1929	29,959,533	2,471,113	44,475,000	8	152	6
1930	31,967,196	2,983,966	20,695,000	9	65	14

TABLE VI (Continued)

CONNECTICUT

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1931	\$33,280,644 <u>6</u>	\$3,534,787	\$23,422,000	11	70	15
1932	29,425,700 <u>2</u>	1,439,200	14,632,000	5	50	10
1933	25,798,909 <u>7</u>	850,083 <u>8</u>	14,568,000	3	56	6
1934	25,060,931 <u>9</u>	469,671 <u>9</u>	15,515,000	2	62	3
1935	26,193,523 <u>9</u>	753,741 <u>9</u>	20,637,000	3	79	4
1936	33,711,564 <u>9</u>	1,005,121 <u>9</u>	28,681,000	3	85	4
1937	31,447,558 <u>10</u>	3,554,709 <u>7</u>	46,491,000	11	148	8
1938	36,963,990 <u>11</u>	3,661,525 <u>11</u>	58,451,000	10	158	6

1 Financial Statistics of States.

2 Report of the Connecticut State Tax Commissioner, 1931-1932.

3 Commissioner of Internal Revenue, Treasury Annual Reports.

4 Bigham, Truman C., Fiscal Aspects of the State Income Tax Since 1918, American Economic Review, 1929 Vol., XIX, p. 231.

5 Abstract from State Treasurer's Report, 1929.

6 Information Relative to the Assessment and Collection of Taxes, 1931, Public Document No., 48, p. 4.

7 Report of the Tax Commissioner, 1937-1938, p. 6.

8 Tax Systems of the World, Sixth Edition, 1935, p. 356.

9 Tax Systems of the World, Seventh Edition, 1938, p. 395.

10 Letter from the State Tax Department, June 30, 1939.

11 Tax Policy League, Tax Policy, Vol., VI, p. 27.

TABLE VII

DELAWARE

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>2</u>	(3) Federal Income Tax Revenue <u>3</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
	1918	\$1,097,036 <u>2</u>	\$ 409,000 <u>4</u>	\$27,096,000	36	3470
1919	1,514,203 <u>2</u>	394,833	16,084,000	26	1086	2
1920	No Data	300,000 <u>4</u>	5,735,000	x	x	5
1921	No Data	300,000 <u>4</u>	2,223,000	x	x	15
1922	1,433,185	295,682	4,115,000	20	237	7
1923	1,509,594	308,237	5,378,000	20	338	7
1924	1,715,894	540,684	7,136,000	31	416	7
1925	2,029,515	573,702	10,445,000	28	514	5
1926	2,635,580	668,219	15,916,000	25	604	5
1927	3,211,433	1,310,515	23,513,000	40	752	8
1928	3,777,471	1,546,323	32,659,000	40	865	8
1929	4,990,574	2,131,191	43,943,000	42	881	5
1930	7,054,990	2,853,056	13,476,000	40	262	15
1931	5,960,845	1,299,344 <u>1</u>	19,523,000	22	327	7

TABLE VII (Continued)

DELAWARE

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1932	\$4,681,517	\$ 560,723 <u>1</u>	\$11,453,000	12	245	5
1933	4,444,446 <u>5</u>	577,016 <u>6</u>	11,511,000	13	259	5
1934	7,086,371 <u>7</u>	691,655 <u>7</u>	12,923,000	10	182	5
1935	6,534,280 <u>7</u>	763,156 <u>7</u>	19,864,000	12	304	4
1936	8,070,633 <u>7</u>	907,842 <u>7</u>	31,385,000	11	389	3
1937	No Data	1,276,115 <u>8</u>	52,736,000	x	x	2
1938	No Data	1,469,420 <u>9</u>	68,632,000	x	x	2

1 Report of the Delaware State Tax Commission, 1932.

2 Financial Statistics of States.

3 Commissioner of Internal Revenue, Treasury Annual Reports.

4 Bigham, Truman, C., op. cit., p. 231.

5 Report of the Delaware State Tax Commission, 1933, p. 5.

6 Tax Systems of the World, Sixth Edition, 1935, p. 356.

7 Tax Systems of the World, Seventh Edition, 1938, p. 395.

8 Financial Statistics of States, 1937 Bulletin, Delaware, p. 4.

9 Tax Policy League, Tax Policy, Vol., VI., p. 23.

TABLE VIII

GEORGIA

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1930	\$23,414,191	\$ 627,117	\$ 3,911,000	2	14	16
1931	30,702,466	1,378,598	4,929,000	4	16	28
1932	23,479,000	1,450,883 <u>3</u>	3,536,000	5	12	41
1933	22,966,220 <u>4</u>	1,039,580 <u>4</u>	3,581,000	5	16	29
1934	26,136,507 <u>5</u>	1,751,455 <u>5</u>	5,047,000	7	19	35
1935	23,186,996 <u>5</u>	2,089,074 <u>5</u>	7,867,000	7	28	27
1936	30,044,440 <u>5</u>	2,572,075 <u>5</u>	9,881,000	9	33	26
1937	No Data	3,655,268 <u>6</u>	14,612,000	x	x	25
1938	33,108,366 <u>7</u>	5,764,846 <u>7</u>	18,895,000	17	57	31

1 Financial Statistics of States.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Tax Systems of the World, Sixth Edition, 1935, p. 356.

4 Statistical Report of the State Revenue Commission for the years, 1932-1933-1934.

5 Tax Systems of the World, Seventh Edition, 1938, p. 396.

6 Financial Statistics of States, 1937 Bulletin, Georgia, p. 4.

7 Tax Policy League, Tax Policy, Vol., VI, p. 29.

TABLE IX

IDAHO

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1934	\$ 6,730,265	\$ 308,926	\$ 402,000	5	6	77
1935	8,452,832	628,399	712,000	7	8	88
1936	9,674,212	1,216,544	1,137,000	13	12	107
1937	No Data	2,133,772 <u>3</u>	1,969,000	x	x	108
1938	13,002,241 <u>4</u>	2,252,739 <u>3</u>	2,436,000	17	19	92

1 Tax Systems of the World, Seventh Edition, 1938, p. 396.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Seventh Annual Report of the State of Idaho Department of Income Tax, 1938, p. 5.

4 Tax Policy League, Tax Policy, Vol., VI, p. 30.

TABLE X

IOWA

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1935	\$35,363,457	\$2,109,950	\$ 6,005,000	6	17	35
1936	48,896,890	3,745,691	8,231,000	8	17	45
1937	No Data	No Data	11,438,000	x	x	x
1938	37,255,119 <u>3</u>	4,735,364 <u>3</u>	12,904,000	13	35	37

1 Tax Systems of the World, Seventh Edition, 1938, p. 396.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Tax Policy League, Tax Policy, Vol., VI, pp. 32-33.

TABLE XI

KANSAS

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1934	\$19,888,254	\$ 867,139	\$3,014,000	4	15	29
1935	21,464,703	1,401,199	3,815,000	7	18	37
1936	22,709,946	1,761,884	6,134,000	8	27	29
1937	No Data	2,215,478 <u>3</u>	8,122,000	x	x	27
1938	26,744,137 <u>4</u>	2,587,294 <u>4</u>	9,473,000	10	35	27

1 Tax Systems of the World, Seventh Edition, 1938, p. 397

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Financial Statistics of States, 1937 Bulletin, Kansas, p. 4.

4 Tax Policy League, Tax Policy, Vol., VI, pp. 33-34.

TABLE XII

KENTUCKY

	(1) Total Tax Revenue	(2) State Income Tax Revenue	(3) Federal Income Tax Revenue	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
Year						
1937	No Data	\$3,624,583 <u>1</u>	\$15,503,000 <u>2</u>	x	x	23
1938	42,592,615 <u>3</u>	4,594,866 <u>3</u>	17,436,000 <u>2</u>	11	41	26

1 Financial Statistics of States, 1937 Bulletin, Kentucky, p. 4.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Tax Policy League, Tax Policy, Vol., VI, pp. 34-35.

TABLE XIII

LOUISIANA

	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1935	\$29,151,208	\$2,110,040	\$7,155,000	7	25	29
1936	36,222,351	2,520,257	9,259,000	7	26	27
1937	No Data	4,855,042 <u>3</u>	14,889,000	x	x	33
1938	25,565,232 <u>4</u>	2,798,007 <u>4</u>	19,549,000	11	26	14

1 Tax Systems of the World, Seventh Edition, 1938, p. 397.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Financial Statistics of States, 1937 Bulletin, Louisiana, p. 4.

4 Tax Policy League, Tax Policy, Vol., VI, pp. 35-36.

TABLE XIV

MARYLAND

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue	State Income Tax Revenue	Federal Income Tax Revenue	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1937	\$No Data	\$ 3,377 <u>1</u>	\$51,179,000 <u>2</u>	x	x	x*
1938	34,215,995 <u>3</u>	1,012,234 <u>3</u>	64,238,000 <u>2</u>	3	188	2

1 Financial Statistics of States, 1937 Bulletin, Maryland, p. 4.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Tax Policy League, Tax Policy, Vol., VI, p. 38.

* The income tax collections for this year covered only a part of the fiscal year, hence no percentage is given.

TABLE XV

MASSACHUSETTS

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>2</u>	Federal Income Tax Revenue <u>3</u>	Per Cent (2) is to (3)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1916	\$21,193,941	\$12,245,541 <u>4</u>	\$ 19,820,000	56	94	62
1917	21,056,073	14,077,801 <u>4</u>	181,703,000	67	363	8
1918	23,433,123	14,960,000 <u>5</u>	555,395,000	64	1516	4
1919	29,146,327	15,770,000 <u>5</u>	255,498,000	64	877	6
1920	30,981,697 <u>6</u>	17,600,000 <u>5</u>	157,216,000	67	507	11
1921	33,070,030	15,090,000 <u>5</u>	93,474,000	42	239	16
1922	33,097,996	13,290,226	106,534,000	36	277	12
1923	39,029,196	14,621,827	66,679,000	37	245	15
1924	39,585,044 <u>7</u>	17,105,335	81,653,000	43	206	21
1925	37,959,100	16,951,267	90,321,000	45	238	19
1926	42,332,217	21,952,492	85,616,000	52	202	26
1927	46,446,932	20,243,305	93,124,000	44	200	22
1928	45,120,632	24,220,801	105,662,000	54	234	25
1929	50,234,841	28,569,872 <u>7</u>	102,477,000	57	204	23

TABLE XV (Continued)

MASSACHUSETTS

Year	(1)	(2)	(3)	(4)	(5)	(6)
1930	\$53,524,782	\$31,544,774 <u>7</u>	\$54,347,000	59	101	58
1931	57,939,358 <u>7</u>	22,559,706 <u>7</u>	59,629,000	39	103	38
1932	55,912,266 <u>8</u>	17,692,075 <u>8</u>	35,209,000	32	63	50
1933	50,258,716 <u>9</u>	12,946,765 <u>10</u>	35,170,000	26	70	37
1934	51,764,555 <u>11</u>	14,132,048 <u>11</u>	39,622,000	27	77	36
1935	55,636,784 <u>11</u>	16,569,480 <u>11</u>	50,883,000	30	91	33
1936	60,902,896 <u>11</u>	18,010,474 <u>11</u>	59,167,000	30	97	30
1937	51,814,422 <u>12</u>	25,032,915 <u>12</u>	89,655,000	48	173	28
1938	66,508,478 <u>13</u>	24,517,155 <u>13</u>	99,877,000	37	150	25

- 1 Financial Statistics of States.
- 2 Report of the North Carolina Tax Commission, 1928, p. 571
- 3 Commissioner of Internal Revenue, Treasury Annual Reports.
- 4 Comstock, Alzada, Fiscal Aspects of State Income Taxes, American Economic Review, Vol., X, p. 265.
- 5 Bigham, Truman C., op. cit., p. 231.
- 6 Report of the Commission of Corporations and Taxation, 1921
- 7 Report of the Commission of Corporations and Taxation, 1931.
- 8 Analysis of Sources of Revenue as Assessed in Massachusetts, 1929-1930-1931-1932.
- 9 Eleventh Annual Report of the Commission on Administration and Finance, 1933, Part II, p. 5.
- 10 Tax Systems of the World, Sixth Edition, 1935, p. 357.
- 11 Tax Systems of the World, Seventh Edition, 1938, p. 398
- 12 Letter from the Department of Corporations and Taxation, June 28, 1939.
- 13 Tax Policy League, Tax Policy, Vol., VI, p. 39

TABLE XVI

MINNESOTA

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1934	\$45,434,097	\$ 2,175,747	\$10,552,000	5	25	21
1935	50,661,714	3,197,327	13,105,000	6	26	24
1936	56,107,820	5,387,965	17,228,000	10	31	31
1937	No Data	5,373,267 <u>3</u>	25,776,000	x	x	21
1938	59,014,797 <u>4</u>	10,115,900 <u>4</u>	31,215,000	17	53	32

1 Tax Systems of the World, Seventh Edition, 1938, p. 398

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Financial Statistics of States, 1937 Bulletin, Minnesota, p. 4.

4 Tax Policy League, Tax Policy, Vol., VI, pp. 40-41.

TABLE XVII

MISSISSIPPI

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1916	\$ 3,431,203	\$ 14,955	\$ 417,000	0.4	12	3
1917	3,375,839	9,133	4,180,000	0.3	124	0.2
1918	3,626,110	23,920	6,723,000	0.8	185	0.4
1919	3,686,276	57,037	9,400,000	1	255	0.6
1920	No Data	90,000 <u>3</u>	5,776,000	x	x	1
1921	No Data	40,000 <u>3</u>	1,686,000	x	x	2
1922	9,079,992	48,704	2,941,000	0.5	32	2
1923	8,070,777	28,843	5,407,000	0.3	42	0.8
1924	9,082,210 <u>4</u>	105,867	2,492,000	1	27	4
1925	9,997,530	642,309	2,653,000	6	26	24
1926	11,991,434	1,789,139	2,079,000	15	17	86
1927	11,197,325	1,864,127	2,058,000	17	13	90
1928	11,183,880	1,431,735	1,230,000	13	16	60
1929	13,242,705	1,663,723	1,731,000	12	13	96

TABLE XVII (Continued)

MISSISSIPPI

Year	(1)	(2)	(3)	(4)	(5)	(6)
1930	\$13,666,588	\$1,632,653	\$ 764,000	11	5	214
1931	10,719,350 <u>4</u>	1,015,815 <u>5</u>	1,090,000	9	10	93
1932	10,334,514 <u>4</u>	288,188 <u>4</u>	522,000	3	5	55
1933	No Data	326,504 <u>6</u>	472,000	x	x	69
1934	16,993,934 <u>7</u>	384,532 <u>7</u>	651,000	2	4	61
1935	16,521,217 <u>7</u>	735,332 <u>7</u>	1,102,000	4	7	67
1936	19,186,805 <u>7</u>	939,399 <u>7</u>	1,597,000	5	8	59
1937	No Data	1,457,636 <u>8</u>	2,888,000	x	x	50
1938	21,620,379 <u>9</u>	2,180,335 <u>9</u>	3,709,000	10	17	59

1 Financial Statistics of States.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Bigham, Truman C., op. cit., p. 231.

4 Bulletin of the Mississippi State Tax Commission, General Fund Receipts, 1924-1932.

5 Federal and State Tax Systems, 1933, p. 198.

6 Tax Systems of the World, Sixth Edition, 1935, p. 357.

7 Tax Systems of the World, Seventh Edition, 1938, p. 399.

8 Financial Statistics of States, 1937 Bulletin, Mississippi, p. 4.

9 Tax Policy League, Tax Policy, Vol., VI, pp. 41-42.

TABLE XVIII

MISSOURI

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1917	\$ 7,040,040	\$ 293,973 <u>3</u>	\$ 66,332,000	4	966	0.4
1918	7,699,418	616,107 <u>3</u>	124,116,000	8	1612	0.5
1919	10,464,772	430,000 <u>4</u>	93,074,000	4	639	0.5
1920	14,735,229 <u>5</u>	3,270,340 <u>6</u>	70,023,000	22	475	5
1921	17,564,591	4,794,485 <u>6</u>	34,284,000	27	195	14
1922	16,460,543	2,567,546	39,100,000	15	237	6
1923	17,740,673	2,867,727	33,867,000	16	219	7
1924	No Data	3,344,712	33,312,000	x	x	9
1925	25,333,159	3,606,374	47,594,000	14	137	7
1926	39,954,953	4,336,113	47,445,000	11	153	9
1927	31,323,432	4,029,959	44,019,000	12	140	9
1928	34,037,036	3,697,603	46,364,000	10	137	8
1929	37,377,147	4,252,449	43,203,000	11	114	10
1930	33,714,306	4,602,934	26,948,000	12	69	17

TABLE XVIII (Continued)

MISSOURI

Year	(1)	(2)	(3)	(4)	(5)	(6)
1931	\$36,757,000	\$3,420,464 <u>7</u>	\$32,286,000	9	88	16
1932	No Data	3,291,465 <u>7</u>	19,187,000	x	x	17
1933	No Data	No Data	19,564,000	x	x	x
1934	38,395,305 <u>8</u>	3,572,051 <u>8</u>	22,075,000	9	57	16
1935	44,529,883 <u>8</u>	4,428,699 <u>8</u>	28,587,000	10	64	15
1936	55,135,381 <u>8</u>	5,528,439 <u>8</u>	34,988,000	10	63	16
1937	No Data	7,593,361 <u>9</u>	47,836,000	x	x	15
1938	46,432,863 <u>10</u>	7,421,747 <u>10</u>	58,825,000	16	127	13

1 Financial Statistics of States.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Comstock, Alzada, op. cit., p. 266.

4 Bigham, Truman C., op. cit., p. 231.

5 Report of the Missouri State Auditor, 1920-1930, p. 607.

6 Report of the Missouri State Tax Commission, 1921-1922.

7 Letter from the Missouri State Auditor, April 26, 1933.

8 Tax Systems of the World, Seventh Edition, p. 399.

9 Financial Statistics of States, 1937 Bulletin, Missouri, p. 4.

10 Tax Policy League, Tax Policy, Vol., VI, p. 42.

TABLE XIX

MONTANA

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>2</u>	Federal Income Tax Revenue <u>3</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1918	\$3,199,441	\$560,000	\$5,537,000	17	173	10
1919	3,391,046	390,000	3,536,000	11	104	11
1920	No Data	240,000	2,899,000	x	x	8
1921	2,742,550	200,000	1,509,000	7	55	13
1922	3,415,754	100,000	1,911,000	3	56	9
1923	3,432,165	200,000	1,597,000	6	45	12
1924	No Data	210,000	1,572,000	x	x	13
1925	3,691,023	270,000	1,776,000	7	48	15
1926	4,660,540	300,000	2,031,000	6	45	14
1927	4,843,343	250,000	2,229,000	5	45	11
1928	6,163,343	249,000 <u>4</u>	2,547,000	4	41	10
1929	6,613,005	340,000 <u>4</u>	1,959,000	5	29	17
1930	7,223,235	441,000 <u>4</u>	840,000	6	12	52
1931	6,879,000	427,900 <u>5</u>	1,142,000	6	16	39

TABLE XIX (Continued)

MONTANA						
Year	(1)	(2)	(3)	(4)	(5)	(6)
1932	\$ 6,394,000 <u>6</u>	\$113,959 <u>7</u>	\$ 558,000	2	9	20
1933	No Data	No Data	636,000	x	x	x
1934	8,180,537 <u>8</u>	348,174 <u>8</u>	635,000	4	8	51
1935	10,775,066 <u>8</u>	513,089 <u>8</u>	1,211,000	5	11	42
1936	11,606,432 <u>8</u>	711,782 <u>8</u>	2,138,000	6	18	33
1937	No Data	No Data	2,641,000	x	x	x
1938	7,127,117 <u>9</u>	992,043 <u>9</u>	2,698,000	14	38	37

1 Financial Statistics of States.

2 Bigham, Truman C., op.cit., p. 231.

3 Commissioner of Internal Revenue, Treasury Annual Reports.

4 Report of Taxation in West Virginia, 1930 p. 275.

5 Federal and State Tax Systems, 1933, p. 199

6 Statistical Abstract of the United States.

7 Tax Systems of the World, Sixth Edition, 1935, p. 357.

8 Tax Systems of the World, Seventh Edition, 1938, p. 399.

9 Tax Policy League, Tax Policy, Vol., VI, p. 43.

TABLE XX

NEW HAMPSHIRE

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>2</u>	(3) Federal Income Tax Revenue <u>3</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (3) is to (2)
	1924	\$ 6,442,000	\$210,000	\$2,207,000	8	36	9
1925	7,264,000	420,000	2,537,000	6	38	18
1926	7,200,000	450,000	2,265,000	6	31	19
1927	7,783,000	510,000	3,065,000	6	39	17
1928	8,878,000	569,000 <u>4</u>	3,189,000	6	36	18
1929	9,693,000	598,000 <u>5</u>	2,851,000	6	29	21
1930	11,098,000	633,682 <u>6</u>	1,672,000	6	18	33
1931	10,607,271 <u>7</u>	573,614 <u>7</u>	2,181,000	5	20	26
1932	8,859,000	593,615 <u>8</u>	1,105,000	7	18	54
1933	9,119,965 <u>9</u>	587,902 <u>10</u>	1,218,000	6	13	48
1934	6,311,842 <u>11</u>	414,110 <u>11</u>	1,455,000	7	23	28
1935	7,086,634 <u>11</u>	348,931 <u>11</u>	2,197,000	5	31	16
1936	8,006,595 <u>11</u>	410,660 <u>11</u>	2,632,000	5	33	16
1937	8,432,416 <u>12</u>	619,991 <u>12</u>	3,337,000	8	45	18

TABLE XX (Continued)

NEW HAMPSHIRE

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1938	\$11,301,089 <u>12</u>	\$687,266 <u>13</u>	\$5,108,000	6	45	13

- 1 Statistical Abstract of the United States.
- 2 Bigham, Truman C., op. cit., p. 231.
- 3 Commissioner of Internal Revenue, Treasury Annual Reports.
- 4 Report of the North Carolina State Tax Commission, 1928, p. 572.
- 5 Report of Taxation, West Virginia, 1930, p. 275.
- 6 Federal and State Tax Systems, 1933, p. 199
- 7 Report of the New Hampshire Tax Commission, 1932.
- 8 Letter from the New Hampshire Tax Commission, April 24, 1933.
- 9 Twenty-Third Annual Report of the New Hampshire State Tax Commission, 1933, p. 23.
- 10 Tax Systems of the World, Sixth Edition, 1935, p. 357.
- 11 Tax Systems of the World, Seventh Edition, 1938, p. 400.
- 12 Letter from the New Hampshire State Tax Commission, June 24, 1939.
- 13 Tax Policy League, Tax Policy, Vol., VI, pp. 44-45.

TABLE XXI

NEW MEXICO

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1934	\$ 9,838,855	\$120,000	\$ 290,000	1	3	41
1935	15,440,753	180,000	482,000	1	3	37
1936	20,983,425	310,000	729,000	1	3	43
1937	No Data	520,414 <u>3</u>	1,082,000	x	x	48
1938	9,734,143 <u>4</u>	330,313 <u>4</u>	1,564,000	4	16	24

1 Tax Systems of the World, Seventh Edition, 1936, p. 400.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Letter from the New Mexico Bureau of Revenue, June 26, 1939.

4 Tax Policy League, Tax Policy, Vol., VI, p. 46.

TABLE XXII

NEW YORK

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>2</u>	Federal Income Tax Revenue <u>3</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1918	\$ 72,227,011	\$ 13,680,000	\$1,161,569,000	19	1608	1
1919	76,112,145	19,790,000	901,260,000	26	1134	2
1920	129,850,790 <u>4</u>	66,840,000	639,800,000	51	492	10
1921	124,911,589 <u>4</u>	77,730,000	379,249,000	62	303	20
1922	117,057,451	63,480,000	474,562,000	54	405	13
1923	122,497,156	59,420,000	440,420,000	48	559	13
1924	129,839,493 <u>4</u>	56,970,000	482,834,000	44	371	12
1925	152,401,291	72,430,000	575,137,000	47	373	12
1926	166,600,650	79,230,000	603,573,000	47	362	13
1927	135,323,681	100,649,000	629,733,000	54	359	16
1928	207,733,753	91,504,704 <u>4</u>	619,340,000	44	394	11
1929	240,252,077	105,406,337 <u>4</u>	779,797,000	44	324	13
1930	261,036,633	116,923,766 <u>4</u>	401,519,000	45	153	29
1931	224,245,980 <u>4</u>	94,092,375 <u>4</u>	443,040,000	42	200	21

TABLE XXII (Continued)

NEW YORK

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1932	\$206,894,000	\$ 43,090,396 <u>5</u>	\$251,593,000	21	122	17
1933	208,059,284 <u>6</u>	37,027,546 <u>6</u>	240,002,000	18	115	15
1934	253,238,265 <u>7</u>	51,423,099 <u>7</u>	260,844,000	20	103	20
1935	238,018,746 <u>7</u>	59,251,574 <u>7</u>	337,867,000	25	142	18
1936	320,707,206 <u>7</u>	94,823,710 <u>7</u>	414,345,000	30	129	23
1937	No Data	104,892,155 <u>8</u>	594,160,000	x	x	18
1938	366,687,576 <u>9</u>	170,853,250 <u>9</u>	691,503,000	47	189	25

1 Financial Statistics of States.

2 Bigham, Truman C., op. cit., p. 231.

3 Commissioner of Internal Revenue, Treasury Annual Reports.

4 Report of the New York Tax Commission, 1931.

5 Tax Systems of the World, Sixth Edition, 1935, p. 357.

6 Annual Report of the State Tax Commission, 1934, p. 131.

7 Tax Systems of the World, Seventh Edition, 1938, p. 400.

8 Financial Statistics of States, 1937 Bulletin, New York, p. 4.

9 Tax Policy League, Tax Policy, Vol., VI, p. 47.

TABLE XIII
NORTH CAROLINA

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1912	\$ 2,477,712 <u>3</u>	\$ 36,497 <u>4</u>	\$ No Law	1	x	x
1913	2,475,570 <u>3</u>	42,657 <u>4</u>	No Law	2	x	x
1914	3,052,935 <u>5</u>	50,793 <u>4</u>	219,000	2	7	23
1915	3,151,253 <u>3</u>	53,006 <u>4</u>	361,000	3	12	18
1916	3,020,428	61,383 <u>4</u>	51,761,000	2	1051	0.2
1917	3,870,149	64,152 <u>4</u>	23,101,000	3	597	0.5
1918	4,154,933	109,265 <u>4</u>	56,253,000	3	1334	0.2
1919	4,701,284	112,065	39,620,000	2	847	0.3
1920	4,304,929 <u>4</u>	172,356 <u>5</u>	33,591,000	4	699	0.5
1921	10,713,562 <u>4</u>	493,731 <u>5</u>	16,760,000	5	156	3
1922	9,935,127	2,636,443	16,375,000	26	165	16
1923	12,773,569	3,690,637	17,270,000	29	133	21
1924	No Data	4,421,373	15,504,000	x	x	33
1925	19,280,907	3,728,061	16,001,000	19	83	21

TABLE XXIII (Continued)

NORTH CAROLINA

Year	(1)	(2)	(3)	(4)	(5)	(6)
1926	\$23,659,212	\$ 6,054,757	\$16,415,000	25	69	38
1927	25,665,161	6,033,513	19,937,000	23	74	32
1928	32,152,463	3,175,188	16,822,000	25	52	49
1929	31,841,524	7,653,759	14,145,000	24	44	54
1930	35,975,065	7,473,321	10,760,000	21	27	69
1931	32,773,499 <u>3</u>	5,970,202 <u>6</u>	11,809,000	18	36	50
1932	33,722,039 <u>3</u>	7,777,546 <u>3</u>	11,350,000	20	29	68
1933	No Data	5,886,058 <u>7</u>	12,761,000	x	x	46
1934	41,725,041 <u>8</u>	5,857,694 <u>8</u>	12,953,000	14	31	45
1935	47,177,426 <u>8</u>	7,109,973 <u>3</u>	14,647,000	15	31	49
1936	54,666,362 <u>8</u>	7,722,766 <u>6</u>	17,541,000	14	32	44
1937	No Data	10,974,651 <u>8</u>	24,404,000	x	x	45
1938	69,596,637 <u>9</u>	11,260,955 <u>9</u>	27,659,000	16	40	41

TABLE XXIII (Continued)

NORTH CAROLINA

- 1 Financial Statistics of States.
- 2 Commissioner of Internal Revenue, Treasury Annual Reports.
- 3 Letter from the North Carolina State Tax Commission, April 19, 1933.
- 4 Report of the North Carolina Tax Commission, 1928.
- 5 Bulletin of the National Tax Association, Volume 9, p. 46.
- 6 Federal and State Tax Systems, 1933, p. 199.
- 7 Tax Systems of the World, Sixth Edition, 1935, p. 358.
- 8 Tax Systems of the World, Seventh Edition, 1938, p. 401.
- 9 Tax Policy League, Tax Policy, Vol., VI, p. 48.

TABLE XXIV

NORTH DAKOTA

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (3) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (5)
1920	\$2,857,911 <u>3</u>	\$ 90,000 <u>4</u>	\$1,837,000	5	64	5
1921	5,991,045	440,000 <u>4</u>	324,000	11	21	53
1922	4,845,843	361,650	791,000	7	16	46
1923	6,153,445	171,193	492,000	3	8	35
1924	No Data	385,560	711,000	x	x	54
1925	6,904,202	385,654	710,000	5	10	54
1926	7,734,796	557,401	602,000	7	2	92
1927	7,193,878	611,276	536,000	8	8	104
1928	7,860,965	454,547	530,000	6	7	86
1929	7,917,533	664,466	562,000	8	4	133
1930	7,145,534 <u>5</u>	430,736	219,000	7	3	219
1931	8,214,116 <u>6</u>	433,293 <u>7</u>	312,000	5	4	139
1932	8,070,903 <u>6</u>	217,285 <u>6</u>	171,000	3	2	127
1933	6,169,905 <u>8</u>	116,064 <u>9</u>	221,000	2	4	53

TABLE XXIV (Continued)

NORTH DAKOTA

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1934	\$7,582,936 <u>10</u>	\$142,980 <u>10</u>	\$292,000	2	4	49
1935	6,552,157, <u>10</u>	245,971 <u>10</u>	490,000	4	7	50
1936	8,748,004 <u>10</u>	313,040 <u>10</u>	582,000	4	7	54
1937	No Data	496,701 <u>11</u>	738,000	x	x	67
1938	9,955,366 <u>12</u>	505,633 <u>12</u>	770,000	5	18	66

1 Financial Statistics of States.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Report of the North Dakota Tax Commission, 1928.

4 Bigham, Truman C., op. cit., p. 231.

5 Statistical Abstract of the United States.

6 Bulletin of North Dakota Taxes of the State and Its Civil Divisions, 1931-1932.

7 Federal and State Tax Systems, 1933, p. 199.

8 Twelfth Biennial Report of the Tax Commission, 1934.

9 Tax Systems of the World, Sixth Edition, 1935, p. 358.

10 Tax Systems of the World, Seventh Edition, 1938, p. 401.

11 Letter from the North Dakota State Tax Commissioner, July 13, 1939.

12 Tax Policy League, Tax Policy, Vol., VI, p. 49.

TABLE XXV

OHIO

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue	State Income Tax Revenue	Federal Income Tax Revenue	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1938	\$76,002,209 <u>1</u>	\$6,238,474 <u>1</u>	\$154,622,000 <u>2</u>	8	203	4

1 Tax Policy League, Tax Policy, Vol., VI, p. 50.

2 Commissioner of Internal Revenue, Treasury Annual Report, 1938, p. 49.

TABLE XVI

OKLAHOMA

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total State Revenue <u>1</u>	State Income Tax Revenue <u>2</u>	Federal Income Tax Revenue <u>3</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1909	\$ 2,145,584 <u>4</u>	\$ 2,816 <u>4</u>	\$ No Law	0.0009	x	x
1910	3,386,485 <u>4</u>	4,915 <u>4</u>	No Law	0.001	x	x
1911	No Data	4,671 <u>5</u>	No Law	x	x	x
1912	No Data	4,824 <u>5</u>	No Law	x	x	x
1913	3,358,343 <u>6</u>	5,978 <u>6</u>	No Law	0.001	x	x
1914	No Data	No Data	270,000	x	x	x
1915	5,378,645	2,952 <u>1</u>	400,000	0.001	12	0.7
1916	4,402,905	156,371 <u>1</u>	6,544,000	4	149	2
1917	5,975,599	183,653	20,152,000	3	537	0.9
1918	7,635,647	421,189	17,973,000	6	255	3
1919	8,255,730	505,379	20,821,000	6	252	3
1920	6,600,253 <u>7</u>	516,212	23,102,000	10	269	3
1921	11,696,398	916,064	6,717,000	8	57	13

TABLE XXVI (Continued)

OKLAHOMA

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1922	\$ 6,715,295	\$ 395,336	\$10,532,000	6	154	4
1923	8,497,257	301,965	6,611,000	2	73	4
1924	9,619,000 <u>3</u>	189,765	7,763,000	2	61	2
1925	14,620,223	318,932	14,922,000	2	102	2
1926	19,042,500	335,714	13,462,000	2	97	2
1927	19,411,346	362,133	12,600,000	2	65	3
1928	22,005,032	1,038,667	14,572,000	5	66	7
1929	21,676,696	721,053	15,816,000	3	73	4
1930	25,761,000	523,760	11,156,000	2	43	4
1931	23,545,000	356,216	14,062,000	1	60	2
1932	22,331,246 <u>3</u>	1,049,624	5,070,000	5	27	21
1933	20,459,359 <u>7</u>	1,396,717 <u>7</u>	4,993,000	9	24	33
1934	26,401,929 <u>7</u>	1,774,812 <u>7</u>	5,922,000	7	22	30

TABLE XXVI (Continued)

OKLAHOMA

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1935	\$31,340,504 <u>7</u>	\$2,472,212 <u>7</u>	\$9,479,000 <u>7</u>	8	30	26
1936	21,463,944 <u>7</u>	4,726,329 <u>7</u>	12,160,000	22	57	39
1937	26,075,376 <u>7</u>	6,897,016 <u>7</u>	16,904,000	26	64	41
1938	23,249,474 <u>7</u>	8,538,549 <u>7</u>	21,586,000	37	93	40

1 Financial Statistics of States.

2 Report of the State Auditor, 1932.

3 Commissioner of Internal Revenue, Treasury Annual Reports.

4 Second Biennial Report of the State Auditor, 1910.

5 Comstock, Alzada, op. cit., p. 263.

6 Bureau of Commerce, Wealth, Debt, and Taxation, 1915, Vol., II.

7 Third Biennial Report of the Oklahoma Tax Commission, 1938.

8 National Industrial Conference Board, State Income Taxes, Vol., I, p. 45.

9 First Annual Report of the Oklahoma Tax Commission, 1932.

TABLE XVII

OREGON

	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>2</u>	(3) Federal Income Tax Revenue <u>3</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1924	No Data	\$2,777,311*	\$5,132,000	x	x	54
1925	15,979,445	.....	4,942,000	x	31	x
1926	17,077,365	.....	5,170,000	x	30	x
1927	17,693,417	.....	4,415,000	x	25	x
1928	18,615,619	.....	5,124,000	x	27	x
1929	19,643,545	.....	4,265,000	x	21	x
1930	23,784,853	.....	2,590,000	x	11	x
1931	20,441,000	1,111,561 <u>4</u>	3,185,000	5	15	35
1932	No Data	2,293,072 <u>5</u>	1,826,000	x	x	125
1933	No Data	No Data	1,556,000	x	x	x
1934	16,025,347	1,260,105	1,741,000	8	11	72
1935	18,903,763	1,679,071	2,625,000	9	14	64
1936	21,466,101	2,162,613	3,653,000	10	17	59
1937	No Data	3,023,100 <u>6</u>	5,924,000	x	x	51

TABLE XXVII (Continued)

OREGON						
(1)	(2)	(3)	(4)	(5)	(6)	
Year						
1938	\$ No Data	\$5,344,028 ⁷	\$7,505,000	x	x	71

1 Financial Statistics of States.

2 Tax Systems of the World, Seventh Edition, 1938, p. 402.

3 Commissioner of Internal Revenue, Treasury Annual Reports.

4 Federal and State Tax Systems, 1933, p. 199.

5 Comparative Statement of Revenue Receipts, 1931-1932.

6 Financial Statistics of States, 1937 Bulletin, Oregon, p. 4.

7 Tax Policy League, Tax Policy, Vol., VI, p. 52.

* Collections were spread out from 1924 to 1930. The Income Tax Act of 1923 was repealed in 1924.

TABLE XXVIII

PENNSYLVANIA

	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax	State Income	Federal Income	Per Cent	Per Cent	Per Cent
	Revenue	Tax Revenue	Tax Revenue	(3) is to (1)	(5) is to (1)	(6) is to (5)
1938	\$202,966,056 <u>1</u>	\$28,133,755 <u>1</u>	\$203,274,600 <u>2</u>	14	102	12

1 Tax Policy League, Tax Policy, Vol., VI, p. 53.
 2 Commission of Internal Revenue, Treasury Annual Report, 1938, p. 49.

TABLE XXIX
SOUTH CAROLINA

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1914	\$ No Data	\$ 15,303 <u>3</u>	\$ 108,000	x	x	14
1915	No Data	14,483	161,000	x	x	9
1916	2,277,449	14,507	522,000	0.6	23	3
1917	2,483,110	27,197	10,895,000	1	433	0.2
1918	2,272,777	29,003	29,035,000	1	1273	0.1
1919	3,051,250	27,379	22,945,000	0.9	755	0.1
1920	No Data	No Law	13,918,000	x	x	x
1921	4,234,114	No Law	3,164,000	x	75	x
1922	6,999,624	974,020	4,237,000	14	61	23
1923	8,175,851	2,062,935	4,925,000	25	60	42
1924	11,945,000 <u>4</u>	2,251,136	2,099,000	19	17	106
1925	13,623,224	1,530,113	2,343,000	10	17	56
1926	13,813,460	1,491,139	2,113,000	11	15	70

TABLE XVII (Continued)

SOUTH CAROLINA

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1987	\$14,134,346	\$1,731,841	\$3,249,000	13	25	53
1988	16,179,615	2,220,635	2,251,000	14	15	60
1989	13,514,201	2,065,422	2,020,000	11	11	101
1990	13,427,317	1,981,272	820,000	10	8	251
1991	17,377,000	1,726,482 <u>5</u>	1,563,000	10	8	113
1992	No Data	1,181,790 <u>6</u>	1,133,000	x	x	104
1993	No Data	999,301 <u>7</u>	1,051,000	x	x	95
1994	19,046,070 <u>8</u>	2,120,254 <u>8</u>	2,042,000	11	10	104
1995	20,501,564 <u>8</u>	2,005,247 <u>8</u>	3,090,000	10	15	63
1996	22,929,991 <u>8</u>	2,227,017 <u>8</u>	2,932,000	10	13	73
1997	No Data	3,240,103 <u>9</u>	4,966,000	x	x	60
1998	24,093,333 <u>10</u>	3,770,223 <u>10</u>	7,133,000	16	30	53

TABLE XXIX (Continued)

SOUTH CAROLINA

- 1 Financial Statistics of States.
- 2 Commissioner of Internal Revenue, Treasury Annual Reports.
- 3 Comstock, Alzada, op. cit., p. 268.
- 4 Statistical Abstract of the United States.
- 5 Federal and State Tax Systems, 1933, p. 199.
- 6 Eighth Annual Report of the South Carolina Tax Commission, 1932.
- 7 Tax Systems of the World, Sixth Edition, 1935, p. 358.
- 8 Tax Systems of the World, Seventh Edition, 1938, p. 402.
- 9 Financial Statistics of States, 1937 Bulletin, South Carolina, p. 4.
- 10 Tax Policy League, Tax Policy, Vol., VI, pp. 54-55.

TABLE XXX

SOUTH DAKOTA

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue	State Income Tax Revenue	Federal Income Tax Revenue	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1937	\$ No Data	\$485,630 <u>1</u>	\$864,000 <u>2</u>	x	x	56
1938	10,006,906 <u>3</u>	559,499 <u>3</u>	923,000 <u>2</u>	6	9	61

1 Financial Statistics of States, 1937 Bulletin, South Dakota, p. 4.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Tax Policy League, Tax Policy, Vol., VI, pp. 55-56.

TABLE XXXI

TENNESSEE

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>2</u>	(3) Federal Income Tax Revenue <u>3</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
	1923	\$10,653,641	\$ 94,000	\$10,184,000	0.8	95	0.8
1924	10,646,945 <u>4</u>	675,000	9,209,000	6	86	7
1925	14,543,786	533,000	10,916,000	4	76	5
1926	16,616,126	915,000	11,329,000	6	79	6
1927	17,840,951	724,000	11,449,000	4	64	6
1928	19,084,048	747,000	12,663,000	4	66	5
1929	21,167,092	571,962 <u>4</u>	9,492,000	3	45	6
1930	26,954,276	453,775 <u>1</u>	5,319,000	2	19	3
1931	25,909,200 <u>4</u>	1,176,590 <u>5</u>	6,963,000	5	27	17
1932	24,305,669 <u>4</u>	636,273 <u>4</u>	4,527,000	3	13	14
1933	No Data	630,292 <u>6</u>	4,247,000	x	x	16
1934	24,628,646 <u>7</u>	695,245 <u>7</u>	5,164,000	3	21	13
1935	26,517,908 <u>7</u>	832,556 <u>7</u>	8,304,000	3	31	10
1936	29,233,603 <u>7</u>	956,129 <u>7</u>	9,134,000	3	31	10

TABLE XXXI (Continued)

TENNESSEE

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1937	\$ No Data	\$ 856,857 <u>8</u>	\$13,241,000	x	x	6
1938	No Data	3,858,485 <u>9</u>	16,726,000	x	x	23

1 Financial Statistics of States.

2 National Industrial Conference Board, State Income Taxes, Vol., 2, p. 154.

5 Commissioner of Internal Revenue, Treasury Annual Reports.

4 Fifth Biennial Report of the Commissioner of Finance and Taxation, 1933.

5 Federal and State Tax Systems, 1933, p. 200.

6 Tax Systems of the World, Sixth Edition, 1935, p. 358.

7 Tax Systems of the World, Seventh Edition, 1938, p. 403.

8 Annual Report of the Comptroller of the Treasury, 1937, p. 15.

9 Tax Policy League, Tax Policy, Vol., VI, pp. 56-57.

TABLE XXXII

UTAH

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>1</u>	Federal Income Tax Revenue <u>2</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1931	\$8,460,000 <u>3</u>	\$ 389,125 <u>4</u>	\$1,756,000	4	21	22
1932	9,169,000 <u>5</u>	359,000 <u>5</u>	1,013,000	4	11	35
1933	No Data	172,380 <u>6</u>	857,000	x	x	20
1934	7,342,350	182,669	915,000	2	12	20
1935	8,779,461	212,705	1,750,000	2	20	12
1936	9,110,843	498,919	1,909,000	5	21	26
1937	No Data	1,550,639 <u>7</u>	3,227,000	x	x	48
1938	No Data	1,701,644 <u>8</u>	3,926,000	x	x	43

- 1 Tax Systems of the World, Seventh Edition, 1938, p. 404.
 2 Commissioner of Internal Revenue, Treasury Annual Reports.
 3 Financial Statistics of States.
 4 Biennial Report of the Utah Tax Commission, 1931-1932.
 5 Statistical Abstract of the United States.
 6 Tax Systems of the World, Sixth Edition, 1935, p. 358.
 7 Financial Statistics of States, 1937 Bulletin, Utah, p. 4.
 8 Tax Policy League, Tax Policy, Vol., VI, p. 59.

TABLE XXXIII

VERMONT

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>2</u>	Federal Income Tax Revenue <u>3</u>	Per Cent (2) is to (1)	Per Cent (3) is to (1)	Per Cent (2) is to (3)
1932	\$3,553,281 <u>4</u>	\$604,667 <u>4</u>	\$ 540,000	17	15	112
1933	3,030,716	553,167 <u>5</u>	605,000	18	20	91
1934	2,710,796	472,112	644,000	17	24	73
1935	No Data	497,117	934,000	x	x	53
1936	No Data	564,215	1,184,000	x	x	48
1937	2,945,852 <u>6</u>	691,309 <u>7</u>	1,984,000	23	67	35
1938	4,173,390 <u>6</u>	761,737 <u>8</u>	2,466,000	18	59	31

1 Biennial Report of the Commissioner of Taxes, 1934, p. 11.

2 Tax Systems of the World, Seventh Edition, 1938, p. 404.

3 Commissioner of Internal Revenue, Treasury Annual Reports.

4 Biennial Report of the Commissioner of Taxes, 1932.

5 Tax Systems of the World, Sixth Edition, 1935, p. 358.

6 Letter from the Commissioner of Taxes, June 28, 1939.

7 Financial Statistics of States, 1937 Bulletin, Vermont, p. 4.

8 Tax Policy League, Tax Policy, Vol., VI, pp. 59-60.

TABLE XXIV

VIRGINIA

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>1</u>	(3) Federal Income Tax Revenue <u>2</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1908	No Data	\$ 122,058 <u>3</u>	No Law	x	x	x
1909	No Data	102,810 <u>5</u>	No Law	x	x	x
1910	No Data	106,999 <u>5</u>	No Law	x	x	x
1911	No Data	129,429 <u>3</u>	No Law	x	x	x
1912	No Data	102,678 <u>5</u>	No Law	x	x	x
1913	7,176,920 <u>4</u>	134,562 <u>4</u>	No Law	2	x	x
1914	No Data	165,000 <u>5</u>	516,000	x	x	38
1915	7,057,821 <u>5</u>	167,432	625,000	2	9	27
1916	7,635,990	177,284	2,302,000	2	31	3
1917	7,136,019	299,823	22,977,000	4	320	1
1918	8,408,359	360,263	38,689,000	4	460	0.9
1919	9,436,269	674,755	34,636,000	7	367	2
1920	15,578,685 <u>5</u>	1,810,000 <u>6</u>	25,615,000	12	164	7
1921	17,470,015 <u>5</u>	2,100,000 <u>6</u>	19,557,000	12	60	20

TABLE XXIV (Continued)

VIRGINIA

Year	(1)	(2)	(3)	(4)	(5)	(6)
1922	\$18,287,111	\$2,240,527	\$14,458,000	12	79	15
1923	20,227,017	1,147,763	14,504,000	5	72	8
1924	21,344,133 <u>5</u>	1,543,992	12,707,000	7	59	12
1925	23,518,416	1,745,216	16,537,000	7	69	11
1926	25,223,149	1,750,950	20,772,000	6	82	3
1927	29,813,256	3,452,814	19,531,000	11	65	13
1928	31,092,151	3,816,850	17,575,000	12	56	22
1929	34,003,773	4,950,935	16,095,000	14	50	20
1930	35,626,577	4,253,447	14,569,000	13	43	29
1931	33,690,000	4,074,532 <u>7</u>	18,042,000	12	33	22
1932	31,111,877 <u>5</u>	3,750,000 <u>5</u>	10,711,000	9	34	26
1933	No Data	2,108,163 <u>8</u>	9,677,000	X	X	22
1934	30,720,624	1,352,473	8,796,000	6	29	21
1935	34,153,685	2,423,532	10,792,000	7	52	22

TABLE XXXIV (Continued)

VIRGINIA

	(1)	(2)	(3)	(4)	(5)	(6)
Year						
1936	\$37,660,929 <u>9</u>	\$2,839,337 <u>9</u>	\$13,366,000	8	35	21
1937	No Data	3,775,497 <u>10</u>	21,362,000	x	x	18
1938	44,740,441 <u>11</u>	4,473,239 <u>11</u>	28,692,000	10	64	16

1 Financial Statistics of States.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Comstock, Alzada, op. cit., p. 267.

4 Bureau of Commerce, Wealth, Debt, and Taxation, 1913, Vol., II.

5 Letter from the Virginia State Department of Taxation, May 16, 1933.

6 Bigham, Truman, C., op. cit., p. 231.

7 Federal and State Tax Systems, 1933, p. 200.

8 Tax Systems of the World, Sixth Edition, 1935, p. 358.

9 Tax Systems of the World, Seventh Edition, 1938, p. 404.

10 Report of the Department of Taxation, 1937.

11 Tax Policy League, Tax Policy, Vol., VI, p. 60

TABLE XXXV

WEST VIRGINIA

Year	(1) Total Tax Revenue	(2) State Income Tax Revenue	(3) Federal Income Tax Revenue	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (2) is to (3)
1937	\$ No Data	\$1,577,169 <u>1</u>	\$10,831,000 <u>2</u>	x	x	15
1938	45,688,619 <u>3</u>	1,854,083 <u>3</u>	13,805,000 <u>2</u>	4	32	13

1 Financial Statistics of States, 1937 Bulletin, West Virginia, p. 4.

2 Commissioner of Internal Revenue, Treasury Annual Reports.

3 Tax Policy League, Tax Policy, Vol., VI, p. 62.

TABLE XXXVI

WISCONSIN

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Total Tax Revenue <u>1</u>	State Income Tax Revenue <u>2</u>	Federal Income Tax Revenue <u>3</u>	Per Cent (2) is to (1)	Per Cent (5) is to (1)	Per Cent (2) is to (3)
1911	\$ 4,614,446 <u>4</u>	\$ 1,631,413 <u>5</u>	\$ No Law	35	x	x
1912	6,935,603 <u>6</u>	1,935,847 <u>5</u>	No Law	28	x	x
1913	11,390,681 <u>7</u>	2,002,213 <u>5</u>	No Law	18	x	x
1914	No Data	1,906,442 <u>5</u>	713,000	x	x	266
1915	No Data	2,959,726 <u>5</u>	875,000	x	x	330
1916	11,990,490	6,161,967 <u>5</u>	3,868,000	51	32	159
1917	12,975,063	6,951,483 <u>5</u>	36,609,000	55	232	11
1918	14,648,893	6,160,000 <u>8</u>	72,209,000	42	493	8
1919	15,923,924	7,000,000 <u>8</u>	53,265,000	44	334	13
1920	14,538,539 <u>9</u>	15,514,000 <u>8</u>	51,620,000	104	355	30
1921	22,644,658 <u>9</u>	5,980,000 <u>8</u>	19,998,000	26	68	29
1922	26,169,501	10,030,223	23,332,000	41	89	43
1923	24,541,053	5,101,790	25,406,000	25	103	24
1924	23,663,783 <u>10</u>	9,567,919	22,457,000	31	78	42

TABLE XXXVI (Continued)

WISCONSIN

Year	(1) Total Tax Revenue <u>1</u>	(2) State Income Tax Revenue <u>2</u>	(3) Federal Income Tax Revenue <u>3</u>	(4) Per Cent (2) is to (1)	(5) Per Cent (3) is to (1)	(6) Per Cent (3) is to (2)
	1925	\$88,545,144	\$ 8,922,917	\$27,124,000	51	96	53
1926	31,730,324	13,320,338	31,611,000	42	99	44
1927	36,328,971	18,775,019	33,740,000	52	93	56
1928	34,781,426	13,035,600 <u>6</u>	32,581,000	52	94	55
1929	45,209,278	20,134,305 <u>6</u>	30,215,000	47	70	66
1930	43,416,384	21,137,252 <u>6</u>	16,313,000	44	35	126
1931	49,403,653 <u>11</u>	18,450,514 <u>6</u>	20,935,000	37	42	33
1932	50,616,000 <u>12</u>	7,315,000 <u>12</u>	9,023,000	15	13	87
1933	No Data	13,543,486 <u>13</u>	7,594,000	x	x	173
1934	44,313,120 <u>14</u>	14,162,000 <u>14</u>	7,796,000	32	17	181
1935	44,359,491 <u>14</u>	11,049,381 <u>14</u>	12,507,000	25	27	90
1936	42,615,009 <u>14</u>	12,580,343 <u>14</u>	14,340,000	26	31	85
1937	No Data	10,307,251 <u>15</u>	27,522,000	x	x	39
1938	59,399,743 <u>16</u>	24,955,739 <u>16</u>	36,990,000	42	62	67

TABLE XXXVI (Continued)

WISCONSIN

- 1 Financial Statistics of States.
- 2 Report of the North Carolina Tax Commission, 1928, p. 573.
- 3 Commissioner of Internal Revenue, Treasury Annual Reports.
- 4 Sixth Biennial Report of the Wisconsin Tax Commission, 1912, p. 139.
- 5 Gemstock, Alzada, op. cit., p. 260.
- 6 Report of the North Carolina Tax Commission, 1932.
- 7 Bureau of Commerce, Wealth, Debt, and Taxation, 1913, Vol., II, p. 36.
- 8 Bigham, Truman C., op. cit., p. 231.
- 9 Wisconsin Tax Commission, Municipal Statistics Department, Bulletin 25, January, 1927
- 10 Wisconsin Tax Commission, Municipal Statistics Department, Bulletin 35, January, 1930.
- 11 Wisconsin Tax Commission, Municipal Statistics Department, Bulletin 55, December, 1932.
- 12 Statistical Abstract of the United States.
- 13 Tax Systems of the World, Sixth Edition, 1935, p. 359.
- 14 Tax Systems of the World, Seventh Edition, 1938, p. 405.
- 15 Financial Statistics of States, 1937 Bulletin, Wisconsin, p. 4.
- 16 Tax Policy League, Tax Policy, Vol., VI, p. 63.

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