

REPORT OF COMMITTEE ON HIGHWAY FINANCE

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FISCAL ORGANIZATION, TAXATION AND EXPENDITURES OF ILLINOIS

SYNOPSIS

This report briefly summarizes the second general study of state-wide taxation made jointly by the U S Bureau of Public Roads and the University of Wisconsin

Last year the first study was reported This report on Illinois presents data for the state and for its numerous subdivisions Shows both the incidence and distribution of the taxes collected Receipts from property taxes and from other sources are carefully differentiated Distributions are made of both receipts and expenditures with special reference to highway purposes The Illinois study, unlike that for Wisconsin, does not attempt to establish any relation between the distribution of travel and the distribution of taxes

During the year 1931, the U S Bureau of Public Roads in cooperation with the University of Wisconsin planned a series of state-wide studies covering the general subject of taxation Last year this Committee presented a résumé of the study for the State of Wisconsin During 1932, the work has continued under the same cooperation and a study has been completed for Illinois resembling in its general form the previous study, with such alterations as were imperative to fit conditions found to exist in the state A very conscientious effort was made, however, to express the results of the Illinois study in terms similar to those employed for Wisconsin, in order that direct comparisons may ultimately be made

While the studies as planned and carried out have been for the special purpose of relating the entire subject of taxation to state and local highway activities, it is inevitable that the detailed and exhaustive investigations necessary reveal many incidental facts This has been the case in Illinois where several especially impressive conditions have been noted, incidental to the central purposes of the study (1) There was apparent quite generally evidence of conscientious efforts on the part of local fiscal agents in all branches of the state government to carry on their work in a satisfactory and cooperative way under difficult and complex conditions which seemed to the investigator to be most discourag-

ing, (2) The fiscal system and records of the state-wide organization of counties and local units are cumbersome and unscientific, (3) The state has no central accounting control of any kind, (4) The taxing authority is excessively subdivided, (5) The existing organization creates automatically unduly heavy overhead for local road administration

Illinois is peculiar in having two forms of county government. In the southerly part of the State, which was the first to be settled, counties were organized as administrative units with the usual county officers elected at large. There are seventeen such counties. In the northerly part of the State, later settled, township organizations within the counties were adopted. Eighty-five counties have such organization. In these counties the governing body is a county board comprised of a supervisor from each of the townships and assistant supervisors from certain municipal divisions.

Local government becomes somewhat complex with many concurrent overlapping governmental bodies. In those counties with township organization all of the territory of the county is divided into townships, but within townships there are villages and cities. In addition, there are many minor special districts, such as forest preserves, parks, sanitary or drainage districts, levy districts, road improvement districts, etc.

A taxpayer may, therefore, be subject to concurrent property taxes levied by the state, the county, the township, the village or city, the high school district, the common school district, the sanitary district, the forest preserve district, the park district, and the mosquito abatement district, or ten separate agencies. In addition, he may be subject to special assessments for streets, sidewalks and sewers.

The report on Illinois indicates that many of the relationships found to exist in Wisconsin are duplicated. Conspicuous among these are the substantial contributions to rural areas from the various municipal groups. There is an indication, however, that the large metropolitan centers such as Milwaukee in Wisconsin, Chicago in Illinois, and Detroit in Michigan are not only unique in the state but sometimes have a tendency to alter very substantially, or even reverse, observed tendencies.

Although the ratio of expenditure to taxes collected indicates a transfer from urban to rural areas, nevertheless, the per capita expenditures in urban areas are absolutely heavier than in the rural areas only in the case of the metropolitan area of Chicago. Gasoline consumption was highest by vehicles registered in urban area. Average license fees paid per vehicle were generally higher in urban than in rural areas, and consistently the total contributions per vehicle were found to increase with density of population.

The total of all State and local imposts levied in Illinois in 1930 by the State and its subdivisions is shown in Table I.

The place groups used in this table follow the same classifica-

tion exactly as was employed in the Wisconsin study reported last year. This classification is as follows:

- Places I Incorporated municipalities with population up to 2,500
- Places II. Incorporated municipalities with population from 2,500 to 15,000
- Places III Incorporated municipalities with population from 15,000 to 75,000
- Places IV Incorporated municipalities with population from 75,000 to 400,000
- Places V Incorporated municipalities with population over 400,000

TABLE I
DISTRIBUTION OF IMPOSTS

Unit of government	Amount	Per cent	Per capita
All	\$582,407,100	100 0	\$76 3
State	136,227,300	23 4	17 8
County	45,208,900	7 8	5 9
Townships	40,407,800	6 9	30 1
Places I	22,328,600	3 8	34 5
Places II	44,079,700	7 6	46 4
Places III	47,140,200	8 1	42 1
Places IV	7,180,600	1 2	37 6
Places V	239,834,000	41 2	71 0

TABLE II

Source	Amount	Per cent	Per capita
General Property Taxes	\$427,317,600	73 4	\$56 00
Railroad Taxes	33,751,300	5 8	4 42
Motor Vehicle Imposts	54,149,100	9 3	7 09
Other Local Receipts	41,570,400	7 1	5 45
Other State Receipts	25,618,700	4 4	3 36

The total imposts may be capitulated to show the taxable sources as in Table II

The total expenditures for all state and local governmental units are shown and distributed in Table III

Under the heading "Public Benefit" are included all items having to do with the protection of lives and property, and with the pleasure or well-being of the people, these items being represented by police and fire protection, courts, sanitation, parks and playgrounds, and charitable and penal institutions. Under the heading "Government" are included the primary executive and administrative charges of the various units.

TABLE III

Unit of government	Amount	Per cent	Per capita				
			Total	Highways	Educa- tion	Public benefit	Govern- ment
Total	\$551,249,500	100 0	\$72 24	\$21 79	\$21 96	\$24 68	\$3 81
State	91,079,500	16 5	11 94	5 30	1 32	4 80	52
Counties	56,310,600	10 2	7 38	2 21	02	3 79	1 36
Townships	37,390,600	6 8	27 83	6 65	19 29	1 03	86
Places I	23,404,300	4 2	35 94	7 13	17 89	8 99	1 93
Places II	42,727,400	7 8	44 99	9 16	21 35	12 75	1 73
Places III	46,701,000	8 5	41 75	8 02	20 56	11 42	1 75
Places IV	7,646,500	1 4	40 07	10 05	16 03	13 09	90
Places V	245,989,600	44 6	72 85	22 47	21 75	26 10	2 53

TABLE IV

Percentage of expenditure of the units of government for the purpose indicated					Unit of government	Percentage of the total expenditure for each purpose made by each unit of government				
High-ways	Edu-cation	Public benefit	Gov-ernment	All		All	High-ways	Edu-cation	Public benefit	Gov-ernment
30 1	30 4	34 2	5 3	100 0	All	100 0	100 0	100 0	100 0	100 0
44 4	11 1	40 2	4 3	100 0	State	16 5	24 3	6 0	19 5	13 6
29 9	0 3	51 4	18 4	100 0	County	10 2	10 1	1	15 4	35 7
23 9	69 3	3 7	3 1	100 0	Townships	6 8	5 4	15 5	7	4 0
19 8	49 8	25 0	5 4	100 0	Places I	4 2	2 8	7 0	3 1	4 3
20 4	47 5	28 3	3 8	100 0	Places II	7 8	5 2	12 1	6 4	5 7
19 2	49 2	27 4	4 2	100 0	Places III	8 5	5 4	13 7	6 8	6 7
25 1	40 0	32 7	2 2	100 0	Places IV	1 4	1 2	1 8	1 3	6
30 8	29 9	35 8	3 5	100 0	Places V	44 6	45 6	43 8	46 8	29 4

TABLE V

Kind of tax	Amount	Per cent	Per capita
Grand total	\$150,266,700	100 0	\$19 69
On General Property			
Total	96,117,600	63 9	12 59
County	7,076,200	4 7	93
Local	29,122,800	19 4	3 81
Special	56,260,200	37 4	7 37
Railroad	3,658,400	2 4	48
On Motor Vehicles			
Total	54,149,100	36 1	7 10
License Fees	18,447,200	12 3	2 42
Fuel Tax	28,246,700	18 8	3 70
Other Fees	280,700	0 2	04
Privilege Taxes (Local)	7,174,500	4 8	94

A general distribution of expenditures under the four heads and by various units of government expressed in per cents is conveniently shown in Table IV.

The total taxation specifically imposed for highway purposes is shown in Table V grouped under two general divisions, "General Property" and "Motor Vehicles" and under each of these heads the kind of tax imposed is further shown

When grouped according to the incidence of taxation, Table V above may be restated as in Table VI

Actual expenditures for highways by the corresponding units of government are shown in Table VII

TABLE VI

ALL TAXES SPECIFICALLY IMPOSED FOR HIGHWAY PURPOSES IN 1930 CLASSIFIED
ACCORDING TO PLACES OF COLLECTION

Units of government	Amount	Per cent	Per capita
Total	\$150,266,700	100 0	\$19 69
Townships	16,996,900	11 3	12 65
Places I	15,059,300	10 0	23 12
Places II	21,479,300	14 3	22 62
Places III	22,114,800	14 7	19 77
Places IV	3,702,800	2 5	19 40
Places V	70,913,600	47 2	21 50

TABLE VII

Unit of government	Amount	Per cent	Per capita
Total	\$166,298,900	100 0	\$21 79
Townships	63,043,700	37 9	46 92
Places I	6,294,400	3 8	9 66
Places II	9,907,200	6 0	10 43
Places III	9,237,300	5 5	8 26
Places IV	1,920,500	1 2	10 06
Places V	75,895,800	45 6	22 48

The report includes separate sections on state indebtedness, railroad assessments and taxation, and special assessments for various municipal purposes, and the report points out with respect to the latter the dangerous extremes to which special levies may be developed without violating the usual debt limitation statutes

Considered broadly from the point of view of state-wide fiscal administration, the report indicates the need for

- (1) A thorough revision of the state fiscal system
- (2) A much more centralized system of tax collection
- (3) A uniform and unified accounting system for all political units below the state itself