



Problems and policies in the administration of Montana tax deed land
by Everett E Peterson

A THESIS Submitted to the Graduate Committee in partial fulfillment of the requirements for the Degree of Master of Science in Agricultural Economics at Montana State College
Montana State University
© Copyright by Everett E Peterson (1941)

Abstract:

The problems of county ownership are loss of income, and administration to prevent chronic delinquency and improper land use. A total of 18,061 farm properties were taken by tax deed in Montana from 1890 to 1938, concentrated in the eastern dry-land farming area of the state. Non-resident landowners lost a larger proportion of the number taken than any other type of owner. Of the 4,410,755 acres of land taken, 98.6 per cent were taken in the thirteen year period, 1926-38. There was a tendency for a larger proportion of the inferior grades of land to be taken by tax deed. Assessed values per acre of tax deed land averaged higher in many counties than that of all taxable agricultural land showing the lack of correlation with the ability of the land to produce. Delinquent taxes per acre averaged almost one-third of the assessed values per acre from 1890 to 1938. Delinquent taxes were often equal to, or greater than, the sale value of the land.

In the disposition of county land, there were 7,535 sales and 7,154 leases. Resident individuals purchased 80.5 per cent of properties sold; the Federal government has been of increasing importance in recent years. Resident individuals took 87.4 per cent of the leases. Cooperative grating districts have become active since 1935. The total sale price of tax deed land was \$1,372,000 less than the accumulated delinquent taxes against this land. The prevailing practice has been low appraisal to encourage sale and reassessment nearly as high as before tax deed was taken. It has been cheaper to lease county land than to own and pay taxes.

Much of the seriousness of the tax deed land problem is the result of the failure by the counties and the state to follow any program which would prevent the recurrence of the problem. The solution to the problem of tax deed land should be designed to reduce the amount of land being taken for delinquent taxes, and to improve the administration of tax deed land. Reduction of the amount of land taken could be accomplished: by insuring the just and equitable assessment; by granting increased authority to the State Board of Equalization in the administration of assessment and equalization; by the appointment of county assessors from a state civil service to eliminate incompetence, prejudices and political pressures; and by reducing the tax burden on agricultural land through consolidation of local units of government, reorganization of local governments, addition of new taxes, and state and Federal aids to important governmental functions. The following improvements in the administration of tax deed land are recommended: use of productivity value as the basis for assessed values and appraised values; elimination of voluntary delinquency; simplification of the acquisition of tax title: basing lease payments on tax payments; lengthening the period of leasing and the terms of sales contracts; incorporation of land use stipulations into contracts of sale and lease; employment of county land agents to aid in the administration of county land, and, finally the retirement of submarginal lands from private ownership.

PROBLEMS AND POLICIES IN THE ADMINISTRATION
OF MONTANA TAX DEED LAND

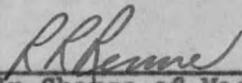
by

EVERETT E. PETERSON

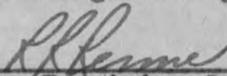
A THESIS

Submitted to the Graduate Committee
in partial fulfillment of the requirements
for the Degree of Master of Science
in Agricultural Economics at
Montana State College

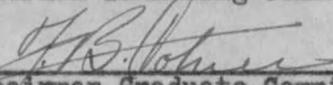
Approved:



In Charge of Major Work



Chairman Examining Committee



Chairman Graduate Committee

Bozeman, Montana
June, 1941

	Page
PART III. SOME SUGGESTIONS FOR A FUTURE POLICY IN THE ADMINISTRATION OF MONTANA TAX DEED LAND.	61
<u>Reduction in the Amount of Land Taken by Tax Deed.</u>	61
Revision of Assessments	61
Reduction of the Tax Burden on Agricultural Land.	64
<u>Improvements in the Administration of Tax Deed Land.</u>	68
Use of Productivity Value as a Basis for Appraised Value of Tax Deed Land and for Assessed Value after Sale.	69
Elimination of Voluntary Delinquency.	73
Long Terms for Leasing and Payment of Sales Contracts	74
Employment of County Land Agents.	76
Retirement of Submarginal Land from Production.	77
SUMMARY AND CONCLUSIONS	79
LITERATURE CITED AND CONSULTED.	84

COPIED BY

LIST OF ILLUSTRATIONS

	Page
Figure 1.--Total number of properties taken by tax deed in Montana, by counties, 1890-1938.	17
Figure 2.--Total number of properties acquired by tax deed in Montana previous ownership, 1924-38	19
Figure 3a, b, c.--Acreage of tax deed land as per cent of average taxable acreage in Montana by counties, 1926-30, 1931-35, 1936-38	22
Figure 4.--Comparison of percentage of tax deed land in each grade with percentage of all land in each grade, twenty-one Montana counties.	28
Figure 5a, b, c.--Comparison of assessed value per acre of tax deed land in the first year of delinquency with assessed value per acre of taxable agricultural land in Montana, by counties, 1926-30, 1931-35, 1936-38	30
Figure 6a, b, c, d.--Delinquent taxes per acre against land taken by tax deed as per cent of assessed value per acre of tax deed land in Montana by counties, 1926-30, 1931-35, 1936-38, 1890-1938	35
Figure 7.--Number of properties purchased by principal agencies in Montana, 1924-38.	42
Figure 8.--Number of properties leased by principal agencies, 1924-38.	44
Figure 9a, b, c, d.--Sale price per acre of tax deed land sold as per cent of delinquent taxes per acre in Montana, by counties, 1926-30, 1931-35, 1936-38, 1890-1938.	49

CONFIDENTIAL

GODDY BOND

ACKNOWLEDGMENTS

The author is particularly indebted to Dr. R. R. Renne for his supervision and helpful suggestions in the preparation of this thesis; to Harold V. Bowen for his assistance and suggestions in securing and preparing the data; and to Charles E. Hitch, a Junior in Agricultural Economics, for his assistance in the compilation of the statistical data.

The author also wishes to acknowledge the assistance of the Work Projects Administration, O.P. 465-91-3-105 (W.P. 1989), in gathering and compiling the data used.

GODDY BOND

ABSTRACT

The problems of county ownership are loss of income, and administration to prevent chronic delinquency and improper land use. A total of 18,061 farm properties were taken by tax deed in Montana from 1890 to 1938, concentrated in the eastern dry-land farming area of the state. Non-resident landowners lost a larger proportion of the number taken than any other type of owner. Of the 4,410,755 acres of land taken, 98.6 per cent were taken in the thirteen year period, 1926-38. There was a tendency for a larger proportion of the inferior grades of land to be taken by tax deed. Assessed values per acre of tax deed land averaged higher in many counties than that of all taxable agricultural land showing the lack of correlation with the ability of the land to produce. Delinquent taxes per acre averaged almost one-third of the assessed values per acre from 1890 to 1938. Delinquent taxes were often equal to, or greater than, the sale value of the land.

In the disposition of county land, there were 7,535 sales and 7,154 leases. Resident individuals purchased 80.5 per cent of properties sold; the Federal government has been of increasing importance in recent years. Resident individuals took 87.4 per cent of the leases. Cooperative grazing districts have become active since 1935. The total sale price of tax deed land was \$1,372,000 less than the accumulated delinquent taxes against this land. The prevailing practice has been low appraisal to encourage sale and reassessment nearly as high as before tax deed was taken. It has been cheaper to lease county land than to own and pay taxes.

Much of the seriousness of the tax deed land problem is the result of the failure by the counties and the state to follow any program which would prevent the recurrence of the problem. The solution to the problem of tax deed land should be designed to reduce the amount of land being taken for delinquent taxes, and to improve the administration of tax deed land. Reduction of the amount of land taken could be accomplished; by insuring the just and equitable assessment; by granting increased authority to the State Board of Equalization in the administration of assessment and equalization; by the appointment of county assessors from a state civil service to eliminate incompetence, prejudices and political pressures; and by reducing the tax burden on agricultural land through consolidation of local units of government, reorganization of local governments, addition of new taxes, and state and Federal aids to important governmental functions. The following improvements in the administration of tax deed land are recommended: use of productivity value as the basis for assessed values and appraised values; elimination of voluntary delinquency; simplification of the acquisition of tax title; basing lease payments on tax payments; lengthening the period of leasing and the terms of sales contracts; incorporation of land use stipulations into contracts of sale and lease; employment of county land agents to aid in the administration of county lands; and, finally the retirement of submarginal lands from private ownership.

