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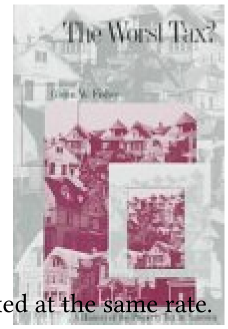
Glenn W. Fisher. *The Worst Tax? A History of the Property Tax in America.* Lawrence: University Press of Kansas, 1996. x + 244 pp. $35.00 (cloth), ISBN 978-0-7006-0753-2.



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From the question mark in the title one might expect that this book would try to answer the question: is the property tax a good or a bad tax? And from the remainder of the title one might expect a general history of the property tax throughout the nation and throughout the nation's history. This very interesting book does not deliver on either of the implicit promises in its title, but it is worth a closer look in any event.

Fisher begins with a general discussion of the property tax and fiscal policy in late eighteenth and early nineteenth century America. The focus then shifts to Kansas. An intensive study of the property tax in Kansas makes up the bulk of the book. In the last chapter and conclusion, the discussion shifts back to more general questions and a wider focus.

It is hard to fault the approach, however, since there is no "American property tax," there are only property taxes in the individual states and, as Fisher makes clear, there are really thousands of local property taxes administered under an umbrella of state supervision. The nature of state administration varies widely from state to state and over time. Making generalizations is, as a result, a hazardous business.

Fisher focuses on the implication of two common changes in the property tax structure in the middle part of the nineteenth century, and, by example, how those changes played out in Kansas. These are constitutional or legislative provisions mandating uniformity and universality in property taxation. Uniformity means that all property that is liable to the tax is taxed at a uniform rate. Universality means that all valuable property in the state is subject to taxation. Uniformity combined with universality implies that all property in a state, tangible and intangible, land, buildings, inventories, animals, equipment, etc., must be assessed and taxed at the same rate.

Uniformity and universality are important both as a reflection of the political climate of the mid-nineteenth century, and for the confusion and difficulties they ultimately created in the administration of the property tax. After the debt crisis of the early 1840s, when state governments began moving toward, rather than away from, the property tax as their main source of revenue, the property tax became the fiscal mainstay of both state and local governments. It was at that point that uniformity and universality provisions were widely enacted as reform measures. The essential idea behind them was that the wealthy and the privileged escaped property taxation through unfair assessment (uniformity) and their ability to transform their wealth into untaxed assets (universality).

The reforms opened up another can of worms, perhaps one bigger than the universe. For uniformity and universality to work, there had to be a system of statewide assessment on all property. In most states, assessment was a function of local governments with some state cooperation and supervision. Full implementation of the reforms would have required complete centralization of the revenue system at the state level, which nobody wanted. This federalism issue was further complicated by the intractable difficulties in assessing many types of intangible property.

Ultimately, the general uniform and universal property tax was replaced by a more specific and well defined property tax, which in most states became a tax on real estate. The real estate tax was easier to define and administer and easier to equalize across local governments, although it is still plagued with problems of assessment. The change occurred in the twentieth century at the same time that state governments were moving away from property taxes towards sales and income taxes. The shift was underway before the 1930s, picked up speed during the depression, and was complete by the middle years of the century. Today, state governments collect a very small share of property taxes and property taxes are a very small share of total state revenues.

Fisher's study illuminates clearly how these forces were at work in Kansas. Whether Kansas accurately mirrors what happened in other states is unclear, however. This book makes an important step in the right direction. It awaits another 40 or so similar studies on property taxation in other states.

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