The Income Tax in the Commonwealths of the United States

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THE INCOME TAX

IN THE

Commonwealths of the United States

BY

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A THESIS SUBMITTED FOR THE DEGREE OF DOCTOR OF PHILOSOPHY
UNIVERSITY OF WISCONSIN
1900

From the Publications of the American Economic Association
Third Series, Vol. IV, No. 4.

ITHACA
1903
PREFACE

In the preparation of this monograph I have had chiefly in mind students of finance. Still it is hoped that the work may prove of value to legislators, and of interest even to the casual reader. The history of the income tax in the commonwealths is first presented in considerable detail, because the data regarding the tax have been widely scattered heretofore, and in order that the reader may have the basis on which the conclusions of the monograph rest. The last chapter is recommended to those who wish only the general statements regarding the tax, and the conclusions of the study.

As laws are so often passed and repealed without appearing in the revised statutes, this work has been based upon a careful examination of the session laws passed in each state from the time it entered the Union until the present time. Further, the court reports, financial reports, governors' messages, state constitutions, and various other sources of material have been examined. Only a limited use has been made of secondary authorities.

I am greatly indebted to a large number of individuals for assistance rendered in the preparation of this monograph. I am under special obligations to the governors, state treasurers, comptrollers and other officers in those states in which the income tax has been levied, and particularly is this true of the officers
in those states where the tax is levied at the present time. To the several persons who have read the manuscript and offered many valuable suggestions, I wish to express my gratitude.

I can not close without a plea for a more careful study of the financial systems of our states. A better knowledge of them would certainly prevent the repetition of many costly experiments.

DELOS O. KINSMAN.

*Whitewater, Wis.*, 
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CHAPTER I

THE INCOME TAX IN THE COLONIES

The history of the income tax in the commonwealths of the United States covers a period of more than two hundred and fifty years. In this monograph it is the purpose to study in detail the income tax in each of the commonwealths employing it, and to present the conclusions which these facts seem to warrant.

The history may be divided into two periods. The first, that of the "faculty" tax, closed about 1825. It was characterized by a loose method of determining the taxpayer's ability, the levy being made upon an estimated or assumed income of the individual. The second period, that of the income tax proper, continuing to the present time, has been characterized by the attempt to assess and tax the exact income of the individual. Our study is concerned principally with the second period. But as a number of the principles employed in the second period were introduced in the first, it will be necessary, by way of introduction, to examine this earlier period.

THE NEW ENGLAND COLONIES

Massachusetts.—The New England colonies were the first to levy the faculty tax. As early as 1634 the general court of Massachusetts Bay ordered that

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1 Professor E. R. A. Seligman's valuable article on this subject in the Political Science Quarterly for June, 1895, has been used extensively in the preparation of this chapter.

2 For our purpose we shall define an income tax as a tax directed against the income of individuals, and employing as the basis of assessment either the exact or the approximate income.