

*Whether You've Paid
YOUR Taxes or Not...*

HERE ARE SOME FACTS YOU HAVE GOT TO FACE!

The delinquent tax situation in Birmingham has reached the point where dangerous and costly consequences are just around the corner.

Either through ignorance or lack of interest, a large proportion of our property owners are standing by while the city goes sliding down a hill, at the bottom of which is municipal bankruptcy.

Those who have paid their taxes are going blithely about their daily affairs in the mistaken belief that a paid tax bill automatically exempts them from further concern.

Those who are delinquent seem to be waiting for some legislative miracle that will suddenly wipe out their obligations and place them once again in good civic and financial standing.

Even residents who are not property owners do not seem to

realize that continued tax delinquencies are going to affect THEIR pocketbooks and THEIR family lives just as sharply as they are going to hurt the man who owns a business or a home.

And the time has come when EVERY PROPERTY OWNER AND EVERY CITIZEN—EVERY FATHER AND EVERY MOTHER IN BIRMINGHAM—has got to look the facts in the face and decide whether they can afford to have the present scheme of things continue. It isn't a question of "civic pride" or "community obligation." It is a question of properly maintained schools, fire protection, sewage disposal, a police force and all the other civic services without which modern life would be intolerable.

Those services cost money and the money can come only from taxes. And they will either have to be limited or crippled unless the tax situation improves.

Here is the situation as it exists today:

1. The total of delinquent school and city taxes and assessments since 1929 is approximately \$1,296,000, in addition to prior delinquencies.

2. The amount of money actually received has been so small that school and city bonds had to be defaulted. The total of this default (including interest) is now approximately \$1,357,000, including maturities in 1933 and 1934, the levies for which were partially omitted without serious objection by bondholders.

3. To date, the owners of the defaulted bonds have shown a reasonable attitude. Legally they could ask for a municipal receivership. This actually happened in one Massachusetts city where the receivers heartlessly set a tax rate high enough to pay off the debt as well as take care of the city's increased operating costs under the receivership.

4. Municipal and school costs have all been reduced as the tax delinquencies mounted. This year's city budget (exclusive of debt service or contingency fund) is \$143,070 as against \$285,413 for 1930. This year, for example, city taxes on the average home in Birmingham (assessed at \$3000) are less than the average residential telephone bill—\$3.95 a month.

5. In the school taxing district, over 70% of the descriptions are vacant property, representing some 38% of the total delinquency. In many cases, the value of the property today is less than the accumulated back taxes. Some owners have offered

their property in exchange for the taxes. But even if the School Board chose to accept, the delinquent taxes due the State and County would have to be paid by the Board in cash before legal title could be acquired.

6. The tax moratorium has taken from the authorities their most powerful weapon to force the payment of the delinquent taxes—that of selling property for taxes. Under the moratorium, delinquent taxes of 1932 and prior years may be paid in annual installments over a period of 10 years. The first tenth is due September 1st, 1935. But if that first installment is not paid on the due date, even then the property cannot be offered for tax sale until May 1st, 1936, during which period the City or School Board is deprived of income.

7. It would have been impossible to keep the schools open this year for more than a few months without State aid. So far this year, State funds have paid over 50% of the schools' operating costs. The limit of assistance from this direction has about been reached.

8. Few people realize how costly it is to allow taxes to become delinquent. The penalties are equivalent to 13% interest the first year plus 9% a year thereafter. For example, \$100 in city taxes that were due July 1, 1934 can be paid for \$104.50 until March 16th. Between that date and March 31st, an additional penalty of 4% of \$104.50 is added. Each month thereafter, a further penalty of 3% is added. Thus, if a \$100 city tax now delinquent is not paid until next January, it becomes an obligation

of \$117.30! Would even a school boy call THAT good business?

9. Many property owners do not know that a tenant by State law is permitted to pay his rent to the city unless there is an agreement to the contrary, if taxes on it are delinquent. In such cases, the rent payments are credited against the tax delinquency.

10. Property owners who are confronted with possible loss of their homes are delaying payment of past due taxes with the attitude, "If I'm going to lose the place, let someone else pay the taxes." They forget that past due taxes are for services already received—education of their children, police and fire protection, etc., etc. It is the same sort of an obligation as an unpaid grocery bill.

11. Certain commissioners have been privately urged to recommend drastic steps to force the payment of delinquent taxes by those who are known to have the means. One of these suggestions was to refuse fire protection to property on which taxes are delinquent. There is sound legal precedent for such an action. If it were taken, the insurance on such individual properties would either be cancelled or the rate would be raised to a figure that would add several thousand dollars to the city's total fire insurance bill. Another suggestion was to publish the names of the delinquents. So far, the Commission and its individual members have refused to entertain such suggestions. How long they will maintain this attitude is unknown.

While all the foregoing should carry weight, here is the final fact: SOONER OR LATER DELINQUENT TAXES WILL HAVE TO BE PAID OR THE PROPERTY LOST! Legislative action may have deferred the day of reckoning. But eventually that day will come. Some people are clamoring for a change in the entire system of taxation as it exists today, in the hope that they may escape payment. But such a change is so fundamental that it may require years to bring about. And even if it WERE brought about, the equities of those who had paid their taxes would be protected and delinquents would be compelled to pay. So you can save money, have your children educated properly, maintain adequate police and fire protection for yourself and yours, if you—

PAY YOUR TAXES NOW!

Feb. 19, 1935

H. H. CORSON, City Treasurer