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Benefits Of City's Tax Payment Drive Shown

(Continued from Page 1, Part 2)
to agree that the city had done everything possible to meet the emergency by reducing municipal expenditures.

"Before any definite attempt could be made to collect taxes, it was necessary to determine the classes of property and who the taxpayers were that had not been paying their tax obligations. Three or four spot studies were made of different areas throughout the whole city. Properties in Birmingham fall into four general classifications and the amount that each classification represents of the total assessed valuation is shown in the following table:

Property Classified
"Personal property, 6 per cent.
"Resident improved property, 56 per cent.
"Business and commercial property, 14.3 per cent.

"Vacant unimproved property, 23.7 per cent.
"Further analysis showed that each of these classifications of property were delinquent in their particular class as follows:

"Personal property—delinquent less than 5 per cent.
"Resident improved property—delinquent 41.3 per cent.

"Business and commercial property—delinquent 52 per cent.
"Vacant unimproved property—delinquent 80 per cent.

"A study of the typical areas throughout the city indicated that the tax collection effort should be directed, first, on business and commercial income producing properties, and, second, on certain residential improved areas with the thought in mind that, if the effort was successful, the effort then could be broadened to include all.

of improved properties and possibly make some effort in negotiating for the payment of taxes upon vacant properties. The whole program of approach was developed in such a manner that the best prospects would be contacted first.

Tax History Analyzed
"Before contact was made with any property owner, a detailed analysis of the tax history of the property was gathered so that the person making the contact would have complete and full information pertaining to (1) assessed valuations, (2) the amount of taxes levied for all purposes—state, county, school, city, (3) computation of the tax bill showing interest and penalty items separately. Every effort was made to have all of the information that is available to gather available and in the hands of the solicitor before he made any contact with the property owner.

"In addition to a study of all of the available data, considerable time was expended in developing forms for recording the findings that were made at the time the taxpayer was approached. Cards were prepared, which made it possible to record the mortgage burdens on the properties, and any information relating to foreclosure proceedings, records of HOLC applications and any other information bearing upon the financial status of the property such as income, rents, etc.

"One other important thing that was done prior to actual solicitation covered the study of the tax laws so that the solicitor would be familiar with what could or could not be done under any given set of conditions."

Organization Described
The report describes how the collection drive was organized here, and continues:

"The real effective work was done by a relatively small group of paid workers who spent considerable time in becoming familiar with all of the different phases of tax delinquency and became acquainted with the many ramifications of municipal government so that they could intelligently answer questions raised by taxpayers.

"As stated before, these workers were not only in a position to solicit tax payments, but were trained to know the facts concerning government and its operations—they knew the tax laws and were in a position not only to solicit taxes, but could likewise help many a delinquent taxpayer to work out a solution for the payment of his tax burden. All during the campaign, there have been repeated cases where negotiations have been carried on between the taxpayer, the tenant, the mortgage holder, trust companies and federal agencies to the end that a plan is finally devised that helps all parties interested in the property. There is a distinct advantage in conducting a tax campaign with a personnel that is experienced and familiar with all of the phases that come to the surface in such an effort, and who can make ready contact with the sources that can supply factual information.

1933 Delinquency Studied
"The approach to the delinquent taxpayer was based upon a study of the 1933 delinquent taxes. The 1934 tax roll was still in the process of collection and it would have taken considerably more time to have analyzed the 1934 rolls. An analysis was made of the 1933 delinquent tax records and a list was made of all improved properties as well as a record of the vacant properties that could be classified in group ownership.

"This record was submitted by the names of tenants in the case of income-producing properties and was used as the basis for contacting property owners. The forms that had been prepared prior to solicitation were used to make additional records and then the tax delinquents were classified as follows:

"1. Those who were financially unable to pay taxes.
"2. Those who could and would pay in full at once.
"3. Those who could make partial payments at once and installments later.

"4. Those who could pay nothing at the present time, but would endeavor to make partial payments later.

"5. Those who could pay, but refused to do so.

Follow-up System
"When these records were compiled, a reclassification was made covering those properties upon which partial payments were to be made at later dates. A follow-up system was made and if pledges were not made on the dates specified, the solicitor again called upon the property owner. Many collections were made by simply continuing to follow up, and some investigators returned 10 or 12 times before finally making the collections.

"Attention to the tax collection campaign has first brought to the public through citizens' committees, where much discussion concerning the municipal plight of the city emphasized the fact that municipal services and the continuation of the school term depended upon an increase in municipal and school levies.

"Reports of these meetings were carried as news stories in The Birmingham Eccentric and, in addition to the liberal space devoted by the local newspaper, some very striking and appealing paid advertisements were inserted weekly which called attention to the necessity of paying taxes.

Theater Aids
"The local theater co-operated, and short movie releases appeared for several weeks calling attention to the tax collection drive.

"A street banner was stretched across Woodward avenue, reminding citizens to pay their school

taxes.
"One of the most effective means of advertising was the reports carried in The Birmingham Eccentric relating in detail some of the discussions that took place at the City Commission meetings. At these meetings there was a free discussion as to ways and means of forcing tax payments from those who had ability to pay and attention was directed in such a manner that the citizens of Birmingham could readily guess what properties in the community were weighing on their tax obligations. It was found that many delinquent taxpayers would rather pay their tax obligations than to stand the embarrassment of having the community know that they were not doing their share.

"A letter was mailed to the delinquent taxpayer requesting an interview at a specified time at the tax collection headquarters in the Municipal Building. If no response was had from the letter, it was followed up by having a solicitor call at the home or the place of business of the property owner. Letters were mailed to non-resident property owners requesting interviews.

Appointments Kept
"Either by letter, telephone or actual contact, several hundred appointments were scheduled, most of which were kept. As a result of the first contact, it often meant that several additional contacts had to be made with mortgage holders, investment houses, banks and trust companies and many others and it was discovered had an interest in the property. As a result of these contacts, many requests were made of the solicitor to gather information about additional properties and their delinquent status. Progress for the payment of taxes on several pieces of property were worked out, involving three or four different parties at interest."

The report describes the manner of approach made to a number of specific taxpayers, together with the results obtained. One of the most illuminating of these particular cases follows:

"The Goodyear Tire Service Station placed a bid on certain taxes to be purchased by the city. Investigation of the tax situation on the property leased by them showed high delinquency for several years. The city refused to entertain the bid, calling the tax situation to the attention of the Goodyear Company. Complaint from the city resulted in the lessor that they were being discriminated against because of the delinquency of the lessee, resulting in the lessor appearing and arranging satisfactory schedule of payments to clear up the back taxes."

Similar Results
Similar results were obtained in another instance, described in the report as follows:

"The J. J. Commercial and Development Company, owning large business holdings in the city, showed an accumulated delinquency in excess of \$60,000. Contact was made with the Cunningham Drug Company, lessee of one of the properties, and continued contact with the Briggs Company itself, pointing out the failure of the latter to support local government and school services.

"This resulted in the clearing up of approximately \$50,000 delinquent taxes and satisfactory schedule on the balance not yet paid. The company now states it is glad the pressure was brought. It has cleared its delinquencies to a higher degree here than in other communities. It proposes to permit no further delinquencies to accumulate."

Heavy 'Pressure'
Real "pressure" brought results from a gasoline station in the following manner:

"An oil station, owned by a syndicate, had accumulated delinquencies which the syndicate refused to pay. The solicitor (going quite beyond his authority from the apparent legal point of view) threatened the construction of curbs across driveways, discontinuance of water supply and fire protection, with the result that threatened action or adverse publicity resulted in the payment of the delinquent taxes."

Harmful effects of tax cancellation agitation is illustrated in the following paragraph of the report: "Studies of tax delinquency as a basis of the tax drive and for the purpose of uncovering data impede tax cancellation legislation have shown that one of the most flagrant offenders in the matter of tax delinquency has been the group of investment institutions who have been tempted to milk properties by utilizing all the income and refraining from the payment of taxes. This has included a few institutions, some of whom in turn have been holders of Birmingham city bonds. Some of these institutions have definitely stated that they would not pay certain taxes until the tax cancellation legislation was definitely decided. We now have definite schedule of 51 such properties in position to pay but refraining until tax cancellation proposals are definitely out of the picture."

Problem Raised
The report raises a significant problem in the following:

"There are 17 free dry-goods stores in Birmingham. The taxes on the stores occupied by two of the dry-goods merchants are paid. The third has not paid his taxes. The question very obviously is one of deciding whether it is fair for the merchant who has not paid his taxes, but still receives all of the service furnished by the city, to be allowed to continue to compete with the merchants who have paid their taxes."

"The government of Birmingham should, and does, furnish the same municipal services (police and fire protection, public health, education, etc.) to all three dry-goods stores, without discrimination. Certainly Birmingham should, and does, expect each of the three stores to pay its share of the cost of these services; otherwise, it is permitting one who does not pay taxes to compete unfairly for the dry-goods business in the community. No satisfactory progress has been made in this situation to date."

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Ripe Olives
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Pillsbury
FLOUR**
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Rival
and
Ken-L-Ration
**DOG
FOOD**
3 Cans **25¢**

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Japan Green **25c** Large Pkg. Orange Pekoe **29c**

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Jar **25c**

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TOMATOES
3 No. 2 Cans **25c**

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ORANGES**
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