

Proposal for a Mill Tax in
Support of West Vir-
ginia University

INTRODUCTION.

The West Virginia University is supported chiefly by legislative appropriation, and has been so maintained since its foundation in 1867. The appropriations are made biennially and the money is paid out of the State Fund. The State Fund is derived chiefly from licenses, the state tax, and fees. The purpose of this pamphlet is to present the draft of a bill authorizing a separate and distinct tax for the support of the University and to set forth some reasons why the bill should be enacted into a law. Since the appropriations are paid out of the State Fund and since a part of this Fund is derived by taxation a separate levy for the University need not increase the total rate of taxation because the state levy may be reduced in proportion to the amount fixed for the rate of levy for the University.

MILL TAX BILL.

A BILL to amend, sub-divide and re-enact Chapter sixty-six of the acts of the legislature of one thousand nine hundred and thirteen, relating to the rate of taxation on real and personal property for state and state school purposes for the use and maintenance of West Virginia University, and the amount of distributable school fund.

Be it enacted by the Legislature of West Virginia:—That section sixty-two of chapter thirty-two of the code as last amended and re-enacted by chapter sixty-six of the acts of the legislature of one thousand nine hundred and thirteen, relating to the rate of taxation on real and personal property for the state and state school purposes, and the amount of the distributable school fund, be amended and re-enacted and that said section be subdivided so as to read as follows:

SECTION 62. On all real and personal property not exempt from taxation, for the year one thousand nine hundred and fifteen, and thereafter there shall be imposed a direct tax, not to exceed ten cents on the one hundred dollars valuation, for state and state school purposes, and for the use and maintenance of West Virginia University.

SEC. 62 (a). For the year one thousand nine hundred and fifteen and for each year thereafter, except as hereinafter provided, the board of public works shall fix the amount of the levy for the use and maintenance of West Virginia University at five cents of the one hundred dollars valuation, the proceeds of which levy when collected and paid into the state treasury shall be set aside and appropriated, and the same is hereby appropriated as a University-fund, for the use and maintenance of West Virginia University, said fund to be expended in accordance with the laws now in force or the laws that may be hereafter enacted for the expenditure of funds appropriated for the use and maintenance of said University.

SEC. 62 (b). In addition to the tax of five cents on each

one hundred dollars valuation herein required to be levied and set aside for the University fund, the board of public works in its discretion, for the year one thousand nine hundred fifteen, or any year thereafter, may levy a further tax, not to exceed five cents on each one hundred dollars valuation, for state purposes or may apportion the said levy to the state and the state school fund.

SEC. 62 (c). For the year one thousand nine hundred and fifteen and any year thereafter the board of public works may, within its discretion, reduce and fix the amount of the levy for state and state school purposes and for the use and maintenance of West Virginia University to any amount not less than one cent on the one hundred dollars valuation, whenever in the opinion of said board there shall be sufficient funds, derived from sources other than the direct tax herein provided for, to meet the apportionments required by this act to be made to the University fund and to the distributable school fund; provided, that the amount apportioned to the distributable school fund from all sources shall be not less than seven hundred and fifty thousand dollars annually; and provided further, that the amount from all sources set aside and appropriated as a University fund, as required in Section 62 (a) of this act, shall be for each year not less than the equivalent of a levy of five cents on the one hundred dollars valuation of real and personal property for that year.

SEC. 62 (d). Any act of the board of public works, fixing the levy shall be certified by the president and secretary of said board to the clerk of the county court, the assessor and the sheriff of every county not later than the first day of August of the year for which levy is to apply; and it shall be the duty of said officers to extend the levy so fixed by the board of public works on the personal property books and the land books of their county.

SEC. 62 (e). Nothing in this act shall be so construed as to restrain the legislature from making appropriations of state funds for the use and maintenance of West Virginia University in addition to the University fund herein provided for.

SEC. 62 (f). All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

ORIGIN OF THE MOVEMENT FOR A MILL TAX.

The idea for a special tax for the support of state universities is not new. The movement, however, to obtain such continuing tax for the West Virginia University is a new one and originated with Hon. E. G. Smith, Clarksburg, President of the Alumni Association. After investigating the situation very thoroughly Mr. Smith reached the conclusion that the paramount need of the University is a continuing mill tax which will provide a revenue sufficient for its maintainance. When such idea was brought before the Alumni Association at its annual meeting last year, 1914, that body voted unanimously favoring it. Below follows extracts from an address delivered by Mr. Smith on "The Needs of the University" before the West Virginia Board of Trade at its annual meeting, October, 1914.

ARGUMENTS FOR MILL TAX AS SET FORTH BY HON. E. G. SMITH, PRESIDENT OF UNI- VERSITY ALUMNI ASSOCIATION.

"The paramount need of the university is adequate financial support by a separate, continuing mill tax, legislative and constitutional.

"It requires no great penetration to discover how university support could be liberalized, better secured and better utilized in a system of a separate, continuing mill tax. than in the caprice of biennial legislative appropriations, often made grudgingly, sometimes reduced to sums that are niggardly, sometimes transferred to other uses, always subject to political necessities

and political uncertainties, never made according to any definite and continued system of far-sighted vision and therefore always wasteful and inefficient.

“Bryce in his *American Commonwealth*, briefly describing the appropriation system and the mill tax system and preferring the latter, says:

“ ‘Many of the State universities of the West receive a grant from the state treasury, voted annually or biennially by the legislature, but a PREFERABLE plan, which several states have recently adopted, is to enact a permanent statute giving annually to the university some fraction of a mill (1-1000 of a dollar) out of every dollar of the total valuation of the state. This acts automatically, increasing the grant as the resources of the state increase.’—*Vol. 2, page 669.*

“Under the existing system of biennial appropriations the university has no fixed or certain base for definite plans projected far into the future.

“Not only must there be freedom from political interference but there must be foresight. There must be certainty. There must be plan. There must be perspective. The university authorities must know in advance, not two years, but many years what they will have to spend in order to know how to spend it to the best advantage, in systematically building up a greater institution. In no other way can they so plan and work by plan as to eliminate waste, to secure efficiency, to attain harmonious development, and to obtain generally, maximum results.

“The point may be illustrated in university architecture by the noble harmony on the campus at Charlottesville, the result of Jefferson’s plan, contrasted with the want of it elsewhere.

“How can the management evolve their schools or equip the university in accord with any high degree of excellence upon biennial contingencies? Uncertainty must be eliminated and the university placed upon some financial footing at least as certain, permanent and automatic as is in the rest of our free school system.

“When the taxable values in the state are fixed and the number of mills per dollar or per hundred dollars to be set apart to the university equipment and maintenance are determined, no element of uncertainty remains except what may be due to changing values from one valuation period to another which presumably would increase with the increased needs of the university. These give a definite base upon which to plan a university and all its departments and for apportionment among the respective departments. They form a base for plans designed to cover a long period of years such as may not be evolved in two-year periods or ten-year periods or a generation. These long time plans, based upon fixed assets available and certainly to become available, make for proportion and harmony in development, make for economy in expenditure and make for efficiency. In fine, they make for maximum results and have nothing but contrast with the present hand-to-mouth system, or want of system, wasteful and inefficient.

“Another consideration of the system proposed is its attractiveness to the best teaching talent in the country. It would not only retain our best talent at home but would invite the best talent and genius from abroad. Men of talent and genius are willing to work for much smaller financial remuneration if they can only be assured of an opportunity to do their best work, often requiring many years, often requiring a life-time, for its accomplishment and only possible in universities which can make permanent plans covering a long period of years and with reasonable certainty of their due execution, in an atmosphere of freedom.

“The mill tax system of whole or partial university support has been adopted for many leading institutions in more than a dozen states in this country, including the Universities of Wisconsin, of Michigan and Illinois, and the annual and biennial appropriations system is already antiquated.

“Show me a state university now dependent entirely upon annual and biennial appropriations and I will show you a cripple.

“At the last June meeting of the Alumni Association it

unanimously adopted a resolution introduced by president Barr of the Harrison Club, favoring an arrangement for permanently financing the university by means of a continuing mill tax. Under date of July 31st, I had a letter from Mr. Shawkey, state superintendent of free schools and president of the Board of Regents, committing himself unreservedly to that resolution. At a recent meeting of the Board of Regents it committed itself to the substance of that resolution.”

**EXTRACTS FROM MILL TAX LAWS FOR
UNIVERSITY SUPPORT.**

Illinois.

SECTION 1. Be it enacted by the people of the State of Illinois, represented in the General Assembly: That there shall be levied and collected for the year 1912 and annually thereafter at the same time and in the same manner that State taxes are collected, a one mill tax for each dollar of the assessed valuation of the taxable property of this State to be paid into the treasury of the State and set apart as a fund for the use and maintenance of the University of Illinois.

SEC. 2. Such fund when so collected, paid in and set apart, shall remain in the treasury of the State until appropriated to the use of the said University of Illinois by act of the General Assembly in accordance with Section 18, Article 4, of the Constitution of this State.—*Page 484, Laws 1911.*

Indiana.

SECTION 4. There shall be levied and collected upon the taxable property of the State of Indiana in the year 1913, and in each year thereafter, for the use and benefit of the Indiana

University (Indiana School of Medicine, and Hospital), Purdue University and the Indiana State Normal School to be apportioned as hereinafter in this act provided, a tax of seven cents on each one hundred dollars of taxable property in Indiana, in like manner as other state taxes are levied and collected and paid, and the same shall be distributed and apportioned among them, severally upon the basis as follows, *viz.*: To the said trustees of Indiana University upon the basis of two-fifths (2-5) of the total proceeds of this tax; to the trustees of Purdue University upon the basis of two-fifths (2-5) of the total proceeds of this tax; and to the trustees of the Indiana State Normal School upon the basis of one-fifth (1-5) of the total proceeds of this tax. The money derived from the tax provided for in this act shall be paid to the trustees of said institution on warrants of the auditor of the state, in the same manner as the benevolent institution fund is disbursed to boards of trustees of benevolent and reformatory institutions. When the funds provided for by this act for said educational institutions shall become available, said funds shall constitute the total amounts to be paid out of the treasury of the state to said institution for any purpose, thereafter, and all acts and parts of acts in conflict with this provision are hereby repealed: *Provided*, That nothing in this act shall effect in any way any endowment or permanent fund or funds that may belong to or may have been appropriated for either Indiana University or Purdue University or the right of any of said institutions mentioned in this act to any taxes heretofore levied for their benefit, but all such taxes heretofore levied are hereby saved to said institutions: *And, provided, further*, That no part of the general school revenue of the state shall be deducted or set apart to the State Normal.

Sec. 5. In case there shall be any unexpended balance at the end of any fiscal year, of the funds provided for by this act, apportioned to any one of the the said educational institutions, the same shall not revert to the general fund but shall remain and belong to said institution to which it was apportioned to be expended in the future only for the physical improvement

of such institution; and no educational institution herein named shall construct any new building or buildings from said fund without first receiving the approval of the state board of finance.—*Chapter 181, Acts 1913.*

Michigan.

SECTION 1. There shall be assessed upon the taxable property of the State, as fixed by the State Board of Equalization, in the year nineteen hundred seven, and in each year thereafter, for the use and maintenance of the University of Michigan, the sum of three-eighths of a mill on each dollar of said taxable property to be assessed and paid into the State treasury of the State in like manner as other State taxes are by law levied, assessed and paid; which tax, when collected, shall be paid by the State Treasurer to the Board of Regents of the University in like manner as the interest on the University fund is paid to the treasurer of said board; and the Regents of the University shall make an annual report to the Governor of the State of all the receipts and expenditures of the University: *Provided*, That the Board of Regents shall not authorize the building or the commencement of any additional building or buildings or other extraordinary repairs until the accumulation of savings from this fund shall be sufficient to complete such building or other extraordinary expense: *Provided, further*, That the Board of Regents of the University shall maintain at all times a sufficient corps of instructors in all the departments of said University as at present constituted, shall afford proper means and facilities for instruction and graduation in each department of said University, and shall make a fair and equitable division of the funds provided for the support of the University in accord with the wants and needs of said departments as they shall become apparent; said departments being known as the department of literature, science and art, department of medicine and surgery, department of law, school of pharmacy, homeopathic medical college and the department of dental surgery. Should the Board of Regents fail to maintain any of said

departments herein provided, then at such time only one-twentieth of a mill be so assessed: *Provided further*, That the State Treasurer be and is hereby authorized and directed to pay to the Regents of University in the year nineteen hundred seven and each year thereafter, in such manner as is now provided by law, upon the warrant of the Auditor General, the amount of the mill tax provided for by this act; and that the State treasury be reimbursed out of the taxes annually received from said mill tax when collected; and said Auditor General shall issue his warrants therefor as in the case of special appropriations.—*No. 303, Acts 1907.*

Minnesota.

345. MAINTENANCE OF UNIVERSITY. There is hereby annually appropriated for the general maintenance of the University:

1. The interest and income of the permanent University fund, arising from the sale of lands granted to the State, by act of Congress entitled "An act donating lands to the several states and territories which may provide colleges for the benefit of agriculture and the mechanic arts," approved July 2, 1862, or from any other source.

2. The proceeds of twenty-three one-hundredths mills on the dollar of the state school tax.—*Section 1483, Revised Laws 1906.*

Wisconsin.

(SECTION 390) 1. There shall be levied and collected annually a state tax of three-eighths of one mill for each dollar of the assessed valuation of the taxable general property of the state as ascertained and fixed by the state board of assessment for apportionment of the state tax to the several counties, which amount when so levied and collected, * * * shall be added to the University fund income to be used as specifically appropriated by the legislature for current and administration

expenditures and for the increase and improvement of the facilities of the University; provided that upon any apportionment of the funds in the treasury under Section 1069a of the statutes, such funds shall be applied to the tax hereinbefore levied. The commissioners of public lands may direct the state treasurer, from time to time, to set apart such sums by way of loan to the fund known as the University fund income for the University uses from uninvested moneys in the trust fund for the period when so uninvested, as in their judgment shall be prudent, such loans to be repaid to the trust fund from the tax hereinbefore appropriated with interest at the rate then required to school districts.—*Chapter 758, Laws 1913.*

OPINIONS OF UNIVERSITY PRESIDENTS.

INDIANA UNIVERSITY
PRESIDENT'S OFFICE

BLOOMINGTON, INDIANA,
DECEMBER 14, 1914.

DEAR SIR:

We have a mill tax of two and three-fourths cents on the hundred dollars. We feel that this is far and away the best method of supporting the University. The method is very general and is coming into use more and more. Notwithstanding the opposition of tax payers generally to higher taxes, I have heard very little serious criticism of this tax.

Very truly yours,

W. S. BRYAN.

PRESIDENT F. B. TROTTER,
WEST VIRGINIA UNIVERSITY,
MORGANTOWN, WEST VIRGINIA.

UNIVERSITY OF ILLINOIS,
PRESIDENT'S OFFICE

URBANA-CHAMPAIGN, ILLINOIS,
NOVEMBER 20, 1914.

FRANK B. TROTTER, ACTING PRESIDENT,
UNIVERSITY OF WEST VIRGINIA,
MORGANTOWN, WEST VIRGINIA.

MY DEAR SIR:

I am obliged to you for your letter of November 18th asking about the workings of the mill tax law for the support of the University of Illinois.

Our state constitution forbids the legislature from making appropriations for a longer term than two years. It was consequently impossible to obtain a law such as some states have providing for a mill tax and appropriating the money arising therefrom to the University.

The Illinois law simply provides that a mill tax shall be collected, the proceeds of which shall be paid into a fund, to be known as the University of Illinois fund, for the support of the University, from which fund the legislature must make regular appropriations.

I may say the law was passed only four years ago, and we are living for the first time under its provisions during the present biennium.

It is a very satisfactory arrangement and while the control of the legislature over the funds is as absolute as before, it still gives a definite standard to the legislature by which appropriations are to be measured.

It is a vast improvement over the conditions of things prevailing before.

Faithfully yours,
EDMUND J. JAMES.

UNIVERSITY OF MICHIGAN,
PRESIDENT'S ROOM

ANN ARBOR, MICHIGAN,
NOVEMBER 21, 1914.

ACTING PRESIDENT FRANK B. TROTTER,
WEST VIRGINIA UNIVERSITY,
MORGANTOWN, WEST VIRGINIA.

MY DEAR SIR:

I have yours of November 19th in regard to the question of a mill tax. In reply I beg to say that the University of Michigan has for several years had an income from the state raised by means of a fraction of a mill tax. We receive at the present time three-eighths of a mill on the equalized valuation of the state that gives us an income of a little over a million dollars a year. This method of raising an income for the University has proved in this state to be eminently satisfactory. No one now thinks of going back to the old method of applying to the Legislature at each session for appropriations for the running of the University. The income from the regular tax meets current expenses and we only go to the Legislature for special appropriations for buildings, etc. I am very sure that your state will make no mistake in adopting the mill-tax plan.

If I can serve you further in this or in any other way, please be free to write.

Very truly yours,
H. B. HUTCHINS.

Table Showing Income of Some of the State Universities
and Agricultural and Mechanical Colleges
Maintained by Taxation.

1912-13 State Universities and A. & M. Colleges	State Tax in Cents on the \$100	Income from State Tax	Additional Appropriations by Legis- lature	From United States Govern- ment	Income from Prod'ct'ive Endow- ment	Income from Private Dona- tions	From Student Fees and all other Sources	Total Income for Year
Colorado	8	317,144	142,500	80,000	12,730	.....	140,681	693,055
Indiana	2	377,140	311,979	80,000	61,029	75,000	271,101	1,176,249
Michigan ...	4 3-4	1,076,800	187,500	80,000	146,134	22,036	704,815	2,217,285
Nebraska ...	10	417,035	359,715	80,000	51,115	.....	170,518	1,078,383
N. Dakota ...	5 3-10	159,688	89,124	80,000	154,284	.....	66,422	549,618
Wisconsin	3 3-4	810,000	669,469	80,000	37,546	19,625	459,614	2,076,254
Average	5 19-30	526,301	293,382	80,000	77,156	19,443	302,192	1,298,474
W. Virginia .....	.....	.....	162,250	70,000	6,550	.....	24,320	263,120

Explanation.

In some of the states the university and the agricultural college are separate institutions, in others they are combined. In West Virginia they are combined. For purposes of comparison in the above table they are all regarded as being combined. The table gives the income of the different institutions from the various sources, the total income, and the average income. The income of West Virginia University for the year 1912-13 is given for purposes of comparison.

During the past ten years the number of students attending western universities has been increasing very rapidly, consequently the additional appropriations for new buildings is large. If an institution has a steady income, as from taxation, there is less fluctuation in the amount of money required for its maintenance, from year to year, than if it is supported by appropriation. This table is also instructive because it shows the wide difference in the amount of state aid for the West Virginia University in comparison with the sums provided for western universities.

Summary.

(a) A continuing mill tax, or fraction thereof, for the University will make for permanency and economy.

(b) The increase of tax due to increase of values will provide for growth of institution.

(c) Plans for the future development of a university maintained by taxation can be made with certainty.

(d) It is not a wasteful method; the increase in the number of students attending state universities, during the past ten years, has been more rapid than the increase in property value.

(e) It does not increase the rate of taxation. The University appropriation is paid out of the State Fund. The rate of the state tax can be reduced as much as the amount fixed for the University.

(f) It is not a new and untried method. A mill tax or some fraction of a mill is levied for university support in more than a dozen states, and in some has been in operation for several years.

(g) Wherever this method of university support has been given a fair trial it is heartily endorsed by the head of the educational institution.