
CHAPTER IV.- FARM MORTGAGES AND FARM TAXES

CONTENTS

Introduction-----	Page 237	Number, acreage, and value of farms by mortgage status-----	Page 239
Definitions-----	237	Amount of mortgage debt-----	240
Mortgage and tax information limited to farms of owner operators-----	237	Interest rate-----	240
Mortgage debt and real-estate taxes presented for farms of owner operators owning no additional land-----	237	Mortgage data by value of farm-----	241
Owned portion of farm for part owners-----	237	Farm taxes-----	241
Farm mortgage debt-----	238	Real-estate taxes-----	242
Mortgage status-----	238	Personal-property taxes-----	242
Mortgage status by age of operator-----	239	Mortgages and taxes on irrigated farms-----	242

CHARTS

Farms operated by all owners—Percent distribution, by mortgage status, for the United States: 1890-1940-----	Page 238	Farms operated by white and nonwhite full owners—Percent distribution, by mortgage status, for the United States: 1920-1940-----	Page 239
Farms operated by full owners—Percent distribution, by mortgage status, for the United States: 1920-1940-----	238	Farms operated by full owners—Percent distribution, by age and mortgage status, for the United States: 1920-1940-----	239
Farms operated by part owners—Percent distribution, by mortgage status, for the United States: 1920-1940-----	238	Value of all mortgaged farms operated by full owners reporting amount of debt, with amount of mortgage indebtedness, for the United States: 1890-1940-----	240

MAPS

Percent of all owner-operated farms reported mortgaged, Apr. 1, 1940-----	Page 243	Average rate of interest on farm mortgage indebtedness: Census of 1940-----	Page 245
Ratio of mortgage debt to value for mortgaged farms operated by full owners, Apr. 1, 1940-----	244	Real-estate taxes, per \$100 of value, for farms operated by full owners: 1940-----	246
Mortgage debt on farms operated by full owners, Apr. 1, 1940-----	245	Average real-estate taxes per acre for farms operated by full owners: 1940-----	246

TABLES FOR THE UNITED STATES

Mortgage status of farms operated by full owners and part owners, with increases and decreases, by color of operator, for the United States: 1890 to 1940-----	Page 247
Mortgage status of farms operated by all full owners, by age of operator, 1890 to 1940; and by color and age of operator, 1910 to 1940; with percent distribution; for the United States-----	248
Mortgage status of farms operated by part owners, with percent distribution, by color and age of operator, for the United States, 1940-----	249
Average age of full owners and part owners, by color of operator and mortgage status, for the United States, 1940-----	249
Number, acreage, and value of farms operated by all full owners and those owning no additional land, 1940 and 1930; with similar data for part owners, 1940; by mortgage status and color of operator; for the United States-----	250
Number, acreage, value, and amount of debt for farms operated by all full owners reporting amount of debt, 1890 to 1940, and those owning no additional land, 1940 and 1930; by color of operator, 1940 and 1930; with similar data for part owners, by color of operator, 1940; for the United States-----	251
Number, acreage, value, and amount of mortgage debt for farms operated by full owners reporting amount of debt and interest, 1940, 1930, and 1920; by color of operator, 1940 and 1930; with similar data for part owners, by color of operator, 1940; for the United States-----	251
Number of farms operated by full owners reporting both amount of debt and rate of interest, classified by rate of interest, 1940 and 1920; with similar data for farms operated by part owners, 1940; for the United States-----	252
Mortgaged farms classified by rate of interest—Number, acreage, value, and amount of debt for farms operated by all full owners and part owners and nonwhite full owners and part owners reporting amount of debt, 1940; with number of farms operated by full owners and amount of debt, 1920; for the United States-----	252
Mortgage debt by value of farm—Number, acreage, value, and amount of mortgage debt for farms operated by full owners, classified by mortgage status and value of farms, for the United States: Census of 1930-----	253
Mortgage status of irrigated farms operated by full owners and part owners—Number, acreage, and value of farms with cropland harvested wholly irrigated, for 20 selected States, 1940-----	254
Mortgaged irrigated farms operated by full owners and part owners reporting amount of debt—Number, acreage, value, and amount of debt for farms with cropland harvested wholly irrigated, for 20 selected States, 1940-----	254
Number, acreage, value, and amount of taxes for farms operated by full owners reporting real-estate taxes, Censuses of 1940 and 1930, and part owners, 1940; with similar data for owner operators owning no additional land, for the United States-----	254
Personal-property taxes—Amount levied in 1939 on farm property of owner operators, for the United States-----	255
Taxes by value of farm—Number, acreage, value, and amount of taxes reported for farms operated by full owners owning no other farm land, and reporting both total taxes and real-estate taxes, by value of farm, for the United States: Census of 1930-----	255
Real-estate and personal-property taxes levied in 1939 on farms with cropland harvested wholly irrigated, for farms of full owners and of part owners, for 20 selected States: Census of 1940-----	255

TABLES FOR THE GEOGRAPHIC DIVISIONS AND STATES

Mortgage status of farms operated by all owners, with percent distribution, by divisions and States: 1890 to 1940-----	Page 258
Mortgage status of farms operated by all full owners, with percent distribution, by color and age of operator, by divisions and States: 1940 and 1930-----	258
Mortgage status of farms operated by all part owners, with percent distribution, by color and age of operator, by divisions and States, 1940-----	274
Number, acreage, and value of farms operated by all full owners, by mortgage status, 1940 and 1930; with similar data for farms operated by nonwhite full owners, 1940; by divisions and States-----	282
Number, acreage, and value of farms operated by all part owners, by mortgage status, with similar data for farms operated by nonwhite part owners, by divisions and States, 1940-----	285
Mortgaged farms operated by all full owners reporting amount of debt—Number, acreage, and value, with amount of debt, by divisions and States: 1940 and 1930-----	288
Mortgaged farms operated by all nonwhite full owners reporting amount of debt—Number, acreage, and value, with amount of debt, by divisions and States: 1940 and 1930-----	290
Mortgaged farms operated by all part owners reporting amount of debt—Number, acreage, and value, with amount of debt, by divisions and States, 1940-----	292
Mortgaged farms operated by all nonwhite part owners reporting amount of debt—Number, acreage, and value, with amount of debt, by divisions and States, 1940-----	293
Mortgaged farms operated by all full owners reporting both amount of debt and interest—Number, acreage, and value, with amount of debt and interest, by divisions and States: Censuses of 1940 and 1930-----	294
Number of farms operated by all full owners reporting both amount of mortgage debt and rate of interest, classified by rate of interest, by divisions and States: 1940 and 1920-----	295
Number of farms operated by all full owners reporting amount of mortgage debt, classified by rate of interest on the first mortgage debt, by divisions and States, 1940-----	296
Number of farms operated by all nonwhite full owners reporting amount of mortgage debt, classified by rate of interest on the first mortgage debt, by divisions and States, 1940-----	297
Number of farms operated by all part owners reporting amount of mortgage debt, classified by rate of interest on the first mortgage debt, by divisions and States, 1940-----	298
Number of farms operated by all nonwhite part owners reporting amount of mortgage debt, classified by rate of interest on the first mortgage debt, by divisions and States, 1940-----	299
Mortgaged farms classified by rate of interest—Number, acreage, value, and amount of debt, for farms operated by all full owners reporting amount of debt, with similar data for farms operated by nonwhite full owners, by divisions and States, 1940-----	300
Mortgage status of all farms, with amount of debt, by tenure, by divisions and States, 1935-----	310
Number, acreage, value, and mortgage debt for farms operated by all full owners, by mortgage status, by divisions and States, 1935-----	311
Mortgage status of irrigated farms operated by full owners and by part owners—Number, acreage, and value of farms with cropland harvested wholly irrigated, by States, 1940-----	312
Mortgaged irrigated farms operated by full owners reporting amount of debt—Number, acreage, value, and amount of debt for farms with cropland harvested wholly irrigated, by States, 1940-----	313
Mortgaged irrigated farms operated by part owners reporting amount of debt—Number, acreage, value, and amount of debt for farms with cropland harvested wholly irrigated, by States, 1940-----	313
Number, acreage, value, and amount of real-estate taxes for farms operated by owners (owned portion only for part owners), with similar data for farms operated by owners owning no additional land, by divisions and States: Census of 1940-----	314
Number, acreage, value, and amount of real-estate taxes for farms operated by full owners, with similar data for farms operated by full owners owning no additional land, by divisions and States: Censuses of 1940 and 1930-----	316
Number, acreage, value, and amount of real-estate taxes for farms operated by part owners (owned portion only), with similar data for farms operated by part owners owning no additional land, by divisions and States: Census of 1940-----	318
Personal-property taxes of owner operators of farms, by divisions and States: 1939 and 1929-----	319
Farm taxes for irrigated farms operated by owners—Taxes on farm property of owner operators for farms with cropland harvested wholly irrigated, by States, 1939-----	320

CHAPTER IV.—FARM MORTGAGES AND FARM TAXES

Introduction.—This chapter presents statistics, collected at the 1940 Census of Agriculture, relating to farm mortgage indebtedness and farm taxes. Mortgage and tax information was obtained only for farms of full owners and for the owned portions of farms of part owners. The mortgage inquiries called for the mortgage status, the amount of mortgage debt, and the interest on the first mortgage. The tax inquiries called for taxes levied on the real estate in the farm and for those levied on personal property on the farm. In presenting the statistics, owner operators of farms are classified both by mortgage status and by age, and the amount of debt and real-estate taxes are each related to the acreage and value of the farms reporting these items. The number, acreage, and value are also shown for farms classified by mortgage status and by rate of interest. Much of the mortgage information is presented by color of the operator. Mortgage and tax data are also presented for irrigated farms in 20 specified States.

Comparable figures, when available, are shown for the earlier census years in summary tables for the United States. However, not all available comparative figures are presented for the earlier census years by divisions and States. Mortgage statistics for 1935 represent compilations based only in part on the 1935 Census enumeration and are therefore presented separately and are not included in any of the tables presenting figures for other censuses.

Some of the mortgage and tax statistics, presented in this chapter as State, geographic division, and United States totals, are available by counties in the second series State bulletins and in volume I of the 1940 Census of Agriculture Reports. Other items by color and tenure of the farm operator are presented by States in chapters III, V, and VI of this volume. The number, acreage, and value of all farms are presented by States, without a color or tenure classification, in chapter I.

Definitions.—Pertinent definitions and explanations of terms relating specifically to farm mortgage indebtedness and farm taxes are given in the text discussion of the separate items. A brief description and explanation of some of the other more important items and terms used in the tables presented in this chapter are given below. For a more complete discussion of these items and terms, see chapter I relating to farms, farm acreage, and specified farm values, and chapter III relating to classifications of farm operators by color and by tenure.

A farm, for Census purposes, is all the land on which some agricultural operations are performed by one person, either by his own labor alone or with the assistance of members of his household, or hired employees. For a more detailed definition and discussion see chapter I.

A farm operator operates a farm either performing the labor himself or directly supervising it. For all practical purposes the number of farm operators is identical with the number of farms.

"White" farm operators include Mexicans.

"Nonwhite" farm operators include Negroes, Indians, Chinese, Japanese, and all other nonwhite classes.

Full owners are farm operators who own all the land they operate.

Part owners own a part and rent from others the rest of the land they operate.

Managers operate farms for others and receive wages or salaries for their services.

Tenants operate hired or rented land only.

Farms reporting as used in the tables indicate the number of farms for which the specified items were reported. If there were 30,458 owner-operated farms in a State and taxes were levied in 1939 on personal property on only 15,161 of these farms, and the enumeration of that item were complete, the number of owner-operated farms reporting personal-property taxes levied in that year would be 15,161.

Mortgage and tax information limited to farms of owner operators.—The 1940 Census of Agriculture represents a personal canvass of farm operators by the census enumerators. Since farm operators could be expected to report the mortgage debt and taxes only on land they owned, the questions relating to these subjects were not asked of tenants or managers but only of owner operators. For full owners the mortgages and taxes related to the entire farm; for part owners the mortgages and taxes related only to the owned portion of the farm. Thus the totals presented for the 1940 Census do not represent the entire farm mortgage indebtedness or all farm taxes. For 1935, in a joint project of the Bureau of the Census and the Bureau of Agricultural Economics of the U. S. Department of Agriculture, totals for farm mortgage indebtedness were compiled for all farms. The figures were based in part on returns of the 1935 Census, and in part on a sample mail survey. These totals were not included in the 1935 volumes but are presented in this chapter. A similar cooperative survey for the 1940 Census is in progress.

Mortgage debt and real-estate taxes presented for farms of owner operators owning no additional land.—Mortgage debt and real-estate taxes are presented for full owners and for part owners owning no additional land as well as for all full owners and all part owners. In presenting the amounts of mortgage indebtedness it was desirable to relate, insofar as possible, the amount of indebtedness to the acreage and value of the farm. Similarly, it was desired to relate the real-estate taxes to the acreage and value of the real estate taxed. Owner operators who rent land to others may think of their entire holdings as one farm, especially if the tracts are contiguous. If there was a mortgage, the mortgage may have covered not only the land operated by the owner but also the land rented out. Similarly the property may have been, and probably was, taxed as a unit. The schedule inquiry asked that the mortgage debt and tax information be restricted to land and buildings of the farm operated. However, some of the reports indicated that the mortgage and tax information was not always restricted to the farm operated.

Mortgage and tax data were tabulated separately for farm owners reporting no additional land owned. For these farms the data, therefore, were not distorted by any mortgage debt or taxes which might relate to land other than that in the farm operated. Although county data frequently showed evidence of a material distortion, State figures for mortgage and taxes showed little or no such evidence. For this reason the data by counties in the second series Agricultural Census Reports, except for the number of farms by mortgage status, are limited to farms of owner operators owning no additional land.

The classification of owner-operated farms as to other land owned was based on the replies to a schedule inquiry in which each farm operator was asked whether he owned any farm land in addition to that which he operated. The inquiry called for a "Yes" or "No" answer. Only farms for which the reply was "No" were included in the tabulations of those whose operators owned no additional land.

A similar classification of farms of owner operators was made in the 1930 Census tabulations of mortgage and tax data. However, for that year all owner operators who did not report whether additional land was owned were grouped with those who reported definitely that they owned no additional land. Thus for the 1940 data to be comparable with those for 1930 it would be necessary to include in the 1940 figures the data for farms for which there were no reports as to whether other land was owned.

Owned portion of farm for part owners.—The mortgage and tax information for part owners relates only to that portion of the farms owned by them. As with tenants, no attempt was made to secure mortgage or tax information for the rented land. In the Census of 1940 a separate value of the owned portion of the farm for these owner-tenant operations was secured for the

first time. This separate value permits the relating of the mortgage and tax information to both the acreage and value of the land and buildings for which such information was secured and made possible the computation of the owner's equity as well as his encumbrance. Mortgage and tax data, other than a count of farms by mortgage status, are presented for part-owner-operated farms for the first time for the Census of 1940.

Farm mortgage debt.—The schedule for the 1940 Census of Agriculture carried the following inquiries relating to farm mortgage debt:

V.—FARM MORTGAGE DEBT AND FARM TAXES

- If you own all or part of this farm—
22. Was there any mortgage debt on the land and buildings so owned on April 1, 1940?----- (Yes or No)
23. Total amount of outstanding mortgage debt on such land and buildings----- \$ (Omit cents)
24. What was the annual rate (contract rate) of interest on the first mortgage debt? (Report fractions)----- (Percent)

The enumerator was instructed that:

"Mortgage debt on the land and buildings includes not only all debts locally called mortgages but also debts represented by agreements for deed or contracts for title, deeds of trust, judgment notes, mechanics' liens, confessions of judgment, deeds with vendor or lien clause, or any other legal instruments which partake of the nature of mortgages on real estate.

"Debts represented by crop liens or mortgages on livestock or implements are not to be included, unless the land and buildings are also pledged under the same instrument as security. A tax lien is not to be considered as a mortgage.

"A farm on which there have been foreclosure proceedings, where the period of redemption has not expired and the operator still has the use of the land, should be considered as mortgaged."

The amount of mortgage debt was to include the unpaid principal plus any additions represented by past due interest, taxes, or insurance.

The interest rate referred to the annual rate as specified in the first mortgage. Even though a lower rate was temporarily in effect this contract rate was to be reported. The interest rate was not to include any amortization or principal payments, commissions, or other extra charges. In a few instances the rates reported may have included other items or may not have represented annual rates. The classifications of farms on the basis of the mortgage information reported and the items shown for each of these classifications are given in the Introduction to this chapter.

Data relating to farm mortgage debt were first collected in the Census of 1890. All mortgage figures available for former census years which are comparable to those shown for 1940 are included in the United States tables. The statistics presented for each of the former censuses and their comparability with those for the 1940 Census are given in the discussions for each of the various items and classifications.

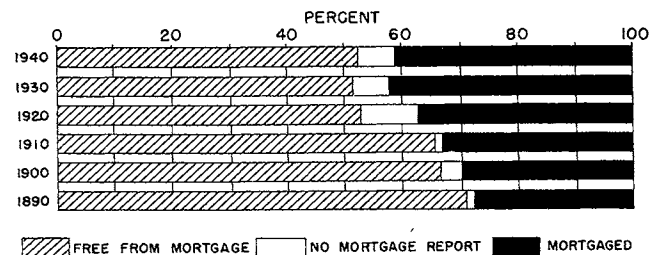
Mortgage status.—Farms were classified into 3 groups according to mortgage status, namely, those free from mortgages, those mortgaged, and those for which there was no report as to mortgage status. Comparative data are shown by divisions and States for each decennial census beginning with 1890.

In addition, owners who reported the amount of mortgage debt are shown for the middecennial Census of 1925. For that year the mortgage debt referred to that owed on farm land and buildings anywhere in the United States. For all other years the mortgage presumably referred only to debt secured by real estate of the farm operated.

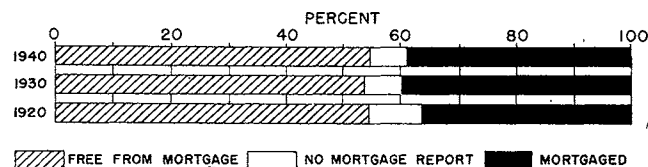
The statistics for 1890 and 1900 are for farm homes occupied by their owners instead of for farms of owner operators. This difference would have little effect on the comparability of the data except that the number of farm homes occupied by their owners would be slightly smaller than the number of all owner-operated farms. Although the number of owned farms for 1890 for which there was no report as to mortgage status is shown separately, these were distributed in the 1890 reports between the "mortgaged" and "free from mortgage" groups. The exact figures for all three groups as to mortgage status were

available for that year only for the United States as a whole. However, the number not reporting mortgage status was available by States and was deducted proportionately for each State from the "mortgaged" and "free from mortgage" groups in order to leave the figures for these groups approximately as originally reported. These adjusted State figures for 1890, shown in the 1920 and all subsequent Census Reports, add to United States totals that differ slightly from those originally reported.

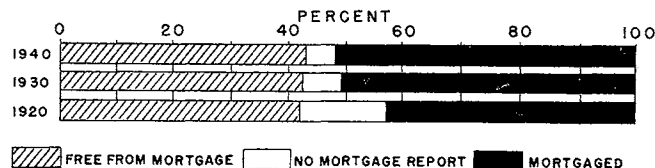
**FARMS OPERATED BY ALL OWNERS—
PERCENT DISTRIBUTION, BY MORTGAGE STATUS,
FOR THE UNITED STATES: 1890-1940**



**FARMS OPERATED BY FULL OWNERS—
PERCENT DISTRIBUTION, BY MORTGAGE STATUS,
FOR THE UNITED STATES: 1920-1940**



**FARMS OPERATED BY PART OWNERS—
PERCENT DISTRIBUTION, BY MORTGAGE STATUS,
FOR THE UNITED STATES: 1920-1940**

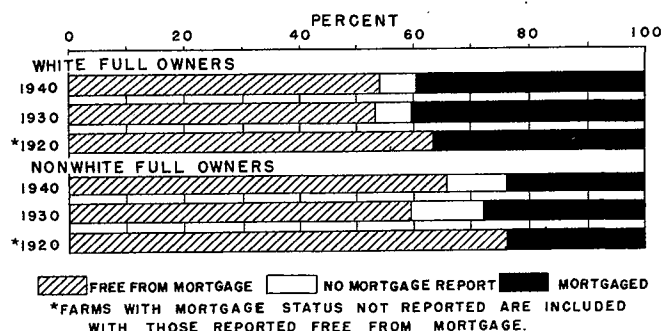


In the decade 1930 to 1940 there was a slight decrease in the proportion of owner operators who reported that their farms were mortgaged. For 1940 the number of owner-operated farms reported as mortgaged was 41.0 percent of all owner-operated farms as compared with 42.0 percent in 1930. This decline in the percentage of mortgaged farms was the first recorded for the United States as a whole in any decade since the enumeration of mortgage status was first made in 1890. This decline in percentage of owner-operated farms mortgaged was not universal among the States. A total of 25 States rather widely distributed, showed increases in the percentage of farms mortgaged. In 1940, in about one-third of the States, more than one-half of the owner-operated farms were mortgaged. A few of these States were in the northeastern part of the country but the greater number were in the area of Wisconsin, Iowa, Kansas, and westward to the Pacific Coast. North Dakota had the highest average percentage of owner-operated farms mortgaged with 64.8 percent, followed by Nebraska with 59.8 percent and Iowa with 59.0 percent.

A count of farms by mortgage status is available for full owners and part owners separately for each decennial census

beginning with 1910. United States figures include comparative data for each decennial census beginning with 1910, while division and State figures are presented only for 1940 and 1930. Relatively more part-owner-operated farms are mortgaged than full-owner-operated farms. For the part-owner-operated farms, mortgages on the owned portion were reported for 52.1 percent of such farms as compared with 38.9 percent for farms of full owners.

FARMS OPERATED BY WHITE AND NONWHITE FULL OWNERS - PERCENT DISTRIBUTION, BY MORTGAGE STATUS, FOR THE UNITED STATES: 1920 - 1940



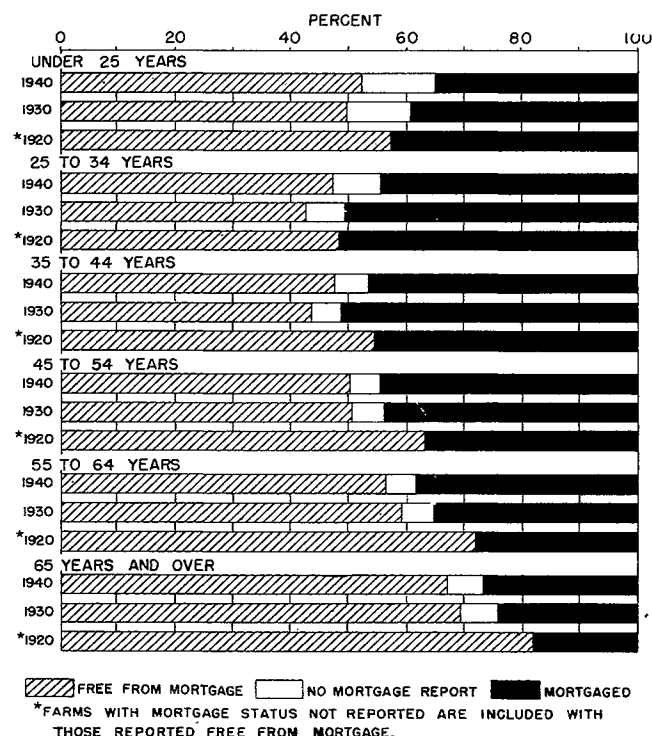
Farms by mortgage status were also classified by color of the farm operator beginning with 1910. Statistics for "white" and "nonwhite" full owners by mortgage status are presented for the United States for each decennial census year beginning with 1910, and by divisions and States for 1940 and 1930 only. Similar information for "white" and "nonwhite" part owners is presented by divisions and States for 1940, the only year for which such data are available. For all nonwhite owner operators the proportion of mortgaged farms was considerably less than for all white owner operators, 24.6 percent of the farms of nonwhite owner operators being mortgaged, as compared with 42.0 percent of the farms of white owner operators.

Mortgage status by age of operator.— A classification of farms of full owners in each mortgage status group by age of operator is presented for the United States for each decennial census beginning with 1910 with a similar classification for owner occupants of farm homes for 1900 and 1890, and for divisions and States for 1940 and 1930. These data are shown separately for "white" and for "nonwhite" operators for each census year from 1910. A classification of farms of "white" and "nonwhite" part owners in each mortgage status group by age of operator is presented for the United States, and by divisions and States. Data for part-owner-operated farms by mortgage status classified by age of operator are not available for earlier census years. The average age of farm operators, available only for the 1940 Census, is presented by States for both "white" and "nonwhite" full owners and "white" and "nonwhite" part owners.

Farm operators whose farms were free from mortgage indebtedness averaged somewhat older than those whose farms were mortgaged. The average age of full owners free from mortgage debt was 54.5 years as compared with 50.6 years for those reporting mortgage indebtedness. The age group 35-44 years shows a higher proportion of mortgaged farms than any other group. Up to this age group the proportion of mortgaged farms increases with the age of the operator. Beyond this age group the proportion mortgaged decreases with the age of the farm operator. For full-owner operators from 35 to 44 years of age, 46.2 percent of the farms were mortgaged as compared with only 26.9 percent for those of full owners 65 years and over. Relatively fewer farms of operators in the highest age groups were mortgaged than of operators in the lowest age groups. In the decade 1930 to 1940 there was an appreciable increase for farms of the older operators in the proportion mortgaged. This was also true for the preceding decade.

The distribution by age groups for mortgaged farms of part-owner operators is very similar to that for full owners. However, the average age of part owners reporting mortgage indebtedness is only a little more than one year less than those free from mortgage as compared with a difference of approximately 4 years for full owners. "Nonwhite" full owners who reported their farms mortgaged, averaged practically the same age as those free from debt. The proportion of "nonwhite" owner operators reporting their farms mortgaged continues to increase with the age of the operator until the 45 to 54 age group is reached, as compared with 35 to 44 years of age for the "white" owner operators. Also the "nonwhite" then fails to decrease to the same extent as for the "white" operators.

FARMS OPERATED BY FULL OWNERS - PERCENT DISTRIBUTION, BY AGE AND MORTGAGE STATUS, FOR THE UNITED STATES: 1920 - 1940



Number, acreage, and value of farms by mortgage status.— The number, acreage, and value of farms are presented by mortgage status for both white and nonwhite full owners for 1940 and 1930. Prior to 1930, no acreage or value figures were obtained by mortgage status except for full-owner-operated farms reporting amount of mortgage debt. The value of such farms is available for each decennial census beginning with 1890, except 1900. The acreage in such farms was first secured in the middecennial Census of 1925. The acreage and value of farms of part owners by mortgage status are available only for the Census of 1940. These data are also available by color of operator.

Of the farms operated by full owners those that are mortgaged are generally larger, have a higher average value per farm, and usually have a higher average value per acre than those free from mortgage. For the United States as a whole the farms of full owners reported as mortgaged averaged 141.1 acres, as compared with 112.3 acres for those free from mortgage. The mortgaged farms averaged \$6,229 per farm and \$44.15 per acre, compared with \$4,148 per farm and \$36.94 per acre for farms free from mortgage. Farms of nonwhite full owners reported as mortgaged also generally averaged larger, had a higher average value, and a higher value per acre than those

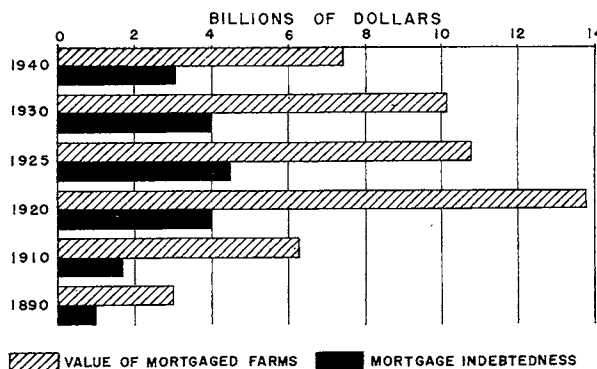
free from mortgage. However the United States totals for farms of nonwhite full owners show the opposite situation. This was due almost entirely to the farms of nonwhite full owners in Arizona who were mostly Indians. In that State the farms of "nonwhite" owner operators were larger and a smaller percent were mortgaged as compared with farms of "nonwhite" owner operators in other sections of the United States. Farms of part owners reporting mortgage indebtedness also averaged larger both as to owned and rented acres than those free from mortgage.

The acreage and value of farms whose operators owned no additional land are also presented by mortgage status for full owners for 1940 and 1930, and for part owners for 1940. For 1940 these figures include data only for those owner operators for whom an answer of "No" was reported in reply to the inquiry as to other land owned. For 1930 the figures for full owners include data for all those for whom an answer of "Yes" was not reported.

More than 7 out of every 10 full owners in 1940 reported no additional land owned. The proportion of part owners reporting no additional land owned was somewhat higher. Relatively more farms of owner operators reporting no additional land owned were mortgaged than those of owner operators reporting additional land owned. For full owners reporting no additional land owned the proportion mortgaged was 41.3 percent as compared with 33.3 percent for full owners owning additional land plus those not reporting as regards other land owned. The average acreage and the average value per farm were also smaller for the former group.

Amount of mortgage debt.—The amount of mortgage debt was not reported for all owner-operated farms which were reported as mortgaged. No attempt was made to calculate the debt for those farms. The amount of debt reported therefore is restricted to the farms of full owners, and to the owned portion of farms of part owners, who reported the amount of their indebtedness. In 1940 only 1.3 percent of all owner operators who reported that their farms were mortgaged failed to give the amount of their mortgage indebtedness. Another 6.3 percent did not indicate whether or not their farms were mortgaged.

**VALUE OF ALL MORTGAGED FARMS OPERATED BY
FULL OWNERS' REPORTING AMOUNT OF DEBT, WITH
AMOUNT OF MORTGAGE INDEBTEDNESS, FOR THE
UNITED STATES: 1890-1940**



In order to relate, insofar as possible, the amount of mortgage indebtedness to the acreage and value of the land encumbered, and to obtain the average amount of the owner's equity as well as his encumbrance, the number, acreage, and value of farms for which the amount of debt was reported are presented along with the amount of debt. Comparative figures are presented for the United States as a whole for each census beginning with 1890, except for 1900 and 1935. However, the acreage for such farms is available only from 1925. Similar statistics presented for part owners for 1940 are not available for earlier censuses.

All the land in mortgaged farms operated by full owners, or all the owned portion of mortgaged farms operated by part owners, may not necessarily be covered by mortgage. However,

this makes little difference insofar as the calculation of the owner's equity or encumbrance is concerned. On the other hand, if a mortgage covering additional land is related only to the farm operated, the equity and encumbrance of the farm operator cannot be determined accurately. Therefore, data for owners owning no additional land were tabulated separately, primarily to prevent distortion of county statistics. It will be noted from the State figures that the ratio of debt to value for farms of operators who own no additional land is generally higher than for farms of other owner operators, despite the fact that for the latter group some of the debt may be on additional land. Not only do operators owning no additional land have proportionately higher mortgages, but relatively more of them reported mortgage indebtedness. Comparative data for mortgaged farms of owner operators owning no additional land are available only for full owners for the Census of 1930.

Although the amount of mortgage debt on farms of full owners declined 23.1 percent in the decade 1930 to 1940, the value of full-owner-operated farms reporting indebtedness dropped 28.5 percent. Thus, despite the reduction in mortgage indebtedness, the owner's equity was less in 1940 than in 1930. The average debt for full-owner-operated farms was \$2,657 in 1940 as compared with \$3,561 in 1930. The average equity was \$3,584 in 1940 as compared with \$5,436 ten years earlier. The ratio of debt to value increased from 39.6 to 42.6 percent. Owners reporting mortgage debt have farms which average larger in size and higher in value than those of owners free from debt, but the equity of those mortgaged is less than for those free from debt.

Part owners reporting mortgage indebtedness average both a higher debt and a higher equity per farm than do full owners. The ratio of debt to value, also, is higher.

For "nonwhite" owner operators the ratio of debt to value averages lower than for "white" operators. Both the average debt and average equity are much lower for the former group than for the latter.

Interest rate.—The enumerator was instructed to report the interest rate specified in the first mortgage even though a lower rate was temporarily in effect. The rate was to be the annual rate and was not to include amortization or principal payments, commissions, or other extra charges. Data relating to the rate of interest were tabulated only for farms for which the amount of debt was also reported. The statistics presented include the number, acreage, value, and amount of mortgage debt for farms classified by the rate of interest, an unweighted average of the interest rates reported, a weighted average of the interest rates, the median interest rate, and a calculated minimum annual interest charge on the mortgage debt.

Separate tabulations were made for "white" and "nonwhite" full owners and for "white" and "nonwhite" part owners. In the division and State tables only the "nonwhite" operators are shown separately. The data for "white" operators are essentially the same as for all operators since relatively few "nonwhite" operators are included. If desired, however, separate statistics for "white" operators may be obtained by subtraction. In presenting the acreage, value, and amount of mortgage debt for farms classified by rate of interest, figures are shown by divisions and States for full owners, whereas similar information for part owners is shown only for the United States.

Comparative data relating to the rate of interest are available only for 1930 and 1920. For 1930 such information is limited to charges on the mortgage debt for full owners, and for 1920 to the number and amount of mortgage debt for farms classified by rate of interest. In calculating the average interest rates and in determining the median, definite reports of "None" or "0" interest rates were included. The unweighted average of the interest rates, designated merely as "average of the interest rates," was calculated by adding the rates reported for each farm and dividing by the number of farms reporting. This rate is available by counties in the second series bulletins of the 1940 Census of Agriculture. The weighted average interest rate was calculated by taking the sum of the products of each rate times the total mortgage debt for the farms reporting that rate, and dividing by the total mortgage debt for the farms reporting both mortgage debt

and rate of interest on the first mortgage. Note that this weighted average interest rate was obtained by weighting by the total debt and not by the first mortgage debt since this latter was not available. The medians shown are the actual medians, that is, the rate represented by the central item when the farms for each State were arrayed by the rate of interest reported. When an even number of reports was included in an array, the midpoint between the two central reports was used.

The minimum interest charges, presented in table 26, were computed by adding the products of each interest rate multiplied by the total mortgage debt on the farms reporting that rate. Obviously since the calculations are based on the interest rate for the first mortgage only, and since second or third mortgages generally have higher rates, the figures represent a minimum interest charge. This charge, when expressed as a ratio of the indebtedness, is identical to the weighted average interest rate referred to previously.

Although the inquiry on the schedule called for the contract rate of interest on the first mortgage debt it is probable that, where a temporary rate was in effect, this temporary rate may have been reported in a number of instances. In the classification of farms by the rate of interest on the first mortgage debt, it will be noted that most of the reports of less than 4 percent were at the rate of 3 1/2 percent. In 1940 a temporary rate of 3 1/2 percent was in effect on most Federal Land Bank mortgages.

In some instances the interest rate may have been reported on a semiannual, quarterly, or monthly basis rather than on an annual basis; or it may have represented semiannual, quarterly, or monthly payments expressed as a percentage of the debt. Such payments may have included payments on the principal, commissions, or other charges, in addition to the interest charge. Any such erroneous reports would have much more effect in the very low and very high interest rate groups than on those representing intermediate values. Rates of less than 3 1/2 percent were reported for 2.5 percent of the farms operated by full owners reporting both mortgage debt and rate of interest and rates of 10 percent and higher were reported for 0.9 percent. A number of the reports of 10 percent and higher were investigated through correspondence and although most were substantiated, some were found to include amortization or principal payments, commissions, or other extra charges and were corrected.

For 1920, only the number of farms and the amount of debt are available by the rate of interest. These data are available only for full-owner operators with no segregation by color of the operator. Both of these items are presented for the United States as a whole, but only the number of farms is presented by divisions and States. The differences in the rates of interest on mortgage indebtedness, 1940 compared with 1920, have not been quite as great as those indicated by the figures for the two years. At the 1920 Census the rate of interest was not confined to that for the first mortgage debt. If for any farm there were two or more mortgages at different rates of interest the rate used for classifying the farm was an average of the rates reported, each rate being weighted by the corresponding debt when calculating the average.

Charges in 1929 on the mortgage debt reported for 1930 are presented for the United States and by divisions and States in comparison with a computed annual charge on the mortgage debt reported for 1940. The charges for both years are presented as totals, also as a ratio of the indebtedness. These figures are not strictly comparable and should be used with caution. All of the differences between the averages for the two years cannot be attributed to differences in the interest rates. For the Census of 1930 the charges related to the entire mortgage debt and included not only the interest but also charges for commissions, bonuses, and premiums paid in 1929. The annual charge shown for 1940 was computed by adding the products obtained by multiplying each interest rate by the total amount of mortgage debt on farms for which that rate was reported. The figure shown for 1940 does not even represent the entire interest charged on the mortgage debt since the calculations were based only on the interest rate on the first mortgage debt. Therefore, the 1940 figures differ from the 1930 figures not only by the amounts of commissions, bonuses, premiums, or other charges included in the latter figure but also by a part of the interest charge.

For the United States as a whole, the average of the interest rates in 1940 on the first mortgage debt was 5.3 percent. The weighted average interest rate was 4.9 percent. The difference in the unweighted and the weighted average interest rates was due to a tendency for lower than average interest rates to be reported for farms having the larger mortgages. The median rate was 5.0 percent. Iowa and Minnesota had the lowest interest rates. In these States both the median and the weighted average were 4 1/2 percent. Arkansas and Louisiana had the highest unweighted averages with 6.3 and 6.0 percent, respectively. In general, the lowest rates were in the North Central States and the highest rates were in the South. The interest rates are shown geographically for somewhat smaller geographic units in the map entitled "Average Rate of Interest on Farm Mortgage Indebtedness." The averages used in preparing this map were calculated by weighting each interest rate reported, by the total debt on the farms for which that rate was reported. The averages were calculated on the basis of crop-reporting districts, each consisting of groups of contiguous counties. Price-reporting rather than crop-reporting districts were used for Maryland and Colorado.

Mortgage data by value of farm.—Following the 1930 Census, in a special tabulation for the U. S. Department of Agriculture full-owner-operated farms free from mortgage indebtedness, those mortgaged, and those for which the mortgage status was not reported were classified by value of the farm. The statistics tabulated included the number, acreage, and value of these farms. Farms of full owners owning no additional land and reporting the amount of their indebtedness were also classified by the value of the farm. The tabulations for these farms included the amount of the mortgage debt and the annual charge on this debt as well as the number, acreage, and value of the farms. These data, available by States, were not published in the 1930 Census reports, but the summaries for the United States as a whole are presented in this chapter. No similar tabulations for the 1940 Census are contemplated.

Farm taxes.—The schedule for the 1940 Census of Agriculture carried the following inquiries relating to farm taxes:

- If you own all or part of this farm—
25. Give amount of taxes levied in 1939 on the REAL ESTATE of this farm owned by you on April 1, 1940 (include buildings and other improvements, but do not include taxes levied by drainage or irrigation districts)----- \$-----
(Omit cents)
26. Give amount of taxes levied in 1939 on PERSONAL property owned by you on this farm (include livestock, machinery, etc., but do not include automobile taxes, fees, or licenses)--- \$-----
(Omit cents)

If the farm operator had not received his tax bill for the 1939 levy the enumerator was instructed to report the 1938 tax. The enumerator was also instructed that:

Only real-estate taxes on the land (owned by the operator and in the farm operated by him) and on the buildings and other improvements thereon, and taxes on personal property owned by the operator on this farm should be included***. Motortrucks—as well as automobiles—taxes, fees, or licenses should be excluded. Also exclude poll taxes, sales taxes, gasoline taxes, taxes on property not used in the farm business, such as school busses, and notes, stocks, bonds, and city real estate, and taxes on farm land rented to others.

If no segregation is made on the farm operator's tax statement of the levies on real and personal property, assist him in approximating the levy on each.

The inquiries in regard to taxes were to be made only of full-owner and part-owner operators, as operators not owning the farm could not be expected to report on the taxes. Only the taxes on farm property owned by the operator were to be reported. Therefore, the tax data for part owners apply only to the owned portions of such farms.

In a number of instances, the enumerator failed to report separately the real-estate and personal-property taxes. In such cases the reports were excluded from the tabulations as it was not possible to segregate satisfactorily the amounts represented by each class of tax.

Since real-estate, or personal-property taxes, may not necessarily have been levied on all farms of owner operators, or reports of the amounts may not have been secured for all farms for which taxes were levied, the number of farms reporting as well as the amounts of real-estate and personal-property taxes are given.

For farms for which the amount of real-estate taxes was reported, the acreage and value were also tabulated in order that the average tax per acre and per \$100 of value might be calculated. Direct comparison of the taxes on personal property and the value of such personal property cannot be made. Although the numbers of each class of livestock on hand and the value of the implements and machinery were enumerated, these data are not available for farms reporting personal-property taxes. No inventory or value of crops on hand, or of other items of farm property subject to personal-property tax, were secured in the 1940 Census. Statistics for operators owning no additional land are presented separately. Occasionally for operators owning additional land the taxes on such additional land may have been included in error.

Although the tax data presented are limited to farms of owner operators they are sufficient for comparing the relative tax burdens for various sections of the country. If a total tax figure for all operators is desired only rough estimates can be made on the basis of the available data. If any such totals are calculated they should be used with caution. The tax data presented for any area cannot be presumed to be exactly representative of all farms in that area. The data presented exclude those for farms wholly exempt from tax levies. Tax exemptions, preferential assessments, or preferential tax rates, of which there are a number of types in the various States, probably affected the figures for farms of owner operators in a manner quite different from that in which it would have affected the information for farms of other tenures. This is particularly true of any type of preferential taxation which applied particularly to homesteads, i. e., the dwelling of the owner including the land or farm on which it is located. Areas having different tax rates were not proportionately represented in the reports. Therefore, any calculated totals might be unduly affected by areas having either unusually high or low averages. For this reason, if it is desired to calculate a total real-estate tax for all farms in a State, county data should be used for the calculations if possible. Tax statistics by counties are presented in the Second Series State Bulletins of the 1940 Census of Agriculture Reports.

Any total for the personal-property taxes for all farms, calculated on the basis of the reports for owner operators, would be even less satisfactory than a calculated total for farm real-estate taxes. Farms of owner operators have more personal property on an average than do those of tenants; therefore, the per farm average of personal-property tax for farms of owner operators would not be representative of farms of tenant operators. Also, in case of some forms of tax exemption, the smaller owner-operated farms might conceivably have had no personal-property tax levied and therefore would have been excluded in the determination of the per farm average. Many tenant-operated farms might be benefited by some form of preferential taxation to a greater degree than the owner-operated farms in the same areas.

Farm tax data for previous censuses are available only for the Census of 1930. For that census only total taxes and real-estate taxes were secured, the personal-property tax being determinable only by difference. The number, acreage, value, and amount of taxes paid are available for that year only for full owners reporting both total taxes and real-estate taxes. Separate figures are available for full owners owning no other farm land.

Real-estate taxes.—The number, acreage, value, and amount of real-estate taxes paid are presented for 1940 for farms of full owners and for the owned portions of farms of part owners. Separate statistics are presented for farms of owner operators owning no additional land. The average real-estate tax per acre and the average real-estate tax per \$100 of value are also shown. Since these averages are restricted to farms of owner operators who reported the amount of real-estate taxes, they cannot be used as being entirely representative of all farms. See the discussion given previously in regard to using the tax data presented for owner operators as a basis for computing total farm real-estate taxes.

The farm real-estate tax per \$100 of value varies considerably from State to State, even within the same geographic division. The highest average rate was \$2.90 per \$100 reported for Maine and the lowest was \$0.47 per \$100 reported for Delaware. The geographic variations in real-estate taxes

per \$100 of value are shown graphically in the map entitled "Real-estate Taxes, per \$100 of Value, for Farms Operated by Full Owners: 1940." This map was prepared on a county unit basis, and therefore shows variations within States. There is a noticeable tendency within States for the rate to average higher for counties having farm lands of low value than for counties having farm lands of high value.

The average tax per \$100 of value was generally a few cents lower for farms of operators owning no additional land, indicating that for farms of operators owning additional land an occasional report probably included the taxes on the additional land. The average tax per \$100 of value averaged somewhat higher for the owned portion of farms of part owners than for farms of full owners. The average tax per acre also averaged higher for part owners in most States, due, in most instances, to a higher average value per acre.

In connection with the 1930 Census, tax data for farms of full owners for 100 selected counties were classified by value of the farm, by size of farm, and by value of land and buildings per acre. The results of these three tabulations were published in a census monograph entitled, "Taxes on Farm Property in the United States." The tabulations of tax data by value of the farm were later extended in a special tabulation for the U. S. Department of Agriculture, to include the entire United States, by counties, and a summary is presented in this chapter.

Personal-property taxes.—The personal-property taxes were secured only for farms of owner operators. On many tenant farms a part or all of the personal property may belong to the landlord. In presenting personal-property taxes the data are restricted to the number of farms reporting and the amount of taxes since the value of the personal property on which the taxes were levied is not available. Only an average tax per farm reporting is shown in addition to the total figures.

The average personal-property tax per farm, like the real-estate tax, varied considerably from State to State, even within the same geographic division. In general the average personal-property tax was highest in States reporting high average values for livestock and implements and machinery. The personal-property tax for farms of part owners averaged higher than for farms of full owners. The United States average was \$22 for part owners as compared with \$13 for full owners. Part owners generally operate larger farms and have more invested in implements and machinery than do full owners. The State having the highest average was Nevada with \$69 per farm reporting. In the State of New York personal property is not liable to taxation for State or local purposes. A few scattered reports of personal-property taxes from that State were canceled as these reports probably represented fees or licenses of one kind or another, or personal taxes other than on personal property.

The personal-property taxes presented for 1929 are the differences between total taxes and real-estate taxes for farms of full owners reporting both. No per farm average is shown for that year since the farms reporting both total and real-estate taxes included an undeterminable number for which the total taxes and real-estate taxes were equal. Averages based on the number of farms reporting both total and real-estate taxes would therefore include operators having no personal-property tax and such averages would not be comparable with averages shown for 1939 based only on farms reporting definite amounts. In order that roughly comparable averages for the two years might be computed if desired, the number of full-owner operators reporting real-estate taxes in 1939 and the number reporting both total and real-estate taxes in 1929 are also presented. Any computation of an average tax per farm for 1939 based on all farms reporting real-estate taxes assumes that all farms reporting real-estate taxes and not reporting personal-property taxes had no personal property taxes to report.

Mortgages and taxes on irrigated farms.—Mortgage and tax information for irrigated farms is presented for 20 specified States in tables 11, 12, 35, 36, and 37 and in tables 16 and 42, respectively. The data are restricted to owner-operated farms for which the cropland harvested in 1939 was wholly irrigated. These data are not available by counties. Mortgage and tax information for irrigated farms is not available for earlier censuses.