

Some evidence on the extent to which complete external financing of poverty-linked services would have alleviated central-city-suburban tax effort (tax revenue divided by personal income) disparities, had this been in effect in 1962 in 22 of the largest SMSA's, is presented in table 15. The estimates are those of Prof. Woo Sik Kee of West Virginia University. On the average, the tax effort disparities would have been cut in half: central city tax burdens would have been nearly 25 percent lower, while suburban tax burdens would have been 15 percent lower. Converted to effective property tax rate terms, this would have reduced central city tax rates to levels equal to or less than those in suburban areas in a number of cases.

TABLE 15.—*Measures of tax effort in central cities and suburbs in 22 largest SMSA's, 1962*¹

(Per capita tax revenue, 1962, divided by per capita income, 1960)

SMSA	Actual tax revenue		Adjusted tax revenue			
	Cities	Suburbs	I ²		II ³	
			Cities	Suburbs	Cities	Suburbs
New York.....	9.5	7.5	7.8	7.0	7.3	6.8
Chicago.....	7.4	6.1	6.6	5.8	6.2	5.6
Los Angeles.....	8.4	7.0	7.3	6.0	6.8	5.6
Philadelphia.....	7.4	4.9	6.6	4.6	6.1	4.4
Detroit.....	7.5	5.7	6.2	4.9	5.5	4.6
Baltimore.....	6.9	4.4	6.0	4.3	5.3	3.9
Houston.....	5.9	5.6	5.4	5.4	4.7	4.9
Cleveland.....	7.4	5.2	6.1	4.4	5.5	4.2
St. Louis.....	7.6	5.1	5.9	4.8	5.2	4.4
Milwaukee.....	8.4	6.5	6.8	5.4	6.3	5.2
San Francisco.....	7.4	7.2	6.1	6.0	5.6	5.6
Boston.....	11.2	7.4	8.9	6.8	8.3	6.4
Dallas.....	5.7	3.7	5.2	3.1	4.8	2.7
Pittsburgh.....	7.2	4.9	6.8	4.7	6.3	4.5
San Diego.....	6.3	6.7	5.3	5.6	4.7	4.9
Seattle.....	5.0	3.6	4.5	3.2	4.2	2.9
Buffalo.....	7.5	7.0	6.2	6.2	5.7	5.9
Cincinnati.....	8.2	4.5	6.5	4.2	5.7	3.8
Atlanta.....	6.3	3.7	5.1	2.8	4.5	2.4
Minneapolis.....	7.0	6.5	5.3	5.6	4.8	5.3
Kansas City.....	6.0	5.4	5.1	5.0	4.5	4.6
Newark.....	12.3	7.0	9.5	6.5	8.9	6.2
Mean.....	7.6	5.7	6.3	5.1	5.8	4.8

¹ Data computed by and presented in Woo Sik Kee, "City-Suburban Differentials in Local Government Fiscal Effort" (mimeo., Regional Research Institute, West Virginia University, October 1967).

² Total tax revenue minus the estimated locally financed portion of expenditure for public welfare, health, and hospitals.

³ Total tax revenue minus the estimated locally financed portion of expenditure for public welfare, health, hospitals, and for education of children in families with incomes less than \$3,000.

To some extent, Professor Kee's estimates understate the reduction in the disparity. He is looking at tax effort as if all local taxes were charges against personal incomes received by residents of the communities levying the taxes. But some part of the burden of taxes paid by businesses is "exported" to other communities, via higher product prices or reductions in the profits accruing to nonresident owners of