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ANTECEDENTS OF THE INCOME TAX IN COLONIAL AMERICA

Abstract: One of the goals of the present federal income tax system is to tax individuals to the extent of their ability to pay. This concept of vertical equity did not originate in the current century. Analysis of the tax laws of the American colonies results in the conclusion that our colonial forefathers attempted to measure the faculty or ability of individuals when enacting tax legislation. This paper analyzes the varied historic forms of the test to measure the capacity to bear the burden of taxation.*

Taxation, it is said, is a hateful process in the eyes of mankind.¹ However, every government must provide for its general expenses and the cost of other public necessities by means of taxation. Recognition that the organization of society into a state necessitates taxation is found within the words of Sir Edwin Sandys, the moving spirit behind the Virginia Company: "The maintaining of the publick in all estates being of no less importance even for the benefit of the private, than the root and body of a tree are to the particular branches."²

Yet each social class has endeavored, amidst the clashing of greatly divergent interests, to shift the burden of taxation upon other classes. One must analyze the economic development of the American colonies in order to trace the development of taxation and the evolution of the principle of faculty or ability to pay, the principle that individuals should be required to bear the financial burden of the government in proportion to their ability to help themselves. As the economy of the colonies developed, the historic forms of the test of the faculty to bear the public burden also evolved. This paper traces the development of the attempts to measure the presumed capacity of individuals to bear this burden. A survey of the origins and evolution of colonial taxes entails a survey of the man-

*In quoting from early documents, the author has consciously elected not to note spellings which differs from present form. Such notation would have adversely affected the readability of the quotes and the paper in general due to the frequency of these differences.

ner in which the theory of justice in taxation developed as a solution to economic relations.³ As the tax system develops and is modified, it is not only the method of collecting revenue that changes, but also the theory supporting that tax system.

In analyzing the development of theories in taxation, one should not attempt to discover well-developed theories and technical details in a primitive society and its institutions. The act of constructing an exact science where, in fact, none existed, is to pervert the course of history. New theories do not arise to replace old theories unless man has experienced the abuse generated by the application of those theories not compatible with the present social structure. Although the theories of taxation evolved slowly in colonial America, the faculty test was incorporated into the colonial tax system and has been called the ancestor of the modern income tax. Supreme Court Justice Cardozo recognized the colonial contribution to modern tax theory by saying our colonial forefathers "knew more about ways of taxing than some of their descendants seem to be willing to concede."⁴

Colonial Revenues

During the colonial period in America, the financial systems of the colonies rested upon a multitude of sources of revenue. At various times these sources included:

1. Quit-rents
2. Poll taxes
3. Property taxes
4. Fees
5. Miscellaneous taxes
6. Lotteries
7. Duties

Exhibit 1 illustrates various taxes levied in the American colonies.

By any technical definition of the term "taxes," quit-rent would not be considered a tax. The quit-rent system was an inextricable part of the feudal manorial land system transported from England to American soil. All lands discovered by English subjects were considered feudal possessions of the English Crown. The privilege of holding various territories in liege to the Crown was conferred upon a lord as a Royal prerogative. Grants of lands were made by the liege lords to the settlers. In the southern colonies, the quit-rents were designated to cover the expenses of administering each colony.⁵ Among the thirteen colonies the importance of the quit-

Exhibit 1
Taxes Levied in the Colonies

	Tax									
	Poll Tax	Land	Collective Mass of Property ^c	Horses and Cattle	All Farm Stock	Stock in Trade of Merchants	Money on Hand or at Interest	Houses, etc.	Slaves	Carriages
<i>Colony</i>										
Southern:										
Virginia	X	X		X ^b					X	X
North Carolina	X	X							X	
South Carolina	X	X				X			X	
Georgia	X	X				X		X	X	
Middle:										
New York	X	X	X		X					
New Jersey		X		X				X		X
Pennsylvania	X	X		X				X	X	X
Delaware	X	X	X ^a		X ^a					
Maryland	X	X	X		X				X	
Northern:										
Vermont	X	X		X			X			
New Hampshire	X	X		X		X	X			
Massachusetts	X	X		X		X	X	X		
Rhode Island	X	X	X		X					
Connecticut	X	X		X			X	X		X

^aAnnual income from^bHorses only^cWith certain exceptionsSource: Modified from Ely, *Taxation in American States and Cities*, p. 118.

rents differed sharply. In New York and New Jersey large tracts of land granted by the Dutch were free of this levy, while grants made after the acquisition of those colonies by the English bore this tax. The New England colonies did not have a firmly established system of quit-rent, owing to the Puritan's system of free tenure originally established in Plymouth Bay Colony which spread throughout Massachusetts.⁶ The strength of the quit-rent system was dependent upon the economic organization of the colony and was more firmly established in the South.⁷ It was not until 1776 that the quit-rent system finally ceased to exist.⁸

Another common source of revenue in the colonies was fees, licenses, and fines. While not a major source of revenue, most colonies imposed a tax on bachelors over the age of twenty-five while Virginia had a window tax. In most colonies, revenues at times were raised by means of a lottery.⁹ Almost from its founding the Virginia Company employed a lottery, and even Massachusetts, the moral center of Puritanism in North America, regularly used the lottery.¹⁰ The duties imposed were comprised of excise duties on the manufacture of liquor, export and import duties, and tonnage duties.¹¹ The history of the development of the property and poll taxes is in fact the history of the evolution of the faculty test in tax theory. This development will be analyzed according to geographical sections of the colonies.

The Southern Colonies

In the Southern Colonies, economic stratification was to become economic and social reality. The existence of an aristocracy based upon the amount of land held was a direct carryover from England. Under such an economic system, the tax system which evolved was comprised mainly of indirect taxes, especially custom duties, which shifted a disproportionate burden upon the lower economic classes. The land tax did not play a significant role in the tax system, because the landed aristocrats were in control of the governmental institutions and objected to bearing a large tax burden. A poll tax became increasingly impossible to retain after the introduction of negro slavery, because when the poll tax applied to slaves it became in effect a property tax to the slave holder.

During the earliest part of the colonial period, the territory that was to become the American colonies was not more than a vast wilderness. Living conditions were, at best, primitive.¹² Under these economic conditions, differences in personal status due to an inequality of possessions did not exist. In such a primitive society,

each member was deemed to be approximately equal. The poll or head tax, then, represents a measure of equity in taxation, for the measure of one's ability to bear the burden of governmental expenses is based upon mere numbers.¹³ The first poll tax in colonial America was enacted on August 8, 1619, a mere thirteen years after the founding of Virginia, in order to provide for the support of the civil officers, and was payable at the rate of one pound of tobacco per head.¹⁴ This tax was necessary due to a series of changes in the system of land tenure that had taken place between 1616 and 1619, which reduced the revenues of the Virginia Company. Not only did the changes in the land tenure system reduce the colony's revenue, but it also created three distinct social classes out of a relatively primitive society.¹⁵ It also sowed the seeds of discontent which were to surface in 1644, when poor weather resulted in a poor tobacco crop. In addition, an outbreak of Indian hostilities forced the abandonment of outlying farms, and disputes occurred between the partisans of the Cavaliers and Puritans, greatly disturbing the tobacco trade. By this time, the poll tax amounted to eighteen pounds per head, and the present economic conditions generated a class and sectional struggle for a more equitable distribution of the public burden. In 1645, in reply to this demand, the poll tax was supplemented by a property tax to last as long as hostilities with the Indians lasted.¹⁶

North Carolina developed the same three social classes during this time period—the gentry or large land holders, the yeomanry who owned and worked the land themselves, and white servants who were indentured for a term of service. Gradually, a fourth class developed, consisting of slaves. As in Virginia, the gentry class owned the majority of the slaves and resided in the eastern part of the state.¹⁷ The poll tax was extremely popular with the gentry because in practice the use of the poll tax differed widely from the theory that contributions should be measured in relation to one's ability to pay; thus in an agriculture environment with land being plentiful and cheap, a land tax would fall heavier upon the land owner, the inequity of retaining the poll tax favored the gentry class who controlled the legislature.¹⁸

After 1700, the poll tax in Virginia carried a declining share of the expenses of government. This parallels the development in England where direct taxes became unpopular under influence of politicians in the mold of Walpole and economists such as Petty and North.¹⁹ The general theory of taxation in vogue at the beginning of the eighteenth century in the English Empire was that land was paying its proportional share of the cost of government by means of the

quit-rents and custom duties.²⁰ With this decline of popularity of direct taxes, the gentry successfully shifted the type of taxes in use from the poll tax to custom duties and excise taxes.²¹ As a large slave class was developing in the colonies, the poll tax virtually became a property tax since the gentry were required to pay the tax on their slaves.²²

North Carolina, however, did not witness the decline in the significance of the poll tax; its importance increased during the same period. Virginia's population was growing during this time period as was North Carolina's; however, Virginia was realizing a larger growth in the slave population and a smaller growth in yeomen and poorer white inhabitants, while North Carolina was experiencing just the reverse in population growth, resulting in declining influence of the gentry in political matters. Land was more plentiful than slaves and the gentry held a greater proportion of the land. A land tax would have placed a larger tax burden on this class. As a poll tax required a greater proportion of income from the nonproperty owners than from the gentry, there was a distinct benefit for the gentry for paying only the poll tax.²³

Virginia assessed a faculty tax on attorneys, merchants, apothecaries, surgeons and physicians in an effort to tax those whose income was not dependent upon ownership of large tracts of land. However, this system lasted only four years before being abolished in 1790.²⁴ A faculty tax based upon the "estate, stock, and abilities, or the profits that any of them make off or from any public office or employment" of the citizens of South Carolina was enacted in 1701 for the same reason as Virginia's faculty tax and continued for the rest of the century. The scope of this law increased in 1703 to include "places of profits of whatever kind or nature soever."²⁵ In 1777, the clergy was exempted from this tax. The South Carolina faculty tax system along with that of Virginia was based upon the estimates of the tax collectors.²⁶

An act of the Maryland House of Burgesses in 1641 and 1642 granted a "subsudye to the Lord Proprietor to be raised by a poll tax of fifteen pounds of tobacco per every Free man, Free woman, and every servant" over the age of twelve years.²⁷ It was not until 1777 that a property tax was established. During the years 1777 to 1780, Maryland levied a faculty tax on the "amount received yearly" by "every person having any public office of profit, or an annuity or stipend," and on the "clear yearly profit" of "every person practicing law or physic, every hired clerk acting without commission, every factor, agent or manager trading or using commerce in this state in order to supplement the general property."²⁸ This tax as-

essed a tax rate of one-quarter of one percent for the years 1777 and 1778, which was increased to two and one-half percent for 1779, before being abolished in 1780. The combination of both the general property tax and the faculty tax was designed to tax income of all individuals whether such income was generated by working the land or by pursuing a trade or business. Thus, measuring the faculty of all individuals in the colony of Maryland.

Georgia was the last of the original thirteen colonies to be chartered. It was not until 1732 that King George II granted the charter to the trustees of the colony; a quit-rent system was included in the charter. To support the colony the charter required quit-rent payments at the rate of four shillings per every hundred acres. The payments were to begin ten years after the granting of land.²⁹ Similar to the other colonies, Georgia enacted a system of commissions, fines, licenses, and other fees designed to regulate and produce revenue.³⁰

In 1739, General Oglethorpe sent a letter to the trustees of the colony of Georgia complaining that no taxes were levied in order to support the militia.³¹ It was not until 1755 that the first tax law was enacted. This law was a general property tax. From the beginning, the property tax was an attempt to measure an individual's ability to bear the burden of governmental expenditures as measured by the amount of visual property. The list of taxable property was quite comprehensive, including land holdings, wharves, lots in the established cities and town, and buildings and improvements on the land rated for tax purposes based upon their value. Slaves were taxed as well as the rated import value of inventories of merchants, factors, and storekeepers. "Every hundred pounds let or lying at interest" were also taxed. Individuals were required to file a sworn written declaration of their assets. Penalties were imposed for both late filings and attempts to evade the tax.³² While the rates changed, this law served as the model for all general property tax laws in Georgia for the rest of the century. While the Maryland property tax was not as comprehensive as the Georgia law, the augmentation of the Maryland property tax by the faculty tax placed both colonies on approximately equal footing. Yet, the approaches were vastly different. The Maryland faculty tax was assessed the "amount received yearly" and the "clear yearly profit" of professional and tradesmen, while the Georgia faculty tax was a general property tax. In theory, the Maryland faculty could have been referred to as an income tax, however, in actual practice the assessment procedures employed in Maryland allowed the tax to become a classified poll tax.

A poll tax was not enacted in Georgia until 1786, when a provision of the general property tax law levied a tax on each "free mulattoe or mustie above age 16 years."³³ This provision was included in the general property tax laws during the rest of the century. In 1778, a poll tax of five shillings on white males between 15 and 60 years of age was levied to defray the cost of fighting the "rebellion" in the northern colonies. The poll tax on white males was removed in the 1783 tax act, except for those white males over the age of 21 years not following a lawful profession, "mechanical" trade or who did not cultivate five acres of land. With the tax act of 1785, the poll tax on white males over age 21 years appeared again along with the first poll tax on free negroes.³⁴

The New England Colonies

In the New England colonies, the economic and social relationships were approximately equivalent. Almost everyone owned land and the distribution of property was fairly equal. Politically, the New England colonies were democratic communities. In addition to the poll tax and custom duties, the New England colonies developed a tax upon the gross produce of land, computed according to the quantity or quality of the land, which was designed as a measure of the faculty to pay. This gross produce test evolved slowly into a real property tax and then to a general property tax. Eventually, the property tax was supplemented by a classified poll tax on various classes of town people who earned their subsistence on their labors and not on the produce of property. This classified poll tax was graduated on a subjective appraisal of the faculty of each class.

Revenues in the New England colonies were raised in the same way as in the other colonies, for the most part. In 1634, the Massachusetts Bay Colony assessed a tax on each man "according to his estate and with consideration of all other his abilities whatsoever."³⁵ Yet even when the law was refined in the next year to read that "all men shall be rated for their whole abilities, wheresoever it lies," the implication is that the law deals only with real property.³⁶ New Plymouth Colony defined ability as more than property in 1641, and in 1643 assessors were to rate "estates and faculties" including lands, improvements, and personal abilities.³⁷ No mention was made of the methods to be employed in measuring the individual's faculty until 1646, when the Massachusetts Bay Colony enacted a law equating abilities with the procession of an art or trade and assessed tax rates on the basis of returns and gains expected to be

earned from the practicing of such an art or trade.³⁸ In effect, this law taxed the gross income of the artists and tradesmen.

The value of land was calculated to be the capitalized value of its annual produce. In this law, there was a recognition of the fact that one's faculty to bear a tax was not limited to ownership of land.³⁹ However, the rating of the returns and gains of artists and tradesmen became a classified poll tax in actual practice. A court in 1689 set the valuation for various visible estates in New Plymouth Colony and left the practice of valuing faculties and personal abilities to be determined "at will and doome" as begun by the law of 1643.⁴⁰

In 1692, the Province of Massachusetts was formed by the merger of the Massachusetts Bay and New Plymouth colonies. During the period from 1692 to 1780, the legislature of Massachusetts continued the process of taxing the returns and gains of individuals. In the year of the merger, the legislature of the combined colony enacted two revenue laws. The first was designed to tax all "handicraftsmen" who could be rated by their income.⁴¹ Assessors were required to consider a "person's faculties and personal abilities" in assessing the amount an individual was required to pay under a 1697 law. Thus, the legislature fully intended to tax all income producing factors. Yet the Massachusetts legislature was uncertain that its intent was actually being carried out in the practice of assessing income, so in 1698 the legislature amended the law to include the clause "not excluding faculties." Again in 1699, the law was amended to include in the rating process any trade or faculty which is or shall be exercised by the taxpayer.⁴²

No additional changes in the law occurred until 1706, when interest was included in a person's trade or faculty and the tax rate was set at one penny per pound of assessment or the rate set by any town or district.⁴³ In the instructions as to what to rate, the Massachusetts legislature added the words business or employment in 1738, thereby increasing the scope of the law.⁴⁴ The rate of taxation of income was for the first time included in the 1777 law. Now the assessment was to be:

On the amount of their income from any profession, faculty, handicraft, trade, or employment; and also on the amount of all incomes and profits gained by trading by sea and on shore, and by means of advantages arising from the war and the necessities of the community.⁴⁵

Then in 1779, the law was modified to include instructions to the assessors to consider the method and the amount in determining

the rate. In reaction to apparent criticism the law also warned them to be just and reasonable. For the first time, the legislature set up a predetermined test as to what was to be considered unreasonable, when they included the phrase: "provided, they do not in any case assess such income and profits at more than five times the sum of the same amount in other kind of estate;" the next year this was increased to ten times.⁴⁶ This effectively transformed the tax into a classified poll tax. The same methods of assessing the public charges were to continue to the end of the eighteenth century, because the state Constitution adopted in 1780 required the continuation of those practices.⁴⁷

The colonies surrounding the Massachusetts Bay and New Plymouth Colonies eventually adopted the principles of taxation developed in these two colonies. In 1640, the Colony of New Haven required that both land and personal property bear half of the tax burden.⁴⁸ Dissatisfaction with this manner of taxation was evident as early as 1645 and the Court of Assistants considered:

How heavy the publique chardges grew, that most of them have bin expended for the publique safty and about things of common public vse, wherein all that live in the plantation have many priveledges in it have hitherto borne noe part of these publickque chardges, wherevpon it was debated whether or noe in equety such should not be rated some way or other for time to come, so as those that have borne the whole burden hitherto may be eased; but because it was not ripe for an issue, the court referred to . . . a committee.⁴⁹

In 1649, a faculty was levied upon laborers, tradespeople and other nonproperty owners in the same fashion that these groups were taxed in the Massachusetts Bay Colony.⁵⁰

Connecticut enacted a tax law in 1650 taxing lands and estates where "they lie and persons were they dwell."⁵¹ Not only was this law patterned after the Massachusetts Bay law, but the final clauses of this act were taken verbatim from the Massachusetts Bay Colony law of 1646. The development of the rating of artists and tradesmen parallels the development of such procedures and laws in Massachusetts Bay. In 1725, Connecticut enacted a law requiring attorneys to be assessed at least fifty pounds and additional sums in proportion to their practice.⁵² In 1771, the colony enacted a unique law requiring all traders and shopkeepers who sell at retail to be assessed at the rate of ten percent of their prime cost of all merchandise, and traders at wholesale; tradesmen, artificers, and

tavern-keepers would be taxed upon the amount of annual gains, incomes or clear profits as determined by the assessors.⁵³ The faculty tax in Connecticut continued until the end of the eighteenth century with the only modification made to exempt ordinary artisans.

Rhode Island developed a faculty tax later than the remainder of the New England colonies. It was not until 1673 that the Rhode Island Assembly required taxing of property and faculty for non-property holders. This was enacted because:

This assembly, taking into consideration the great dissatisfaction and irregularity that hath been by makeinge rates or raising a common stock for public charges in this Collony in general or for any perticular towne, and the great faileableness to accomplish it and great delaiies in performance, what was done, and the necessity there is for publick charge to be borne, and the justice it whould be done according to equety in estate and strength.⁵⁴

Unique to Rhode Island was the survival of the medieval practice of having every man assess his neighbors in addition to himself. The act stated that an individual shall be required to:

Give in writeinge what proportion of estate and strength in pertickelar he guesseth tenn of his neighbours, nameinge them pertickular, hath in estate and strength to his estate and strength.⁵⁵

In 1695, the task of addressing the taxable rate of merchants and tradesmen was transferred to three able and honest men selected to determine the rate by estimating the individual merchant's and tradesman's yearly profit.⁵⁶ Rhode Island allowed the faculty test to lapse in the period between 1744, when this tax was still in effect, and 1754. The tax on estates and polls were the only taxes levied in 1754 and 1755,⁵⁷ and the 1766 revision of the tax laws, which served as the basis of taxation for the remainder of the eighteenth century, did not contain a faculty tax.⁵⁸

New Hampshire relied on a faculty tax to raise revenue for a slightly longer period than Rhode Island. The faculty tax lasted from 1719 until 1794. During this time, the basic tax was modified twice, once in 1739 to speed the assessment process, and again in 1772 to limit the potential assessment to a sum of twenty pounds.⁵⁹ Neighboring Vermont was a part of New York until 1777. Once independent, Vermont patterned its laws after those of Connecticut. Vermont's first tax law in 1778 was a combination of Connecticut's 1725 tax law pertaining to a levy of at least fifty pounds on each

attorney and additional amounts in proportion to their practice, and the 1771 faculty tax on tradesmen, traders and artificers. The portions of both laws used by Vermont were taken verbatim from Connecticut's laws. Only the section of the 1771 Connecticut law pertaining to the ten percent tax on the retail merchandise was not enacted in Vermont.⁶⁰ In 1791, attorneys were included among those artisans taxed in relation to their gains as assessed by the listers.⁶¹ Merchants, traders, owners of mills, mechanics, licensed attorneys, practitioners of physic or surgery and all other persons engaged in buying, selling or exchange were required to be assessed in proportion to their gains and returns.⁶²

The Middle Colonies

The Middle Colonies were not only in the middle geographically, but also in an economic and social sense. Particularly in New Netherlands there was not a significant number of large landholders as there was in North Carolina or Virginia; nor was there as equal a distribution of wealth as in the New England colonies. In the Middle Colonies, the moneyed, trading class dominated and assimilated the Dutch system of business, accounting, and taxation. Indirect taxation of trade, through an excise tax system similar to that in use in Holland, was the major source of revenue. New Netherlands (which included what is now the state of Delaware) did not impose a system of poll and property taxes similar to New England nor did it impose a system of indirect custom duties as did Virginia and North Carolina.

A faculty tax was a rarity in the Middle Colonies. During the Dutch domination of New York (New Netherlands), the tax system was composed almost entirely of excise taxes and custom duties. Under English control, in 1692, a general property tax was introduced in order to support their Majesties King William and Queen Mary. This tax was levied at a rate of one penny per pound of assessed value on all estates, real and personal.⁶³ The next year, a poll tax was levied by the Assembly. Each county was required to collect a specific sum; thus the rate of poll tax varied county by county. The total sum to be collected was six thousand pounds in order to raise an army to proceed to the Albany area to fight the enemies of the King in the King William War against the French and their Indian allies.⁶⁴

In 1678, Governor Andros of Delaware first proposed a tax of one penny per pound of assessed value on every man's estate. The colony court of New Castle replied that it was nearly impossible to de-

termine the value of each estate and collect the suggested tax. Instead, the court desired to levy a simple poll tax.⁶⁵ At the quarter sessions of the Assembly, expenses of government were to be calculated and the assessment rate determined. One-half of the tax was to be levied on the land in the three counties comprising Delaware, and the other half was to be levied as a poll tax. However, if the landowner did not reside in Delaware, the law of 1663 required that the second half of the tax become an additional assessment on the land.⁶⁶

To finance the raising of an army to fight in the King William's War, the Assembly enacted a property tax in 1693, 1694, and 1695. The rate of tax was one penny per pound of assessed value on both real and personal property, with an accompanying poll tax of six shillings if the assessed value of all property of an individual was assessed at less than one hundred pounds.⁶⁷ A similar faculty tax was enacted in 1752 as part of a general property tax. Individuals with no visible estate would be taxed not less than 12 pounds nor more than 24 pounds.⁶⁸ Under a 1796 law, stock in trade was assessed in order to tax "merchants, tradesmen, mechanics, and manufacturers in proportion to their gains and profits."⁶⁹ However, the faculty of the listed party was measured by classifying stock in trade as personal property; thus, the faculty of those individuals not requiring stock was not measured.

The development of this faculty tax in Delaware was not the first of its type in the Middle Colonies. New Jersey had enacted a tax on tradesmen, traders, and artificers who resided within that province in 1684.⁷⁰ Typical of laws of this type, it was designed to tax profits and gains of those covered by the law. The tax was intended to supplement the general property tax by including in the tax base those individuals who would have escaped taxation by not owning land. The other middle colony, Pennsylvania, did not have a faculty tax until after the beginning of the Revolution. A classified poll tax was enacted in 1782, which included all freemen except ministers. "Manufactures and mechanics" were exempted in 1785.⁷¹ This still was not a true faculty tax. While both the 1782 law and the 1785 law stated that all freemen subject to this tax should be rated at the discretion of the assessors, placing due regard on the profits arising from the offices, posts, trades, and occupations of the free men, in actuality the assessors were subject to legislative restrictions. As is illustrated in Exhibit 2, the poll tax had both the lower and upper limits fixed.

In relation to similar taxes in other colonies, Pennsylvania set a very low maximum tax rate. Even these rates were not imposed all

Exhibit 2

Pennsylvania's Classified Poll Tax
(Originally Enacted: 1782)
and
Amended: 1785)

Class	
Freemen of no profession or calling	50¢ to \$10.00
Tradesmen	30¢ to \$2.00
Tavern-keepers, shop-keepers and other retailers	50¢ to \$5.00
Brokers, bankers, merchants, lawyers and physicians	\$1.00 to \$10.00
Persons of professions or occupations not included above	25¢ to \$8.00
Exemptions: Schoolmasters, ministers of the gospels, mechanics, and manufacturers.	

Source: *American State Papers, Finance*

the time; the classified poll tax rates listed were only to be imposed when the tax rate on real property was set at one percent, and the poll tax rates were to be reduced when the property tax rates were lower.⁷²

Summary

One must recognize that the theories prevalent during the later colonial period did not vanish with the commencement of the Revolution. Colonial governmental institutions continued for a time after the Revolution had been won. It took some time for a distinctly American system to develop. This author has attempted to mitigate any possible exclusions due to considering 1776 as the end of the colonial period by extending this period to the end of the eighteenth century.

In analyzing the history of taxation in the American colonies, it is evident that once the colonies progressed past the primitive stage, the tax system of the various colonies evolved unique regional characteristics. This evolution was not smooth and continuous, but often yielded to the monetary demands of expediency or other counter-vailing considerations. Ultimately the system of taxation in each

colony developed to satisfactorily balance the financial need of the colony with the reality of the economic and social relations of the colonies. Differences in the needs of the various colonies generally resulted in the assimilation of different forms of the English financial system. The political and economic organization of the colonies accounts for many differences, and the pattern of organization of each colony was dependent upon the time period in which it was originally organized.

The primitive revenues of the colonies were comprised of the feudal quit-rents, of custom duties on both imports and exports, of poll taxes, of fees and fines, and of subsidies from the colonizing powers. Later a faculty test was developed.

The evolution of the principle of faculty to pay (or vertical equity) occurred amid the clashing of divergent interests. Conflict arose out of attempts of the various social classes to shift the burden of taxation onto the other classes. The earliest form of taxation contained no idea of equity, only the concept of might. As the economic environment developed, the primary attempt to incorporate equity into the tax system was incorporated in the poll tax. During the colonial period, measures of the ability to pay progressed from existence, to expenditures, to property, and finally to product. At various times each of these measures was designed to test the individual's faculty to bear the burden of government, and his obligation for payment was based upon this test. For a time each measure was considered the most equitable and practical method to appraise the individual's faculty. As economic conditions changed a new measure was required, because if the test of faculty is not coordinated with economic and social reality, the system of taxation is doomed to failure.

FOOTNOTES

¹Ripley, p. 9.

²Ripley, p. 9.

³Seligman, *Essays in Taxation*, p. 1.

⁴Paul, p. 35.

⁵Parker, pp. 39-40.

⁶Parker, p. 66.

⁷Ely, *Taxation in American States and Cities*, p. 112.

⁸Parker, p. 67.

⁹Ely, *Taxation in American States and Cities*, pp. 112-113.

¹⁰Ripley, p. 106.

¹¹Ely, *Taxation in American States and Cities*, pp. 114-115.

¹²Parker, pp. 35-36.

¹³Seligman, *Essays in Taxation*, p. 10.

¹⁴Ripley, p. 18.

- ¹⁵Ripley, pp. 12-14.
¹⁶Ripley, pp. 25-26.
¹⁷Parker, pp. 100-101.
¹⁸Ripley, p. 42.
¹⁹Ripley, p. 25.
²⁰Ripley, p. 32.
²¹Ripley, p. 36.
²²Ripley, p. 122.
²³Ripley, p. 122.
²⁴Seligman, *The Income Tax*, p. 380.
²⁵Seligman, *The Income Tax*, p. 379.
²⁶Seligman, *The Income Tax*, p. 300.
²⁷Ely, et al., "Sketch of Tax Legislation in Maryland," p. CXXXIX.
²⁸Seligman, *The Income Tax*, p. 379.
²⁹Candler, Vol. 1, p. 18.
³⁰Candler, Vol. 1, pp. 33-34.
³¹Candler, Vol. 23, p. 16.
³²Candler, Vol. 18, pp. 66-67.
³³Candler, Vol. 19 part 1, pp. 30-32.
³⁴Candler, Vol. 19 part 2, p. 527.
³⁵Shurtleff, Vol. i, p. 120.
³⁶Shurtleff, Vol. i, p. 166.
³⁷Pulsifer, Vol. xi, p. 42.
³⁸Seligman, *The Income Tax*, p. 368.
³⁹Seligman, *The Income Tax*, p. 369.
⁴⁰Pulsifer, p. 211.
⁴¹*Acts and Resolves of the Province of Massachusetts Bay, 1692 to 1780*, Vol. i, pp. 29 and 92.
⁴²*Acts and Resolves of the Province of Massachusetts Bay, 1692 to 1780*, Vol. i, pp. 302 and 413.
⁴³*Acts and Resolves of the Province of Massachusetts Bay, 1692 to 1780*, Vol. i, p. 592.
⁴⁴*Acts and Resolves of the Province of Massachusetts Bay, 1692 to 1780*, Vol. i, p. 934.
⁴⁵*Acts and Resolves of the Province of Massachusetts Bay, 1692 to 1780*, Vol. i, p. 756.
⁴⁶*Acts and Resolves of the Province of Massachusetts Bay, 1692 to 1780*, Vol. i, pp. 110 and 1163.
⁴⁷Seligman, *The Income Tax*, p. 373.
⁴⁸*Records of the Colony and Plantation of New Haven*, Vol. i, p. 40.
⁴⁹*Records of the Colony and Plantation of New Haven*, Vol. i, p. 181.
⁵⁰*Records of the Colony and Plantation of New Haven*, Vol. i, p. 494.
⁵¹*Acts and Laws of His Majesty's English Colony of Connecticut In New-England in America*, Vol. i, p. 198.
⁵²*Acts Passed by the General Court or Assembly of His Majesties' Colony of Connecticut In New-England, 1725*, p. 312.
⁵³*Acts and Laws of His Majesties' English Colony of Connecticut In New-England in America, 1771*, p. 258.
⁵⁴*Acts and Laws Of His Majesty's Colony of Rhode-Island, and Providence-Plantations, In America*, p. 108.
⁵⁵*Acts and Laws Of His Majesty's Colony of Rhode-Island, and Providence-Plantations, In America*, p. 109.

- ⁵⁶*Acts and Laws Of His Majesty's Colony of Rhode-Island, and Providence-Plantations, In America*, p. 125.
- ⁵⁷*Acts and Laws of the English Colonies of Rhode Island and Providence Plantations*, p. 218.
- ⁵⁸Lowrie and Clark, Vol. i, p. 422.
- ⁵⁹*Acts and Laws of His Majesty's Province of New Hampshire*, pp. 30 and 180.
- ⁶⁰Wood, pp. 32 and 36.
- ⁶¹*Laws of Vermont, 1791*, p. 266.
- ⁶²Wood, p. 39.
- ⁶³*An Act for Granting to Their Majesties the Rate*, p. 1.
- ⁶⁴*Anno Regni Gulielmi & Mariae, REGIS & REGINAE, Angliae, Scotiae, Franciae & Hiberniae, QUINTO, and Act for Raising Six Thousand Pound*, p. 1.
- ⁶⁵Daughterty, p. 14.
- ⁶⁶Daughterty, pp. 16-17.
- ⁶⁷Daughterty, p. 29.
- ⁶⁸*Laws of the Government of New-Castle, Kent, and Sussex Upon the Delaware*, p. 234.
- ⁶⁹Lowrie and Clark, Vol. i, p. 429.
- ⁷⁰Leaming and Spicer, p. 187.
- ⁷¹Seligman, *The Income Tax*, p. 377.
- ⁷²Seligman, *The Income Tax*, p. 378.

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