

# Funding relief: Fiscal Federalism under the New Deal

Price Fishback, University of Arizona

Theresa Gutberlet<sup>1</sup>, Rensselaer Polytechnic Institute

John Wallis, University of Maryland

Preliminary Draft

October 28, 2014

## Abstract

The Great Recession of the 2000s has led to renewed debates about the responses of the national and state governments to economic crisis and long run trends. The 1930s offer the most relevant historical example to the current situation, as tax revenues dropped in the early 1930s, demands on government expanded, and the federal government provided new funding to the states. Building on work by Wallis (1984), we create a new panel data set of state finances between 1933 and 1938 to investigate how state spending responded to federal funding under the New Deal. Our preliminary results confirm that states raised own spending on relief after receiving federal grants for public assistance, welfare, and employment programs.

## 1. Introduction

The Great Recession of the 2000s has led to renewed debates about the appropriate responses of the national and state governments to economic crises. Many states ran deficits on current operations as tax revenues declined and the demands on state aid to the poor increased in 2008 and 2009. The Federal Recovery Act of 2009 expanded federal spending, including aid to state governments to help them continue their operations. The Great Depression and the New Deal offer the most relevant historical example to the Great Recession. Output fell by 30 percentage points in the Great Contraction between 1929 and 1933 (Fishback 2007), forcing states to adjust taxation in order to maintain revenue stream. Unemployment increased by 17 to 20 percentage points (Margo 1993), raising the demand for public welfare.

Prior to 1930, general public relief was organized at the local level (Fishback and Thomasson 2006), therefore the initial responses to the recession were at the local level.

---

<sup>1</sup> Corresponding author, contact: [gutbet@rpi.edu](mailto:gutbet@rpi.edu)

We acknowledge support from the National Science Foundation Grants 1357744 and 1357662.

For example, cities in Ohio used their local shares from property taxes to hand out direct relief and to establish work-relief programs starting in 1929 (Maurer 1975). The state of Ohio assumed fiscal responsibility for the relief effort in 1932, when it established the Ohio State Relief Commission to provide funding for direct relief and public works (Dorn 1992). States also offered loans to local governments to support ongoing expenditures. For example, Massachusetts created the Emergency Municipal Finance Board in 1933, which supervised the provision of \$ 30 Million to local communities in its first year.<sup>2</sup>

The states had to find ways to fund their new fiscal responsibilities when their own revenue streams were suffering from the economic contraction. Many did this by adding new taxes. Between 1930 and 1940, the number of states with income taxes rose from 16 to 36 and 24 states introduced a general.<sup>3</sup> The federal repeal of prohibition in 1933 made it possible to levy sales and license taxes on alcoholic beverages, which were collected all 51 states by 1940. States with income taxes reduced exemptions and increased tax rates during the 1930s. For example, Maryland began to tax personal incomes in 1937 at the rate of 0.5 percent with an exemption of \$2,500 for married couples. In 1939, the rate was increased to 2.5 percent and the exemption was lowered to \$2,000.<sup>4</sup>

The federal government began to provide funding in the form of matching grants and loans for relief and recovery in 1932 under President Hoover. Federal funding for highway construction supported the states' relief efforts by reducing unemployment, but states were obligated to raise a share of construction costs under the matching rules in the Highway Act of 1916 (Fishback 2010). Federal grants to states for relief became available for the first time under the New Deal. The Federal Emergency Relief Administration (FERA), Works Progress Administration (WPA), Civil Works Administration (CWA), Civilian Conservation Corps (CCC), Public Works Administration (WPA), and the Social Security Act provided funds for direct transfers or work relief projects.

The statutes of most New Deal programs include matching provisions, requiring that states raise their own funds to cover a share of relief spending. However, congressional and administrative documents suggest that the matching provisions were enforced unequally across states (Fishback and Wallis 2013). For example, Alabama state and local governments provided six percent of the funds for FERA programs, while California governments funded 30 percent of FERA spending (FERA 1937). The PWA had a mandate to fund no more than 30 percent of specific project costs, but states could receive loans to cover a large share of the remaining costs. The only agency that appears to have enforced the statutory matching rates for its programs is the Social Security Administration, which provided funds for public assistance programs after 1935.

---

<sup>2</sup> The Boston Globe 24 February 1933

<sup>3</sup> Financial Statistics of States 1930 and 1940

<sup>4</sup> State of Maryland, Special Session April - May 1937, Chapter 11, Session Laws, Vol. 417, p. 22 ff. and Regular Session January - April 1939, Chapter 277, Session Laws, Vol. 581, p. 468 ff.

## 2. Empirical Analysis

Our empirical analysis investigates how state spending on relief responded to federal funding opportunities under the New Deal. On the one hand, the matching provisions of the New Deal programs indicate that the states had to finance a share of relief and recovery expenditures with own funds. In other words, state spending on public assistance and welfare services should have increased in states that received federal grants for relief programs. On the other hand, the evidence from New Deal program reports suggests that the matching provisions were not applied equally across states and may not have been enforced at all. Furthermore, states that took over fiscal responsibility for charitable expenditures from local governments in the early 1930s could have replaced state level relief with participation in the New Deal. In this case, federal spending on relief could have provided a substitute for state spending.

We build on the empirical approach in Wallis (1984) to test whether federal relief spending acted as a complement or substitute to state spending. Our panel data set allows us to add fixed effects to the regression.

$$Relief_{it} = \beta_1 Grants_{it} + \beta_2 Income_{it} + \beta_3 Employment_{it} + \beta_4 State_i + \beta_5 Year_t + \varepsilon_{it}$$

In the regression equation,  $Relief_{it}$  measures total per capita spending on relief by state  $i$  in year  $t$ , which includes current expenditures for care in state institutions, grants to private charitable organizations, payments for public assistance and child welfare, and expenditures for unemployment relief and employment services. To identify each state's own spending on relief, we subtract its current receipts from relief related federal grants. State  $i$ 's revenue from federal grants enter our regression equation as the main variable of interest  $Grants_{it}$  on the right hand side. We are interested in the sign of  $\beta_1$ , which indicates whether federal and state relief were complements ( $\beta_1 > 0$ ) or substitutes ( $\beta_1 < 0$ ).

We include  $Income_{it}$  and  $Employment_{it}$  to control for the demand for public relief as well as the states' ability to raise revenue.  $Income_{it}$  is composed of two variables, per capita automobile and truck registrations in state  $i$  in year  $t$  and per capita income based on estimates of total income in state  $i$  in year  $t$ . Vehicle registrations serve as a proxy for the median income level, which may be a more relevant measure of the need for public assistance than average income.  $Employment_{it}$  measures the level of employment, using an index that compares the employment level in state  $i$  in year  $t$  to the level of employment in the state in 1929. The control variables are taken from Finally,  $State_i$  and  $Year_t$  are sets of state and year fixed effects. Our information about state relief expenditures and grant receipts comes from state financial reports, which are difficult to read and differ greatly in their content and format across states. Therefore, we use state fixed effects to limit measurement error in our variables of interest. We assume that the unobserved factors influencing state relief spending  $\varepsilon_{it}$  are uncorrelated with the observed right hand side factors.

### 3. Sources and Construction of State Panel Data

Data on state finances has been collected and published by the U.S. Census Bureau since 1915 in an annual series entitled “Financial Statistics of States”.<sup>5</sup> However, the publication was interrupted from 1932 to 1936, leaving a large data gap when many New Deal programs came into effect. In order to fill this gap, we have collected annual financial reports by state comptrollers, state auditors, and treasury departments between 1930 and 1940. The state reports list receipts into revenue funds and disbursements made from these funds, but often the line items do not match the categories used by the U.S. Census Bureau. Furthermore, states administered multiple general, special, sinking, trust, and investment funds, often making it unclear whether receipts into and disbursements from individual funds reflect current revenues and cost payments or transfers across funds.

We have collected additional sources to help us match the state reports to the “Financial Statistics of States”. To our knowledge, the U.S. Census Bureau published only one summary of instructions for the compilation of the 1930s “Financial Statistics of States”.<sup>6</sup> The small booklet includes general descriptions of the U.S. Census Bureau’s revenue and cost payments categories as well as special inquiries that census employees were to make about specific budget items and funds. In addition, we have collected tax commission reports that explain the allocation of tax revenues into specific funds, helping us to distinguish between revenues and internal transfers. Finally, we have used the appropriation acts passed by state legislatures to find more information about the purposes of particular disbursements.

We use these sources to create a panel data set of state finances, adopting the current revenue and current cost payments categories used in the “Financial Statistics of States”, which are shown in Tables 2 and 3 in the appendix. Our panel currently covers 18 states across all four census regions of the United States including Connecticut, Rhode Island, New Hampshire, Pennsylvania, and Maryland in the Northeast, Virginia, Louisiana, Oklahoma, and South Carolina in the South, Michigan, Minnesota, Nebraska, and Ohio in the Midwest, and California, Colorado, New Mexico, Utah, and Washington in the West. The complexity of state funds has forced us to abandon our original goal of matching the state financial reports to the “Financial Statistics of States” by using just one or two years of overlapping data. As a result, our panel currently includes revenue receipts and cost payments from 1933 to 1938, using only information from state reports.

#### 3.1 Current Revenue Receipts

Maryland’s finances serve as an example to explain the construction of our panel data set. Table 3 presents our summary of Maryland’s current revenue receipts based on the state

---

<sup>5</sup> United States. Bureau of the Census, *Financial Statistics of States*, Government Printing Office, Washington D.C., 1915 -

<sup>6</sup> United States. Bureau of the Census, *Financial Statistics of States: Instructions to Clerks and Special Agents*, Government Printing Office, Washington D.C., 1928

comptroller reports and the U.S. Census Bureau's account from the "Financial Statistics of States". According to our reading of the comptroller reports, Maryland's total 1930 revenue was \$31,143,559, which is only \$15,841 smaller than the census' figure of \$31,159,400. However, our total revenues for 1938 to 1940 are substantially smaller than the numbers provided in the "Financial Statistics of States" with the largest difference equal to \$20,907,368 in 1940.

The likeliest reason for this discrepancy lies in the structure of Maryland's special revenue funds. In the comptroller reports, receipts into special funds are often aggregated at the fund level, for example the section "Sundry Funds Income" includes the line item "State Accident Fund". Maryland's session laws of 1914 explain the revenue source for this particular fund.

"Ten per centum of the premiums collected from employers insured in the State Accident Fund shall be set aside by the Commissioners of the State Accident Fund for the creation of a surplus [...]."<sup>7</sup>

The act indicates that Maryland used the "State Accident Fund" to collect insurance premiums, which are nonrevenue receipts because they increase the state's assets but also raise its liabilities.<sup>8</sup>

A comparison of the top and bottom sections of Table 4 shows that the largest discrepancy between our revenue account and the "Financial Statistics of States" arises in the classification of tax revenues. For the years 1937 to 1940, our account of Maryland's total tax revenue is substantially lower than that of the U.S. Census Bureau, the largest difference is equal to \$19,485,440 in 1940. A possible reason for this discrepancy is that some tax receipts were earmarked for debt service and booked into special funds, where they cannot easily be recognized. The following section presents our data on tax revenues in more detail to show what we can learn from the comptroller reports despite this challenge.

We have a detailed account of Maryland's taxes at the beginning of the 1930s, because the state revised its tax laws in 1929.<sup>9</sup> Table 5 presents our account Maryland's major tax revenues compared to the figures provided by the U.S. Census Bureau. Although our total tax revenue is significantly lower than the census' for 1937 to 1940, the two series match very closely for most important tax categories. In particular, the largest discrepancies for property, income, and sales taxes between the two series are equal to \$189,633 for property taxes in 1940, \$62,222 for income taxes in 1939, and \$2,556,439 for sales taxes in 1937.

---

<sup>7</sup> State of Maryland, Regular Session Jan - April 1914, Session Laws, Chapter 800, Section 23, p. 1441f.

<sup>8</sup> United States. Bureau of the Census, *Financial Statistics of States: Instructions to Clerks and Special Agents*, Government Printing Office, Washington D.C., 1928, p.8

<sup>9</sup> State of Maryland, Regular Session January – April 1929, Chapter 226, Session Laws, Vol. 572, p. 621ff

Maryland introduced its first state income tax at a rate of 0.5% on all corporate and individual incomes with exemptions of \$1,000 for individuals, \$2,500 for married couples, and \$400 for each dependent in 1937.<sup>10</sup> According to the state comptroller reports, the initial revenue was equal to \$3,377 in the fiscal year ending in 1937 and reached \$1,012,242 in the fiscal year ending in 1938. The income tax was amended in 1939, raising the levy to 1.5% for corporations, 6% for individual investment income, and 2.5% for individual wage income with a smaller exemption of only \$2,000 for married couples.<sup>11</sup> The top of Table 6 shows that the revenue from the amended income tax was \$7,633,687 or 19.4% of Maryland's tax revenue by 1940. This figure is closely matched by the \$7,637,000 in the "Financial Statistics of States" in the same table.

Prior to 1937, the "Financial Statistics of States" do not include a category for sales taxes, therefore we cannot compare this figure directly to the census' account. Earlier volumes include the categories "Gasoline Tax" and "Motor Vehicle Titling Tax" in "Business License Taxes", which we show in Table 6. Maryland began to tax fuel purchases in 1922 at the rate of \$0.01 per gallon, increasing the rate to \$0.04 in 1927 and \$0.05 in 1947.<sup>12</sup> The first motor vehicle titling tax with a rate of 1 % of "...fair market value of every motor vehicle for which an original certificate of title [is issued]" appears in Maryland's session laws of 1936.<sup>13</sup> Table 7 shows that revenue from automobile titling appears regularly in the state comptroller reports from 1930 onward, but it does not increase significantly until 1936, when it jumps from \$161,942 to \$702,330.

### 3.2 Current Cost Payments

Maryland's total cost payments increased from \$27,398,468 in 1930 to \$46,469,868 in 1939 according to our reading of the state comptroller reports. The "Financial Statistics of States" report lower levels but a similar increase from \$21,579,370 to \$42,573,000. Table 8 shows that the sharpest rise in total cost payments from \$27,956,775 in 1933 to \$41,075,448 in 1934 is due to spending on employment services. Generally, state government expenditures do not rise dramatically from one year to the next, because new spending has to be matched by new revenue. However, according to the 1934 comptroller report, all spending on employment services in the fiscal year ending in 1934 was paid from the "Unemployment Relief Federal Fund", indicating that it was financed through federal grants.

Maryland's spending in the category "Charity" shifted away from state grants to private charitable institutions in the early 1930s to spending on public assistance under the New Deal. Table 9 shows our breakdown into spending on public assistance, grants, and welfare services. Prior to 1936, almost all spending on charity in the comptroller reports was paid

<sup>10</sup> State of Maryland, Special Session April - May 1937, Chapter 11, Session Laws, Vol. 417, p. 22 ff.

<sup>11</sup> State of Maryland, Regular Session January - April 1939, Chapter 277, Session Laws, Vol. 581, p. 468 ff.

<sup>12</sup> *Maryland's Revenue Structure*, p.170 ff.

<sup>13</sup> State of Maryland, Regular Session January - April 1936, Chapter 3, Session Laws, Vol. 577, p. 5 ff.

to private institutions in the form of grants.<sup>14</sup> The state's sole direct expenditure was for supervision through the "Board of State Aid and Charities". From 1936 onward, the comptroller reports include aggregate payments to "State Aided Institutions", which are equal to \$1,194,215 in 1936 and rise only slightly to \$1,307,600 in 1939. These aggregates match the U.S. Census Bureau's figures in the subcategory "Other" in "Grants to Minor Civil Divisions", indicating that the census included grants to private institutions here.

Starting in 1936, the comptroller reports list disbursements from federal and other trust funds with titles like "Old Age Assistance Federal Fund" and "Public Assistance Fund for Aid to the Needy Blind". We categorize these disbursements under "Public Assistance" in Table 9, which shows that they are much larger than the corresponding figures in the "Financial Statistics of States". The differences are explained by the census' separation of spending into "Public Assistance" and "Grants to Minor Civil Division", which together add up to total spending in "Public Assistance" according to the state comptroller reports. In this regard, our panel cannot provide the same distinction between government spending at the state and local level as the "Financial Statistics of States".

#### 4. Results

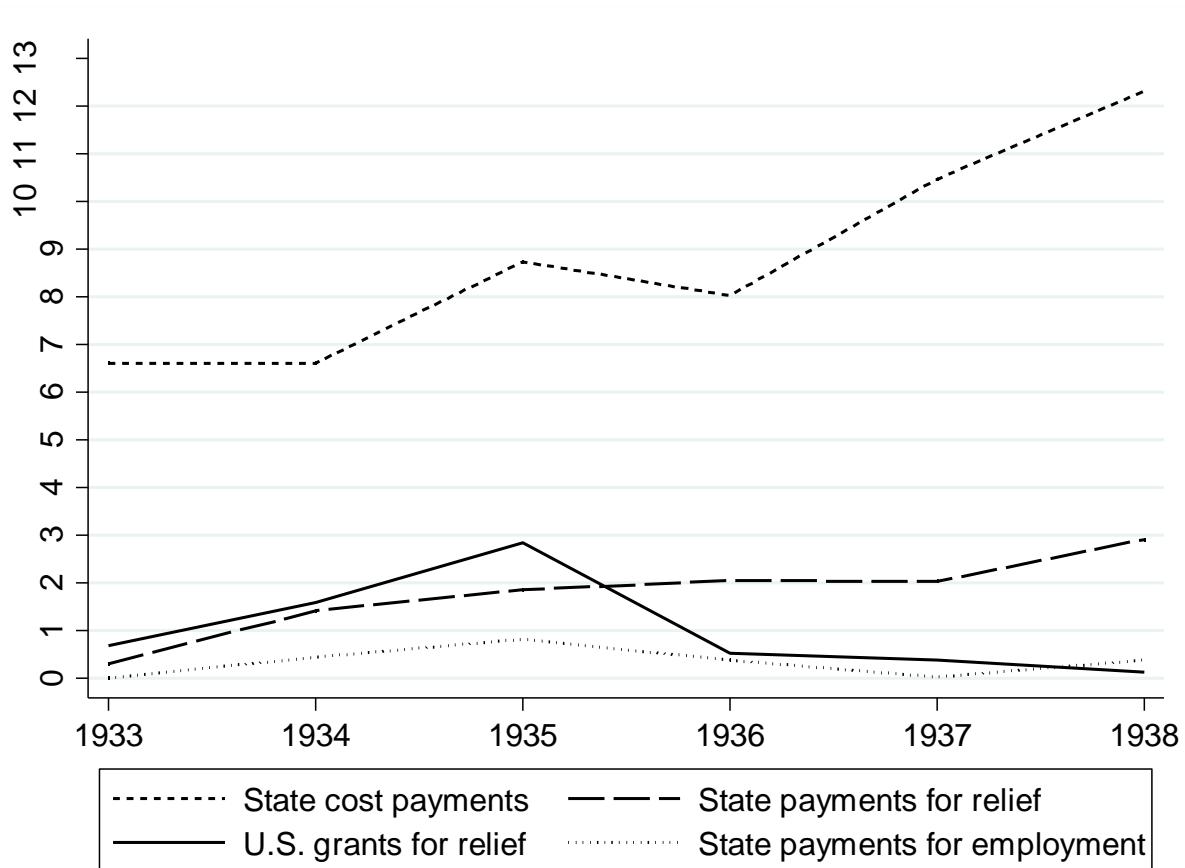
Our panel shows substantial increases in state expenditures and revenues between 1933 and 1938, consistent with the expansion of fiscal responsibility at the state level and the introduction of new taxes to finance the spending increases. In particular, average per capita spending on relief rose from \$ 0.31 in 1933 to \$ 2.91 in 1938, measured in 1967 U.S. dollars. Figure 1 shows that half of the initial large increase in average relief expenditures in 1934 and 1935 was due to spending on unemployment relief and employment services. From 1936 onward, spending on charity, which includes public assistance and welfare services, constitutes almost all of the states' overall relief effort.

In our panel, per capita state revenue receipts from relief related federal grants also reached their highest level of \$ 2.85 in 1935, surpassing the average level of state relief spending. The concurrent rise in federal grant receipts and state spending suggests that states financed their relief efforts entirely by using federal funding. However, from 1936 to 1938, average state spending on relief continued to increase, while the states' receipts from federal grants for charity and employment programs decreased significantly. By 1938, the average state in our panel spent approximately one quarter of total current cost payments on relief related programs and received less than 5 percent of this spending in relief related grants from the federal government.

---

<sup>14</sup> Before 1936 the comptroller reports list each institution that received moneys from the state as an individual line item. We categorize these institutions as providing aid to the elderly, children, blind, or other groups based on their names and confirm that they are private by checking that they are listed as state aided institutions in the appropriation acts in Maryland's session laws.

Figure 1. Per capita state spending on and federal grant receipts

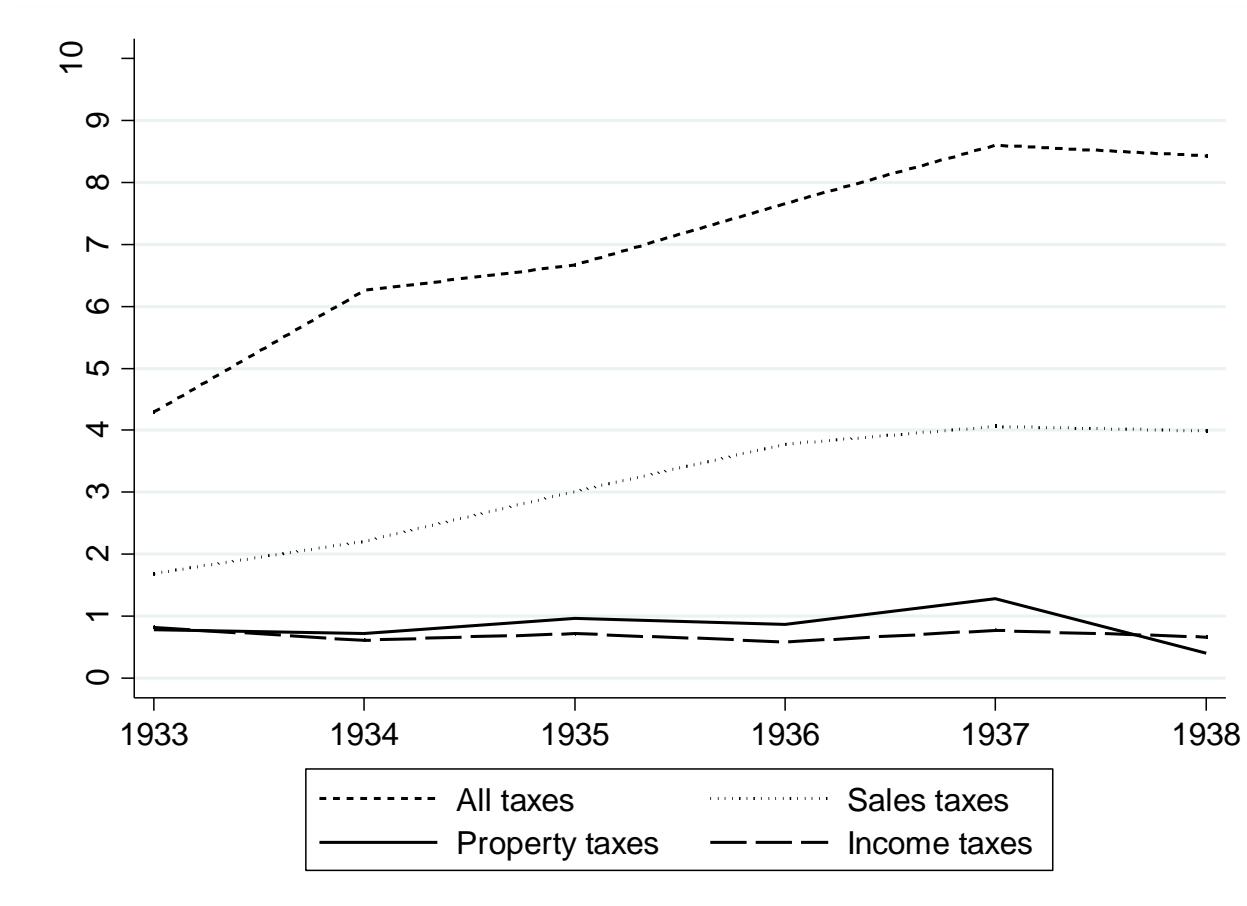


The graph shows average per capita current cost payments on relief (charity and employment programs) compared to per capita total cost payments and state receipts from federal grants for relief. Sources: Own tabulations based on state financial reports.

While the trends in relief spending suggest that the states must have used their own funds in addition to federal grants to finance their relief efforts, the summary statistics may be misleading. The state financial reports do not show directly how revenue receipts from federal grants were spent, therefore we cannot say with certainty that relief expenditures from 1936 to 1938 were not funded with grant receipts from 1935. Before turning to the panel regression, we can examine the states' ability to fund their relief efforts using their own tax revenues. Figure 2 shows that average per capita tax revenue increased substantially from \$ 4.30 to \$ 8.43, measured in 1967 U.S. dollars. Sales taxes contribute a substantial fraction of the revenue increase, consistent with the introduction of general and special excise and usage taxes in the second half of the 1930s. In particular, 12 of the 18 states in our sample report tax revenue from alcoholic beverage sales following the federal repeal of prohibition in 1933.<sup>15</sup>

<sup>15</sup>The states are Maryland, Connecticut, Pennsylvania, New Hampshire, Oklahoma, South Carolina, Louisiana, Michigan, Minnesota, Nebraska, Washington, and Colorado. In addition, Rhode Island, Ohio, Iowa, Virginia, Utah

Figure 2. Per capita tax revenue



*The graph shows average per capita revenue from state property, income, and sales taxes. Sources: Own tabulations based on state financial reports.*

The revenue share of state income taxes remained relatively low throughout 1938. Nine of the 18 states in our sample report revenue from personal or corporate income taxes in 1933, four additional states had income tax revenue by 1937. However, many early adopters allowed for relatively high exemptions in their first income tax bills. For example, Louisiana began to tax individual income in 1934 at the rate of 2% on incomes between \$3,000 and \$10,000, 4% on income above \$40,000 and 6% on income above \$50,000. Per capita personal income in the state was equal to \$263.54 at the time, suggesting that the new tax applied to a very small fraction of the population. Similarly, California set its individual exemption at \$1,000 when the state introduced a personal income tax in 1935, and Virginia set the personal exemption at \$1,000 in its 1926 income tax revision.

---

and report revenue from license taxes for the alcoholic beverage sales, which are not included in the tabulation of sales taxes.

Table 1. Regression Results

	State relief spending per capita		
	(1)	(2)	(3)
U.S. Grants for relief per capita	0.6188*** (0.2901)	0.5917** (0.2963)	0.5257* (0.2938)
Employment index	-	0.0033 (0.0099)	-0.0251 (0.0232)
State income per capita	-	-0.0002 (0.0004)	0.0043** (0.0022)
Vehicle registrations per capita	-	5.9656 (2.1939)	-6.3534 (17.7899)
State FE	No	No	Yes
Year FE	No	No	Yes
N	84	84	84
F-statistic	4.55	3.33	4.67
adjusted R <sup>2</sup>	0.0410	0.1010	0.5442

\*\*\* Significant at p < 0.01; \*\* significant at p < 0.05; \* significant at p < 0.1.

*Per capita state relief spending, receipts from U.S. grants for relief, and per capita state income are measured in U.S. 1967 dollars.*

Our regression analysis confirms that the states in our sample increased their own relief spending in response to receiving federal relief related grants. Table 9 presents the results from three different specifications of our regression equation. The positive relationship between federal grants and states' own spending in Column 1 remains statistically and economically significant after we include controls for state income and unemployment levels in Column 2, and add state and year fixed effects in Column 3. The magnitude of the coefficient on federal grants decreases from 0.6188 without controls to 0.5257 in our preferred specification with all control variables and as a result the statistical significance decreases from a level of uncertainty of less than 5 percent to a level of less than 10 percent. The smaller coefficient still implies a large marginal effect of 0.5257 cents in additional state spending for every additional cent received in federal grant money. We want to emphasize that this spending represents states' matching contributions and excludes the federal grant receipts themselves. Based on our panel estimation we cannot argue that we are identifying the exogenous impact of federal spending on state spending. Instead, our results show that states did not substitute federal relief funding for their own relief efforts, but that federal funding was complementary.

The coefficients on the control variables provide additional support for our interpretation. In Column 3, per capita income carries a positive and statistically significant coefficient, indicating that states which experienced higher income recoveries between 1938 and 1939 increased own relief spending by more than states with lower recoveries. Controlling for employment, per capita income serves as a proxy for the tax base from which the state raises its revenue. The positive coefficient is therefore consistent with increases in tax revenue having a positive impact on states own relief spending. The employment index itself carries a negative although statistically insignificant coefficient, consistent with decreases in employment causing increases in state relief spending, which includes unemployment relief and employment services.

## 6. Conclusion

New Deal programs provided federal funding for public relief, which had been organized and funded at the local level prior to the Great Depression. These programs included matching provisions that required states to finance a share of relief expenditures using their own funds. However, federal reports indicate that these matching provisions were not fully enforced. Furthermore, states could substitute spending under New Deal programs for state level relief initiatives that they had started before receiving federal funds. Therefore, it is unclear whether federal funding was complementary to state spending or acted as a substitute.

We find that a one cent increase in per capita receipts from federal grants raised states' own relief spending by \$ 0.53 cents. Our result is slightly larger, but similar to Wallis (1984) estimate of \$ 0.34, which is based on data from the "Financial Statistics of States" from 1937 to 1940. We cannot find out directly how states financed the new relief expenditures, but we observe the changes in state revenues from different income sources between 1933 and 1938. Our data show that state tax revenues increased substantially during this period, which suggests that the states were raising additional revenue to support new spending programs.

## References:

- Dorn, R.D. A New Deal for the Glass City: Local Initiatives for Federal Aid during the Great Depression in Toledo. University of Toledo M.A. Thesis, 1992
- Fishback, P.V. and Wallis J.J. What was new about the New Deal? In Crafts, N., and Fearon, P., (Eds.) The Great Depression of the 1930s: Lessons for today. Oxford University Press, 2013

Fishback, P.V. "US Monetary and Fiscal Policy in the 1930s." Oxford Review of Economic Policy 26.3 (2010): 385-413

Fishback, Price V. The New Deal. In Government and the American economy: A new history. University of Chicago Press, 2008

Fishback, P.V., and Thomasson, M. Social welfare: 1929 to the present. In Historical Statistics of the United States: Millennial Edition 2, 2006

Margo, Robert A. "The microeconomics of depression unemployment." The Journal of Economic History 51.02 (1991): 333-341

Maurer, D.J., 1975. Relief Problems and Politics in Ohio. In: Braeman, J., Bremner, R.H., Brody, D. (Eds.), The New Deal: The State and Local Levels, volume two. Ohio State University Press, Columbus OH, pp. 77-102.

Wallis, John Joseph. "The birth of the old federalism: financing the New Deal, 1932–1940." The Journal of Economic History 44.01 (1984): 139-159.

## Appendix: State Financial Reports

Table 2. Major categories of current revenues

1. Property taxes	1. General	Current year's levy; prior years' levy; penalties and interests
	2. Selective	
	3. Special	Corporate stock; other
2. Income taxes	1. Corporation	
	2. Individual	
3. Inheritance and estate taxes		
4. Poll taxes		
5. Severance taxes		
6. Sales taxes	1. Motor fuel	
	2. General sale and use	
	3. Alcoholic beverages	
	4. Tobacco products	
7. Business license taxes	1. Alcoholic beverages	
	2. Chain store	
8. Nonbusiness taxes	1. Motor vehicle	
	2. Other licenses	
	3. Permits	
9. Unemployment compensation taxes		
10. Incorporations taxes		
11. Other taxes		
12. Special assessments and charges	1. Operation and maintenances	
	2. Outlays	
13. Fines, forfeits, and escheats	1. Court fines and forfeits	
	2. Commercial forfeits	
	3. Escheats	
14. Grants	1. Grants by U.S. Government	Highways; Education; Public health; Public assistance and relief; Unemployment compensation administration; Employment services
	2. Grants by minor civil divisions	
15. Donations from private sources		For principal and trust funds; other
16. Pension assessments		
17. Highway privileges		
18. Rent on investment properties		By sinking funds; by public trust funds
19. Interest		By sinking funds; by public trust funds; by investment funds and from investments
20. Contributions from public service enterprises		Alcoholic beverage monopoly; other
21. Charges for current services		Government; protection; highways; development of natural resources; health and sanitation; hospitals and institutions for the handicapped; charities; correction; schools; libraries; recreation; miscellaneous

Table 3. Major categories of current cost payments

1. Government	1. Legislative	Legislature; legislative investigation; interstate cooperation				
	2. Executive	Chief executive; auditor or comptroller; board of control; civil service				
	3. Judicial	Supreme court				
2. Protection of persons and property	1. Police					
	2. Fire marshal					
	5. Regulation	Corporations; occupations; sale of feed, gas, alcoholic beverages; mine and factory inspections; immigration				
3. Highways	1. Roadways					
	2. Waterways					
4. Development of natural resources	1. Agriculture	Extension service; experiment stations; livestock; reclamation				
	2. Forestry					
	3. Fish and game					
	4. Geological survey					
5. Health and Sanitation	1. Vital statistics					
	2. Communicable diseases	Non-hospital treatment of tuberculosis				
	3. Child health service	Maternal and child health				
	4. Regulation	Food, occupations				
6. Hospitals and inst. for handicapped	1. General hospitals	State, other				
	2. Special hospitals	1. Insane	State, other			
		2. Communicable diseases	1. Tuberculosis	State, other		
			2. Other	State, other		
	3. Institutions for the handicapped	Blind; deaf and mute; dumb				
7. Charities	1. State institutions					
	2. Other	1. Public assistance	General relief; old age assistance; dependent children; blind; veterans			
		2. Grants to min. civ. div.	General relief; old age assistance; dependent children; blind;			
		3. Grants to private inst.	General relief; old age assistance; dependent children; blind;			
		4. Welfare services	Child welfare; children in foster and boarding homes			
8. Correction	Minors; adults; parole boards					
9. Schools	Grants to minor civil divisions; other					
10. Libraries	State; other					
11. Recreation	Cultural; parks and reservations;					
12. Miscellaneous	Pensions to state employees; unemployment compensation and employment services; unclassified; undistributed					

Source: United States. Bureau of the Census, *Financial Statistics of States*, Government Printing Office, Washington D.C., 1937

Table 4. Summary of Maryland's current revenue receipts

Data	Year	Total	Taxes	Special Assessments	Federal and minor civil division grants	Rental property	Interest payments	Charges for current services
State Comptroller Reports	1930	31,143,559	22,171,916	568,915	672,733	2,625	448,007	7,279,363
	1931	34,731,876	23,909,798	487,776	728,824	2,000	333,628	9,269,851
	1932	33,541,535	23,732,783	538,964	777,370	500	190,742	8,301,176
	1933	29,397,807	21,471,002	424,704	813,314	1,000	174,662	6,513,123
	1934	47,944,400	23,129,613	398,137	2,562,527	1,042	92,152	7,430,806
	1935	51,847,908	24,997,017	415,356	3,357,568	1,042	92,314	6,228,085
	1936	42,006,789	29,292,744	353,282	4,079,545	1,021	445,183	5,830,463
	1937	48,075,425	30,788,972	641,438	5,281,393	1,521	1,795,041	9,457,966
	1938	51,370,440	32,124,030	775,929	6,338,309	2,000	1,792,026	10,016,449
	1939	52,126,926	32,409,713	616,687	6,989,668	2,000	95,285	11,777,466
	1940	55,312,215	39,355,560	737,702	6,054,982	0	92,062	8,631,831
U.S. Financial Statistics of States	1930	30,759,597	20,031,622	343,640	1,123,940	12,742	436,653	4,782,080
	1931	33,064,108	24,074,132	1,504,408	2,611,707	11,478	296,789	4,565,592
	Interruption 1932 - 1936							
	1937	48,778,527	37,187,915	329,723	6,426,285	8,361	307,637	4,211,818
	1938	57,322,000	44,426,000	382,000	7,572,000	9,000	642,000	3,829,000
	1939	61,157,000	47,516,000	32,500	5,855,000	12,000	202,000	2,345,000
	1940	76,219,583	58,841,000	43,000	4,614,707	22,000	207,000	2,201,045

All figures are in current U.S. dollars.

Sources: State of Maryland, "Annual report of the Comptroller of the Treasury Department for the Fiscal Year ended June 30 [...] to the General Assembly of Maryland", STATEMENT A : Receipts into the Treasury During the Fiscal Year ended June 30 [...]", 1930 – 1940 (See appendix for the classification of the budget line items); U.S. Bureau of the Census, "Financial Statistics of States [...]", 1930 - 1940

Table 5. Maryland's current revenue receipts from taxes

Data Source	Year	Total Tax	Property Taxes	Income Tax	Death Taxes	Sales Taxes	Business	Nonbusiness Licenses
State Comptroller Reports	1930	22,171,916	6,996,573	0	1,508,607	8,748,289	1,756,374	3,153,030
	1931	23,909,798	6,843,006	0	2,269,711	9,809,172	1,750,527	3,204,449
	1932	23,732,783	6,395,624	0	2,938,303	9,561,050	1,553,530	3,163,771
	1933	21,471,002	5,262,736	0	2,875,069	8,407,098	1,618,596	2,976,201
	1934	23,129,613	6,143,338	0	1,709,503	10,162,019	1,690,957	3,217,780
	1935	24,997,017	5,689,479	0	1,080,979	11,170,132	3,567,510	3,366,028
	1936	29,292,744	5,660,986	0	1,419,106	12,520,396	5,900,353	3,693,873
	1937	30,788,972	5,928,404	3,377	1,771,377	14,448,451	4,312,809	4,221,504
	1938	32,124,030	6,404,899	1,012,242	2,193,392	14,316,720	3,662,007	4,454,837
	1939	32,409,713	6,600,017	881,222	2,003,919	14,928,165	3,465,388	4,418,208
	1940	39,355,560	5,796,367	7,633,867	1,904,309	17,192,980	2,053,283	4,713,077
U.S. Financial Statistics of States	1930	22,807,838	9,038,173	0	1,852,975	n.a.	11,335,533	2,434,132
	1931	24,074,132	6,526,654	0	2,161,832	n.a.	12,435,908	2,460,219
	Interruption 1932 - 1936							
	1937	37,187,915	6,111,969	5,577	1,589,330	11,892,012	5,751,671	4,171,868
	1938	44,426,000	6,584,000	686,000	1,982,000	13,965,000	5,853,000	4,764,000
	1939	47,516,000	6,801,000	875,000	1,824,000	14,661,000	5,956,000	4,775,000
	1940	58,841,000	5,986,000	7,637,000	1,723,000	16,795,000	6,453,000	4,927,000

All figures are in current U.S. dollars.

Sources: State of Maryland, "Annual report of the Comptroller of the Treasury Department for the Fiscal Year ended June 30 [...] to the General Assembly of Maryland", STATEMENT A : Receipts into the Treasury During the Fiscal Year ended June 30 [...]", 1930 – 1940 (See appendix for the classification of the budget line items); U.S. Bureau of the Census, "Financial Statistics of States [...]", 1930 - 1940

Table 6. Maryland's current revenue receipts from income taxation

Data	Year	Income Tax (1937 Law)					Income Tax 1939 Law	Other
		Corporations	Individual	Non-resident	Fiduciary	Other		
State Comptroller Reports	1930	0	0	0	0	0	0	0
	1931	0	0	0	0	0	0	0
	1932	0	0	0	0	0	0	0
	1933	0	0	0	0	0	0	0
	1934	0	0	0	0	0	0	0
	1935	0	0	0	0	0	0	0
	1936	0	0	0	0	0	0	0
	1937	0	0	0	0	0	0	3,377
	1938	0	0	0	0	0	0	1,012,242
	1939	0	0	0	0	874,447	4,656	119
U.S. Financial Statistics of States	1940	1,304,569	6,197,611	39,184	84,024	8,479	0	0
	1930	0	0	0	0	0	0	0
	1931	0	0	0	0	0	0	0
	Interruption 1932 – 1936							
	1937	5,577	0	0	0	0	0	0
	1938	36,000	650,000	0	0	0	0	0
	1939	305,000	570,000	0	0	0	0	0
	1940	1,392,000	6,245,000	0	0	0	0	0

All figures are in current U.S. dollars.

Sources: State of Maryland, "Annual report of the Comptroller of the Treasury Department for the Fiscal Year ended June 30 [...] to the General Assembly of Maryland", STATEMENT A : Receipts into the Treasury During the Fiscal Year ended June 30 [...]", 1930 – 1940 (See appendix for the classification of the budget line items); U.S. Bureau of the Census, "Financial Statistics of States [...]", 1930 - 1940

Table 7. Maryland's current revenue receipts from sales taxes

Data	Year	Gasoline Tax			Titling		Alcoholic Beverages			Gross Receipts
		Maintenance, Reconstruction (2c Tax)	Lateral Roads (1.5c Tax)	Grade Crossing (.5c Tax)	Motor Vehicle	Other	Distilled Spirits	Wine	Beer	
State Comptroller Report	1930	3,356,231	2,510,792	839,058	169,157	0	0	0	0	1,873,050
	1931	3,694,308	2,790,208	933,577	153,732	0	0	0	0	2,237,347
	1932	4,028,716	2,979,618	997,179	125,805	0	0	0	0	1,429,732
	1933	3,556,281	2,653,291	889,070	124,289	0	0	0	0	1,184,166
	1934	4,032,964	3,008,097	1,008,204	141,973	0	912,832	0	0	1,199,922
	1935	4,180,630	3,117,736	1,045,158	161,942	0	1,426,419	16,991	0	1,383,199
	1936	4,369,618	3,255,449	1,092,275	702,330	0	1,910,434	53,944	0	1,332,620
	1937	4,870,318	3,631,764	1,217,580	593,987	216,656	2,522,104	69,882	0	1,542,817
	1938	4,972,520	3,707,783	1,243,130	571,955	0	2,367,900	71,609	0	1,556,133
	1939	5,198,459	3,874,495	1,299,615	511,860	195,512	2,457,484	100,205	0	1,486,047
	1940	5,629,477	4,194,925	1,407,369	1,198,593	227,829	3,137,898	185,873	1,047,043	1,590,394
U.S. Financial Statistics of States	1930	5,866,621			2,285,133	0	0	0	0	n.a.
	1931	6,514,516			2,383,049	0	0	0	0	n.a.
	Interruption 1932 – 1936									
	1937	7,539,492			4,081,461	0	4,097,016	0	0	n.a.
	1938	9,923,000			4,599,000	0	3,514,000	0	0	n.a.
	1939	10,373,000			4,585,000	0	3,625,000	0	0	n.a.
	1940	11,232,000			4,736,000	0	4,362,000	0	0	n.a.

All figures are in current U.S. dollars.

Sources: State of Maryland, "Annual report of the Comptroller of the Treasury Department for the Fiscal Year ended June 30 [...] to the General Assembly of Maryland", STATEMENT A : Receipts into the Treasury During the Fiscal Year ended June 30 [...]", 1930 – 1940 (See appendix for the classification of the budget line items); U.S. Bureau of the Census, "Financial Statistics of States [...]", 1930 - 1940

Table 8. Summary of Maryland's current cost payments

Data	Year	Total	Government	Police	Highways	Agriculture and Natural Resources	Health	Hospitals <sup>1</sup>	Charities	Prison	Schools	Employm. services
State Comptroller Report	1930	27,398,468	1,497,493	1,591,177	15,156,956	622,993	484,301	2,556,588	358,462	1,053,123	4,080,360	0
	1931	27,015,547	1,579,504	1,745,281	14,189,888	650,362	522,156	2,675,723	385,497	1,068,820	4,278,553	0
	1932	34,998,465	1,716,864	1,620,263	14,292,443	777,659	578,694	2,801,898	424,296	1,324,918	11,460,684	0
	1933	27,956,775	1,887,386	1,583,691	12,147,194	1,073,429	421,343	2,769,777	413,459	1,143,585	5,172,208	1,231,350
	1934	41,075,448	1,935,913	1,427,462	13,121,243	854,880	464,721	2,349,985	403,743	1,088,072	4,395,245	15,137,097
	1935	55,276,049	2,095,491	642,166	24,388,490	602,013	476,528	2,119,882	540,373	962,202	6,296,384	17,032,056
	1936	50,886,394	1,688,158	1,987,163	9,331,101	568,265	545,315	1,866,020	4,652,275	1,042,305	6,676,006	21,709,887
	1937	36,324,240	1,703,487	1,222,109	12,376,940	564,355	1,674,512	2,056,699	8,180,996	1,205,759	6,371,780	209,832
	1938	41,910,776	1,472,926	1,362,978	13,063,668	851,873	745,772	2,411,640	9,268,682	1,819,230	8,941,397	1,120,603
	1939	46,469,868	1,991,118	1,327,056	12,434,256	825,217	785,710	2,870,869	13,050,929	1,928,562	9,297,798	1,051,383
	1940	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
U.S. Financial Statistics of States	1930	21,579,370	2,284,966	1,215,570	6,297,012	1,157,540	1,139,335	2,128,385	243,662	852,265	5,543,483	0
	1931	21,651,132	2,567,286	1,417,278	5,033,402	1,236,774	1,211,931	2,241,023	417,181	1,019,810	6,079,365	261,965
	Interruption 1932 – 1936											
	1937	28,426,967	1,545,809	1,479,459	4,248,074	1,077,014	784,977	3,325,555	6,376,893	1,169,145	7,194,532	193,475
	1938	44,108,000	1,273,000	1,833,000	7,305,000	1,191,000	871,000	3,561,000	7,267,000	1,614,000	8,376,000	9,572,000
	1939	42,573,000	2,719,000	1,700,000	4,973,000	1,092,000	914,000	3,525,000	7,996,000	1,700,000	8,614,000	7,444,000
	1940	45,242,000	1,734,000	1,685,000	9,152,000	1,373,000	998,000	3,615,000	8,421,000	1,731,000	8,701,000	7,456,000

<sup>1</sup> Hospitals include institutions for handicapped.

All figures are in current U.S. dollars.

Sources: State of Maryland, "Annual report of the Comptroller of the Treasury Department for the Fiscal Year ended June 30 [...] to the General Assembly of Maryland", STATEMENT A : Receipts into the Treasury During the Fiscal Year ended June 30 [...]", 1930 – 1940 (See appendix for the classification of the budget line items); U.S. Bureau of the Census, "Financial Statistics of States [...]", 1930 - 1940

Table 9. Maryland's current cost payments for relief

Data	Year	Total	Public Assistance						Grants <sup>1</sup>				Child welfare		Other
			Admin.	Old age	Child	Blind	Veteran	Other	Old Age	Child	Blind	Other	General	Homes	
State Comptroller Report	1930	358,462	0	0	0	0	0	0	28,500	327,162	0	2,800	0	0	0
	1931	385,497	0	0	0	0	0	0	27,563	355,134	0	2,800	0	0	0
	1932	424,296	0	0	0	0	0	0	30,250	391,246	0	2,800	0	0	0
	1933	413,459	0	0	0	0	0	0	23,866	386,793	0	2,800	0	0	0
	1934	403,743	0	0	0	0	0	0	22,530	379,325	0	1,888	0	0	0
	1935	540,373	0	0	0	0	0	0	20,095	510,472	0	9,806	0	0	0
	1936	4,652,275	0	446,762	395,958	24,327	0	1,752,410	0		0	1,194,215	15,658	0	822,943
	1937	8,180,996	0	1,471,289	909,188	81,405	0	4,392,474	0	0	0	1,202,687	123,208	0	74,547
	1938	9,268,682	0	61,252	1,023,294	76,709	0	6,720,432	0	0	0	1,312,625	74,182	0	1,872
	1939	13,050,929	0	1,946,677	1,179,278	85,034	0	7,636,821	0	0	0	1,307,600	130,744	0	764,774
	1940	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
U.S. Financial Statistics Of States	1930	243,662	0	0	0	121,162	0	0	122,500		3,500	106,556	0	0	0
	1931	417,181	0	0	0	149,384	0	0	122,250	94,797	3,500	47,250	0	0	0
	Interruption 1932 - 1936														
	1937	6,376,893	563,459	0	0	0	101,702	931,020	2,521,683	2,136,451	79,795	0	18,268	0	3,500
	1938	7,267,000	0	0	18,000	80,000	0	34,000	2,934,000	2,535,000	84,000	1,110,000	22,000	0	4,000
	1939	7,996,000	287,000	34,000	146,000	78,000	96,000	0	3,058,000	2,567,000	105,000	1,243,000	24,000	0	4,000
	1940	8,421,000	13,000	28,000	142,000	78,000	96,000	0	3,381,000	2,781,000	0	1,258,000	126,000	54,000	3,000

<sup>1</sup> The appropriation acts in Maryland's session laws of the regular session 1929 (chapter 134, p.275) and 1935 (chapter 92, p.172) indicate that the grants identified from the comptroller reports are made to private, charitable organization (state-aided institutions). In the U.S. Financial Statistics of States, the category refers to grants to minor civil divisions.

All figures are in current U.S. dollars.

Sources: State of Maryland, "Annual report of the Comptroller of the Treasury Department for the Fiscal Year ended June 30 [...] to the General Assembly of Maryland", STATEMENT A : Receipts into the Treasury During the Fiscal Year ended June 30 [...]", 1930 – 1940 (See appendix for the classification of the budget line items); U.S. Bureau of the Census, "Financial Statistics of States [...]", 1930 - 1940