ECONOMIC ASPECTS OF TAX BENEFITS ACCORDED OHIO CHARITABLE TRUSTS

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The purpose of this paper is to examine the economic aspects of the tax benefits granted to charitable trusts[1] and similar institutions by the present state and local tax system of Ohio. This topic is appropriate not only because of the subject of this Symposium but also because the current rate of institutional change[2] suggests the propriety of periodic reconsideration of settled policies about charitable institutions. Most recent consideration of tax exemption and un-neutralities in taxation has involved questions of federal tax law and policy;[3] similar detailed consideration has seldom been accorded related state and local tax problems.

Tax policy in Ohio granting favorable treatment to charitable organizations stems from the basic constitutional permission for tax exemption.[4] This constitutional provision has been implemented by specific statutory exemptions as to real and tangible personal property used exclusively for charitable purposes[5] and also as to the intangible personal property of charitable associations and trusts.[6] Similarly, sales of tangible personal property to charitable organizations are exempt from the Ohio Retail Sales Tax.[7] Successions of property passing to charitable institutions are exempt from the application of the Ohio Inheritance Tax.[8] This exemption pattern represents a well settled public policy that has existed over a lengthy period in Ohio fiscal history.[9] Ohio policy in this regard

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1 For a general discussion of charitable trusts see SCOTT, TRUSTS, §348 *et seq.;* 9 OHIO JUR. 2d §78 *et seq.*

2 See R. J. Lynn, *Legal and Economic Implications of the Emergence of Quasi-Public Wealth,* 65 YALE L. J. 786 (1956); for recent considerations of the broader aspects of institutional change see BERLE, THE TWENTIETH CENTURY CAPITALIST REVOLUTION (1954), compare ADAMS AND GRAY, MONOPOLY IN AMERICA: THE GOVERNMENT AS PROMOTER (1955) and MILLS, THE POWER ELITE (1956).

3 See Cary, *Pressure Groups and the Internal Revenue Code: A Requiem in Honor of the Departing Uniformity of the Tax Laws,* 69 HARV. L. REV. 745 (1955); Paul, *Erosion of the Tax Base and Rate Structure,* 11 TAX L. REV. ___ (1956); *Federal Tax Policy for Economic Growth and Stability,* Joint Committee Print, Joint Committee on the Economic Report, 84th Cong., 1st Sess. (1955).

4 OHIO CONST., ART. XII, Sec. 2; also see Caren, *Constitutional Limitations on the Exemption of Real Property from Taxation,* 11 OHIO ST. L. J. 207 (1950); for a general consideration see Morrow, *State Constitutional Limitations on the Taxing Authority of State Legislatures,* 9 NAT'L TAX J. 126 (1956).

5 OHIO REV. CODE, §5709.12.

6 OHIO REV. CODE, §5709.04.

7 OHIO REV. CODE, §5739.02.

8 OHIO REV. CODE, §5731.09.

9 For a historical analysis see Heisel, *Exemption of Property Used for Re-*

is similar to that of most other states.[10] The legal nature of and problems arising from existing legislation and past judicial interpretation are developed in another article in this Symposium;[11] they need not be again recounted here.

Our purpose is to consider the economic aspects of existing exemption policy on the basis of available data. Such data unfortunately are fragmentary rather than complete. Furthermore, this paper is limited to a consideration of charitable exemptions; no treatment is given here to the similar exemptions accorded religious[12] and educational institutions. Likewise, no consideration is given to the problems created for state and local finance by the exemption of public property from taxation.[13]

Tax Exemptions In General

Tax exemptions in general may be considered prior to specific treatment of exemptions granted to charitable institutions. A tax exemption has been defined as "the grant of immunity, express or implied, to particular persons or corporations, or to persons or corporations of a particular class, from a tax on property or an excise which persons and corporations generally within the same taxing district are obliged to pay."[14] This legal definition accords generally with the usage of fiscal economists.[15]

Exemptions from taxation are granted for a variety of purposes. One classification of exemptions, based on purpose, groups them as follows: (1) constitutional exemptions, (2) economic exemptions (designed to encourage economic development), (3) distributive exemptions (designed to produce "tax justice"), (4) exemptions for social ends, and (5) administrative exemptions.[16] While not explicitly stated in the above classification, tax exemptions may be adopted to grant an indirect subsidy

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ligious, Educational, and Charitable Purposes in Ohio, 3 Univ. of Cin. L. Rev. 40 (1929).

10 51 Am. Jur., *Taxation,* §600.

11 Fisher, Charities and the Ohio Tax Laws. Also see Note, *Tax Exemptions to Charities in Ohio,* 1 Western Res. L. Rev. 151 (1949); Comment, *Taxation Exemption of Charitable and Religious Institutions from State Tax,* 3 Western Res. L. Rev. 178 (1951); Comment, *Exemption of Educational, Philanthropic and Religious Institutions from State Real Property Taxes,* 64 Harv. L. Rev. 288 (1950). For earlier studies see Stimson, *The Exemption of Property from Taxation in the United States,* 18 Minn. L. Rev. 411 (1934) and Baker, *Tax Exemption Statutes,* 7 Tex. L. Rev. 50 (1928).

12 See Paulsen, *Preferment of Religious Institutions in Tax and Labor Legislation,* 14 Law & Contemp. Prob. 144 (1949).

13 See The Commission on Intergovernmental Relations: A Study Committee Report on Payments in Lieu of Taxes and Shared Revenues (1955); for an excellent study of the problem in Ohio see Davies, A Study of Real Property Tax Exemptions With Special Reference to Their Fiscal Impact in Ohio (Unpublished M.A. Thesis in the library of the Ohio State University) 1949.

14 51 Am. Jur., *Taxation,* §495.

15 See Shoup, *Tax Exemption,* 14 Ency. Soc. Sc. 528; Martin, General Theory of Tax Exemption in Tax Exemptions (New York Tax Policy League 1939) 3; Groves, *Exemptions in Taxation,* 22 Bull. Nat'l Tax Assn. 2 (Oct. 1936).

16 Schultz & Harriss, American Public Finance (1954) 202.

to a given class of persons or a particular category of institutions.[17] Such appears to be the case with traditional exemptions in favor of charitable organizations and trusts.

Regardless of the type or purpose of a particular tax exemption, it will have an economic impact and will create economic effects although these may be difficult to isolate and ascertain. One immediate and continuing result of granting an exemption is to reduce the revenue yield of a particular tax. The reduced tax yield may be offset in several ways. Public expenditures may be reduced although this approach is a rarity in the second half of the twentieth century. Existing expenditure levels may be maintained with borrowed funds; however, this approach is subject to numerous legal and institutional limitations. Economic growth, either permanent or temporary, may cause the tax yield to increase enough to offset the revenue loss resultant from the exemption. While the long term growth of the American economy may cause tax yields to increase and thereby reduce the apparent impact of tax exemptions, such development is not within the control of state and local tax policymakers. Finally and realistically, the reduced tax yield may be offset by an increase in the tax rate applied to the nonexempt portion of the tax base. To the extent that a given tax rate increase results from a grant of exemption, the economic impact is clear—a larger burden is assigned to the taxable portion of a particular tax base—be it income, property or sales.

Moreover, higher tax rates may intensify any inherent inequities in a given tax or in its administration. Inequities may be tolerated at lower rates; increases make them more noticeable and significant. Also, if there is a geographical concentration of exempt property, taxable property in a given local jurisdiction may have to bear a disproportionate share of the cost of a tax exemption.

The secondary derivative effects of tax exemptions are difficult to isolate and analyze. For example, an increased burden on taxable property resultant from an exemption grant may be capitalized and result in a lower effective economic return to the owners of such property.[18] Traditional economic analysis has assumed this to be the case—that a tax on land is capitalized rather than shifted. Taxes on property elements other than land tend to be shifted; however, the pattern is uncertain and variable. Some of the burden of increased real property taxation undoubtedly has been shifted from owners to users and from users has been diffused more widely via the complex transactional relations of users and those with whom they deal. Some of the burden, however, has no doubt remained with the owners of realty. Certainly, it would have tended to do so during the period that rent control was operative.

In a broader sense, increased real property tax exemption[19] along

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17 See, *e.g.*, POOLE, PUBLIC FINANCE AND ECONOMIC WELFARE (1956) 282 ff.

18 See, *e.g.*, ANDERSON, TAXATION AND THE AMERICAN ECONOMY (1951) 130.

19 See Newcomer, *The Growth of Property Tax Exemptions*, 6 NAT'L TAX J. 166 (1953).

with other factors has operated to reduce the yield of the property tax from what it would have otherwise been. Thus, exemption policy logically can be assumed to have contributed to the development of increased reliance on state collected-locally shared taxes and also to increased use of local non-property taxes. The foregoing comments illustrate the complexity of the impact and effect of tax exemptions.

RATIONALE OF EXEMPTIONS IN FAVOR OF CHARITABLE TRUSTS

Tax exemptions accorded charitable trusts and similar institutions usually have been justified on the theory that the functions performed are public or quasi-public in character; that if such functions were not performed by the exempt institutions they would have to be carried on by government at an added expense to the taxpayer. As Professor James W. Martin has observed:[20]

> It is commonly accepted that if, in the absence of a private enterprise, taxation would be necessary in order to discharge a needed function, the state may properly subsidize the institution which performs the service. A common method of subsidy is through tax exemption.

This generally accepted justification for this class of exemptions assumes that the functions of charitable institutions are quasi-public in character; that they are needed or at least are socially desirable; that in the event of discontinuance by the charitable institution, such functions would necessarily become additional governmental functions. On the basis of this rationale, most Anglo-American jurisdictions have given tax exemptions to charitable institutions.[21]

The resultant fiscal pattern suggests several basic questions. Are the functions performed by charitable institutions of such social importance as to justify existing exemption policy? Is existing administrative supervision of tax exemptions effective in preventing abuse of such exemptions? Is the present policy of tax exemption the best way to encourage charitable institutions if they are to be encouraged by government? If not,

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[20] Martin, *op. cit. supra.* note 15 at 17.; Compare a not untypical legal statement to the same effect, "It seems generally to be assumed that constitutional requirements of equality and uniformity in taxation do not preclude the legislature from providing general tax exemptions for the property of charitable, educational, and religious institutions devoted to public uses and purposes, since through such institutions and corporations the state is relieved of a burden which it would otherwise be obliged to bear." 51 AM. JUR., §522.

[21] Traditional British exemption policy has been much narrower in application than that common in the United States. See Murdock, *The English Rating System,* 22 BULL. OF THE NAT'L TAX ASSN. 137-143 (Feb., 1936); Murdock comments at page 140, "Charitable institutions, hospitals and the like are taxable, because there would be no equitable distribution of the burden were they exempt; as these premises may be used by more than the residents of one taxing area, and if they were exempt the rating area in which the building is located would bear the entire loss in income." See also Murdock, *The English System of Real Property Taxation,* 84 UNIV. OF PA. L. REV. 179 (1936). Compare Jones v. Mersey Docks, 11 H.L. Cas. 443 (1865).

should direct rather than indirect subsidies be paid to this category of organizations? These questions are not new;[22] the answers continue to be both illusive and debatable. Certainly no conclusive answers are readily available. Lack of basic data essential for an informed judgment prevents a firm conclusion. Generally, existing exemption policy has been accepted by most commentators with the additional suggestion that supervision should be improved so as to preclude misuse of exemptions.

Supervision of charitable trusts is considered elsewhere in this Symposium.[23] As of March 31, 1956, some 857 charitable trusts had registered with the Attorney General under the requirements of the comparatively new Ohio Charitable Trusts Act. As of that date, reported assets amounted to approximately $217,328,437.84.[24] By way of contrast, the assessed value of exempted real property of privately owned charitable institutions amounted to $108,098,810 in 1950[25] and to $185,827,285 in 1955.[26] Data accumulated by the Attorney General from reports of trustees of charitable trusts may provide a basis for future review of various aspects of tax exemption policy as applied to such trusts. At present, as far as the writers know, it remains unanalyzed from this standpoint.

ALTERNATIVES TO TRADITIONAL EXEMPTION POLICY

Before considering the limited amount of quantitative data available with respect to tax exemptions accorded charitable trusts, it seems appropriate to review possible policy alternatives. Suggestions have been made from time to time that the property of charitable institutions be taxed like other property and that the other exemptions accorded them be withdrawn. In general, this approach has been rejected in practice and has seldom been effectively treated in recent public finance literature.[27] Another frequent proposal would substitute direct subsidies to charitable institions for present indirect subsidization by means of tax exemption.[28] This approach asserts that, if a subsidy is to be paid to a private institution on the ground that it is performing a public function, it would be preferable to make a direct grant rather than an exemption from taxation.

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[22] See KILLOUGH, EXEMPTIONS TO EDUCATIONAL, PHILANTHROPIC AND RELIGIOUS ORGANIZATIONS IN TAX EXEMPTIONS (1939) 23-38.

[23] Klapp, *Supervision of Charitable Trusts in Ohio—Ohio Charitable Trusts Act, infra,* 181; see also Ohio Rev. Code, §109.23-109, 31; R. J. Lynn & J. E. Sullivan, *Charitable Trusts Act,* 14 OHIO ST. L. J. 359 (1953).

[24] Information furnished by Mr. Ralph Klapp, Esq., Assistant Attorney General of Ohio.

[25] OHIO BOARD OF TAX APPEALS: 1950 ABSTRACT OF EXEMPTED REAL PROPERTY IN OHIO (1950).

[26] OHIO BOARD OF TAX APPEALS: 1955 ABSTRACT OF EXEMPTED REAL PROPERTY IN ALL COUNTIES, OHIO (1955).

[27] See REPORT OF THE COMMITTEE ON TAX EXEMPTIONS (C. C. Plehn, Chairman), PROC. NAT'L TAX ASSN. 1920, 235-245 at 236.

[28] See comments on this approach in JENSEN, PROPERTY TAXATION IN THE UNITED STATES (1931) 154.

This would have the merit, it is said, of making the subsidy subject to the usual budgeting process. Proponents of direct subsidization suggest that tax exemptions become settled fiscal practices and are seldom subject to detailed review. As a result, the public through its elected representatives seldom gives critical consideration to the problem. Exemptions in the property tax field appear to partially substantiate this last point of view.[29]

While at first glance substitution of direct subsidies for tax exemptions has logical appeal, several objections may be raised. The natural opposition of beneficiaries of the present exemption pattern must be taken into account. More fundamentally, one may question whether the administration of direct subsidies would be more efficient and effective than the present distribution of indirect subsidies by means of the existing pattern of tax exemptions. One may have doubts on this score.[30] The expansion of governmental functions that has taken place in the last half century is well known. Assuming that the institution of direct subsidies would increase the degree of public control of charitable trusts and similar institutions, the resulting concentration of control may be questioned. There is no easy answer to this kind of question. To the present writers, there would seem to be little reason to advocate at this late date the direct subsidization of private charitable organizations performing an essential community function.

The present pattern of tax exemption of charitable trusts and other charitable institutions would seem appropriate provided only that it is applied in accordance with the basic philosophy upon which it is based. To so apply exemption policy requires effective administration of existing exemption statutes. Such administration requires incentives to do the job and also adequate information to provide a basis for informed judgments. Only with adequate basic data can the policymaker periodically determine whether or not the cost of tax exemption is more than offset by the benefits resulting from the activities of exempt charitable institutions. It is all to easy to ignore this fundamental question entirely. We now turn to a consideration of quantitative aspects of tax exemptions granted to charitable trusts in Ohio.

Quantitative Aspects of Tax Exemptions Accorded Charitable Trusts In Ohio

Analysis of the quantitative significance of existing tax exemptions accorded charitable trusts is an important prerequisite to an objective appraisal of established policies. Unfortunately, neither state nor local government agencies tabulate any tax data directly applicable to charitable trusts. Furthermore, the general paucity of data in this area precludes a rational estimate of the revenue loss from such exemptions under the sales, inheritance, and personal property taxes.

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29 See for an historical example Ohio Tax Commission: Annual Report (1923) 210.

30 For a similar expression of doubt see 64 Harv. L. Rev. 288 at 294.

In order to gain some quantitative insights about the magnitude, trends, geographical distribution, and revenue significance of one tax exemption in the general area examined in this Symposium, we may turn to the assessed values of exempt real property held by various organizations and governmental agencies, including privately owned charitable organizations. The county auditors are required by statute to list these values annually and to file an abstract of the list with the Ohio Board of Tax Appeals.[31] It would be less than realistic to assume that such valuation data represent market value or that they are necessarily complete and accurate. The perennial problems of equalization suggest that, in all probability, exempt property is accorded only secondary consideration in the assessment process. Despite such probable inadequacies, these figures afford the only available basis for evaluating the impact of real property tax exemption as applied to privately owned charitable institutions. Unfortunately, charitable institutions as a group are not exactly identical with charitable trusts.[32] In the absence of specific data on charitable trusts, it is assumed that the available information on charitable institutions is relevant to the charitable trust category.

In 1955 the value of all exempt real property as listed by the county auditors amounted to more than $2.1 billion which represented an amount equal to 15 per cent of the taxable real property in Ohio or 13.06 per cent of total taxable and exempt real property in Ohio.[33] Exempt real property held by privately owned charitable institutions was reported in 68 Ohio counties and amounted to $185,827,285 in 1955 (Table 1). This represented about 9.01 per cent of all exempt real property in these counties. The bulk of this exempt charitable property is concentrated in relatively few metropolitan counties; for example, the 11 counties with the largest amounts of such property accounted for 85.55 per cent of the exempt charitable property in Ohio. It may be noted that these 11 counties are somewhat less favored with taxable real property; they have only 67.80 per cent of the latter. In the 68 counties having exempt charitable property, it amounted to 1.19 per cent of total exempt and taxable property, but in the 11 leading counties the ratio was 1.44 per cent and in the case of individual counties was as high 2.50 per cent in Montgomery County and 2.37 per cent in Clark County. In absolute amounts, Cuyahoga County reported the most exempt charitable real property—$66,831,440 or more than one-third of such property in Ohio. Montgomery, Lucas, and Franklin Counties ranked next in order.

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[31] OHIO REV. CODE, §§5713.07 and 5713.08.

[32] For a discussion of charitable "institutions" see Wehrle Foundation v. Evatt, 141 Ohio St. 467, 49 N.E. 2d 52 (1943).

[33] OHIO BOARD OF TAX APPEALS: 1955 ABSTRACT OF EXEMPTED REAL PROPERTY IN ALL COUNTIES, OHIO.

Table 1. Listed Value of Exempt Real Property of Privately Owned Charitable Institutions and Other Exempt Real Property and Value of Taxable Real Property, Eleven Selected Counties and Remaining 57 Counties, Ohio, 1955.

County	Exempt Real Property: Charitable Institutions	Exempt Real Property: Other (a)	Exempt Real Property: Total	Value of Taxable Real Property (b)	Total Exempt and Taxable Real Property	Exempt Charitable Property as a Per Cent of: Total Exempt Property (c)	Exempt Charitable Property as a Per Cent of: Exempt & Taxable Property (c)
Cuyahoga	$ 66,831,440	$ 419,264,710	$ 486,096,150	$ 3,230,401,240	$ 3,716,497,390	13.74%	1.80%
Montgomery	19,154,330	78,310,770	97,465,100	669,990,640	767,455,740	19.65	2.50
Lucas	16,223,100	102,176,890	118,399,990	757,647,960	876,047,950	13.70	1.85
Franklin	11,898,470	291,444,810	303,343,280	970,889,810	1,274,233,090	3.92	0.93
Hamilton	10,503,610	115,976,180	126,479,790	1,636,652,350	1,763,132,140	8.30	0.60
Stark	8,289,130	51,018,940	59,308,070	465,116,640	524,424,710	13.98	1.58
Summit	7,827,910	71,218,390	79,046,300	743,220,300	822,266,600	9.90	0.95
Butler	4,913,070	31,198,090	36,111,160	263,366,410	299,477,570	13.61	1.64
Mahoning	4,755,690	42,754,660	47,510,350	415,409,790	462,920,140	10.01	1.03
Clark	4,672,950	25,279,212	29,952,162	167,217,240	197,169,402	15.60	2.37
Trumbull	3,884,960	54,191,890	58,076,850	273,282,090	331,358,940	6.69	1.17
11 Counties	$158,954,660	$1,282,834,542	$1,441,789,202	$ 9,593,194,470	$11,034,983,672	11.02%	1.44%
57 Counties (d)	26,872,625	593,699,434	620,572,059	3,935,861,061	4,556,433,120	4.33	0.59
68 Counties	$185,827,285	$1,876,533,976	$2,062,361,261	$13,529,055,531	$15,591,416,792	9.01%	1.19%

a. Includes governmental, religious, and other exempt real property.

b. Excludes public utility property.

c. Totals represent weighted averages.

d. Includes the remaining 57 counties reporting exempt real property for charitable institutions.

SOURCE: Records of the Ohio Board of Tax Appeals, Division of County Affairs.

Despite possible understatements in the valuation of exempt charitable real property, the listed valuations have shown more rapid growth during the past five years than taxable real property. As shown in Table 2 from 1950 to 1955 the listed value of exempt charitable real property in the 11 leading counties increased 68.47 per cent while the assessed value of taxable real property in these counties increased only 56.02 per cent.[34] In certain counties the rate of increase for exempt charitable property was particularily high; for example, Franklin County listed about 3.6 times as much exempt charitable real property in 1955 as in 1950; in Montgomery and Mahoning Counties the ratios were 2.8 times and 2.0 times, respectively. Only Hamilton and Trumbull Counties showed declines during the interval.

An estimate of the revenue significance of real property tax exemptions can be obtained by applying the average property tax rate of a county to the listed value of the exempt real property in the county. This method provides a satisfactory approximation; however, it is based on the assumption that the exempt property is distributed throughout the county in the same manner as taxable real property. A more precise estimate would require that the actual property tax rate of each subdivision be applied to the exempt real property in the subdivision.[35] Such a detailed treatment is beyond the scope of this paper. When the average property tax rates were applied to the listed value for all exempt real property in the 11 selected counties, the resultant revenue loss was almost $39.6 million (Table 3). In the case of exempt real property owned by charitable institutions, the revenue loss for the 11 counties amounted to almost $4.5 million in 1955. Because of a high property tax rate and a large amount of exempt charitable property, the greatest revenue loss occurred in Cuyahoga County where it amounted to almost $2.1 million. This is virtually as much as the revenue loss in the next seven ranking counties.

The foregoing analysis indicates that charitable property is concentrated in Ohio's metropolitan counties and represents a significant component in the exempt real property in these counties. Furthermore, the listed value of exempt charitable property in these counties has increased more rapidly than the assessed value of taxable real property. Finally, the revenue loss attributable to such exempt property is substantial and has a significant impact on the finances of political subdivisions with an abundance of exempt property.

Tax Exemptions and the Future

This article has reviewed some of the economic aspects of tax exemptions accorded charitable trusts in Ohio. It is obvious that this exemption category is only one part of the overall problem of tax ex-

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34 The assessed value of taxable real property increased from $6,148,700,990 in 1950 to $9,593,194,470 in 1955.

35 For a detailed application of this method see the excellent study by Davies, *op. cit. supra* note 13.

Table 2. Listed Value of Exempt Real Property of Privately Owned Charitable Institutions, Eleven Selected Counties and Remaining Counties, Ohio, 1950 and 1955

Arranged in Order of Magnitude in 1955

County	1950	1955	Per Cent of Change 1950 to 1955(a)
Cuyahoga	$ 37,861,300	$ 66,831,440	76.52%
Montgomery	6,722,230	19,154,330	184.94
Lucas	10,538,860	16,223,100	53.94
Franklin	3,307,240	11,898,470	259.77
Hamilton	12,774,220	10,503,610	— 17.77
Stark	5,533,360	8,289,130	49.80
Summit	4,196,740	7,827,910	86.52
Butler	2,582,880	4,913,070	90.22
Mahoning	2,346,880	4,755,690	102.64
Clark	4,598,440	4,672,950	1.62
Trumbull	3,888,960	3,884,960	— 0.10
Total	$ 94,351,110	$158,954,660	68.47%
Remaining Cos.(b)	13,747,700	26,872,625	
GRAND TOTAL	$108,098,810	$185,827,285	

a. Totals represent weighted averages.

b. 49 counties in 1950 and 57 counties in 1955.

SOURCE: Records of the Ohio Board of Tax Appeals, Division of County Affairs.

Table 3. Average County Property Tax Rates and Estimated Revenue Loss on Exempted Real Property of Privately Owned Charitable Institutions and Other Exempt Real Property, Eleven Selected Counties, Ohio, 1955.

County	Average Tax Rates (in mills)	Revenue Loss: Charitable Institutions	Revenue Loss: Other	Revenue Loss: Total
Cuyahoga	30.99	$2,071,106	$12,993,013	$15,064,120
Montgomery	29.79	570,607	2,332,878	2,903,485
Lucas	23.22	376,700	2,372,547	2,751,768
Franklin	23.49	279,495	6,846,039	7,125,534
Hamilton	26.66	280,026	3,091,925	3,371,951
Stark	22.73	188,412	1,159,661	1,348,072
Summit	32.62	255,346	2,323,144	2,578,490
Butler	25.30	124,310	789,312	913,612
Mahoning	24.96	118,702	1,067,156	1,185,858
Clark	25.74	120,282	650,687	770,969
Trumbull	26.90	104,505	1,457,762	1,562,267
Total	xxxx	$4,489,482	$35,084,124	$39,576,126

SOURCE: Table 1.

emptions in the Ohio fiscal system. The quantitative aspects of the subject have already been reviewed. A look to the future would seem appropriate. Available estimates suggest that private secular charitable organizations may be expected to increase in both size and scope in the decade ahead.[36] Expected expenditure needs of state and local governments lead to the conclusion that such governments will face difficult tax problems in the near future.[37] This probable dual expansion may result in substantial increases in the potential revenue significance of traditional exemption categories, including charitable trusts, at the same time that state and local governments are forced to consider all available means of increasing their revenues.

If this is the actual line of future development, a review of existing tax exemptions may become a matter of greater public concern than has been the case in recent years. As already indicated herein, further systematic analysis of the overall impact and effects of existing tax exemptions must await the availability of additional basic data. More study is needed to determine the fiscal impact of traditional exemptions. Also such data would increase the possibility of meaningful comparison of the costs of tax exemption and the social benefits resulting from the activities of charitable institutions. Like most perennial problems in state and local government finance, no one grand design for a single solution is readily available. Consequently, periodic study and evaluation is a necessary prerequisite to intelligent policy formulation. Provision of basic data on the problem is the minimal potential research contribution of government to this process. It is to be hoped that eventually additional research effort will be devoted to this matter in Ohio.

The authors wish to acknowledge the helpful suggestions of Professor L. Edwin Smart, Department of Econmics, The Ohio State University and Mr. Fred Becker, Chief, Division of County Affairs, Ohio Board of Tax Appeals.

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[36] DEWHURST AND ASSOCIATES, AMERICA'S NEEDS AND RESOURCES (1955) 467.

[37] See *e.g.*, GOVERNMENT FINANCES IN 1965, Project Note No. 39, Tax Foundation, New York (1955) 24.