

STATE OF NEVADA

MINUTES OF MEETING

OF THE

State Board of Assessors

WITH THE

STATE REVENUE BOARD

Carson City, January 14 and 15, 1907



CARSON CITY, NEVADA

STATE PRINTING OFFICE, : : : J. G. MCCARTHY, SUPERINTENDENT

1907

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STATE BOARD

Washoe County, Nevada, January 11 and 12, 1907



MINUTES OF ASSESSORS' MEETING, 1907.

FIRST DAY.

CARSON CITY, NEVADA, January 14, 1907.

The meeting was called to order by the Chairman, Governor Sparks, at 4 o'clock p. m., and the Secretary, W. R. Davis, was ordered to call the roll. The following answered to their names:

E. M. Brown	Churchill County
E. L. Wyatt	Douglas County
W. M. Weathers	Elko County
W. A. Ingalls	Esmeralda County
H. C. McTerney	Eureka County
J. W. Guthrie	Humboldt County
H. R. Lemaire	Lander County
J. F. Roeder	Lincoln County
D. P. Randall	Lyon County
Wm. Kinney	Ormsby County
R. Henrichs	Storey County
W. S. Beard	Washoe County
A. C. House	White Pine County

Governor Sparks—Now, gentlemen, General Stoddard will read the Act relating to the State Board of Assessors to you, and then I will appoint a Committee on the Order of Business. I would suggest that you adjourn, after General Stoddard reads the Act to you, until the train gets in, so that Mr. Owens can be present, unless he appears before that time.

Attorney-General Stoddard—Gentlemen, the law under which you are to act in the capacity of a State Board of Assessors, as amended in 1903, reads as follows:

SECTION 1. The County Assessors of the several counties of this State shall meet for a period not exceeding ten days in the office of the Governor, at Carson City, Nevada, on the second Monday in January of each year, and shall at such meetings establish a valuation throughout the State of all railroads and rolling stock of such railroads, of all telegraph and telephone lines, of all electric light and power lines, of all cattle and sheep, and upon all other kinds of property which, in the judgment of said Assessors, can be valued and assessed more uniformly

by said Assessors, acting collectively, than by the several County Assessors acting separately; *provided*, that, in fixing such valuations, the location and situation of such property shall be considered; *and provided further*, that nothing herein shall be so construed as to impair the right of the Board of Equalization of any county to equalize taxes on all property, the valuation of which has not been fixed at the annual meeting of the County Assessors as provided in this section; but the said County Board of Equalization shall not have the power to equalize any property on which a valuation has been fixed by the said Board of County Assessors; *provided*, any taxpayer, under the provisions of this Act, shall not be deprived of any remedy or redress in a court of law relating to the payment of taxes.

(During the reading of the above section, Mr. Owens, Assessor of Nye County, appeared.)

SEC. 2. At such meetings the Governor shall be the Chairman and the Governor's Secretary shall be the Clerk. The Governor shall have the casting vote in case of a tie. The State Controller shall supply all information and data concerning the finances of the State, either on his own motion or by request of the Board. Eight Assessors shall constitute a quorum for the transaction of business, and a majority of the entire Board shall decide any question before the meeting; *provided*, that in case of a tie on any question before the Board, the Chairman shall cast the deciding vote; and it is hereby made the duty of every Assessor present at the meeting of said Board to vote aye or no, upon every question put by the Chairman of said meeting, and every Assessor failing so to do shall forfeit his office and shall be proceeded against by the District Attorney of said Assessor's county, at the request of the Attorney-General to enforce said forfeiture; *provided*, that, if at any meeting the Assessor of any county shall, by reason of sickness or other unavoidable cause, be unable to attend any such meeting then, in that event, the Chairman of the Board of County Commissioners of such counties shall attend such meeting, and shall act and vote in the place of such absent Assessor, with the same force and effect as such Assessor might do if present, and the Governor or acting Chairman of said meeting shall be and hereby is authorized to issue a subpoena for the attendance of an Assessor who shall fail to attend, unless excused by the provisions of this Act. And he is hereby further empowered to deputize anyone who is qualified by law to serve a summons to serve the same: *and provided further*, that, if at any meeting the Governor or his Secretary shall, for any reason, be unable to act as Chairman or Clerk, then, in that event, the State Controller shall act as Chairman, and in case the State Controller shall also be absent, then the Attorney-General shall act as Chairman and as such Chairman shall have all of the powers herein granted to the Governor acting as such Chairman. Any Assessor who shall fail to attend the meetings provided for in section one, unless he is prevented by sickness or other unavoidable cause, shall be subject to a penalty of \$500, to be collected in a suit instituted against said delinquent Assessor or his bondsmen by the District Attorney of the county of said Assessor, on the request of the Attorney-General; and shall be further subject to removal from office, should a majority of the State Board of Revenue hereinafter created order proceedings to that effect to be instituted.

SEC. 4. The valuation fixed at such annual meetings shall be the actual cash value of all such property as may be designated, as now provided by law, taking into consideration the locality of such property, and the Assessors of the several counties shall assess and enter upon the assessment rolls of their respective counties all such property at the valuation designated by such meeting of County Assessors, and shall fix the value and assess all property not so valued at said meeting in the manner now provided by law.

SEC. 5. The valuation fixed at such annual meetings shall be uniform on all such property as may be designated, except in cases where the value is affected by its locality or other consideration affecting its cash value; and the Assessors of the several counties of the State shall fix values on all property not so valued at said annual meeting, in the manner now provided by law.

SEC. 11. It shall be the duty of each County Assessor to fix the valuation of all property which may be assessed by him at the valuation placed upon the same kind of property at the regular annual meeting of Assessors for the State.

SEC. 13. Should any Assessor in this State neglect to assess property in accordance with the provisions of this Act, or laws now in force or effect, or place a greater or less valuation on any property that has been fixed at said meeting of Assessors, the State Board of Revenue, which is hereby created, consisting of the Governor, State Controller, and Attorney-General, shall instruct the District Attorney of said Assessor's county to bring suit against such Assessor and his bondsmen for the sum of five hundred dollars as a penalty therefor, which said sum, when collected, shall be paid into the General Fund of the State Treasury, and such Board may instruct the Attorney-General to request the District Attorney of said Assessor's county to institute suit against such Assessor for his removal from office for such neglect or refusal. The suit shall be tried in the District Court having jurisdiction in the county where property is situated.

SEC. 7. All Acts and parts of Acts in conflict with the provisions of this Act as herein amended are hereby repealed.

Governor Sparks—Gentlemen, I believe that the majority of this Board has met with us before, and I am in hopes that you realize the fact, and that each and every one of you is here to represent every dollar's worth of taxable property in the State of Nevada, in this great commonwealth. I believe that you are here to do your duty; and I am in hopes that by meeting here once a year, you will compare notes of the situation, and get on common grounds with each other. We have a growing State. We have wealth to-day that we didn't have ten years ago. We have people by thousands that we didn't have a few years ago. I believe that you are here to-day to represent one hundred and twenty-five thousand people, their interests, and their taxable property. I have always been in favor of this law, and I hope that you will give due consideration to the interests of each and every county in this State.

Now, I will appoint, as a Committee on the Order of Business, Mr.

Ingalls of Esmeralda County, Mr. Guthrie of Humboldt County, Mr. Owens of Nye County, Mr. House of White Pine County, Mr. Randall of Lyon County, Mr. Kinney of Ormsby County, Mr. Roeder of Lincoln County, and when you gentlemen retire, I would suggest that you appoint your own Chairman. Are there any further remarks?

The Attorney-General—No, I have nothing further to say at this time, except that I shall take pleasure, gentlemen, in interpreting or pointing out, so far as I am able, any section of the law that may not appear entirely clear to any of you. Most of the Board, I understand, have been previous incumbents, and are familiar with the procedure of levying and collecting assessments.

Mr. Beard of Washoe County moved that the meeting adjourn until 11 o'clock, Tuesday morning, to give the Committee time to report. The motion was seconded by Mr. Weathers of Elko County, and carried, and the meeting adjourned until 11 o'clock a. m., January 15, 1907.

Before the adjournment Miss A. F. Torreyson was sworn to report the proceedings of the Board.

SECOND DAY.

—————
CARSON CITY, NEVADA, January 15, 1907.

The meeting was called to order by the Chairman at 11 o'clock. The roll was called by the Secretary. All members were present and answered to their names.

Governor Sparks—Mr. Ingalls, are you the Chairman of the Committee on the Order of Business?

Mr. Ingalls—Yes.

Governor Sparks—Have you your list made out?

Mr. Ingalls—We have a list made out. (Hands list to the Governor.)

Governor Sparks—Are there any representatives present from different parts of the country or State who wish to address the Board? If there are, we are ready to hear them now.

Mr. Kinney—Yes, I think we would like to hear from the people here. There are several here I guess that represent the corporations and the people, and one thing and another, and now is the time we would like to hear from them, and have them give us a little light on the subject, and I make a motion to that effect.

The motion was seconded and carried.

Governor Sparks—Judge Mack, would you like to address the Board?

Judge Mack—May it please the Governor, and you, gentlemen, who are the Assessors of the fourteen counties of the State of Nevada, I appear here on behalf of Esmeralda County, namely, by and through its Board of County Commissioners, and for its people, to petition you to assess the railroads in Esmeralda County at their full cash value, as defined by the statutes of this State, and also by the Supreme Court of this State. I might use the term "actual cash value" just as well as "full cash value," because all the people of Esmeralda County ask is that the values be fixed at actual cash value.

I desire first to call your attention to the rule as laid down by our Supreme Court, and should I misstate, Mr. Attorney-General, I ask you to promptly and at once correct me, because I neither desire to state a proposition as law unless it be law, nor a fact as a fact, that cannot be substantiated.

The Legislature has seen fit to pass a law requiring you to meet in joint meeting for the purpose of fixing values. The Legislature has defined how those values shall be fixed. First, it has said, in so many words, that you shall fix the value of property to be assessed at its full cash value. In assessing railroads the Supreme Court has laid

down the rule for your guidance in fixing the value of that class of property; and under your solemn oaths that you have taken as Assessors, it is your bounden duty to follow the laws as laid down by the Legislature, and as interpreted by our Supreme Court.

I call your attention first to the definition laid down by the Supreme Court in the case of *The State of Nevada v. The Virginia and Truckee Railroad Company* (23 Nev. 283), tried in Washoe County, and a similar case subsequently tried in Storey County (*State v. V. & T. R. R. Co.*, 23 Nev. 432), in which the Supreme Court said what you must do in order to obey the law.

Under the Statutes of 1891, pages 137 and 138, it is provided that all property shall be assessed at its actual cash value, and that the term "actual cash value" means the amount at which the property would be appraised if taken in payment of a just debt due from a solvent debtor. The Supreme Court has held that "the value of a railroad must be determined mainly by its net earnings, capitalized at current rates of interest, taking into consideration any prospective increase or decrease in the earning capacity of the road."

The Board of County Commissioners and the people of Esmeralda County ask you to obey that rule literally, and follow it; they ask nothing more and expect nothing less.

Some of you are aware that in the year 1905 the Board of Assessors fixed the valuation upon the Carson and Colorado Railroad and upon the Tonopah Railroad. If my recollection serves me right, and I am stating now from memory and not from the record, you fixed the value at \$3,500 per mile; if that is not right it is approximately correct. The Board of County Commissioners of Esmeralda County saw fit, in their judgment, to raise the valuation, and did raise it on those two roads from that amount to \$8,500 per mile, or an actual raise of \$5,000 per mile over and above the valuation fixed by the Board of Assessors. The two companies refused to pay the tax, and suit was brought. The suit against the Carson and Colorado Railroad has been tried, and has gone to judgment against the railroad company. Judge Murphy presiding, I think on the 19th of December, rendered a judgment for the full amount, or full valuation, as fixed by the Board of Equalization, being \$5,000 per mile over and above the amount fixed by the Board of Assessors.

The case against the Tonopah Railroad has been partially tried, or, in other words, we have taken some testimony preparatory to the real trial to come on in a few days. In that testimony we were able to get a little insight into the situation that will enable you to form a correct judgment, a judgment under the law, and under your oath of office, and I will call your attention to those facts, as sworn to by Mr. J. F. Hedden, the General Superintendent of that road.

During the course of the examination we obtained a little of the testimony that we strove to get, and will obtain more a little later on. The deposition was taken with a view of preventing a defense to the action; in other words, destroying the defense, the only defense allowed under the statute of this State, namely, over-valuation; and in that we have partially succeeded, and in the end unquestionably will succeed.

In the course of the examination, Mr. Hedden says, in his examination on *voir dire*, as to who he was, what his business was, and so forth, on examination by Judge Mack:

"Q. What is your name? A. J. F. Hedden. Q. How old are you? A. Fifty. Q. Where do you reside? A. Tonopah. Q. How long have you lived in Tonopah? A. Since the first of April, this year. Q. As I understand, you live in Tonopah, Nye County, Nevada? A. Tonopah, Nevada; yes, sir. Q. What is your business? A. General Superintendent of the Tonopah and Goldfield Railroad, and General Freight and Passenger Agent, and General Superintendent of the Bullfrog and Goldfield Railroad, and the General Agent of the Amargosa Construction Company. Q. How long have you been General Superintendent? A. January 1st, this year."

I simply call attention to this to show his position, as he testifies to it himself. Now I will call your attention to what he says relative to the earnings of the road, what little we could get from him.

"Q. I want the gross earnings."

This follows much of the legal work preceding, which the counsel for the defendant objected to, and excepted, and we finally got down to the point we wanted to reach.

"A. The gross earnings for August."

And if you gentlemen take down the figures they will be very instructive before we get through.

"A. The gross earnings for August were approximately \$143,000. For September they were approximately \$180,000. For October they were approximately \$200,000."

These are the amounts that the superintendent of the road testifies to, and must, necessarily be correct, if he told that which is true. After a labor of nearly a day, or a day and a half, we were unable to get him to tell anything further than that. From that point he absolutely refused to answer any question touching the earnings or disbursements of the railroad company. Then we followed on a little further:

"Q. Now, can you give us approximately the disbursements for the months of August, September and October, 1906, or rather the expenses? A. No, not for August, I can't. No, not for August, no. Mr. Green— You just want that approximately, Judge, do you? Judge Mack—I asked him to give that approximately; I will take up the other later

on. (Witness computes on a slip of paper.) A. August, about \$60,000."

Their expenses for August were \$60,000.

"Q. What were the running expenses of the road during the month of September, 1906? A. What do you mean by running expenses?"

And so on down until we reach the point:

"A. Well, the operating expenses is what is commonly known as the expenses of operating the road; it means just what it says. Outside of any betterments or improvements either in equipment, building, or, in fact, anything that goes into the road in the way of new material, which is not properly called renewals. Now, if you mean what we regard as operating expenses for the month of September, it was about sixty-seven or sixty-eight thousand dollars."

Sixty thousand in August, and sixty-seven or sixty-eight thousand in the month of September. At that point he refused to testify any further, and did not give us the operating expenses for the month of October, or any other month, although we pressed him vigorously to get the receipts and disbursements of that company for the years 1904, 1905, and 1906. Beyond those we were unable to go, simply because the witness refused to testify, and will now shortly be up before the court for contempt.

If you gentlemen will figure those up you will find as follows: Their earnings in August were \$143,000; for September, \$180,000; for October, \$200,000, making \$523,000; dividing that by three gives \$174,333 per month as an average gross earning.

Adding together the disbursements—August, \$60,000; September, \$68,000, and assuming that October was as high as September, at \$68,000, being a little more than he actually calls for—makes the gross expenditure for operating expenses \$196,000, or an average of \$65,333 per month. Deducting from \$174,333, the average net earning for those three months, the sum of \$65,333, the average net operating expense, leaves a net earning of \$109,000 per month during those three months.

There is no question, and there can be no question, and I challenge successful contradiction, that the earnings for the months of August, September, and October were no better than the earnings for any other three months in the year, so that the average net earning for the three months in the year 1906 was \$109,000. Now, taking that sum, and applying to it the rule fixed by our Supreme Court, which you must obey, otherwise you must compromise with your conscience and your oath of office, \$109,000 per month, or twelve times that, was the net earning of that road during the year 1906, making \$1,308,000 as the net earnings for the Tonopah Railroad Company for the year 1906.

Think of it, gentlemen! Last year that road was assessed at \$7,500 per mile, or ninety times that for the entire road. As a matter of fact,

this testimony shows that it took out in net earnings more money than it was assessed at for purposes of taxation; and took out more money than they claim the road actually cost. And yet the Superintendent of that road had the hardihood to hold up his hand in the presence of Almighty God, and make an affidavit to Assessor Bradley that that road was only worth \$7,500 per mile.

Take the net earnings of \$109,000 per month, or twelve times that, and capitalize it at current rates of interest. At this point I cannot offer any sworn testimony as to what the current rate of interest is; we know what it is in this section of the State; you can borrow all the money you want as low as six, or seven, or eight per cent; but assuming that in that country interest is higher, assuming it is one per cent per month, or twelve per cent per annum; capitalize that at twelve per cent, and what do you have?

Now, what does that mean? It means a sum of money put at interest at current rates that will produce in a year the sum of \$1,308,000. That is what the rule means. Now, what sum will it take? If you figure you will find it will take more than ten millions of dollars to produce that sum in interest. Hence, we contend that, under the law of this State, and under the rule fixed by our Supreme Court, which you must obey, that you must fix the value of the Tonopah Railroad for the purposes of taxation, at the gross sum—that is, the roadbed and the rolling stock—of ten million dollars, and then divide that by ninety, being about the number of miles that the road is operating, and then you have the correct basis fixed by our Supreme Court that you should take as the value of that road for the purposes of assessment.

Now, a few more words, and I am done. I have given you the facts as we have gathered them so far. We shall have more for you a little later on, but up to this time these are the results of the work of the Board of County Commissioners in preparing data to show you that the assessment of the Tonopah Railroad, so far, has been a farce, a snare, and a delusion. That a road that can earn over a million dollars profit in a year should be assessed at \$7,500 per mile, under our law is a travesty on justice.

With these few remarks, I ask you gentlemen, in the name of the Board of County Commissioners of Esmeralda County and of the people of that county, to assess the railroads in that county at what they are worth, as fixed by the law of this State and settled by our Supreme Court, and that is taking their net earnings capitalized at current rates of interest.

What I have said in reference to the Tonopah and Goldfield Railroad applies to every other road in the county; to the Carson and Colorado, now called the Nevada and California Railroad, which must necessarily, and does, and will for some time to come, receive and

transport over its line all the freight and passengers going over the Tonopah Railroad, from Tonopah to Sodaville, and whose net income was over two millions and a half, over and above operating expenses.

With these few remarks, I will leave the matter with you, firmly believing that, under your oath of office, you will obey the law of this State, fulfil and discharge your duties as Assessors, and act impartially between the people of Esmeralda County and these railroad companies, and compel them to bear their portion of the burdens of supporting the government, instead of shirking it, as they have in the past.

Governor Sparks—Judge Mack, I would like to ask you a question. Suppose this road was losing a hundred thousand dollars a year, instead of making five hundred thousand dollars a year, what would be the consequence?

Judge Mack—The consequences were fixed by our Supreme Court, which discussed that question, and told you what to do.

Governor Sparks—Wouldn't they be compelled to abandon the road?

Judge Mack—No, sir; they would not be compelled to abandon the road, but you would have to cut down the assessment in proportion.

Governor Sparks—I am told there were times that the Carson and Colorado road earned but 17 cents a day for a number of months, probably a number of years, before Mr. Huntington got hold of the road, and before the Tonopah mines were opened.

Judge Mack—That may be true, but that was in the ancient past; that was when you and I were young men. But the Supreme Court has said this, if you will notice in the closing of the language, that the value must be determined mainly by its net earnings capitalized at current rates of interest, taking into consideration any immediate prospect for an increase or decrease in the earning capacity of the road. That is the rule, and that is what you are all bound to obey and bound to follow. If the road didn't pay in the other days, the taxes I presume were necessarily small. I recollect, when I was Judge of that district, that the assessment of the road, fixed by Mr. Ingalls, was something like \$1,800 per mile. The truth is that \$7,500 per mile would not pay for the steel laid upon the road, and to put it there. I presume that was fixed at that low rate because the road at that time was not earning a profit, but within the last year, within the last two or three years, and we firmly believe for many years to come, those roads will pay a profit that is almost beyond belief. I thank you.

Governor Sparks—I thank you, on behalf of the Board, for your remarks. Mr. Ryan, would you like to address the Board in the interest of your corporation?

Mr. Ryan (representing the C. P. R. R.)—Thank you, Governor; after the Judge's speech, I don't know that I have anything to say. I will ask him this question: In the Supreme Court decision of this

State, in the 12th Nevada, in a decision rendered by Chief Justice Beatty, doesn't the Court say that a railroad can never be valued beyond its cost? Is that true or not, Judge?

Judge Mack—I am inclined to think that so far as the 12th Nevada is concerned, you are right. That is my recollection.

Mr. Ryan—Conditions have not changed since that decision.

Judge Mack—That is an old decision that has been overruled in this State.

Mr. Ryan—It has been followed, not overruled. Show me where it has been overruled, and I will give in. It is a very elaborate decision, and it is instructive to every Assessor.

Judge Mack—It is very instructive, and ought to be considered, but—

Mr. Ryan (interrupting)—Where a railroad is not earning enough to pay its expenses, it is worth only what the material will bring, after the carriage to market is deducted.

Judge Mack—In answer to that I will say this: Assuming that the Carson and Colorado Railroad was not earning any profit—

Mr. Ryan—Pardon me a moment. Where did you get those figures of two million dollars profit?

Judge Mack—From the testimony of Mr. Hedden, Superintendent of the Tonopah Railroad Company.

Mr. Ryan—And as I understand it, you apply that to the Nevada and California Railroad?

Judge Mack—Yes, sir; by analogy.

Mr. Ryan—Do you know that they have not taken in that amount as gross earnings since the road was constructed?

Judge Mack—No, I have tried to get the books, but haven't succeeded yet.

Mr. Ryan—They have not taken that in as a whole since the road was constructed.

Judge Mack—I want to see the books for that.

Mr. Ryan—There is only one authority on that, and that is the report of the auditor annually to the stockholders.

Judge Mack—The proper thing would be the gross earnings and the gross disbursements, showing each and every channel into which the disbursements were made.

Mr. Ryan—A railroad is very particular not to pay money except for services rendered; their system of bookkeeping beats the world.

Judge Mack—I believe you are right about that. I don't believe they pay for even the services they get. On that question you and I heartily agree. So far as the 12th Nevada is concerned, the Supreme Court has refused to follow it, and they have laid down those rules in the case of *The State of Nevada v. The Virginia and Truckee Railroad*

Company in the 23d Nevada, page 283, and the second case at page 432. And if I have misstated the rule as fixed by our Supreme Court, the Attorney-General was here to correct me. As I said in my opening remarks, if I misstated or misquoted that law, I asked him to challenge me, and he promised to do it.

The Attorney-General—That is the rule as followed by the Supreme Court of our State, not only in the two cases cited by Judge Mack, but also in the 28th Nevada, our last report, where the Supreme Court has reiterated its position on this subject.

Mr. Ryan—In other words, it has elaborated that same case in the 12th Nevada; if I called it the 12th California, I meant the 12th Nevada. I mean the 12th Nevada, because Chief Justice Beatty was the Justice who rendered the decision.

Judge Mack—I think you have reference to the 10th Nevada, the case of *The State of Nevada v. The Central Pacific Railroad Company*.

Mr. Ryan—I am rusty on that, but I know the decision almost by heart. Will you have any objection to reading it?

Judge Mack—Not at all, only it is quite a task.

Mr. Ryan—I mean only the salient portions of it. And to the gentlemen assembled, I would ask them to take the Judge's *ex parte* statement as to the net earnings of the road being two million dollars, with considerable salt, because I know that the entire gross earnings did not amount to two million dollars since the road was constructed.

The Attorney-General—Do you desire me to read this?

Judge Mack—Mr. Ryan desires it.

The Attorney-General—This decision in the 10th Nevada was rendered before the Board of Assessors Act was passed, and before the subsequent decision in the 23d Nevada.

Mr. Ryan—This was rendered at the time the Assessor in every county where a railroad passes assessed the railroad: (Reading from 10th Nevada, page 74.)

To determine the value of a railroad, then, the very first inquiry is as to its actual cost. That, *prima facie*, is its value. But if it appears that the actual cost was in excess of the necessary cost, the necessary cost is the proper standard. If it further appears that the net income of the road does not amount to current rates of interest on its necessary cost, and is not likely to do so, or if the business of the road is likely to be destroyed or impaired by competition or other cause, or, in short, if the utility of the road is not equal to its cost, then its value is less than its cost, and must be determined by reference to its utility alone.

Your later decision follows that exactly, Mr. Attorney-General, as to the utility.

If the road does not pay current expenses, and cannot be expected to do so, then it is worth no more than the value of its movable material, less the cost of taking it up and getting it to market. But if, on the contrary, its business, present and prospective, is such as to yield a net

income for an indefinite period equal to interest at current rates on its necessary cost, and that of its rolling stock, then its "cash value" is equal to its necessary cost, less damage to material; and for that amount, at least, it must be presumed it would sell if offered for sale. It might, indeed, if the road was extremely profitable, sell for much more than its necessary cost; but in that case any amount bid in excess of cost would be allowed, not for the road itself, but for its franchise, or monopoly, or something of the sort, with a value distinct from that of the road. It would therefore be acting upon erroneous principles of valuation to *add anything* to the necessary cost of a road on account of its business or profits or franchises; and if in this case the Assessor had done so, the appellant would have had just ground of complaint. But it is nowhere alleged in the answer that the road was assessed above its necessary cost, or that its cost was greater than its utility, and there is nothing equivalent to such an allegation. It is true that in a separate defense it is alleged that the road was assessed above its value. * * *

I will not read further, but it goes on to say that if its own prospective value, in addition to its then present value, or if it is not paying expenses, then, and in that case, it is only worth what the material would bring, less the cost of transportation to a market. Do I quote it right, gentlemen?

The Attorney-General—I did not catch the last.

Mr. Ryan—Judge Mack, did I quote it correctly?

Judge Mack—I think you stated it correctly? You and I do not disagree as to the law. In order to be fair to Mr. Ryan, he and I do not disagree on the law, but he is stating a condition that does not exist. It may have existed in days gone by, but, thank God, those days have passed never to return. There may have been a time when these railroads did not pay; I never heard of such a time, as a matter of fact, but if there ever was such a time, then those rules apply. When a road does not pay you have to assess it for what the material would bring in the market, rails and ties taken up and sold. But the Supreme Court has said that where the railroad company is earning a profit that you must assess that company, of whatever station and whatever condition, mainly by taking its net earnings capitalized at current rates of interest. The two decisions do not conflict at all, because it is a different state of facts in each case; so I think that Mr. Ryan and I do not disagree on the law, but we do disagree as to the facts.

In fairness to Mr. Ryan I would ask him, representing those great corporations, if he has supplied the Board of Assessors with the cost of the construction of these roads; with the gross earnings and gross disbursements, and their losses and profits? If you have, the Board has something on which it can base a judgment, as directed by the law, and by the Supreme Court of this State.

In order to assist Mr. Ryan a little further in his exposition of the matter I desire to read this paragraph:

It was also shown, without contradiction, that there is no prospect in the near future that the business of the road will increase.

There is no condition of that kind now. The railroad company is in the condition where a single track will not carry the product of the country. They are working their single track to the limit, and cannot transport the supplies offered for transportation; and each one of you knows that you cannot get anything over the road for a long period of time because the road is congested with business, not because they are not struggling to do it, but they can't run it over a single track.

It was also shown, again without contradiction, that there is no prospect in the near future that the business of the road will increase. In fact, it seems quite probable that, if anything, for some time to come, the receipts must decrease. In this connection it is argued that the jury had a right to exercise their own judgment in determining whether there was a probability of future improvement; that they could take judicial notice of the condition of the country, and determine as well as an expert whether business was likely to increase, and that, having done so, their judgment cannot be revised by this Court. (23 Nev. 297.)

Hence, the conditions suggested by Mr. Ryan are not prevalent today.

Mr. Ryan—May I ask you a question? Has any law been passed since the decision in the 10th Nevada, under which franchises are assessed in the State of Nevada?

Judge Mack—Franchises assessed? No, sir.

Mr. Ryan—Then have conditions changed in the State of Nevada since the decision in the 10th Nevada?

Judge Mack—Materially and absolutely.

Mr. Ryan—I know it, so far as the utility of these industries is concerned, but the cold, naked law?

Judge Mack—No, the cold, naked law is the same.

Mr. Ryan—Then the decision in the 10th Nevada is still the ruling of the Supreme Court.

Judge Mack—No, the last decision of the Supreme Court is looked to, instead of the first, as the latest expression of the law, and the decision in the 10th Nevada is in the 23d Nevada amplified and explained, showing what it means, and directing Assessors what to do.

Mr. Ryan—Just so; it is very instructive, that decision is.

Governor Sparks—Judge Mack, you refer to the Tonopah and Goldfield Railroad. Are they charging the people more to-day than the ordinary mule teams and horse teams are charging to get the freight in there?

Judge Mack—I don't think they are; I feel confident in saying that they are not charging as much as freight teams did before the railroad went in.

Governor Sparks—And how about passenger rates?

Judge Mack—My experience teaches me they are less. I had less to

pay on the railroad than I had to pay on the stage; and I have traveled over the road very often, by stage and railroad.

Governor Sparks—Would you like to address the Board, Mr. Blakeslee?

Mr. Blakeslee—No, I believe not.

Governor Sparks—Mr. Hedden, we would like to hear from you.

Mr. Hedden (Superintendent of the Tonopah and Goldfield Railroad)—I have not got much to say. I think I understood Judge Mack to say that I told him the Tonopah and Goldfield Railroad had earned two million dollars.

Judge Mack—No, sir, I didn't say that; you misunderstood me.

Mr. Hedden—What did you say?

Judge Mack—I will give it to you again, if the Governor will permit. You testified, Mr. Hedden, under oath, that, approximately, the earnings of the Tonopah and Goldfield Railroad for August were \$143,000, gross; September, \$180,000, gross, and October, \$200,000, gross; being \$525,000 gross for three months, making an average of \$174,333, gross, per month. You testified further that the August operating expense was, approximately, \$60,000; September, between sixty-seven and sixty-eight thousand (I put it down at \$68,000); the October operating expenses you didn't give; I took October from your September statement, making for three months a gross expenditure for operating expenses of \$196,000, or an average of \$65,333 per month for operating expenses. Deducting that from the gross earnings, left \$109,000 per month for August, September, and October. Taking that as a basis for the whole year, your net earnings were \$1,308,000.

Mr. Hedden—I was not in when you read that.

Judge Mack—I took it from your testimony.

Mr. Hedden—You will observe by that testimony that those are approximate figures. Now, approximate figures or earnings on the Tonopah and Goldfield Railroad some months don't mean very much; that is, it doesn't so far as correctness is concerned. The major portion of our receipts is received from the shipments of ore. Ore is billed at an approximate value; the rates, of course, are based on the value of the ore; they are graduated. As a rule, when ore is billed, for instance, from Goldfield, it is billed at a value of \$50 per ton. It goes through the sampler. The correct rate, or correct value, or rather the rate that is based on the correct value of the ore, is not applied until the returns are received from the smelter; that very often is quite a while after the first of the month, after the approximate figures have been made up. You can easily appreciate the difference in the earnings on that account. Of course, in the approximate figures we do figure a little—or rather the auditor does—on the value of the shipments for the previous months; that is, he takes that as a sort of a basis; he may

be too high, or he may be too low. I think I also told the Judge that the expenses that I gave him didn't represent all of the expenses of that road, anyway. As a matter of fact, for eight months, ending June 30th, which is according to the report issued by our president—a copy of it ought to be on file in the Secretary of State's office; I presume it is; it is a public document—there were \$186,000 chargeable to profit and loss at the end of eight months, ending June 30, 1906, which is the end of our fiscal year. And I think that you will find that that report states there had been only 7 per cent dividends paid, which is an awful low rate of interest in that country. A man who owns real estate there doesn't think he is getting what he ought to if he doesn't get 40 per cent. And out of this \$186,000, while it shows on the books as profit, there are bills to be paid for the necessary things to run a railroad, equip it, and so on, which not only the increase of the business compels us to buy, but the equipment we have is not getting any better. Each year adds to the expense of keeping it up; each year lessens its value; and each year we can figure on an engine making less mileage over the road, as it gradually wears out, and is in need of repairs more often.

Governor Sparks—I would like to ask you this question: Does the Tonopah and Goldfield Railroad pay any more for fuel now than it did a year ago?

Mr. Hedden—We are paying more for some of our fuel, Governor—we paid \$16.50 a ton for a thousand tons of coal, delivered at Tonopah. We have contracted now for five thousand tons, which will cost us \$23.50 a ton at Tonopah. We have been paying \$7.50 a ton for our coal delivered at Mina; we are getting some coal at Mina now that we paid \$8.50 for, but we have been compelled to go outside. We are paying more, in fact, for everything, Governor, so far as that is concerned. It doesn't take long to run into money when you buy equipment. The engines that we use cost us \$20,000 at Mina; they cost us about \$15,500 in Philadelphia, and the freight is between four and five thousand dollars. The coaches cost us over \$9,000. So, in my opinion, the profit of the Tonopah Railroad, so far as the stockholders are concerned, so far as the men are concerned who have their money invested in that, is considerable of a myth.

The Attorney-General—May I ask you a question with reference to when the road was built?

Mr. Hedden—I think it was built in 1904. In 1902, 1903, and 1904.

Mr. Ryan—When was it reconstructed?

Mr. Hedden—It was reconstructed—you mean changed from a narrow-gage to a standard?

Mr. Ryan—Yes.

Mr. Hedden—In 1905, I think. And then again it was practically

reconstructed; there was a great deal of it washed out by cloudbursts, and after that—

Judge Mack—That was in 1904.

Mr. Hedden—1904, was it?

The Attorney-General—How long has the road been in actual operation, either as a broad or narrow-gage?

Mr. Hedden—Since 1903. I am a newcomer here.

The Attorney-General—I understand it was reconstructed many times?

Mr. Hedden—It was washed out? I don't know whether that was when it was a narrow-gage or after it had been changed to a standard.

Governor Sparks—It was washed out the year they were building it.

Mr. Hedden—And then it was changed from a narrow-gage to a standard-gage; and then the old rail that was on there had seen better days it was entirely too light for the equipment which we have to run over it, that is, the engines, on account of our heavy grades, so it was changed, and a new sixty-pound steel was laid.

The Attorney-General—But it has paid a 7 per cent dividend, notwithstanding the expense of reconstruction?

Mr. Hedden—That is the last year.

The Attorney-General—And it has been in operation how many years?

Mr. Hedden—Four or five years it has been in operation. Well, since 1904.

The Attorney-General—Practically a little over two years, and it has been reconstructed two or three times. Can you state approximately how much a ton you charge for hauling ore?

Mr. Hedden—That would be a difficult matter to state, because it depends altogether on the value of the ore.

The Attorney-General—Can you state approximately what your average charges are?

Mr. Hedden—I don't believe I can.

The Attorney-General—Has the Assessor any means of ascertaining how many tons per day you haul over that road?

Mr. Hedden—How many tons of ore?

The Attorney-General—Yes.

Mr. Hedden—Why, yes. We used to—I have not seen it in the papers lately, but it used to be published in the Tonopah papers.

The Attorney-General—And also what your tariff was?

Mr. Hedden—Our tariffs are open to public inspection. The interstate commerce law takes care of that.

The Attorney-General—What is the length of the road?

Mr. Hedden—We have between ninety-seven and ninety-eight miles.

The Attorney-General—Does that include from Goldfield to Mina, or Tonopah to Mina?

Mr. Hedden—That includes the whole road, the main track.

The Attorney-General—The sidetracks also?

Mr. Hedden—No, exclusive of sidetracks.

Governor Sparks—How far south of Goldfield does your line run?

Mr. Hedden—It is constructed about fifty miles; about fourteen or sixteen miles below what is known as Thorp's Wells.

Governor Sparks—Are you operating the line that far?

Mr. Hedden—Not yet; no, sir.

Judge Mack—How much of the earnings of the road have been used to build the Goldfield branch, and the branch you are now building?

Mr. Hedden—None, as I understand. I say none for this reason, because the Goldfield Railroad was built by a separate corporation, not by the Tonopah Railroad. It was built by a separate corporation, just the same as the road to Rhyolite is now being constructed. I know for a fact that none of the proceeds of the Tonopah and Goldfield Railroad are being used in the construction of the road to Rhyolite, because I am there. I wasn't there when the Goldfield Railroad was built. I know there was none of it built by the Tonopah road. I know there wasn't, because it is a separate corporation.

Mr. Owens—I would like to ask a question: What was the valuation of the road per mile when the road from Sodaville to Tonopah was a narrow-gage?

Mr. Hedden—You mean as fixed by the Assessor?

Mr. Owens—Yes.

Mr. Hedden—I think it was \$2,000; then I think it was afterwards raised to twenty-five hundred, that was in 1905; and \$7,500 the last year, as I recollect, in 1906.

The Attorney-General—In the first place, as a narrow-gage, it was valued for assessment at \$2,000 a mile?

Mr. Hedden—Yes.

The Attorney-General—And the following year at \$2,500, and the next year at \$7,500?

Mr. Hedden—That is the way I understand it.

Mr. Ingalls—I beg pardon, but I would like to state that I was the Assessor in 1904 in Esmeralda County, and the Tonopah Railroad was built in 1904 and began operations just about the time that I closed up the assessment roll, and I assessed the road for the balance of the year at \$2,000 per mile, and I spoke to our Board of County Commissioners concerning the matter, and they requested me to look after it, and assess it accordingly, and I assessed it at \$2,000 per mile for the fractional part of the year 1904. In 1905 and 1906 I was not in office.

Mr. Hedden—I want to say that I don't believe that the Tonopah

and Goldfield Railroad, as it is now constructed, cost much over, on an average, \$8,000 per mile.

Judge Mack—Do you maintain the sixty-pound steel was laid there for that money?

Mr. Hedden—I don't believe it was. The Judge has laid great stress on so much business being carried over that road as to tax the capacity of a single track. Now, it is not up to a single-track capacity. It is a small limb of the tree, as compared to the Southern Pacific, and the Southern Pacific is a single track, and they are doing business. It is true that they have had more than they could do this winter, but they can handle a great deal more business than we have been handling, and handle it reasonably prompt. There have been freight congestions, but it is all cleared up now, I am happy to say. It was due to various causes that seemed almost impossible to overcome.

Governor Sparks—Mr. Hedden, what rate of speed is your engineer restricted to on that road?

Mr. Hedden—Our maximum? Do you mean passenger trains?

Governor Sparks—Yes, passenger trains.

Mr. Hedden—To forty-five miles an hour, but it is a fact they make between fifty and sixty. It depends on what portion of the road they are going over; it depends on the track.

Governor Sparks—Have you ever had any wreck or serious trouble on that road?

Mr. Hedden—No, not with passenger trains; we have had one or two accidents with freight trains. That is, within my recollection. I don't think there has ever been a single life lost, or passenger hurt.

Governor Sparks—Your road is not ballasted, is it?

Mr. Hedden—No, I would not call it ballasted; there is a portion of it ballasted with an excuse for gravel. The other part of it is nothing more or less than what you pick up out of the desert.

Governor Sparks—Are there any questions, gentlemen, that you would like to ask Mr. Hedden?

Mr. Ingalls—If the Governor please, I would like to ask Mr. Hedden definitely if, in regard to the Tonopah and Goldfield Railroad in assessing it, the one that runs under the name now specifically of one company, from Mina or the terminus from the other road, to Goldfield, through by way of Tonopah, is the one company, the Tonopah and Goldfield Railroad?

Mr. Hedden—The Tonopah and Goldfield Railroad.

Mr. Ingalls—The Tonopah and Goldfield Railroad is the name of the railroad through to Goldfield?

Mr. Hedden—The Tonopah Railroad and the Goldfield Railroad were merged, and they are known now by the name of the Tonopah and Goldfield Railroad.

Mr. Ingalls—And operated as such by the company?

Mr. Hedden—And operated as such.

Mr. Owens—I would ask Mr. Hedden a question: Does this include the road under construction at the present time from Bullfrog to Goldfield?

Mr. Hedden—No, that is called the Goldfield-Bullfrog Railroad; it is a separate organization entirely.

Mr. Owens—The company that owns the Tonopah and Goldfield Railroad is not the owner of the Goldfield and Bullfrog Railroad; is that the sense?

Mr. Hedden—Not entirely so. There are interests in the Tonopah and Goldfield Railroad that are in the Bullfrog and Goldfield Railroad also; and there are interests in the Bullfrog and Goldfield Railroad that are not interested in the Tonopah and Goldfield Railroad; but there are men interested in both. It is a separate corporation entirely. Is that all, gentlemen?

Governor Sparks—Yes.

Mr. Guthrie—Mr. Chairman, I would like to ask for a little information from the Attorney-General in regard to this law creating the State Board of Assessors, to see if I understand it right. As I understand the law, the valuations fixed here by the State Board of Assessors cannot be changed by the Boards of Equalization; is that right?

The Attorney-General—That is the law at the present time. As originally passed in 1901, the law creating this Board provided that the valuations as fixed by this Board should *not* be lowered by the respective Boards of Equalization. In 1903 it was amended, and the words "or raised" were inserted; and the law as it stands now states that the Assessors, after the introduction of Section 1—

on the second Monday in January of each year, and shall, at such meetings establish a valuation throughout the State of all railroads and rolling stock of such railroads, of all telegraph and telephone lines, of all electric-light and power lines, of all cattle and sheep, and upon all other kinds of property which, in the judgment of said Assessors, can be valued and assessed more uniformly by said Assessors, acting collectively, than by the several County Assessors acting separately; *provided*, that, in fixing such valuations, the location and situation of such property shall be considered; *and, provided further*, that nothing herein shall be so construed as to impair the right of the Board of Equalization of any county to equalize taxes on all property, the valuation of which has not been fixed at the annual meeting of the County Assessors, as provided in this section.

Mr. Guthrie—That is the way I understood the law; but, as I understand, the Board of Equalization did change some of our valuations that we made here a year ago. If they have a right to do that, and do do it, what is the use of us sitting here and equalizing valua-

tions, when they go to work and change them, and have a right to change them?

The Attorney-General—As to their right to change them, there is considerable question; that would involve the constitutionality of the law under which you are acting. It is presumed to be the law of the State until it is declared unconstitutional by our Supreme Court, or until it is repealed or qualified by the Legislature. Therefore, until such adjudication, or such action of the Legislature, we must follow the law. As to the power of the Boards of Equalization to equalize property, the valuation of which has been fixed by this Board, that is another question, and a question which I understand has been raised in several instances, but which the Supreme Court has never passed upon, that is, directly.

Mr. Guthrie—That is the point I wanted to be enlightened on. If they are going to change our valuations that we make here, there is no use of making any; we might as well go home and stay there.

The Attorney-General—I advise you to make the valuations, or, in your discretion, to leave them to the various County Assessors.

Governor Sparks—I would like to have your opinion Mr. Stoddard, as to whether the County Boards have any right to interfere with our work.

The Attorney-General—Not under this law, and it is presumed to be a good law until found otherwise by our courts.

Governor Sparks—Do I understand that this Board of Commissioners changed the valuation placed on the railroads, as made by the Board of Assessors?

Judge Mack—Yes, sir; and I will give you the case.

Governor Sparks—Do you think that was legal.

Judge Mack—Yes, sir.

Governor Sparks—There is no use in our wasting our time here, then.

Judge Mack—In answer to that question I will say that in the year 1905 this Board fixed the value of the Carson and Colorado Railroad at \$3,500, if I recollect right; I don't just recall the value fixed upon the Tonopah road; it was not less than \$2,500. The Board of County Commissioners of Esmeralda County that year met, after notice, and raised the valuation \$5,000 per mile upon the Carson and Colorado Railroad, and I think the same upon the Tonopah; I am not sure as to the exact raise on the Tonopah road. The roads refused to pay the taxes on the raise; suit was brought. The case of The State against the Carson and Colorado Railroad has been tried; it was tried before Judge Murphy last month, and Judge Murphy gave the State judgment for the amount fixed by the Board of Assessors, plus the additional \$5,000 put upon it by the Board of Equalization.

Governor Sparks—That was the Board of County Commissioners?

Judge Mack—Yes, sir; the Board of Equalization. The case of the Tonopah Railroad has not been tried as yet; we have been taking some testimony, and getting ready to try it some time in February, just when, I don't know.

The Attorney-General—Gentlemen, I would like to state very plainly that that is a law on the statute books, and we must follow the Act, as amended in 1903, and under which this Board has been meeting annually since 1901 or 1902. If a Judge of the District Court has declared that, in his opinion, it is unconstitutional, before it has been passed upon by the Supreme Court of our State, we must presume, and continue to presume, that it is constitutional, and the law makes it mandatory, and a duty resulting from the office of each Assessor. As Assessor he must come here once a year, and meet with every other Assessor, and value all property enumerated in this Act, and such other property as, in the judgment of the Board of Assessors, can be valued for the purposes of assessment. Such action must be taken by this Board, sitting as a Board, and the Act even provides a penalty for any Assessor who does not appear, and provides a penalty for any Assessor who refuses to vote on any question before the Board, and it would be my duty, under the law, to enforce the provisions of this law, until the Supreme Court of the State said it was not the law, or until the Legislature amended or repealed it. Therefore, the question as to whether the respective Boards of Equalization in the counties can, after a valuation has been fixed by this Board, equalize the same by raising or lowering such valuation, is another question. While I would not at this time undertake to give any opinion upon that, I believe it is proper for us to follow this Act specifically.

Governor Sparks—Will you suggest, General Stoddard, to amend the law, and make it impossible for a Board of Equalization to change our ruling here?

The Attorney-General—Governor, at this time the law, as it now stands, provides that "nothing herein shall be so construed as to impair the right of the Board of Equalization of any county to equalize taxes on all property, the valuation of which has not been fixed at the annual meeting of the County Assessors as provided in this section; but the said County Board of Equalization shall not have the power to equalize any property upon which a valuation has been fixed by the said Board of County Assessors."

Mr. Ryan—General, that is on all-fours with the State Board of Equalization laws in California. No County Board can touch any assessment made by that State Board of Equalization; and it follows on all-fours, just as it is here, although this is more mandatory than the California law.

Judge Mack—Just a word in addition to that, so you will understand it better. Mr. Ryan and I quite agree upon that proposition, but the difference between the California law and our law is this: In California they have a Board of Equalization to review the acts of the Assessors after they get through; in this State you are trying to legislate the Board of Equalization out of existence, which is against the Constitution of this State.

Mr. Ryan—Judge, a man has a day in court for all that. Any taxpayer, under the provisions of this Act, shall not be deprived of any redress.

The Attorney-General—I would suggest that he would have redress, notwithstanding that provision.

Judge Mack—In California they have a Board of Equalization over that Board, and in this State they have not got it. Judge Murphy and Judge Bonnifield have held against you fairly and squarely.

Mr. Kinney moved that the meeting adjourn until 2 o'clock. The motion was seconded and carried, and an adjournment taken until 2 o'clock p. m.

Afternoon Session.

The meeting was called to order by the Chairman at 2 o'clock p. m.

The Secretary was ordered to call the roll.

All members present.

Governor Sparks—Now, gentlemen, if there are no more remarks to be made, we will take up the order of business. Do you wish to make any remarks, Mr. Ryan, before we proceed?

Mr. Ryan—None at all.

Mr. Hedden—I would like to, Governor, with your permission. I overlooked one point this morning, and that is this: There seems to have been great stress laid upon the fact the assessment should be based upon the profits. The profits of the company which I represent, outside of 7 per cent dividends, have been invested in equipment, and in bettering the condition of the road. Now, since June 30th orders have been placed for equipment which will cost, in round figures, \$350,000; that equipment is assessed as soon as it arrives, or rather it is assessed in the regular way, and if we were to regard all above operating expenses as profits, which Judge Mack claims by his statement, but which is not correct, for those figures do not represent the money expended for betterment, simply the operating expenses, we would be paying taxes on the same money twice, because this money is expenses for equipment, constructing new buildings, constructing new sidetracks, and things of that sort, for which we are taxed in the regular way.

In addition to this, we have in contemplation building new shops—in fact, they are authorized—which, with the machinery, will probably

cost in the neighborhood of \$50,000. We have in contemplation changing the location of the station at Goldfield, and improving it. These things all figure in when the assessment is made at the end of the year. And that only emphasizes the position which Mr. Ryan took, that it would be manifestly unjust to make the basis of the valuation the net receipts or profits, after paying the operating expenses of a railroad.

There is another point, too. I have been told, time and again by my people, that all the money that was made by that road was put right back in it. The money that was made during the narrow-gage time—that is, the profits—was spent in standardizing the gage, and the assessment per mile was raised accordingly; it was raised from \$2,500 to \$7,500, when it was changed from a narrow to a broad-gage. After that the money was spent to lay new rails, and now comes new equipment, and we are not through yet; and I have recommended to our people that we buy even still more equipment, which was not included in the amount which I have stated.

Judge Mack—If the Governor please, it is a matter of keen gratification that Mr. Hedden and I have gotten together on the profit system. If they have ordered \$350,000 in betterments that is a part of the profits for the past year, which shows that his testimony in the trial we are going to proceed with is correct. We contend this: That the gross receipts should be taken into consideration by the Assessors, and the operating expenses deducted, and the balance would represent the profits, and should be used as a basis upon which to fix the valuation. It makes no difference whether that is invested in another property, or in betterments, it is still a profit, which should be considered by the Assessors in arriving at the valuation to be fixed for the purpose of taxation.

Mr. Hedden—Allow me to ask you a question?

Judge Mack—Certainly.

Mr. Hedden—After paying our operating expenses, if we have a sum of one hundred thousand dollars, say, left, and we take that one hundred thousand dollars and buy new engines, would you consider it just that we pay taxes on a basis of one hundred thousand dollars in cash, which we might have left, and also pay taxes on the equipment, which we buy with that hundred thousand dollars?

Judge Mack—I can answer the question. The hundred thousand dollars is taken as a base upon which to fix the value of the road for the purposes of taxation. That hundred thousand dollars is not assessed to you, it is simply used to fix the value of the road per mile. The engine that you buy, or the equipment that you buy with that hundred thousand dollars, is new property that you brought into the State, and it is the duty of the Assessor to assess that new property, just the same as he assesses the old.

The Attorney-General—I would like to add further that the term "full cash value" means the amount at which the property would be appraised if taken in payment of a just debt due from a solvent debtor; that is supposed to be the rule which shall guide the Assessors in determining the actual or full cash value.

Mr. Waters (representing the San Pedro, Los Angeles and Salt Lake Railroad)—That does not apply to railroads.

The Attorney-General—That applies specifically to railroads, in addition to determining the cost of construction. Where a road, for instance, does not pay its expenses, that rule is applied, where they cannot use the profits as a basis from which to determine the assessment. That is the rule adopted in the 10th Nevada and in the 23d Nevada cases which we discussed this morning.

Mr. Waters—If a road is not on a paying basis?

The Attorney-General—But, in addition to that, the two must be construed together. The property of the road must be taken at its full cash value, meaning the amount at which the property would be appraised if taken in payment of a just debt due from a solvent debtor—that is, the property itself—but, in determining the valuation, the net earnings of the road, capitalized at current rates of interest, is also to be taken into consideration. That is the rule laid down by our Supreme Court. Of course, the Board is to take into consideration the present possibility of a future decrease or increase in the business of the road. They are all to be construed together.

Governor Sparks—If there is no further argument, gentlemen, we will take up the order of business.

Mr. Randall—That report of the Committee on the Order of Business has only been signed by seven of us, and I suggest that it be read; we might want to make some changes or objections to it.

The report is read by the Secretary, and is as follows:

To the Chairman and Members of the State Board of Assessors:

We, the Committee on the Order of Business, hereby beg leave to submit the following report:

ORDER OF BUSINESS.

1. Work Horses.
2. Saddle Horses.
3. Stock Horses.
4. Work Mules.
5. Stock Mules.
6. Beef Cattle.
7. Milch Cows.
8. Stock Cattle.
9. Thoroughbred Cattle.
10. Sheep.
11. Buck Sheep.

12. Hogs.
13. Telephone Lines.
14. Telegraph Lines.
15. Electric Light and Power Lines.
16. Contract Lands.
17. Railroads, classified as follows:
 1. Central Pacific Railroad.
 2. Virginia and Truckee Railroad.
 3. San Pedro, Los Angeles and Salt Lake Railroad.
 4. Tonopah and Goldfield Railroad.
 5. Nevada and California Railroad.
 6. Eureka and Palisade Railroad.
 7. Nevada Central Railroad.
 8. Nevada, California and Oregon Railroad.
 9. Las Vegas and Tonopah Railroad.
 10. Tonopah and Tidewater Railroad.
 11. Nevada Northern Railroad.
 12. Gardnerville Railroad.
 13. Hazen and Fallon Railroad.
 14. Rolling stock of all.
 15. Silver Peak Railroad.
 16. Glasgow and Western Exploration Company Railroad.
 17. Pioche and Pacific Transportation Railroad.
 18. Sidetracks of all.

(Signed:)

W. A. INGALLS, *Chairman*,
 J. F. ROEDER, *Secretary*,
 J. W. GUTHRIE,
 D. P. RANDALL,
 J. J. OWENS,
 WM. KINNEY,
 A. C. HOUSE.

Governor Sparks—What is your pleasure on the adoption of the report of the Committee on the Order of Business?

Mr. Lemaire—I notice that "Goats" has been omitted from the list, and I ask that that be added.

Governor Sparks—There is nothing said about "Thoroughbred Sheep" here.

Mr. Owens—I move that the report be adopted as read, and as we go along in the order of business anything that we find necessary to add that we add it as we go along.

Motion seconded and carried.

Mr. Davis (Secretary)—The Governor has added "Thoroughbred Sheep, Goats, and Thoroughbred Cattle" to the list.

1-5. Work Horses, Etc.

Mr. Randall—It is pretty hard for me to get up and say what work horses are worth over in Elko County, and I move that work horses, saddle horses, stock horses, work mules and stock mules be left to the discretion of each Assessor in his own county.

Motion seconded and carried.

6. Beef Cattle.

Mr. Owens—I would also move that beef cattle, milch cows and stock cattle be left to the Assessors of the various counties.

Mr. Kinney—I object to that, because it might differ so very much, and might make a big difference in the State. Beef cattle and cows, I think, ought to be acted on by this Board.

Mr. Guthrie—I move that the valuation of beef cattle be placed at \$25 a head.

Motion seconded and carried.

7. Milch Cows.

Mr. Kinney moved that the valuation be placed at \$25 per head.

Motion seconded and carried.

8. Stock Cattle.

Mr. Wyatt—I move that the valuation be placed at \$16 per head.

Mr. Roeder—They are not so high in Lincoln County as they are in Douglas County. In Lincoln County, and in Nye, Esmeralda, and White Pine, I think the valuation should be \$13, the same as last year.

Mr. Guthrie—They are all close to the railroad now.

Mr. Roeder—Pioche is just as far away as it was last year.

Governor Sparks—I think the cattle in the northern counties are worth considerably more than the southern cattle; not that I want to punish the southern breed, but I know they don't bring the money in the market that the cattle bring north of the Southern Pacific Railroad, in Elko County and Humboldt. However, that is for you gentlemen to decide.

Mr. Ingalls—I move to amend the motion by making the difference a dollar a head in White Pine, Nye, Esmeralda, and Lincoln Counties.

The Attorney-General—Last year it was \$13 a head in Nye, Esmeralda, Lincoln, White Pine, and Lyon Counties.

Governor Sparks—Would that resolution suit you, gentlemen? It is rather unfair to make a blanket assessment on beef cattle or range cattle, simply because the cattle in the southern counties don't carry the quality in the market that the cattle in the northern counties carry. They haven't the weight, and they haven't the quality, unless they are fitted for the market; but we are speaking of range cattle now. They haven't got the ranges south that they have north of the Southern Pacific Railroad, and the cattle don't bring as much money as they do north of the railroad. It is for you gentlemen to settle that, however.

Mr. Ingalls—I would like to ask from the members present who are posted on the matter—your Honor is posted—regarding the price of

beef cattle this year compared with last year; if there is any raise or diminution in value?

Governor Sparks—I don't think there has been very much change in the market; the market is just about the same as it was a year ago.

Mr. Guthrie—It isn't in the market at all, stock cattle.

Governor Sparks—Well, there wasn't much in the market a year ago.

Mr. Ingalls—I will withdraw my motion if that is the case, if there is that much difference. I am not very well posted on the stock business in the various counties.

Mr. Owens—Being that the cattle in the southern country are inferior in quality, as you say, to those in the northern country, I think the amendment offered by Mr. Ingalls is a very good one; that if the cattle in the northern counties are taxed at \$14 a head in those counties mentioned by him they should be assessed at \$13 a head.

Governor Sparks—What counties were those?

The Attorney-General—It was \$15 a head in the State in all counties except Esmeralda, Lincoln, White Pine, and Nye, in which counties it was \$13 a head, and Lyon County was also added to the thirteen-dollar counties.

Mr. Ingalls—I would like to hear from the members of the Board who represent the cattle counties.

Mr. House—I think there is about that much difference, a couple of dollars a head, between the southern counties and the northern counties; I think it should stand about as it has been.

Mr. Kinney—I think that Lyon County ought to be brought under the \$15-a-head counties; there is fine feed there and near the railroad. I don't want to say anything about our county, but I know that they are worth \$15 there.

Mr. Randall—We have no feed there at all; the sheep come down there and eat it all up. We have an inferior class there. If it is \$15 all over the State I am willing to follow it, otherwise I think I am entitled to a reduction of two dollars.

Mr. Ingalls—I withdraw the motion and the amendment making it \$14, and accept the motion of \$13 and \$15.

Mr. Owens—Mr. Chairman, I would move to amend the motion, if there is one before us, that the valuation be left the same as it was last year, on the northern and southern cattle.

Motion seconded and carried.

9. Thoroughbred Cattle.

Mr. Kinney—I think they ought to be left to the various Assessors. There are not many in the State; I don't know of any very close around here, and I move that they be left to the Assessors of the several counties in the State.

Motion seconded and carried.

10. Sheep.

Mr. Kinney—Sheep last year all over the State were assessed at \$3 a head. I move that they be assessed the same this year.

Motion seconded and carried.

Thoroughbred Sheep.

Mr. Davis—That has been added by the Governor since the report was submitted.

Mr. Guthrie—We have none in our county.

Governor Sparks—There are few sheep men who want to pay taxes on thoroughbred sheep; they want to beat the Assessor all they can, but there are lots of thoroughbred sheep in this State, and they cost ten times as much as the ordinary sheep. While it is a sheep, it is a thoroughbred, and it costs money to land him here, and I think they should be taxed, too.

Mr. House—How is an Assessor going to tell a thoroughbred sheep that don't know much about sheep?

Mr. Beard—I move that the valuation on thoroughbred sheep be left to the Assessors of the different counties.

Motion seconded and carried.

11. Buck Sheep.

Mr. Beard—I move that the valuation be placed at \$5 a head.

Motion seconded and carried.

Goats.

Mr. Kinney—The only man here last year who had any was from Lander County, and he said that he owned a good many of them, and he was willing to put them in at \$5 a head. I move that they be assessed at \$5 a head.

Mr. Lemaire—I ask that a valuation of \$5 per head be placed on them.

Motion seconded and carried.

Persian Sheep.

Governor Sparks—What about Persian sheep?

Mr. Lemaire—I have a few.

Governor Sparks—Yes, you have, and they are worth a good deal of money, too.

Mr. Beard—I move that the valuation on Persian sheep be left to the different Assessors.

Motion seconded and carried.

Thoroughbred Horses.

Mr. Kinney—I think that should be left to the Assessors of the several counties, and I make a motion to that effect.

Motion seconded and carried.

12. Hogs.

Mr. Randall—I move that follow the same routine.

Mr. Ingalls—I second the motion that it follow the same routine, and be left to the discretion of the various Assessors of the different counties.

Motion carried.

13. Telephone Lines.

Mr. Randall—I move that the telephone lines, electric-light and power lines and telegraph lines be left to the Assessors of the different counties.

Mr. Ingalls—If I understand it right, the valuation placed on telephone and telegraph lines for the purpose of assessment differs greatly; some are assessed at \$100 a mile and some at \$50, and so on; there is a great variation, and I think there ought to be a uniform valuation in some way for all telephone lines. They might be worth more in some counties than they are in others, but I am aware there is quite a difference in the valuation placed upon them in the different counties in the State, but I hardly know what to suggest.

Mr. Owens—I would think it a pretty hard matter to get at—the assessing of the different lines, the telephone lines. For instance, the line between Tonopah and Goldfield. I don't suppose there is any other telephone line in the country that does the same amount of business that it does, and, necessarily, you would have to segregate the other lines here, and assess them according to the volume of business they were doing; and I think it would be well to leave that in the hands of the Assessors of the different counties, and find what they are doing.

Governor Sparks—I agree with you on that, Mr. Owens. It is a local affair, and I think should be left to the Assessors of the different counties.

Mr. Guthrie—I second the motion made by Mr. Randall.

Motion carried.

16. Contract Lands.

Mr. Guthrie—I move that the valuation on contract lands be left to the various County Assessors.

Motion seconded and carried.

Mr. Ingalls—I would like to know what the contract land has been valued at, whether the same the last two years, practically, as before.

The Attorney-General—There is no valuation on it; it has been left heretofore to the various Assessors.

Mr. Guthrie—If it is wild contract land, unimproved, it has been

assessed at twenty-five cents an acre, just what they paid for it, but if improved or cultivated, it is then assessed at what it is worth.

Governor Sparks—It has been customary heretofore to assess improvements on the land, buildings, and the cultivated soil.

Mr. Guthrie—That is what I mean. But the wild contract land outside, unimproved, just what they paid on it.

Governor Sparks—According to their contract with the State.

Mr. Guthrie—Yes.

The Attorney-General—Gentlemen, if you will pardon me I would like to state that, in connection with the levying of different amounts, it has been the practice, and found to be the best method in every case, wherever it is possible, to raise the valuation on all property, both real and personal, and everything that is assessed, and lower the rate. The taxpayer does not pay any more money, the State and county receives just as much revenue, and it looks better all around, especially to persons inquiring as to what the tax rate is, and the valuation of property; and it has been found to be the most satisfactory method of procedure, and I will ask you to bear that in mind at all times in levying your different assessments.

Mr. Guthrie—That is what I have been doing all the time as far as I could.

Mr. McTerney—If you get a chance suggest to the Legislature that they bear that in mind in levying the State tax. It is a pretty hard proposition, this tax business, this county tax, when the Legislature keeps the State tax at the same figure.

The Attorney-General—I understand the Legislature has reduced the State tax the last few years.

Mr. McTerney—It has not been reduced at all; it has been the same the last five or six years.

17. Railroads.

1. *Central Pacific Railroad.*

Mr. Randall—After listening to Judge Mack, the Attorney-General and Mr. Ryan, I am farther at sea than I ever was. There seems to be quite a difference between the gross earnings as stated by Judge Mack and Mr. Ryan, over a million dollars, and I move that we place a valuation of a hundred thousand dollars a mile on that road.

Mr. Kinney—I second that motion.

The Attorney-General—I advise you to ask the Secretary to call the roll in this case, Governor.

The Secretary called the roll, and motion lost by the following vote:

YEAS: Lyon.

NAYS: Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Nye, Ormsby, Storey, Washoe, White Pine.

Governor Sparks—Mr. Randall, it seems that you are out of order, almost. Is that a joke on your part?

Mr. Randall—No, sir.

Governor Sparks—We are not here to play fun.

Mr. Randall—I meant that honestly, sir.

Governor Sparks—You want to assess them a hundred thousand dollars a mile, do you?

Mr. Randall—Anybody doing the business they are; I mean it; yes, sir. There is no joke there.

Mr. Kinney—I move that the Central Pacific Railroad be assessed at \$17,000 per mile.

Motion seconded and carried by the following vote:

YEAS: Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Nye, Ormsby, Storey, Washoe, White Pine.

NAYS: Lyon.

Mr. Guthrie—I move that the valuation on the sidetracks of the Central Pacific Railroad be placed at \$5,800 per mile.

Motion seconded and carried.

2. *Virginia and Truckee Railroad.*

Mr. Wyatt—I move that the Virginia and Truckee Railroad be assessed at \$8,000 per mile.

Motion seconded by Mr. Beard.

Mr. Ingalls—Of course, we have proceeded a little far in the matter, but I think that heretofore the reports of the various railroads to the Secretary of State—my understanding is that the railroads make a yearly report, or are supposed to, under the law, of their business for the year ending June 30th; and it seems to me that we should have those reports before us here in order to know something about the business of the different roads of the State.

Governor Sparks—I don't think it is in accordance with law. You can speak to the Attorney-General in regard to that. I don't think that the railroads should be compelled to disclose their books to the Secretary of State any more than the cattlemen, sheepmen or farmers.

The Attorney-General—Foreign corporations are required to file an annual statement of the business done annually. I don't know, as a matter of personal knowledge, whether the Virginia and Truckee Railroad is a foreign corporation or not.

Mr. Kinney—I think not; it is incorporated under the laws of Nevada.

Mr. Ingalls—I was not making this statement for the purpose of the Virginia and Truckee Railroad only, but on railroads in general.

Mr. Kinney—I second the motion of \$8,000 on the Virginia and Truckee Railroad per mile.

Motion carried.

Mr. Beard—I move that the valuation of the sidetracks be placed at \$2,500 per mile.

Motion seconded and carried.

Mr. Kinney—As I understand it, there is an extension of the Virginia and Truckee Railroad that runs up the valley, I don't know the name of it exactly, and I move that a valuation of \$5,000 per mile be placed on the extension, and on the sidetracks of \$1,000 per mile.

Governor Sparks—Are they operating that road, Mr. Kinney?

Mr. Kinney—Yes; they are not doing very much, but they run a train or two over it a day, and I think that valuation would be very reasonable.

Motion seconded and carried.

3. *San Pedro, Los Angeles and Salt Lake Railroad.*

Mr. Roeder—I move that the valuation on the main track be placed at \$8,000 per mile.

Governor Sparks—How many miles of that road have you in Lincoln County?

Mr. Roeder—Two hundred and ten; that is a raise of \$500 per mile.

Motion seconded and carried.

Mr. Roeder—I move that the valuation on the sidetracks be placed at \$2,800 per mile.

Motion seconded and carried.

4. *Tonopah and Goldfield Railroad.*

Mr. Ingalls—If your Honor please, I would ask for just a short recess, in order that Mr. Owens and I could talk this matter about the Tonopah and Goldfield Railroad over a little bit; it is running through our counties only.

Motion was put, and a recess of ten minutes taken.

After Recess.

Meeting called to order at 3:15 p. m., with all members present.

Governor Sparks—Have you reached a conclusion, Mr. Ingalls?

Mr. Ingalls—We have come to a certain conclusion and understanding. I will say that in view of the fact that our County Commissioners have sent a representative here—Judge Mack, I understand, being authorized to appear here by the Board of County Commissioners of Esmeralda County on behalf of the county—and there being a representative here on behalf of the Tonopah and Goldfield Railroad, and from the showing made by Judge Mack in regard to the matter of assessment on net proceeds of the road, it is rather difficult for us, or for me, to know exactly how to set a correct valuation on that road. But, in consulting with my constituent here, and as far as I am concerned, I would rather, personally, reduce the valuation to a very small figure if we could get a reduction of fares and freights, freights in

particular, through our country, so as to build up the country more speedily. Taking everything into consideration, and representing my county, and the people of it, I move that we place the valuation of the Tonopah and Goldfield Railroad at the same value as the Central Pacific Railroad through this State, which is \$17,000 per mile.

Mr. Randall—I second that motion.

Motion carried.

Mr. Ingalls—I move that we place the valuation of the sidetracks at \$3,500 per mile.

Motion seconded and carried.

5. Nevada and California Railroad.

Governor Sparks—Is there any representative here, gentlemen?

The Attorney-General—I understand that is the narrow-gage that runs south from Mina.

Mr. Ryan—It runs from Hazen to the junction with the Goldfield road, and there is a narrow-gage down to Keeler.

Governor Sparks—The Churchill County Assessor should represent that. What suggestion would you make?

Mr. Brown—Would I represent that line? We have about fourteen miles. I think some of the other counties have considerable more than that of that line. I place the value of that at about \$10,000, and make a motion to that effect.

Mr. Randall—You thought I was ridiculous in getting up here and moving to place a valuation of a hundred thousand dollars a mile on the Central Pacific Railroad. This looks more ridiculous to me. The C. P. at this end at \$17,000 a mile, and the Tonopah and Goldfield at \$17,000; all that freight has to go over that Hazen cut-off; and a motion to place a valuation of \$10,000 a mile on this road appears more ridiculous than my motion.

Governor Sparks—It is a new road.

Mr. Randall—So is the Tonopah; all the freight goes right over it.

Mr. Ingalls—I move that the narrow-gage part of that road be left to the discretion of the County Assessor; that portion that runs through Esmeralda County; I am not posted to know what the valuation of that part of it is. I would like to ask Mr. Ryan what the assessment was last year; whether it was assessed separately, or all through as one line.

Mr. Ryan—It was assessed by the local Assessor.

Mr. Ingalls—The narrow-gage and broad-gage were assessed separately?

Mr. Ryan—Oh, yes, separately. I would state, as you were not here last year, Mr. Ingalls, that the members through whose counties the Nevada and California Railroad ran fixed the rate themselves at \$9,000 per mile, and for the sidetracks at \$3,000 per mile; that was of their

own volition. We have come now, as usual, to meet the cut in the rate by asking this honorable Board to assess the same road for \$9,500 per mile, and the sidetracks for \$3,400 per mile. At that rate it will not be long before it climbs up to the \$17,000. At no time have I ever come before this honorable body without asking that there be sufficient added to our properties to meet the cut in the rate every year.

Mr. Ingalls—It seems to me like we ought to regulate the valuation of these railroads, unless the business should change, at a certain figure, some figure on an equal valuation one with another, and hold it so, and there would be no bother when the business is running about the same through the country. Here the C. P. Railroad through the State is increasing. The Tonopah and Goldfield road now being placed at this figure, practically all the freight that goes over that at the present time goes over the broad-gage part of this Oregon line, and there should not be any difference in the valuation. That is, there might be a difference in the net proceeds, providing they charge a different rate; it depends on the rate of freights and fares, it seems to me, regarding the valuation of the net proceeds. I don't know what this road charges for freights over its line; if it charges the same as the Tonopah and Goldfield Railroad, thirty cents a mile per ton for freight, the maximum rate allowed by law in this State, their road is certainly worth equally as much. I am not posted to know whether they do charge that much over their line from Hazen to Mina. Perhaps Mr. Ryan may know.

Mr. Ryan—I cannot tell, because, of course, that belongs to the operating department, and the passenger and freight departments. I don't know, but I am sure that they do not charge anything like thirty cents a ton per mile, nothing of that character. That is away off.

Mr. Ingalls—That is the maximum rate allowed by law in this State, as I understand it.

Mr. Ryan—Thirty cents a ton per mile? Mr. Hedden says twenty cents is the maximum per mile. Twenty cents is the maximum, but they don't go the limit; and I know that our laws don't begin to charge anything like it.

Mr. Murphy (representing the Virginia and Truckee Railroad)—I might say for information of those here, that the average tonnage per mile is not over seven per cent on the N. & C.—that is, the entire average.

Mr. Ryan—Seven cents a ton per mile?

Mr. Murphy—That would be the average, the entire tonnage, you know.

Mr. Ingalls—In view of the fact that the Tonopah and Goldfield Railroad was raised to a higher figure, I move to place the valuation of this road at \$15,000 per mile.

Governor Sparks—Did the Assessor of Churchill County suggest that? What was your suggestion on this road in Churchill County?

Mr. Brown—Mr. Ingalls voiced my suggestion.

Mr. Ingalls—My motion was to place it at \$15,000 a mile.

Mr. McTerney—There is a motion before the Board from Churchill County.

Governor Sparks—There was no second to that motion.

Mr. Kinney—I second Mr. Ingalls' motion of \$15,000 a mile.

Motion carried.

Mr. Ingalls—I move that a valuation of \$3,500 a mile be placed on the sidetracks. Motion seconded and carried.

6. *Eureka and Palisade Railroad.*

Mr. Guthrie—Mr. Chairman, I would like to hear from Mr. McTerney in regard to that road; he is from Eureka.

Mr. McTerney—I move that the assessment on the Eureka and Palisade Railroad be placed at \$1,850 per mile on the main track and \$1,000 per mile on the sidetrack. I will state to the gentlemen who do not understand the situation that the Eureka and Palisade Railroad has been under very heavy expense for the last year, for repairs and equipment, and for the last year or so has not made anything out of it, has really been running at a loss; and I think the old assessment is a very reasonable one. Motion seconded and carried.

7. *Nevada Central Railroad.*

Mr. Lemaire—I would ask that that be left to the Assessor of Lander County, as formerly, owing to the conditions of the road that exist there now. The road runs from Battle Mountain to Austin.

Motion seconded and carried.

8. *Nevada, California and Oregon Railroad.*

Mr. Beard—I move that the valuation be placed at \$3,000 per mile on the main track and \$1,000 per mile on the sidetracks.

Motion seconded and carried.

9. *Las Vegas and Tonopah Railroad.*

Mr. Owens—I believe this is the first time this road has been assessed, and, it being a new road, I would place the valuation on it at the present time at \$8,250 per mile on the main track and \$2,750 per mile on the sidetracks. I have already seen the Assessor from Lincoln County (that county has got pretty nearly the same mileage that we have in Nye County), and it is satisfactory to him.

Motion seconded and carried.

10. *Tonopah and Tidewater Railroad.*

Mr. Owens—Mr. Chairman and gentlemen: This Tidewater road is coming into Nye County, and it is under construction there at the

present time; it is what is commonly known through the State as the "Borax Smith Road," and I would move that this be left to the Assessors of the various counties that it passes through at the present time, as it is under construction.

Governor Sparks—Are they doing much on that road at the present time?

Mr. Owens—There is no operation of the road at the present time; they are just building the road.

Motion seconded and carried.

11. *Nevada Northern Railroad.*

Mr. House—I move that the valuation of the main track be placed at \$7,000 a mile and the sidetrack at \$2,000 a mile.

Governor Sparks—That is the road running to Ely?

Mr. House—To Ely through part of Elko.

Governor Sparks—Do you think that valuation is high enough?

Mr. House—I think it is; the road is not completed yet. They have been running in there about three months to Ely, and haven't got the road entirely completed yet; they haven't got it ballasted yet; they are working on it all the time.

Motion seconded and carried.

Mr. Owens—One minute, before we proceed any further. There is another road in our county, and I think that will make the last of the roads up there, and I would like to get them in rotation, and that is the Goldfield and Bullfrog road, is it not, Mr. Hedden?

Mr. Hedden—The Bullfrog and Goldfield road.

Mr. Ingalls—I would state that road is under construction, and I do not think it expedient for us to pass on it here, and I would move that that be left to the discretion of the County Assessors of the counties it passes through, as regards assessing it.

Motion seconded by Mr. Owens, and carried.

12. *Gardnerville Railroad.*

Mr. Kinney—That has already been passed on; I don't know the name of it. Mr. Murphy might tell us the name.

Mr. Murphy—Extension is all, I guess.

Governor Sparks—Are you operating that road, Mr. Murphy?

Mr. Murphy—Yes, sir; we are running a train out there and right back.

13. *Hazen and Fallon Railroad.*

Mr. Brown—I move that we assess it at about \$7,500; the road is not completed yet; it is in a crude state, and I think that would be somewhere about right.

Governor Sparks—What do you suggest as a valuation on the sidetracks, Mr. Brown?

Mr. Brown—Oh, something like a thousand dollars I think would be fair.

Motion seconded and carried.

14. *Rolling Stock of All.*

Mr. Guthrie—I move that the rolling stock of all railroads throughout the State be left to the various Assessors.

Motion seconded and carried.

15. *Silver Peak Railroad.*

Mr. Ingalls—Mr. Chairman, the Silver Peak Railroad has just been built, and been operating very recently; I am not posted on it; I have never been over it, and don't know anything about it practically, except there are seventeen or eighteen miles of road there; as I understand it, it is built of second-hand rails and light rails, and I am not in a position to place a proper valuation on it, and I move that it be left to the Assessor of the county.

Governor Sparks—Have you any idea as to the amount of business they are doing on the road?

Mr. Ingalls—I have not, and there is no one here to represent them for me to find out as to the quality and character of the road. I don't know anything about it. It is recently built, and I have never been able to look into the matter, and I don't know how to place a valuation on it that would be anywhere near right; I would not know whether it was high or not, and I move that it be left to the Assessor of the county.

Motion seconded and carried.

16. *Glasgow and Western Exploration Co. Railroad.*

Mr. Guthrie—That is a little one-horse road up there in Humboldt County; it isn't used very much; a little narrow-gage road that runs from the smelter to the mine, from Golconda to the Adelaide Copper mines to haul ore down. It has not been used, and the chances are it will not be. I would like to have that left to me; it always has been.

Mr. Weathers—I move that it be left to the Assessor of Humboldt County.

Motion seconded and carried.

17. *Pioche and Pacific Transportation Railroad.*

Mr. Roeder—I move that be left to the Assessor of Lincoln County; it is a little road running out about fifteen miles from Pioche, hauling wood.

Motion seconded and carried.

18. *Sidetracks of All.*

Mr. McTerney—The sidetracks have all been passed upon.

Mr. Roeder—Mr. Chairman, there is a branch of the Santa Fé under construction; it may be three or four miles in my county at this time;

I don't know whether we had better put that on the list or not. It is under construction. Do you think it is advisable to put it on the list at this time?

Governor Sparks—If it should be assessed to this State, we want it on the list.

Mr. Roeder—I suppose the few miles under construction will be assessed. I move that it be placed on the list, a branch of the Santa Fé; it is coming into Searchlight, and I move that it be left to the Assessor, and be put on the list of Order of Business.

Motion seconded and carried.

Mr. Beard—I would like to have the Nevada Transit Company, the Nevada Railroad Company, the Riverside Railroad Company, the Inter-suburban Railroad Company, and the Verdi Lumber Company Railroad left to the Assessor of Washoe County.

Motion seconded.

Governor Sparks—Where are those roads?

Mr. Beard—All in Washoe County; some of them are running; most of them are running. Motion carried.

Mr. Ingalls—Mr. Chairman, I would like to ask Mr. Murphy the name of this road running up to Gardnerville from here, so as to get it properly placed on the minutes and the Order of Business.

Mr. Murphy—It is a part of the Virginia and Truckee Railway. The company is incorporated that built the road up there, and absorbed the old Virginia and Truckee Railroad, and it is designated as the V. & T. Extension; we call it the Minden branch. It is designated as the Minden branch of the V. & T. Railroad.

Governor Sparks—It is a part of the same corporation.

Mr. Murphy—Yes.

Mr. Ingalls—I move that it be placed so on the minutes.

Motion seconded and carried.

Mr. McTerney—Before we adjourn, is it not reasonable for this Board to pass a resolution recommending the Legislature to cut the State rate of taxation, and not throw all the burden on the counties of this reduction in compliance with the Newlands Act; to pass some resolution recommending the Legislature to make some cut in the State rate of taxation. They keep that up to the same old figure, and all the burden of this Newlands Act falls on the counties.

Mr. Guthrie—It is a good idea, I think.

Governor Sparks—Draft a resolution, and if necessary I will put it in my message.

Mr. Guthrie—The counties have been reducing the rate for the last six years, and the State doesn't reduce its rate at all.

Governor Sparks—I think, gentlemen, there will be a lively argument on those lines in the Legislature. Now, if you think it is advisable

for this Board to recommend anything, and pass a resolution before we adjourn, why, I will embody it in my message, and send it up to Legislature.

Mr. Roeder—Lincoln County lowered the county rate fifty cents last year.

Mr. Ingalls—I would suggest to this Board that they all stand in and raise the valuations as much as possible, and lower the rates in the State. That is what I intend to do in my county. I think I can increase valuations very much in Esmeralda County. Times are prosperous, and if the County Assessors stand in and run things economically, I think we can get a very low rate of taxation, and get along very nicely.

Mr. Guthrie—My county has been doing that right along, and the State doesn't reduce the rate, and we are paying more money into the State all the time, and they are still hollering for money, and it isn't right; they should reduce the State rate.

The Attorney-General—For the benefit of the Board I would state that in 1901 the State tax rate was eighty cents on the hundred dollars; in 1903 the Legislature reduced it to seventy-five cents; the next Legislature levied the same rate, seventy-five cents on the hundred dollars; that was in 1905; we have had no subsequent Legislature. The Legislatures of 1903 and 1905 both adhered to the seventy-five-cent rate; and I think it would be advisable for this Board to recommend in a resolution that the Legislature reduce the rate further in order to keep down with the Newlands Act, which provides that in certain counties the tax shall be reduced five cents on each hundred dollars each year, and in other counties two and a half cents, until it gets down to a dollar and a half, as I understand it, or down to fifty cents on the hundred dollars, if my information is correct; it has been some time since I read the law on this subject.

Mr. McTerney—Why don't the counties keep on cutting the rate until they give the whole thing to the State?

The Attorney-General—I have the section of the statute right here, and perhaps, for your information, it would be well for me to read it, if the Governor would like to hear it. As amended in 1905, the law stands:

In all counties whose tax rate for county purposes for the year 1904, exclusive of the tax to pay the interest and maintain the sinking funds of the bonded indebtedness of such counties, did not exceed one dollar and fifty cents on each one hundred dollars of assessed valuation, the tax rate for such county purposes for the year 1905 shall be two and one-half cents lower on each one hundred dollars of assessed valuation than the tax rate for such county purposes was in 1904; and thereafter such tax rate shall be diminished annually at the rate of not less than two and one-half cents on the one hundred dollars of assessed valua-

tion until it reaches fifty cents on the one hundred dollars of assessed valuation; and thereafter the permanent limitation of taxation for such county purposes, exclusive of the tax to pay the interest and maintain the sinking funds aforesaid, shall be fifty cents on the one hundred dollars of assessed valuation.

SEC. 2. In all counties whose tax rate for county purposes for the year 1904, exclusive of the tax to pay the interest and maintain the sinking funds of the bonded indebtedness of such counties, exceeded one dollar and fifty cents—

[You will observe, in the first section of the Act, it says where the rate was *lower* than one dollar and fifty cents, and the next section provides where it *exceeds* one dollar and fifty cents on the one hundred dollars of assessed valuation.]

on the one hundred dollars of assessed valuation, the tax rate for such county purposes for the year 1905 shall be five cents lower on each one hundred dollars of assessed valuation than the tax rate was for such county purposes in 1904; and thereafter such tax rate shall be diminished annually at the rate of not less than five cents on each one hundred dollars of assessed valuation until it reaches one dollar and fifty cents on the one hundred dollars of assessed valuation; and thereafter shall be reduced annually at the rate of two and one-half cents on the one hundred dollars of assessed valuation until it reaches fifty cents on the one hundred dollars of assessed valuation; and thereafter the permanent limitation of taxation for such county purposes, exclusive of the tax to pay the interest and maintain the sinking funds aforesaid, shall be fifty cents on the one hundred dollars of assessed valuation.

Therefore, in order that the State funds may be kept in the proper proportion, it would have a much better effect, and keep a uniform tax for State and county purposes, if the Legislature could be induced to reduce the State tax a reasonable amount each year; and a resolution of this Board, or, as the Governor suggests, recommendations in his message, would probably have a good effect upon the Legislature.

Mr. Beard—I move that this Board of Assessors request the Governor to embody in his message a recommendation that the next Legislature cut down the State rate.

Motion seconded by Mr. McTerney, and carried.

On motion of Mr. Kinney, seconded by Mr. Owens, the Board adjourned, *sine die*, at 4:15 p. m.

Approved:

JOHN SPARKS,
Chairman.

tion shall be reduced annually at the rate of two and one-half cents on the one hundred dollars of assessed valuation until it reaches fifty cents on the one hundred dollars of assessed valuation and thereafter the permanent limitation of taxation for such county purposes shall be the rate of one and one-half cents on the one hundred dollars of assessed valuation.

Section 2. In all counties whose tax rate for county purposes for the year 1907 exceeds the rate for the year 1906 and who have not previously reduced the rate of the tax to pay the interest and maintain the sinking funds thereof, shall be fifty cents on the one hundred dollars of assessed valuation.

Section 3. In all counties where the rate for the year 1907 is less than the rate for the year 1906 and who have not previously reduced the rate of the tax to pay the interest and maintain the sinking funds of the bonds, shall be fifty cents on the one hundred dollars of assessed valuation.

Section 4. In all counties where the rate for the year 1907 is less than the rate for the year 1906 and who have not previously reduced the rate of the tax to pay the interest and maintain the sinking funds of the bonds, shall be fifty cents on the one hundred dollars of assessed valuation until it reaches one dollar and fifty cents on the one hundred dollars of assessed valuation and thereafter shall be reduced annually at the rate of two and one-half cents on the one hundred dollars of assessed valuation until it reaches fifty cents on the one hundred dollars of assessed valuation and thereafter the permanent limitation of taxation for such county purposes shall be the rate of one and one-half cents on the one hundred dollars of assessed valuation.



Resolved, in order that the sinking funds may be kept in the proper proportion it is ordered that the rate of the tax to pay the interest and maintain the sinking funds of the bonds, shall be fifty cents on the one hundred dollars of assessed valuation until it reaches one dollar and fifty cents on the one hundred dollars of assessed valuation and thereafter shall be reduced annually at the rate of two and one-half cents on the one hundred dollars of assessed valuation until it reaches fifty cents on the one hundred dollars of assessed valuation and thereafter the permanent limitation of taxation for such county purposes shall be the rate of one and one-half cents on the one hundred dollars of assessed valuation.

Resolved, in order that the sinking funds may be kept in the proper proportion it is ordered that the rate of the tax to pay the interest and maintain the sinking funds of the bonds, shall be fifty cents on the one hundred dollars of assessed valuation until it reaches one dollar and fifty cents on the one hundred dollars of assessed valuation and thereafter shall be reduced annually at the rate of two and one-half cents on the one hundred dollars of assessed valuation until it reaches fifty cents on the one hundred dollars of assessed valuation and thereafter the permanent limitation of taxation for such county purposes shall be the rate of one and one-half cents on the one hundred dollars of assessed valuation.

JOHN STUBBS
Assessor