# STATE OF NEVADA

# MINUTES OF MEETING

OF THE

# STATE BOARD OF ASSESSORS

WITH THE

# STATE BOARD OF REVENUE

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Carson City, January 8 to 12, 1912

CARSON CITY, NEVADA
STATE PRINTING OFFICE : : : JOE FARNSWORTH, SUPERINTENDENT
1912

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The following gentlemen appeared before the board on behalf of the public utility corporations and railroad companies as set opposite their respective names:

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| Mr. A. M. Ardery | Virginia and Truckee Railway Co. |
| Mr. H. H. Brown | Tonopah and Goldfield Railroad Co. |
| Mr. D. V. Cowden | The Pullman Company.<br>Central Pacific Railway Co.<br>Nevada and California Railway Co. |
| Mr. E. E. Caine | Globe Express Co.<br>Western Pacific Railway Co. |
| Mr. C. S. Chandler | Nevada Northern Railway Co. |
| Col. L. G. Cannon | Nevada Northern Railway Co. |
| Mr. H. D. Jones | Western Union Telegraph Co. |
| Mr. F. M. Jenifer | Tonopah and Tidewater Railroad Co.<br>Bullfrog and Goldfield Railroad Co. |
| Mr. F. E. Murphy | Virginia and Truckee Railway Co. |
| Mr. H. I. Moore | Nevada Copper Belt Railroad Co. |
| Mr. Rogers | American Express Co. |
| Mr. C. O. Whittemore | American Express Co.<br>Las Vegas and Tonopah Railroad Co. |
| Mr. F. A. Waters | San Pedro, Los Angeles and Salt Lake.<br>Caliente and Pioche Railroad Co.<br>Atchison, Topeka and Santa Fe R. R. Co. |

# MINUTES OF ANNUAL MEETING OF THE STATE BOARD OF ASSESSORS, 1912

## FIRST DAY

CARSON CITY, NEVADA, January 8, 1912.

This being the second Monday in January and the day fixed by law for the annual meeting of the State Board of Assessors, the board assembled in the Governor's office, State Capitol, at 10:35 o'clock a. m., with Governor Tasker L. Oddie, as Chairman, and Austin Jackson, Secretary to the Governor, as Clerk of the board.

The State Board of Revenue also met with the State Board of Assessors.

Governor Oddie—The meeting will please come to order, and I will ask the Secretary to call the roll.

The following-named Assessors answered present:

J. W. Sitton.....Churchill County
S. R. Whitehead.....Clark County
W. M. Weathers.....Elko County
W. A. Ingalls.....Esmeralda County
H. C. McTerney.....Eureka County
H. M. Leonard.....Humboldt County
H. R. Lemaire.....Lander County
A. H. Norris.....Lincoln County
Eugene Grutt.....Mineral County
Ed Malley.....Nye County
Ed Regan.....Ormsby County
Phil Seeman.....Storey County
John Hayes.....Washoe County
J. F. Miles.....White Pine County
Andrew Arrild, Douglas County, absent, with Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, present and answering to the roll-call.
D. P. Randall.....Lyon County (absent)

Attorney-General Baker—The Secretary should call the roll of the State Board of Revenue.

Governor Oddie—I will ask the Secretary to call the roll of the State Board of Revenue.

State Controller Eggers—You should place that before the State Board of Assessors.

The Clerk—I am following the order of the last meeting.

Upon roll-call the following answered present:

Tasker L. Oddie, Chairman.
Cleveland H. Baker, Attorney-General.
J. Eggers, State Controller.

Governor Oddie—Mr. Randall sent word that he would be here a little later. Is he coming by auto?

The Clerk—I think he is.

Governor Oddie—Mr. Jackson is the Clerk of the board, and I will ask Mr. Adamson to act as stenographer. Last year I appointed a committee on the order of business. Is it satisfactory with you gentlemen to do the same thing at this time?

Attorney-General Baker requests that some member make a motion to that effect.

Mr. Lemaire—I make a motion that a committee of five be appointed on order of business.

Mr. Malley—I second that motion.

The question was put by the Chairman, and the motion carried.

Mr. Ingalls—Would it not be better to have the full board present before that committee is appointed?

Governor Oddie—It might be just as well. If it is satisfactory to you all we can postpone the meeting for a half hour or an hour or so.

Mr. Lemaire—There is no need to have a full board. They will all be here this afternoon and we can have a recess until then.

Governor Oddie—We have a quorum now. Last year we took a recess until afternoon. In the meantime I picked out five members from this board. If it is satisfactory to the board I will name the same five members for this committee who were on last year, because they are familiar with all that was done, and I think this will expedite matters. They were Mr. Leonard of Humboldt, Mr. Lemaire of Lander, Mr. Norris of Lincoln, Mr. Malley of Nye, and Mr. Regan of Ormsby. So if it is satisfactory to the rest of the board, and because these five gentlemen are familiar with all that was done, I think it will be advisable to appoint them and take a recess.

Mr. Lemaire—I would like to ask, as one of the members, if any of the members here know of any change that should be made in that order of business that we had last year. Now would be the time to find out when we are all here.

Mr. Norris—Has there been any new railroads built?

Governor Oddie—That is something that would come under the head of railroads during the progress of the regular order of business.

Mr. Norris—Miscellaneous railroads would cover that, so we are safe.

Governor Oddie—I hope there is something new in that line. I would suggest that we take a recess until 2 o'clock. Does the Chair hear a motion to that effect?

Mr. Malley—I move that we take a recess until 2 o'clock. Mr. Randall will be here at that time.

Mr. Lemaire—I second the motion.

The question was put by the Chairman, and the motion carried.

Attorney-General Baker—I would suggest that the reason Mr. Randall is not present be filed with the Secretary and be put in the minutes. He is supposed to be hear, and the reason why he is not should show in the minutes and he can be excused later on. The law requires him to be in attendance when the board meets, and if not present, the reason for his absence should be set forth in the minutes.

The Clerk—He phoned here about an hour and a half ago or an hour and a quarter and said he would be right in as soon as he could get here. He called up the Governor.

Accordingly at 11:10 a. m., the board took a recess until 2 p. m.

**Afternoon Session**

The board resumed its session, pursuant to recess, at 2 p. m.

Governor Oddie—Gentlemen, the board will come to order. I will ask the Secretary to call the roll.

Upon roll-call of the Board of Revenue all answered present.

Upon roll-call the Board of Assessors all answered present with the exception of Mr. Arrild of Douglas County, in whose stead Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered present.

Governor Oddie—All are present except Mr. Arrild, and Mr. Springmeyer represents him. First is the report of the Committee on Order of Business. The report submitted, addressed to the Chairman of the board, is as follows:

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. Bucks.
12. Goats.
13. Hogs.
14. Telephone Lines.
15. Telegraph Lines.
16. Electric and Power Lines.
17. All Contract Lands.
18. The Pullman Company.
19. Wells, Fargo & Company.
20. American Express Company.
21. The Globe Express Company.
22. Railroads classified as follows:
    1. Central Pacific Railway. Sidetracks of same.
    2. Nevada and California (broad-gage). Sidetracks of same.
    3. Nevada and California (narrow-gage). Sidetracks of same.
    4. Hazen and Fallon. Sidetracks of same.
    5. Tonopah and Goldfield. Sidetracks of same.
    6. Nevada Northern. Sidetracks of same.
    7. San Pedro, Los Angeles and Salt Lake. Sidetracks of same.
    8. Tonopah and Tidewater. Sidetracks of same.
    9. Bullfrog and Goldfield. Sidetracks of same.
    10. Las Vegas and Tonopah. Sidetracks of same.
    11. Gardnerville Railroad. Sidetracks of same.
    12. Nevada, California and Oregon. Sidetracks of same.
    13. Virginia and Truckee. Sidetracks of same.
    14. Eureka and Palisade. Sidetracks of same.
    15. Nevada Central. Sidetracks of same.
    16. Silver Peak. Sidetracks of same.
    17. Caliente and Pioche. Sidetracks of same.
    18. Atchison, Topeka and Santa Fe. Sidetracks of same.
    19. Glasgow and Western Exploration Company. Sidetracks of same.
    20. Pioche and Pacific Transportation Company. Sidetracks of same.
    21. Nevada Copper Belt. Sidetracks of same.
    22. Western Pacific. Sidetracks of same.
    23. Miscellaneous Railroads.
    24. Rolling Stock of all.

H. M. LEONARD, Chairman,
H. R. LEMAIRE,
A. H. NORRIS,
ED MALLEY,
ED REGAN.

Twenty-four items. Now, before we take this up in detail, I would

like to read a little statement I have made which may throw some light on the many complications in this assessment system. You know it is one of the hardest nuts to crack in the State, and I have given some comparative figures here that I think may be of some benefit. Each one of you may have a copy of this. This starts in with some fundamental principles. These figures are just used for comparative purposes, as there is no table in the State that we could use that shows actual figures:

Taxation is the fundamental business proposition of any form of government. To conduct civil government, to maintain law and order, and to carry on cooperative institutions for the general welfare requires money, and that money is properly raised only by taxation. If it is a just government, the burden of taxation must be equitably distributed. No man should be compelled to pay more than his proper share of taxes, and no man should be permitted to pay less. These are axioms which no one will dispute. Their application presents many complex difficulties.

I believe that Nevada is behind many other States in the solution of the problems of equitable taxation. Yet I believe that there is no other subject of such immediate importance to the people of this State as this.

We have an ad valorem system of taxation on all property in this State. The tax rate is fixed by the State Legislature, and applies uniformly to all kinds of property, real, personal and possessory. Any inequality in the system of taxation, therefore, must resolve itself to inequality in the appraisement of valuation upon different pieces, kinds or classes of property.

Sixty per cent of the cash value of all the various kinds of property in this State is popularly supposed to be the uniform basis of valuation for assessment purposes. It is a matter of common knowledge that, while residence property in the towns and cities is generally taxed up to this basis, as well the realty and improvements of small property owners in many instances, very little other property in the State is anywhere near so highly appraised. The testimony of the Assessors at the meeting of this board held on January 10, 1910, showed a range of appraisements from 35% to 60% of the cash value, and it is probable that the variation on close investigation will be found to vary within wider extremes than this, or to as low as 25%, at least on certain classes of property.

It is interesting to note the effect on the taxpayer of such variations in assessment valuations. Not every one has given it due consideration, and few have worked it out by the proper method of computation.

Let us assume, for purposes of illustration, that $100 is required to be raised by taxation, and that the real cash value of the property which must be assessed is $10,000. Let us further suppose that this $10,000 worth of property may be classified as follows:

| | |
|---|---|
| Residence property, actual cash value | $1,000 |
| Farm property, actual cash value | 2,000 |
| Railroad property, actual cash value | 4,000 |
| Industrial business property, actual cash value | 500 |
| Public utility property, actual cash value | 1,000 |
| Stock range and livestock property, actual cash value | 1,500 |
| Total actual cash value | $10,000 |

Now, if this $10,000 worth of property be assessed at its full cash value in each instance, a tax rate of $1 on each $100 of valuation would produce the $100 revenue required. If the basis of valuation be 60% of the cash value, a rate of $1.66⅔ on each $100 valuation will produce that amount of revenue. In each instance the amount of taxes the owners of each class of property would pay, and which may be termed the just amount each class should pay, would be as follows:

| | |
|---|---|
| The residence property would pay | $10 |
| The farm property would pay | 20 |
| The railroad property would pay | 40 |
| The industrial business property would pay | 5 |
| The public utility property would pay | 10 |
| The stock range and livestock property would pay | 15 |
| Total taxes paid | $100 |

But let us suppose that, instead of a uniform system of valuation applied to

each such class of property, the basis of valuation in each instance varied as follows:

| | |
|---|---|
| $1,000 residence property, assessed 60% of cash value | $600 |
| $2,000 farm property, at 25% of cash value | 500 |
| $4,000 railroad property, at 30% of cash value | 1,200 |
| $500 business property, at 50% of cash value | 250 |
| $1,000 public utility property, at 25% of cash value | 250 |
| $1,500 stock range, etc., property, at 30% of cash value | 450 |
| Total assessment valuation | $3,250 |

To realize $100 in taxes on $3,250 worth of property, the rate will have to be $3.08 on each $100 valuation. Now, let us see what the result is to the taxpayer.

The residence property, on a uniform system of valuation, should only be required to pay $10 taxes, but under the above system has to pay $18.48 taxes, or 84.8% more than is its just proportion.

The farm property, on a uniform basis of valuation, should pay $20 taxes, but under the above system pays $15.40, or 23% less than is its just proportion.

The railroad property, on a uniform system of taxation, should pay $40 taxes, but under the above system pays $36.96, or 7.6% less than is its just proportion.

The business property, on a uniform basis of taxation, should pay $5 taxes, but under the above system pays $7.70, or 54% more than is its just proportion; and

The stock range and livestock property, on a uniform basis of valuation, should pay $15 taxes, but under the above system pays $13.86, or 7.6% less than its just proportion.

It is not difficult to discover who is benefited and who is injured by such a system. Moreover, if one wanted to reform the system, those who were particularly benefited by the existing system would naturally not be extremely anxious for any change. It is clear that on such a system of taxation as presented, the basis of valuation is not 60% of the total cash value of the property to be assessed, but is precisely 32.5%, and that all property returned for assessment purposes at a higher rate is paying an undue proportion of the cost of government and all that is assessed at less than 32.5% of its cash value is paying less than it should.

I am not claiming that these classifications of property valuations, with respect to assessment valuations and relative valuations, are entirely accurate with respect to our taxation system in Nevada, but I believe that they approximate the facts close enough for the taxpayer to draw some valuable conclusions.

I took the stand at the time the Legislature was in session, and I have not since found reason to change my opinion, that the enforcement of an impartial and uniform system of valuing property for assessment purposes in this State would result in supplying the funds necessary to maintain our state and county governments without serious hardship on any one; would, in fact, lessen the existing burden on the residence property owner and the average business man and not very seriously affect those who are delinquent. I advocated the passage by the Legislature of a bill which I believe would have given us in a short while one of the most perfect taxation systems, if not the best, in this country. It failed to pass the last session, but in spite of that fact, that bill or some better bill is bound to receive attention at the next and succeeding Legislatures, unless in the meantime the State Board of Assessors discovers the way to give the State a uniform system of valuation of all kinds and classes of property throughout the several counties.

Taxation is a business proposition. It is not a partisan political question in any sense of the word. On the other hand, it is a question on which those who are getting the best of the inequality of the existing system, whose property is undervalued, will be found lined up in active opposition to any change. My mind is open on the subject of what is best to be done to accomplish the result of equalizing property valuations. The best, surest and simplest way to get that result is what I want to bring about, if possible, and is what the public wants. If the State Board of Assessors at this meeting can meet the situation in a way to show its competence to arrive without too great delay at the result desired, I shall be most happy, and in any way that I can be of aid or assistance I can do so with the sincere and profound wish for the success of this meeting.

There is a little food for thought in that, gentlemen. It figures things

on a little different basis than they were ever figured before that I know of, and before we get through we will all see it a little clearer. What we want is a discussion, when we come to those various items, and see if we can't get a system here that every State will try to follow before we get through.

Attorney-General Baker—It is customary to read the various sections of the law under which we are proceeding. If it is so desired I will do so now, and if not it can be dispensed with—whatever is the pleasure of this meeting.

Governor Oddie—The law was read at the last meeting, and I think we all know it pretty well. What is your pleasure about it, gentlemen?

Mr. Leonard—There are a couple of new members here this time.

Governor Oddie—Do you think it would be a good plan to read the law, Mr. Leonard?

Mr. Leonard—Not for my benefit.

Attorney-General Baker—Mr. Grutt is a new member.

Mr. Miles—I would suggest that the law be read and also the item which designates just what the cash value is under our state law.

Governor Oddie—Will you read that please, Mr. Baker?

Attorney-General Baker—The law creating the State Board of Assessors was passed and approved March 13, 1903. The Act is entitled:

An Act to amend an Act entitled "An Act to provide for a more uniform valuation and assessment of property in this State," approved March 16, 1901:

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 through 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 valuation the location and situation of such property shall be considered:——

At this point Deputy Attorney-General Judge entered and handed Attorney-General Baker a legal volume.

Attorney-General Baker—This is the new Compiled Laws—I guess the first one that has been gotten out. I had to send the State Police to get it, but they finally managed to get one. I will turn to the section on revenue. (Continues reading):

and, provided further, that nothing herein shall be 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 placed 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.

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

to do so 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 subpena for the attendance of any 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 the powers herein granted to the Governor acting as such Chairman. Any Assessor who shall fail to attend the meeting provided for in Section 1, 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——.

Attorney-General Baker (addressing Mr. Miles)—Mr. Miles, is that the actual cash value you referred to

Mr. Miles—What I wanted to get at was what was considered the actual cash value—how it is determined.

Attorney-General Baker—I will go into that with you later. (Continues reading):

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 property as may be designated, except in such 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 the 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 and effect, or place a greater or less valuation on any property than 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.

Mr. Hayes—I would like to ask you, Mr. Baker, what you understand by "uniform valuation." What does it apply to? Does it apply to all the property of a railroad in the different counties where the railroad

runs through different counties? What would you call uniform valuation?

Attorney-General Baker—The policy has been to establish throughout the State a uniform valuation upon property of a similar kind; it has not, as I understand, been made a hard-and-fast rule, however, for the reason that in some counties peculiar conditions exist which would make it unfair to place a valuation upon a railroad which, under ordinary conditions, might be fair. Take, for illustration, a small railroad that has been washed out by excessive rainstorms, and was at this time in the course of rehabilitation. It would not appeal to me, nor do I believe it would appeal to you, as being fair to impose upon such a road a valuation similar to that imposed upon a road then in active operation and unimpaired earning capacity. Conditions should be uniform. But that is a discretion allowed this board, to say whether or not the conditions are equal, though it is not obligatory.

Mr. Hayes—Then any assessment that is levied by this board, of specified form, would be upheld by the courts?

Attorney-General Baker—Yes, sir. And any assessment made by this board is not subject to change or modification by the Board of Equalization. The only redress is the court. There is also a provision here that says that assessment must be made by the board when it is possible and when it can be done more equitably than by the individual Assessors throughout the State. And in certain cases it is allowed to be placed in the hands of the individual Assessors when it is thought best.

Mr. Hayes—You think a railroad being more valuable in one county than in another, then it would be proper to use the same value all the way through, regardless of whether it is more valuable in one county than in another.

Attorney-General Baker—No, that would not enter into the question of whether or not it is assessed by this board, and the value in one county or the other is another question. I take it that the board is to assess the railroad companies, the electric light companies, the power companies, and it is the policy to make a uniform assessment in Lincoln County, for instance, and not in Washoe County at the same time; or to assess a power company in southern Nevada and not make the same assessment apply in northern Nevada. The Legislature thought that a more uniform assessment could be made by the Board of Assessors than by reposing it in the hands of individual Assessors in their respective counties. One man might make it too little, and one make it too much. There might be a condition arise where it would be just to establish a lower valuation on one railroad than on another. If you were to charge a uniform or equal valuation, you would lug those small roads in by the ears and work a hardship on them—that is, if your uniform rate was on a basis of a large road. And if you were to make the rate uniform and on the basis of the small roads, then the big ones would get the best of it.

Mr. Hayes—Can a railroad running through different counties in the State have more than one class? Shall it all be one class, or different in the different counties?

Attorney-General Baker—It should be based on the cash value of the road. We recognize no political subdivision in this regard (referring to the statutes). I think we have covered sufficiently the duties and

powers conferred upon this board so that they can act intelligently at this time. Another thing. An Act was passed in 1911:

The Legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, except mines and mining claims, when not patented, the proceeds alone of which shall be assessed and taxed, and, when patented, each patented mine shall be assessed at not less than five hundred dollars ($500), except when one hundred dollars ($100) in labor has been actually performed on such patented mine during the year, in addition to the tax upon the net proceeds, and, also, excepting such property as may be exempted by law for municipal, educational, literary, scientific or other charitable purposes.

The Legislature of 1911 passed an Act approved March 20, 1911, found in the Statutes of Nevada, page 100:

Section 1. Hereafter no patented lands of any description in the State of Nevada owned by any individual, partnership, association, estate, corporation or otherwise, and no land held under any state land contract, shall be assessed for less than one dollar and twenty-five cents per acre, either by the County Assessors of the various counties or by the State Board of Assessors or similar body.

Sec. 2. If the County Board of Equalization shall ascertain that any land within its county has been assessed upon a valuation of less than one dollar and twenty-five cents per acre, or has not been assessed at all, said board shall immediately notify the County Assessor to pay into the county treasury the taxes due on such land upon a valuation of at least one dollar and twenty-five cents per acre in such a sum as will yield the full amount of taxes due upon such land upon its true value and which valuation shall not be less than one dollar and twenty-five cents per acre. If such County Assessor fail to pay such taxes within ten days after such notification by the County Board of Equalization, it is hereby made the duty of the District Attorney to file and prosecute diligently a suit against such Assessor and his surety or sureties on his official bond for the amount of such taxes.

Sec. 3. If at any time hereafter the State Board of Assessors should place a valuation upon any lands within the State of Nevada, the provisions of this Act shall apply to such valuation so placed, and in the event of the violation of the provisions of this Act by said State Board of Assessors, it is hereby made the duty of the Attorney-General to instruct the various District Attorneys to file and prosecute diligently suits against the several Assessors comprising said board as hereinbefore provided.

That is all, I think, of the statutes that it is necessary to inform you of at this time. Referring to your question, Mr. Hayes, I believe the actual cash value contemplated by law is the value which the property could be sold for at public sale and cash realized upon the sale. That is as it has been decided by the Supreme Court.

Mr. Miles—That does not mean under forced sale.

Mr. Ingalls—That would be what the property would bring if sold to satisfy a judgment.

Attorney-General Baker—Yes, that's it. To satisfy a judgment.

Governor Oddie—Gentlemen, the order of business has not yet been approved. We are open for a motion to approve the order of business.

Attorney-General Baker—One minute, please, Governor. There is another section here on the mode prescribed as to the assessment of express companies in this State. As long as we are on this question of statutory enactments I might as well read that. This is in the Statutes of 1911, and was approved March 27, 1911. It is entitled:

An Act supplemental to an Act entitled "An Act to provide revenue for the support of the government of the State of Nevada, and to repeal certain acts relating thereto," approved March 23, 1891:

Section 1. For the purpose of assessment and collection of taxes on the property and franchises of any express company the cash value thereof shall not

be less than the largest amount on which the net profit of the company for the calendar year previous to the assessment or levy of the taxes will pay interest or dividends at the rate of eight per cent per annum. This net profit shall be the difference between the average gross annual earnings per mile on the mileage operated in this State on local and through business, including receipts for transportation of parcels and property carried into, out of or through this State, and the necessary annual average expense per mile of such mileage operated in this State in such transportation, carrying and operation of the business of the express company under reasonable, economical and prudent management, estimated for the last calendar year previous to the levy. The actual annual deterioration of property used in the business shall be considered a part of the annual expense.

Sec. 2. Every express company shall include in the list or statement of taxable property now required by law to be made a statement of the gross receipts and expenses and the net income of the company, the amount paid in dividends and the amount held or carried over as surplus, for the last calendar year, and a statement of the total number of miles operated by such express company on any through lines which run through this State, and of the gross receipts and expenses thereon, and of the total number of miles operated by such express company exclusively in this State, and of the gross receipts and expenses thereon. Such list or statement shall be in no way conclusive or binding upon any officer, board or authority empowered by law to fix assessments or to collect taxes.

Mr. Randall—I move that the order of business as read be adopted.

Mr. Lemaire—I second the motion.

Upon the question being put, the motion was carried.

Governor Oddie—Is there anything more, Mr. Baker?

Attorney-General Baker—If there are any questions as to the statutes and laws that you desire to discuss at this time I would be glad to have them suggested by any member of the board. We might as well proceed with the regular order of business, and any questions that arise can be discussed and answered as they arise.

Governor Oddie—On the order of business the first item is work horses.

Mr. Randall—I move that we adjourn until tomorrow morning at 10 o'clock. I arrived late, and have not got settled as yet. I believe that it would be better.

Mr. Ingalls—I second the motion.

Governor Oddie—I wish to say, gentlemen, that I will have a copy of this statement for each one of you in the morning, and I want you to study it over. I want to be all the aid and assistance to you that I can.

Mr. Randall—I would like to make the hour of adjournment until 11 o'clock tomorrow morning.

Mr. Ingalls—I accept the amendment.

The question was put, and the motion carried.

Accordingly, at 3:15 p. m., the board took a recess until 11 a. m., Tuesday, January 9, 1912.

## SECOND DAY

The board resumed its session at 11 a. m., January 9, 1912.

Upon roll-call all the State Board of Revenue and State Board of Assessors answered present, with the exception of Mr. Arrild of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered present in his stead.

Governor Oddie—I will now ask the Clerk to read a communication received from the County Clerk of Douglas County.

The Clerk thereupon read the following:

Genoa, Nevada, January 8, 1912.

Hon. T. L. Oddie, Governor, Carson City, Nevada.

Dear Governor: I am instructed to notify you that Assessor A. Arrild of Douglas County is unable to attend the meeting of the State Board of Assessors on account of sickness in his family. His wife is lying at the point of death. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, will attend the meeting instead of the Assessor.

Yours truly,

H. C. JEPSEN,
County Clerk of Douglas County, Nevada.

Governor Oddie—Gentlemen, I think we are about ready to take up the regular order of business.

Attorney-General Baker—Last night I was asked by the Assessor of White Pine County as to the full meaning of cash value, and I told him that in looking over the statutes I found in Section 3622 of the new code of Nevada, which has just been gotten out, a definition of what full cash value is. The statute reads:

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 what the Legislature said that cash value should mean in reference to assessments.

Governor Oddie—Gentlemen, the first order of business is work horses, and I would like to state before we start on these various items that I think it would be to the interest of all the members of this board to get evidence of value brought out at this meeting. For instance, work horses and beef cattle. If we can discuss those pretty carefully among ourselves and look into the relative value of these different things in the various years, I think it would be something of a help to all the members of this board. The question of work horses is number one on the list. Last year the board left the question of work horses to the various Assessors. Now about the value of work horses as affected by the automobile. Is the value the same as it has been in the past years?

Mr. Leonard—I don't think it has made any change up our way.

Governor Oddie—My impression is that in the large cities the price of good work horses has not been affected.

Mr. Sitton—I try to get about 50% of what I consider them worth at different prices up to as high as $150 each. It may not be the same in some of the other counties.

Mr. Lemaire—As a suggestion, how would it be to place a minimum valuation of $40 a head on work horses, and in that way leave it up to the Assessors to place the higher valuations?

Governor Oddie—I think it would be a good plan to find out what the minimum has been in the various counties.

Mr. Lemaire—Twenty-five dollars has been about the minimum.

Mr. Weathers—The minimum has been about $50 in our county.

Mr. Ingalls—It has been about $50 in Esmeralda County.

Mr. Miles—In my county I assessed work horses as low as $20 and $25 a head. They vary from that value to $200. The average value of the small work horse has been placed at about $50.

Attorney-General Baker—Mr. Chairman, I would like to call particular attention to Section 3800 of the Compiled Laws, new code, an Act entitled:

An Act to provide for a more uniform valuation and assessment of property in this State.

The valuation fixed at such annual meeting shall be the actual cash value of all such property as may be designated——

The question comes in there as to whether you may use your own judgment in placing an arbitrary value on property. The Legislature says you have got to use the actual value.

Mr. Hayes—In my county I assess the actual cash value. I examine the different property and very seldom assess horses at more than $100, even large horses.

Mr. Lemaire—Mr. Chairman, in that case it seems to me it is best to leave it to the various Assessors.

Attorney-General Baker—Mr. Chairman, it would seem so, because in placing the valuation it can't be done uniformly. One horse is worth more than another. I would suggest that if you do it that way, the Assessors of the various counties could take the actual cash value of the horses to be determined by an inspection of the animals.

Mr. Ingalls—We can't fix that here.

Governor Oddie—There is more of a variation between the value of work horses than between beef cattle. Don't you gentlemen think that that is the case?

Mr. Miles—I understand, Mr. Chairman, that the value of beef cattle is regulated by the general market throughout the United States, and not the local market. Horses, of course, are more particularly local.

Governor Oddie—Yes, the two are not the same.

Mr. Lemaire—Mr. Chairman, I make a motion that the first five items, work horses, saddle horses, stock horses, work mules and stock mules, be left to the various Assessors.

Mr. Hayes—I second that motion.

The question was put, and the motion carried.

Governor Oddie—The next item is No. 6, beef cattle. I think a little discussion on the price of beef might be instructive right now.

Mr. Leonard—We don't have any more beef cattle in our county. They get them all out before I get around to assess.

Mr. Sitton—Let's see if any of them have any.

Mr. Hayes—We have quite a number.

Governor Oddie—How does the price of beef cattle now compare with the price of last year on the market?

Mr. McTerney—It is very much higher than a year ago. I don't know how the market is right now.

Mr. Randall—I move that we place a valuation of $30 a head on beef cattle.

Governor Oddie—That is a raise from $25 last year to $30 this year. Is that seconded?

Mr. Springmeyer—I wish to state that the price of beef is one cent lower than at this time last year. It appears to me that is a little too high.

Governor Oddie—How does the price of last year compare with the year before?

Mr. Springmeyer—It was more last year than it had been for some time.

Mr. Miles—I understand that the price of beef cattle has been $25 for a number of years, and also milch cows and stock cattle ranged in different counties—in some counties $15 and in some $13. I am not positive

that I am correct about that. I don't believe there was a raise in beef cattle last year.

Governor Oddie—You mean that the rate fixed by the board, of $25, was the same as when beef cattle were very much lower than they are today?

Mr. Miles—I am under the impression that two years ago the value was $25. I am not sure but 1909 was the same.

Governor Oddie—And then they were undoubtedly lower?

Mr. Miles—Lower than they are now, Mr. Chairman.

Governor Oddie—There is a motion before the board, gentlemen.

Mr. Miles—Mr. Chairman, I second the motion.

Attorney-General Baker—I think that it is proper that there should be a roll-call. The law provides that the roll shall be called upon all such motions.

Governor Oddie—I will ask the Clerk to call the roll. The question is on placing a valuation of $30 a head on beef cattle.

Upon roll-call the motion was carried unanimously.

Governor Oddie—The next item is milch cows. The valuation placed upon them last year was $25 a head. Has there been any increase in the value of milch cows since last year and year before?

Mr. Whitehead—I would like to have that matter discussed a little. I know that in my county the variation in the value of milch cows is such that it is almost impossible to set a value. We have people who are milking cows that are no better than stock cattle—that are brought up from the range and turned right out again, and that are not worth as much as some others. Some sell for $100 and $125. I can't see how $25 is fair all around. I would like to hear it discussed.

Mr. Sitton—We have about the same condition in Churchill County. Some are worth $25 and some are worth $150. I think there should be a distinction made between milch and dairy cows. Lots of people milk cows that are no better than ordinary stock cattle.

Governor Oddie—It seems that it would be a good idea to have a classification there; to segregate milch and dairy cows.

Mr. Hayes—It strikes me that under the law that we were working last year, the Assessor by using his judgment can almost always assess fairly. That's the way it strikes me.

Mr. Miles—I have one objection to leaving milch cows to the Assessors, and that is the fact that in my county when I am assessing I find some of the people claim that the cows they are milking are stock cattle; that they are generally cows that they just got up to milk, and that they are stock cattle. Now, I have some that claim they are stock cattle when they are the finest kind of milch cows and are worth as much as genuine milch cows. They claim they have just taken them up from the range. Now, if we leave this matter to the Assessors it will give them the opportunity to say that all their milch cows are stock cattle, and that's the only objection I have to leaving it to the Assessors. As far as the variation in value is concerned, it is a fact there is quite a variation in value. My suggestion would be to place what we think as nearly as possible would cover it, and take a chance on it. I would suggest that this board determine what shall be classed as milch cows.

Governor Oddie—I would like to make a suggestion. Do you think it would be wise to place a minimum valuation on milch cows and leave

it to the Assessor's discretion to place a greater valuation on cows that are more valuable, such as Jersey cows?

Mr. Hayes—In regard to that. I think you should place a minimum valuation. That's the way I think the price should be set. In the Assessor using his judgment you can't beat it. We have a good many dairies and have no trouble in assessing them. As a rule you can assess them all at $25. They will average that.

Governor Oddie—Mr. Hayes, I will say that if the valuation is placed at $25 by this board, that the tax will not be at the discretion of the Assessor.

Mr. Hayes—We have them that are more valuable than $25, and many of them that are under $25, but on the whole it is a very good plan to leave it to the Assessors. Still, I would like to hear from the other Assessors, and see how they get along.

Mr. Whitehead—Mr. Miles's proposition falls right back on itself. He has got to determine whether they are milch cows or not, the same as other property. A man might turn in a house and swear in his statement that it was worth $500, when you know that it cost $1,500. No matter whether or not you place the valuation at more than is shown, you have got to use your judgment as to whether they are milch cows or not, and the question that the Attorney-General brought up as to cash value comes in here the same as with work horses. If we assess them at $25 we can't change it.

Governor Oddie—Even that will not comply with the statutes.

Attorney-General Baker—When a value is placed upon property by the board, it is supposed to be the actual cash value. I remember last year I made some inquiry, and said that it would be better to leave it to the Assessors as to what a cow should be assessed at. It seems to me that to leave it to the Assessors is as well, if not better, than to make a valuation.

Mr. Hayes—I think a valuation of $25 won't do any harm—just as we did before, and then let the Assessors use their judgment, but not to assess any milch cows at less than $25.

Governor Oddie—By making a valuation of $25 that would take the power away from the Assessors to place a greater valuation.

Mr. Hayes—Mr. Chairman, we have got to use our discretion.

Governor Oddie—My suggestion to make a minimum valuation of $25 would give the assessor discretion.

Attorney-General Baker—I don't think you can place a minimum valuation. As I understand the law when a valuation is placed by this board it must be placed on the assessment roll by the Assessors. They can't go out and say the minimum assessment is $25, but that this cow is worth $50. They can't do that.

Governor Oddie—Do you wish to make a motion, Mr. Hayes?

Mr. Hayes—Mr. Chairman, I make a motion that dairy cows be left at $25 a head, the same as last year.

Mr. Grutt—I second that motion.

Mr. Sitton—I move to amend that motion and make it $30.

Mr. Miles—I second the amendment.

Mr. Lemaire—I make a motion to amend the amendment by leaving it to the various Assessors.

Mr. Whitehead—I second the amendment to the amendment.

Governor Oddie—Gentlemen, if you are ready for the question I will

ask the Clerk to call the roll. You are now voting on the amendment to the amendment which provides that the valuation of milch cows be left to the various Assessors.

Upon the roll being called the following vote was had:

Yeas—Messrs. Whitehead, Weathers, McTerney, Leonard, Lemaire, and Norris.
Nays—Messrs. Sitton, Springmeyer, Ingalls, Randall, Grutt, Malley, Regan, Seeman, Hayes, and Miles.

Governor Oddie—Gentlemen, the amendment to the amendment is lost by a vote of 6 to 10. I will now ask the Clerk to call the roll on the amendment to the original motion, which placed the valuation on milch cows at $30 per head.

Upon the roll being called the following vote was had:

Yeas—Messrs. Sitton, Whitehead, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Randall, Grutt, Malley, Regan, Seeman, and Miles.
Nays—Messrs. Springmeyer and Hayes.

Governor Oddie—The amendment to the original motion is carried by the vote of 14 to 2. The question now is whether we should vote on the original motion. The amendment to the original motion carried, and it is a question of parliamentary law.

Attorney-General Baker—You will have to vote on the original motion.

Mr. McTerney—That's the way it's always done.

Governor Oddie—I will ask the Clerk to call the roll on the original motion.

Upon roll-call the following vote and comments were had:

Mr. Sitton—Yea. Mr. Whitehead—Yea. Mr. Springmeyer—Yea. Mr. Weathers—Yea. Mr. Ingalls—Yea. Mr. McTerney—Yea. Mr. Leonard—Yea. Mr. Lemaire—Yea. Mr. Norris—Yea——

Mr. Randall—I don't understand just what we are voting on now. The original motion called for $25 a head. Is that what we are voting for?

Governor Oddie—No, the original motion was amended to $30 per head. We are now voting on $30 per head the same as the last vote.

Mr. Randall—Yea——

Mr. Springmeyer—I understood that we were voting on the original motion making it $25 a head.

Governor Oddie—No, we are voting on the original motion as amended, making it $30 a head.

Mr. Springmeyer—I would like to change my vote then, as I voted no the other time.

Governor Oddie—The correction will be made in the records.

Mr. Malley—I don't think, Mr. Chairman, this is right now. We should vote on the original motion of $25.

Governor Oddie—This is the original motion as amended.

Mr. Malley—I don't think it is correct. The original motion placed the valuation at $25, and we have to kill that to put the amendment into effect.

Attorney-General Baker—We voted on the amendment, which carried. As I understand the motion now before the board is upon the adoption of the amendment carried, as a substitute for the original motion.

Mr. Lemaire—Mr. Chairman, do I understand that by voting yes it kills the original motion making the valuation $25.

Governor Oddie—Yes. The $25 valuation was killed by the amend-

ment. We are now voting on the original motion as amended making the valuation $30.

Mr. Grutt—Yea. Mr. Malley—Yea. Mr. Regan—Yea. Mr. Seeman—Yea. Mr. Hayes—Nay. Mr. Miles—Yea.

Governor Oddie—Gentlemen, the original motion as amended, making the valuation on milch cows $30 per head, has been carried by your vote of 14 to 2. The next order of business is stock cattle. I would like to ask first what valuation has been placed on them in years previous. It was $15 per head last year.

Mr. McTerney—It has been for several years, Governor. Some years ago it was $17.

Governor Oddie—Do you remember how many years ago, Mr. McTerney?

Mr. McTerney—Five or six years ago.

Governor Oddie—And it has been a $15 valuation ever since?

Mr. McTerney—Yes.

Governor Oddie—And in that time the price has increased very materially. I think with a few exceptions last year—Nye, Lincoln, Esmeralda, and White Pine—the valuation was placed at $15; in those it was placed at $13. Gentlemen, we are ready for a discussion of this question, and would like to hear from the various Assessors.

Mr. Sitton—Mr. Chairman, I think that in view of the fact that stock has gone up it would only be fair to raise in the valuation, and for that reason I move that we place the valuation on stock cattle at $20 a head.

Mr. Leonard—I second that motion.

Mr. Weathers—Mr. Chairman, does that affect all of the counties?

Governor Oddie—Yes, all of them.

Mr. Malley—In our county I think that would be too high. Last year we placed the valuation at $15, with the exception of Esmeralda, Nye, and two other counties.

Governor Oddie—Esmeralda, Nye, White Pine, and Lincoln.

Mr. Malley—Mr. Chairman, in our county we could stand a raise this year, but the cattle are not worth as much in our county as they are in some of the others. We have so far to drive them to market. I think $20 is too high for stock cattle in Esmeralda, Nye, and Lincoln Counties.

Governor Oddie—I would like to correct the statement I made and add Clark County to the list of counties that were excepted last year.

Mr. Springmeyer—I think $20 is too high for stock cattle in proportion to beef cattle. Beef cattle are worth at least three times as much as stock cattle.

Governor Oddie—The original motion could be amended excluding certain territory.

Mr. Miles—I would like to hear from some of the Assessors living along the railroad—along the Southern Pacific where there are thousands of head raised and shipped every year—as to the value of stock cattle in their counties.

Governor Oddie—Mr. Leonard and Mr. Weathers, we would like to hear from Elko and Humboldt Counties. Humboldt County is one of the large counties. And Mr. Miles.

Mr. Springmeyer—Mr. Chairman, I would not suppose that stock cattle should be shipped when it is better that they should be held.

Governor Oddie—Mr. Springmeyer here represents a stock county. We will hear from him.

Mr. Springmeyer—Mr. Chairman, stock cattle are never shipped except for the purpose of raising beef.

Mr. Weathers—There is not a great deal shipped out of our county, although it seems to me that $20 is a little high in comparison to the assessed value of beef cattle. Still I don't know that it makes much difference one way or the other. They will only give in so many head whether it is $20 or $15.

Mr. Hayes—That's the way it strikes me. A man may have 500 head of stock and the Assessor only gets 250. He don't get the full number, don't you see. You won't get on any faster if you put them at $20 than to put them at $15. If you get 500 head of stock at $15 you are doing all right, but if you only get 250 at $20 you're not. It's a matter of getting the stock.

Governor Oddie—In that connection, gentlemen, I would like to make a statement. There is a serious difficulty confronting every Assessor—that very thing. If the stock men will not give in the full number of their cattle it is a serious menace to this State right now, because it needs more money. If a way could be devised by which the Assessors could check up the number of beef cattle shipped, it would enable them to get a fairer estimate of the stock cattle that would naturally produce that number of beef cattle.

Mr. Ingalls—That would put it up to the Assessors.

Governor Oddie—Yes. The stock cattle man can put in an arbitrary number, and if the Assessor has figures on the number of beef cattle shipped from any ranch, he can estimate the number of stock cattle that are necessary to produce that number of beef cattle.

Mr. Hayes—Where the Assessor has authority he can place an arbitrary valuation, and they can bring it before the Board of Equalization if they want to. If they should bring it, then we can show the Board of Equalization just what stock they have got. I don't take a man's statement for the stock he has got. I give him the privilege of putting a statement in and then assess according to my own judgment, and if he is not satisfied he comes before the Board of Equalization. As a rule, he don't come.

Attorney-General Baker—The Assessors are not bound to follow the statement of any person. That is simply a guide that they can follow if they see fit.

Mr. Weathers—There are very few beef cattle in our county until after the assessing period is over. We have nothing but stock cattle until the fall of the year. There is nothing in the spring but stock cattle.

Governor Oddie—There is a system that would help the Assessor very much if it could be used, and that is the system that the forest rangers have adopted in getting the number of cattle, and they come closer to it than the Assessor comes. If the Assessors could get those figures it would help them materially, but I understand that the government will not allow them to be given out.

Mr. Miles—I want to say in regard to that matter that I can get those figures from the forest reserve, but I don't aim to use them entirely unless I think some man is gouging too much, for the reason that the greater part of our range is in the forest reserve, and I believe all stock men should have the same chance, and if we took those figures given by the forest reserve in one case and the men that are off the

reserve don't have to show up these figures, then they don't have an equal show with each other. My system is to get around and do the best I can and get all the stock I can, and if necessary to go to the forest reserve, while I don't aim to go there unless I believe it is actually necessary.

Mr. Randall—I move to amend the motion to place the valuation at $17 on stock cattle with the exception of Esmeralda, Lincoln, White Pine, and Clark Counties, and $15 in those counties.

Mr. Grutt—I would like to have Mineral County included.

Mr. Randall—I will include Mineral County.

Mr. Malley—That would place the valuation for the whole State at $17 with the exception of those counties, and it would be $15 in those counties?

Governor Oddie—Yes. That's it.

Mr. Norris—I second the amendment.

Governor Oddie—Gentlemen, if there are no further remarks I will ask the Clerk to call the roll on the amendment to the motion. You are now voting on placing stock cattle on a valuation of $17 per head over the entire State except in the counties of Esmeralda, Lincoln, White Pine, Clark, and Mineral, and in those counties at $15 per head.

Upon roll-call the following vote was had:

Yeas—Messrs. Whitehead, Springmeyer, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Randall, Grutt, Malley, Regan, Seeman, Hayes, and Miles.
Nays—Mr. Sitton.

Governor Oddie—Gentlemen, the amendment has been carried by your vote of 15 to 1. I will now ask the Clerk to call the roll on the original motion. It is the original motion as amended to place a value upon stock cattle of $17 per head except in the counties of Esmeralda, Lincoln, White Pine, Clark, and Mineral, and in those counties at $15 per head.

Upon roll-call the following vote was had:

Yeas—Messrs. Whitehead, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Randall, Grutt, Malley, Regan, Seeman, Hayes, and Miles.
Nays—Messrs. Sitton and Springmeyer.

Governor Oddie—Gentlemen, you have carried the original motion as amended by your vote of 14 to 2. I would like to ask Mr. Adamson to make a correction in the minutes. A while ago when I enumerated the Assessors of several counties on the Southern Pacific, I said "Mr. Miles" when I should have said "Mr. Hayes." The next item is thoroughbred cattle. Last year the valuation was left to the discretion of the various Assessors.

Mr. Weathers—I move that it be left to the various Assessors this year. There is quite a variation in thoroughbred cattle.

Mr. Springmeyer—I second the motion.

Mr. Miles—If I am not out of order I would like to suggest that the order of business be changed in that item, and to call it "bulls" or something of that kind. I know we have no item on bulls, and we have no way of telling what thoroughbred cattle are, so I would suggest, if it is not out of order, to change that item to "bulls" and not call it thoroughbred cattle.

Governor Oddie—That would be a little misleading, if you will pardon the suggestion, because there are some herds of thoroughbred cattle in the State, and they are not all bulls.

Mr. Miles—Then in that case we may add to it so that it reads "Thoroughbred Cattle and Bulls."

Governor Oddie—The bulls are not all thoroughbred, but it would be a good thing for the people of the State if they were. A motion is before the board, and I will ask the Clerk to call the roll. You are voting on the motion to leave the valuation of thoroughbred cattle to the discretion of the various Assessors.

Upon roll-call the motion unanimously carried.

Governor Oddie—Gentlemen, the next item is sheep.

Mr. Lemaire—Mr. Chairman, owing to the fact that the price of sheep varies from $2.50 to $3, and that the price now is $3 or less, I make a motion that a valuation of $2.50 be placed on stock sheep.

Mr. Sitton—I second the motion.

Mr. Miles—Mr. Chairman, this sheep proposition is quite an important matter, and the various Assessors might see fit to go into the matter quite thoroughly. And I believe we should. It is one of the most important matters in the State. We have many hundreds of thousands of dollars in sheep. As it is now very near noon, I move that we take a recess until 2 o'clock.

Governor Oddie—I would like to say one word before placing that motion. The number of sheep turned in by the various Assessors varies a great deal from the number shown by the Sheep Commission, and I think there should be some discussion along those lines.

Mr. Weathers—I second the motion.

The question was put and the motion carried.

The board therefore took a recess at 12 o'clock noon, until 2 o'clock p. m.

**Afternoon Session**

The board resumed its session at 2 p. m., pursuant to recess.

Governor Oddie—The meeting will please come to order. I will ask the Secretary to call the roll.

Upon roll-call the members of the State Board of Revenue and State Board of Assessors were all present and answered to their names, with the exception of Mr. Arrild of Douglas County, and Mr. Leo. Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered in his stead.

Governor Oddie—Gentlemen, I want to inform you that I have just received the sad news of the death of Mrs. Arrild, the wife of one of the members of this board. I think the passing of suitable resolutions would be proper under the circumstances.

Mr. Lemaire—I make a motion that the Chairman appoint a committee of three or five to draft suitable resolutions.

Mr. Malley—I second the motion.

Upon the question being put the motion unanimously carried.

Governor Oddie—I will prepare the list and submit it later. What is your pleasure, gentlemen? Shall we proceed where we left off this morning? We were just getting to the subject of sheep, and I would like to ask a few questions. I would like to ask the several Assessors how many sheep there are on the assessment rolls of the various counties.

Mr. Hayes—We returned the number to the Sheep Commission. I can't recollect from memory what it was.

Mr. Lemaire—Mr. Chairman, if it were possible right away to have

some member of that board appear here to give those figures, they would have the right figures.

Governor Oddie—I have the figures that the Sheep Commission have turned in, but I want to get at the number of sheep that have been assessed.

Mr. Lemaire—Mr. Chairman, I don't believe there is an Assessor here that could give those figures off-hand.

Mr. Hayes—My understanding is that there is a law that the Assessors have to report to the Sheep Commission the number of sheep assessed, and they have that report of mine, I know.

Governor Oddie—I want to see if we can't get the actual number of sheep in the State that have been assessed and turned in on the Assessor's reports.

Mr. Hayes—This law is that they shall report the number of sheep in their county, and we have done that to the Sheep Commission. I presume that they have all done that.

Governor Oddie—What I want to find out is whether the actual number assessed compares with the actual number in the State. It is a very difficult thing.

Mr. Miles—The Sheep Commission should have all of those figures showing the actual number assessed in each county. I made my report to the Sheep Commission after the Board of Equalization had finished their work, as to the number that were assessed in my county, and I believe that every other Assessor in the State has. I can give mine within a few thousand head.

Governor Oddie—I will read you what has been turned in. I have been under the impression that on the actual number of sheep they had some different method of counting them than the Assessors had.

Mr. Miles—They have sheep inspectors to count them I understand. I understand that it does not correspond with the Assessor's reports.

Governor Oddie—Now, in your county, Mr. Miles, the Sheep Commission has turned in 91,610. How does that compare with your figures?

Mr. Miles—I will have an assessment roll of a little less than 80,000.

Governor Oddie—Mr. Sitton, do you know how yours stand? On this list Churchill County shows 96,591.

Mr. Sitton—I don't think I had 30,000.

Governor Oddie—Do you remember yours, Mr. Lemaire? This list shows for Lander County 73,831.

Mr. Lemaire—I do not, Mr. Chairman.

Governor Oddie—Mr. Weathers, for your county this shows 331,553. How does that compare with your figures?

Mr. Weathers—I made a report of something like 209,000 in round numbers.

Governor Oddie—Mr. Leonard, they have Humboldt County down for 307,106. Do you know how that compares with your figures?

Mr. Leonard—I had a little over 200,000. I don't remember now.

Governor Oddie—Mr. Hayes, they have Washoe down for 262,290. How does that compare?

Mr. Hayes—I don't think it compares by over half. I asked those people to give me some information, and they refused. That is, I asked for such information and they refused it, but I have assessed over 100,000. They should be obliged to report to the Assessors the number of sheep and the names of the owners in their counties.

Governor Oddie—The Sheep Commission ought to assist in this thing. Mr. Springmeyer, they have Douglas County down for 32,500. Do you know how that compares?

Mr. Springmeyer—Mr. Chairman, I am not the Assessor, and I don't know.

Governor Oddie—Have you a rough idea of what the assessment roll shows?

Mr. Springmeyer—I do not, but there is about 30,000 sheep in the county.

Governor Oddie—Mr. Grutt, they have Mineral County down for 30,000. Do you know how that compares?

Mr. Grutt—I don't remember. I think there is more than that. I don't remember though.

Governor Oddie—Mr. Randall, Lyon County is down for 87,039. How does that compare?

Mr. Randall—I have not made my report as yet. Although they have asked me for it a couple of times I have been negligent in that regard. There is only about 40,000 in Lyon County. I think that is all guesswork there. They don't know. They have received no report from me.

Mr. Hayes—Mr. Chairman, our county is close to the California line, and they ship from Lassen County, Plumas and Modoc, and I don't know whether that Sheep Commission report is right or not. However, I asked for information, such information as I got from men I could name, and I received no information from them.

Governor Oddie—They ought to be willing to cooperate.

Mr. Hayes—I will say for the number you have there for Washoe, they are somewhat mixed with Lassen, Plumas, and Modoc Counties, and some probably from Lake County, Oregon. That is the amount I found.

Governor Oddie—Mr. McTerney, they have Eureka County down for 48,357. How does that compare?

Mr. McTerney—Right in the neighborhood of 13,000 and some few hundred.

Governor Oddie—Mr. Malley, Nye County is down for 12,468. How does that compare with your figures?

Mr. Malley—I have not assessed that many. But I will state that at the present time there is 170,000 or 180,000 sheep in the eastern part of the county, but they will be gone by the 1st of March.

Governor Oddie—Do you know how many is owned in the county?

Mr. Malley—I don't know, Mr. Chairman.

Governor Oddie—But it is some less than this? (Referring to Sheep Commission's report.)

Mr. Malley—Yes, sir.

Attorney-General Baker—You know, Mr. Malley, that your county is entitled to some proportion of the tax that you collect on sheep.

Mr. Malley—They come out into the east end of Nye County in January, February, and March, but they have not even filed a report with our clerk. I will attend to it when I get back.

Governor Oddie—Clark County is not down for any.

Mr. Whitehead—No, sir. They ship in some sheep there in the form of mutton, but that's all.

Governor Oddie—Storey County is down for 4,700. How does that compare with your report, Mr. Seeman?

Mr. Seeman—My report is about 2,200.

Governor Oddie—Ormsby County nothing.

Mr. Regan—Right. We had 500.

Governor Oddie—Esmeralda nothing.

Mr. Ingalls—There has been no sheep in Esmeralda County since the division. None at all.

Governor Oddie—Lincoln County, 25,100. How is that?

Mr. Norris—That's about right; about the way I assessed it.

Governor Oddie—You see there is a wide variation between the number of sheep on the assessment rolls and the number reported by the Sheep Commission, and I think it is something that the various Assessors should look into very carefully. It will help them out and it will help the State out, because it does not make so much difference what the sheep are assessed for per head if they are all turned in, but it does if only a very small proportion is turned in.

Mr. Hayes—It makes but little difference about stock. If you leave everything to the Assessors the result will be the same. The assessments that were levied last year are a guide to us, and the changing of that is only useless and gives the Assessor a little harder job to change prices.

Governor Oddie—I can understand the difficulties the Assessors are against, but I think the Sheep Commissioners can be of assistance to them.

Mr. Lemaire—I think that should be one of their duties.

Mr. Hayes—The Sheep Commissioners could give the name of the owner and the number of sheep and if they are transferred to other counties or out of the State and not assessable, they could give the name and number and state they are not assessable.

Governor Oddie—Of course this won't apply so much to transient sheep, but they could state the actual number in the county.

Mr. Hayes—They can't go through the county or State I think, without dipping and getting permission.

Mr. Lemaire—As I understand it, that report would be the actual count of all the sheep.

Governor Oddie—Yes; they would show the actual number in the county.

Mr. Lemaire—Mr. Chairman, the Assessor in doing the assessing will meet with the different bands. One will have one band, another will have two bands, and some of them will have three bands, probably. Well, you can't tell whether there are 1,000 sheep or 1,500 or 2,500. Some might have 3,000 in the band, and of course it is up to the Assessor to come as near to the actual number as he possibly can.

Governor Oddie—I know the Assessor is handicapped. He is limited for time and has a great big scope of country to cover.

Mr. Lemaire—The Sheep Commissioners could be a great help to the Assessors.

Mr. McTerney—When the rest of us go out to assess we find that Mr. Weathers has been running a bargain-counter sale and has got them all.

Mr. Sitton—That's it. When we go out to do our assessing we find that Mr. Weathers has all the sheep.

Governor Oddie—Another question I would like to ask. How does the market price of sheep compare this year with other years?

Mr. Weathers—It is very much lower.

Governor Oddie—Gentlemen, there is a motion before the board. I will ask the Clerk to read the motion.

The Clerk read the following motion made by Mr. Lemaire and seconded by Mr. Sitton:

It is moved that a valuation of $2.50 per head be placed on stock sheep.

Governor Oddie—What valuation was placed last year?

Mr. Lemaire—Three dollars.

Mr. McTerney—It has been $3 for several years past.

Mr. Ingalls—I have no sheep in Esmeralda County, but it seems to me, if we can't get the required number, that we would get just as great a proportion at $3 as $2.50, and if we can't get them all that it would be just as well to keep it up to $3. That's just a suggestion.

Mr. Lemaire—As I understand it, Mr. Chairman, the market at this present time is such that you can go into California and buy all the stock sheep you want for $2 a head, and I don't think it is right to assess stock sheep for over $2.50 at this time.

Governor Oddie—Mr. Lemaire, you made the motion to assess them at $2.50?

Mr. Lemaire—Yes, sir.

Governor Oddie—Are there any further remarks?

Mr. Miles—I understand that the wool clipped from these sheep in the spring is not assessed by any of the Assessors in the State. Of course that really adds to the value of the sheep, and while it is a fact, of course, that we can't get all of the sheep, I believe the matter can be improved by asking the Sheep Commissioners to furnish us with a statement of the number of sheep each party owns in our county. As the price at this time is much lower that it has been for years, I believe, under the circumstances, that $2.50 is plenty to assess sheep for, and if we do reduce the value of sheep that an effort should be made by every one to get the proper number of sheep from the Sheep Commission and assess them the best we can and equalize them all as near as possible.

Governor Oddie—Don't you think it would be a good plan for this board as a body to request the Sheep Commission to furnish you with data as to the owners and number of sheep owned?

Mr. Miles—I do.

Mr. Ingalls—I make a motion to amend the motion and place sheep at $3 a head valuation and see how the Assessors feel about it.

Mr. Hayes—I second the amendment.

Governor Oddie—It is moved and seconded that the motion placing a valuation of $2.50 a head on sheep be amended making them $3 a head. I will ask the Clerk to call the roll.

The Clerk started to call the roll when the following vote and remarks were had:

Mr. Sitton—Nay.

Mr. Whitehead—I don't like to vote on that before having a little more information. If the wool that is clipped from the sheep does not make any difference in the price particularly, and the market price is about $2.50 or $2.75 on the average, then $3 is too high, because the Assessors ought to get the full number, and that is the idea in bringing out this commission, and if we are going to get the full number, and the idea is to work on that proposition, then the price at which sheep should be assessed should compare with other property, and if, on the

other hand, the wool clipped from the sheep is enough to make a difference and hold it there, then, of course, I could vote on it a little more intelligently if I knew that, but without knowing it I could not.

Governor Oddie—I think it is just as well to have a little discussion on that, and I will ask the Clerk to suspend the roll-call.

Mr. McTerney—Mr. Chairman, I don't think there is any argument in favor of placing the value above the market value because the Assessors are not getting the full number of sheep. And you don't get any more by reducing it. If you are not getting them all, you will get less by putting them above the market value. I think it is rather an injustice to raise the price of sheep.

Mr. Lemaire—I will state that so far as the price of wool has been in the market for the past two years, I know that the sheep owners still have the crop of two years ago, or a year ago, which is not sold, and whatever money has been paid on those crops that the balance will be taken up by commissions, insurance, storage and the like, so really there will be nothing coming to them, and as far as the prospect of the coming price of wool is concerned, I think it will be very poor. I think the valuation of $2.50 at this time is a good valuation.

Mr. Miles—Mr. Chairman, I agree with Mr. Lemaire. I believe the outlook for wool this year is very poor. I don't think there is going to be any advance. I can't see any chance of it, and the sheep men, with the cattle men, should take an even chance with the Assessors and the Assessors should take an even chance with them, and we should get out and get all we can and put them on the assessment roll and put them on at what we consider their actual cash value is—and as far as wool is concerned, I believe $2.50 is plenty high enough. They are paying a high tax anyhow—a state and a county and a school tax, and every tax that every cattle man pays in the State, and every other property holder—and for the past two years they have paid ten mills on the dollar, for their own benefit especially, that is not applied to other property, and I believe that the sheep men, like every other taxpayer, should have equal and just consideration. I believe that $2.50 a head is enough under the circumstances.

Governor Oddie—I think that by next year there will be a very material increase in the number of sheep on the assessment rolls with the aid of the Sheep Commission. We will have nearer the actual number of sheep. I think it will be a help to all of you gentlemen to get that information.

Mr. Randall—In addition to what Mr. Miles says that the sheep men pay a tax of $1 a hundred, there is also a nonresident license of $2.50 a hundred.

Mr. Lemaire—I believe the rate in Elko County is $1.57, and the sheep men have to pay $1 in addition. I think this a burden on the sheep men, and I think this is an injust tax—really too much. A dollar a hundred; that is nearly as much as both the county and state tax in Elko County.

Governor Oddie—As I understand it, that is a tax of the Sheep Commission itself and for the benefit of the sheep men.

Mr. Lemaire—Yes, sir.

Governor Oddie—As I understand it, that comes back many fold in benefits received. This commission is looking after the sheep in the State in a scientific manner, eradicating the scab, etc. This commission

has expenses in doing this, and it cannot do it successfully unless it is done in a wholesale way. If any of the counties or sections of the State should be left out, then the scab would become prevalent there and inoculate the whole State.

Mr. Randall—Mr. Chairman, we were just talking about the amount of money they have got to pay.

Governor Oddie—If it were not for that special tax they pay, I think the sheep men would have much heavier losses.

Mr. Lemaire—There is not only that dollar that they have to pay, but there is 5 cents a head license, except those in the forest reserve, and I believe on them it is 3 cents, so in all that makes quite a tax.

Mr. Miles—This ten-mill tax is undoubtedly a benefit to the sheep men, and they take a great interest in it. I understand that they are doing in other counties what they are doing in White Pine County—forming sheepgrowers' associations and making every effort possible to protect themselves and the welfare of the county as well—and I want to state to this board that I have found the resident sheep men to be first-class citizens in nearly every instance. I am sure that they are taxed high in proportion to other property—that is, some of them. They don't complain about the taxes, but they want equal taxation. I hear less complaint from the sheep men than from any other, except that they want equalization. That is all they ask for, and there has none of them come and asked me to reduce their valuation or anything of the kind—but I can see that they are entitled to it.

Mr. Whitehead—I did not want to bring up a discussion of the ten-mills proposition. That does not concern us. It has nothing to do with the state taxation, as it concerns only the sheep men and their own sheep. My idea was to get at the value of the sheep with the wool it produces, whether it is $2.50 or $3. If anybody knows how many pounds the clip is and how much it is worth per pound, that is what I would like to get at.

Governor Oddie—I think it would be well to hear from the various Assessors as to what they consider the average value of stock sheep, as Mr. Lemaire has given us the price of some of the sheep in California.

Mr. Miles—I believe that under the present conditions $2.50 is all they are worth.

Governor Oddie—Mr. Miles, what would you consider the average value of the wool clip?

Mr. Miles—Well, it varies owing to the price of wool, of course. A few days ago I understood that the average value of the wool clip was 80 cents to $1.10 a sheep. But last spring it was much less, and this year I understand it will be still less.

Mr. Ingalls—Mr. Chairman, after hearing the discussion by the various Assessors from the counties representing the sheep interests, I am willing to withdraw my motion making the valuation $3 per head.

Governor Oddie—Mr. Hayes, will you withdraw your second?

Mr. Hayes—Yes, sir.

Governor Oddie—Gentlemen, the original motion is now before the board. You are voting now on placing a valuation on stock sheep of $2.50 per head. I will ask the Clerk to call the roll.

Upon roll-call the motion unanimously carried.

Governor Oddie—The next item on the list is bucks.

Mr. Lemaire—Mr. Chairman, I make a motion that the value of bucks be placed the same as last year, at $5 per head.

Mr. Grutt—I second that motion.

Governor Oddie—If there are no remarks I will ask the Clerk to call the roll. You are now voting on placing a valuation of $5 per head on bucks.

Upon roll-call the motion unanimously carried.

Governor Oddie—The next item on the list, gentlemen, is goats.

Mr. Miles—Mr. Chairman, I move that goats be placed at a valuation of $3 per head.

Governor Oddie—They were valued at $4 last year.

Mr. Miles—We have no goats in our county. I understand there are only two counties in the State that have any to speak of. White Pine County has got a few there, but I think the goat men in our county are getting a little the worst of it. I think $3 is plenty.

Governor Oddie—We would like to hear from some of the gentlemen who are interested in goats.

Mr. Lemaire—Lander County has none. I am out of the goat business, so have none to assess.

Mr. Miles—I have some in my county.

Mr. Norris—I second the motion of Mr. Miles.

Governor Oddie—Gentlemen, it has been regularly moved and seconded that a value of $3 per head be placed on goats. If there are no further remarks, I will ask the Clerk to call the roll.

Upon roll-call the motion unanimously carried.

Governor Oddie—The next on the list is hogs.

Mr. Springmeyer—Mr. Chairman, I move that the valuation of hogs be left to the various Assessors.

Mr. Randall—I second the motion.

Governor Oddie—Gentlemen, you have heard the question. Are there any remarks. Hearing none I will ask the Clerk to call the roll.

Upon roll-call the motion unanimously carried.

Governor Oddie—That completes the live stock, gentlemen.

Attorney-General Baker—Mr. Hayes, in reference to the Sheep Commission not giving you that report, I want to say that their records are public property, and under the law you have the right to examine the report.

Mr. Hayes—Yes, after I make my assessment. You know property of that kind changes hands every twenty-four hours. You have to have the report when you are assessing. You can't go a basis of last year's report, and then assess arbitrarily. You must have a report of the sheep that are handled in the springtime so you can assess them during the time you are assessing.

Attorney-General Baker—But you understand, Mr. Hayes, that any information or data that they have is public information, and you have the right of access to that.

Mr. Hayes—They won't give me the names. I asked them, and that is the answer I got. That is as far as I know.

Attorney-General Baker—Then that is a matter you should take up with your District Attorney.

Mr. Hayes—They do not think I have the right to get that information.

Attorney-General Baker—Well, you have.

Mr. Lemaire—Mr. Chairman, would it not be well for this Board of Assessors to ask that board to send each one of the Assessors a report of the number of sheep in their own counties?

Governor Oddie—And the names of the owners.

Mr. Hayes—Yes, the names of the owners, and the report to be made not later than July.

Governor Oddie—It might be a good plan to place that in the form of a motion.

Mr. Lemaire—Or as a resolution, Mr. Chairman. Each of the Assessors ought to have a report at least before the first of August, or before the completion of the assessment roll. That's in September.

Mr. Leonard—That wouldn't be much benefit to me. I assess during the shearing, and you know that is before July or August. A report coming in the last of July would be of no benefit to me.

Mr. Lemaire—No doubt there is one of the sheep inspectors there at the time, and he should give you the figures.

Mr. Leonard—That's the point—to get the inspector to give you those figures. We had a state inspector there that did give me the figures in what they call the Santa Rosa Forest Reserve, and in that way I got a pretty good check in the mountains, but there is another man come in there since, and he refuses to give it to me. We have to collect the money to pay their salaries, and they certainly should give us this information. If they don't, we can't do much better than we have been doing.

Mr. Miles—In my experience I have found that the sheep inspector does not care to give information to the Assessor.

Governor Oddie—I think if they were instructed by the Sheep Commission, they would do so.

Mr. Miles—Mr. Chairman, I think we should ask the information direct of the commission or have them give it through the inspectors themselves.

Mr. Weathers—You can get it from the state inspectors, but not from the government inspectors.

Attorney-General Baker—We are talking about our State Commission. Of course we can't compel the government inspectors to give us information.

Mr. Weathers—We have no state inspectors over there. They are all government inspectors.

Mr. Grutt—If we don't get them in March or April we don't get to assess them at all.

Governor Oddie—With the permission of the board I will write a letter to the Sheep Commission, and ask them to give all the information they possibly can to the various Assessors, and ask them to instruct their deputies to do the same.

Mr. Weathers—If the inspector would give us the information while we are assessing, it would be better.

Governor Oddie—It may not give you all the information you need, but it will doubtless be of considerable assistance.

Mr. Leonard—They are in a position to find sheep that we can't find. They are herded up in the mountains.

Governor Oddie—I will write that letter, gentlemen. Now, the next question is telephone lines. I think it would be a good plan to have the Public Utility Commission—that is, the Railroad Commission, which

is the same thing—to come over and give us some information on this subject. They have information on all public utility companies, corporations, railroad companies, etc. I will therefore ask that the Clerk telephone for the Railroad Commission to come over.

The Clerk here phoned for the Railroad Commissioners.

Mr. Ingalls—Mr. Chairman, I make a motion that a recess be declared for fifteen minutes.

Mr. Lemaire—I second the motion.

Upon the question being put the motion unanimously carried.

Pursuant to recess the board resumed its session at 2:45 o'clock p. m.

Governor Oddie—The meeting will please come to order. I will ask the Clerk to call the roll.

Upon roll-call of the State Board of Revenue and the State Board of Assessors all members answered present, with the exception of Mr. Arrild of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered in his stead.

Governor Oddie—I will appoint the following committee to draft resolutions of condolence on the death of Mrs. Arrild: Mr. Springmeyer, Mr. Randall, Mr. Grutt, Mr. Regan, Mr. McTerney. I want to state, gentlemen, that the Railroad Commission has a lot of copies of reports here on the table that contain considerable information and will be a great help and guidance to you all. Each of you may have one. The next order of business is telephone lines. What is the pleasure of the board?

Mr. Whitehead—Mr. Chairman, I would like to ask of the commission if they think that the board can assess telephone lines better as a board than the various Assessors could with the aid of the information that the commission has furnished us.

Governor Oddie—Gentlemen, we would like to hear a discussion of this matter. Mr. Shaughnessy will give you all the information you desire. He has all the facts and figures right here.

Mr. Shaughnessy—Mr. Chairman and gentlemen, you will find the statement of telephone companies on page 4 of the statements. If you will just find that page I will discuss the matter with you. First is given the names of the different telephone companies; the next column is the capitalization. That includes the stocks and bonds outstanding. The next is the gross earnings for the year 1911; the next column is the operating expenses and the next is the net operating revenues; the next is the taxes paid, and the next is the ratio of taxes paid to gross earnings. You will notice the ratio runs from 1.38% of gross earnings up to 4.30%. The following column is the dividends of those companies which declared dividends. In reference to the query of Mr. Whitehead in regard to which would be the most advisable method of placing the assessment of telephone companies, I want to say to you gentlemen that the data is now before you to place the assessment upon a gross earnings basis, or upon any kind of a basis you may see fit. You may make a uniform assessment on a basis of 3 or 4% of the gross earnings, or upon whatever equitable percentage you may decide, or it may be left to the various County Assessors. If it is left to them, the reports before you will aid you in equalizing those taxes in the various counties and bringing them up to a uniform valuation. We are prepared to proceed in any way you gentlemen wish. In regard to placing the 4%

of the gross earnings tax by the board, that would have to be done indirectly, as the law of this State does not contemplate that method. In other words, we would have to find the valuation of each and every line in the various counties and assess that, bearing in mind the amount of money a 4% showing there would produce, and it would be necessary to find the tax levy or rate in each individual county. Of course, if you desire to have the board proceed along that line, we can secure the tax levies from the various counties and work that data up. We have not, however, worked it up thus far. In view of the conditions throughout Nevada, and the fact that with the majority of these telephone companies it is principally a question of service rather than of great earnings, it might perhaps be well to leave telephones to the various County Assessors. I think you could easily place as equitable a valuation individually as you could collectively. And from the further fact that some of these companies operate in more than one county, there would probably be some difficulty if you made the assessment on a 4% gross earnings basis—some difficulty in the apportioning of the taxes that would accrue between two or more counties. However, we could assist you in that, too.

Governor Oddie—Suppose the telephone companies were placed on a 4% gross earnings basis, what proportion of the value would that represent in the assessment?

Mr. Shaughnessy—In reference to the 4% of gross earnings basis I will say this: This tax represents as we have figured it out throughout the United States. We figure that a 4% ratio of taxes to gross earnings is equivalent to a 60% ad valorem valuation; figuring 1% equals 15% of ad valorem valuation, therefore 4% is the equivalent of 60% of ad valorem valuation. That is the way the tax experts arrive at it, and in that connection I may state that Minnesota, California, Oregon, and a great many of the other States, make all of their assessments on public utility corporations on that basis, and it is provided by law in those States that the taxation shall be made on that basis.

Governor Oddie—And you think it would apply in this State, Mr. Shaughnessy?

Mr. Shaughnessy—It would apply pretty well, although not quite so well, Governor, in this respect. In glancing through the taxes and earnings of the various companies throughout the State I find the taxes paid by the different companies varies considerably. It will run from ½ of 1% on gross earnings up to as high as 15 and 16% of gross earnings, and I find that especially true of the smaller and poorer counties, like Ormsby, for instance, and Eureka, and others where they are assessing water and various other public utilities at from 10 to 12%. Now, in these small counties it is a question of getting the money. They are in straitened circumstances, and any absolute law, which would be binding on every corporation and apply alike throughout the State and reduce the valuations in those counties to an absolute 4% of gross earnings, would perhaps be somewhat of a hardship, because when a county gets hard up, all corporations and citizens alike must stand together and bear the burden.

Governor Oddie—Then assuming that the proposition in this State was the same as in others all the way through, and this ratio of gross earnings a little less than 2%, that would be equivalent to a 30% ad valorem valuation?

Mr. Shaughnessy—Yes.

Governor Oddie—And that is about the average of what was paid last year?

Mr. Shaughnessy—Yes; on these telephone companies.

Governor Oddie—Then in order to bring the telephone companies up to what all property is supposed to be assessed at, it would be necessary to about double them?

Mr. Shaughnessy—Yes. These telephone companies should come up. The three first companies on this statement do not show that they have paid their taxes. I imagine that they have paid them all right, but they have not reported it. You will notice they run from 1.38% of gross earnings up to 4.30%. The latter is the Searchlight Western, and they are right up on the 60% ad valorem basis. The others are rather low and should be increased to some extent, either by the board as a whole or by the Assessors. They should be brought up to 4% of gross earnings making the equivalent of 60% ad valorem valuation.

Governor Oddie—You understand, gentlemen, in speaking of 60%, which is supposed to be the valuation for assessment purposes, that any valuation placed by this board is considered the full value. I know that it is going to be a difficult matter to bring all property up, but I would like to see it done. It is going to be a difficult matter, and I realize that you gentlemen have something hard on your hands. I don't think it would be fair to make one class of property pay on a higher percentage of value than another, but this board, I think, will now be able to get at it a good deal better than they got at it before. What we want is justice all around, and we must raise more money.

Mr. Whitehead—Mr. Chairman, it is pretty hard to arrive at something that is just exactly just, and I would like to call attention to two of these items. The Searchlight Western operates in Searchlight, Nevada, and is capitalized at $50,000. Their gross earnings were only $2,861.36, and you can see by that they are not paying out a great pile for a lot of high-salaried officers or anything of that kind, and their per cent of gross earnings—the ratio of taxes to the gross earnings—is 4.30%, which includes a $2 city rate, and if we should take a 4% basis as a general county rate it would make their percentage come up so, doing the business that they are, that it would make them feel like going out of business. Another item here, the Moapa Valley Telephone Company. Their total earnings were $1,108.89, and if they paid salaries like some of the companies do they would have nothing to pay taxes with. There would be no net earnings, and I think in these two instances the telephone companies are almost entirely a matter of service, because, speaking of the Moapa Valley Telephone Company (I am acquainted with that), the salaries of the central office and the Secretary to keep the books, are only $390 a year. This leaves only $183.40 for all the expenses of the line for the year, which shows that it is operated just as economically as anything can possibly be. If you were to give the officers fair salaries you would not have anything in the net at all. It would simply be a matter of service. The question is almost the same with the Western. In such instances it might be right to tax these corporations and make them pay more money, but would it be right?

Mr. Malley—Mr. Chairman, I feel inclined to tax them on the gross earnings, say 4%, or whatever the board sees fit; whatever the per-

centage is they are supposed to be assessed at. Take the new mining camps, for instance, where they put in a new telephone line. The first year or so the revenue is pretty big. Take it in Manhattan and Round Mountain. In the boom days they paid for the telephone company in a couple of months—that is, for the installation. I think that would be the fair way, to place the assessment on the gross earnings.

Mr. Hayes—I would state that in our county, Washoe County, where I guess about the largest amount of business is done by the Pacific Telephone and Telegraph Company, that they are coming up all the time. That we are raising them right along, and I don't know of any way that this board could handle that at this time. Probably they would at some future time.

Governor Oddie—I think this statement hardly gives quite enough information on that company. Their gross earnings of $59,459 include Nevada, but how much of it applies to the Nevada line?

Mr. Shaughnessy—The Pacific States Telephone and Telegraph Company, which operates in Mr. Hayes' county, Washoe County, has gross earnings within the State of Nevada of $59,459. Now it operates wire mileage in the State of 2,350 miles. If it is desirable it is very easy to place the valuation on that company on a per mile of wire basis, the same as you did on the Western Union. The taxes paid by that company for last year were $1,611.

Governor Oddie—And on a 4% of gross earnings basis, how much would it be?

Mr. Shaughnessy—On a 4% of gross earnings basis that would be about $2,400. About $800 more.

Mr. Hayes—How would that compare with last year's taxes?

Mr. Shaughnessy—You levied a tax of $1,611 last year.

Mr. Hayes—I spoke of the gross valuation.

Mr. Shaughnessy—I don't know, because they don't give that.

Mr. Hayes—They are raising a little gradually. I know of no way at this time that this board could act any more intelligently than the Assessor.

Mr. Shaughnessy—I was just going to suggest that on a large company like that, doing a prosperous business, that a per mile of wire basis might be used. For example, if the assessment were placed at $30 per wire mile, it would bring the tax up to about $2,300 or $2,400, and make it about right. Of course I don't advocate that. It is up to you gentlemen to decide.

Mr. Hayes—This valuation placed here—a great portion of it— is three and a quarter.

Governor Oddie—The idea is, gentlemen, to make every class equal as near as possible, to make every class of property in the State pay the same proportion—that is, to assess every class of property in the State in the same proportion to its actual cash value, so that one class will not be on a 60% and another on a 30% basis. I am using these percentage figures just in the form of an illustration.

Attorney-General Baker—Along that line, Governor, I would suggest that the records show we are not assessing or arriving at our valuation by adopting as a basis for assessment purposes a certain per cent of the cash value. The law says we shall assess at the cash value, and if the records show that assessments are made on a 60% basis of the cash value, it shows on the face of it that we have not complied with the

law, so no matter what the assessment or valuation is, that is the cash value, whether you use 60% in arriving at it or otherwise. Let's have the records show that whatever value you arrive at, and however you arrive at it, that is the cash value.

Governor Oddie—Whatever we do, we must comply with the law.

Mr. Randall—I move that it be left to the various Assessors of the State.

Mr. Hayes—I second the motion.

Governor Oddie—Are there any remarks?

Mr. Lemaire—That's just the telephone lines?

Governor Oddie—Yes. If there are no further remarks, I will ask the Clerk to call the roll. Gentlemen, you are now voting to leave the matter of placing the value of telephone lines to the various Assessors of the State.

Upon roll-call the motion unanimously carried.

Governor Oddie—The next question is telegraph lines.

Mr. Regan—As there is going to be a session of court in a little while and the Attorney-General will have to be present, I move that we adjourn until 11 o'clock tomorrow morning.

Mr. Springmeyer—I second the motion.

Upon the question being put the motion carried, and the board took a recess until 11 a. m., January 10, 1912.

## THIRD DAY

The board resumed its session, pursuant to recess, at 11 a. m., Wednesday, January 10, 1912.

Governor Oddie—The meeting will please come to order. I will ask the Clerk to call the roll.

Upon roll-call all members of the State Board of Revenue and State Board of Assessors were present and answered to their names, with the exception of Mr. Arrild of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered in his stead.

Governor Oddie—Mr. Springmeyer, chairman of the committee appointed to draft resolutions of condolence on the death of Mrs. Arrild, has submitted the following:

Whereas, It has pleased Almighty God, in His infinite wisdom, to remove from our midst Mrs. Andrew Arrild, beloved wife of our brother member from Douglas County: therefore be it

Resolved, That while we, the members of the State Board of Assessors, recognize the right of the All-Wise Father to call from this earth the wife of our brother member, yet we mourn none the less for him who has lost his life's helpmate.

Resolved, That the heartfelt sympathy of the members of the State Board of Assessors be extended to Mr. Arrild and his family in this, their hour of affliction.

Resolved, That these resolutions be spread upon the records of the board, and a copy thereof be transmitted to Mr. Arrild.

THE STATE BOARD OF ASSESSORS.

By Leo Springmeyer, Eugene Grutt, D. P. Randall, Ed. Regan, H. C. McTerney, Committee.

Carson City, Nevada, January 9, 1912.

Mr. Lemaire—I make a motion that the resolution be spread upon the minutes of the meeting, and that a copy be sent to Mr. Arrild.

Governor Oddie—Is there a second?

Mr. Regan—I second that motion.

Upon the question being put the motion unanimously carried.

Governor Oddie—I will request the Clerk to mail a copy of the resolution to Mr. Arrild in accordance with the motion. The first order of business this morning is the Western Union Telegraph Company. There is a communication here from Mr. McPhee of the Western Union, which I will ask the Clerk to read.

The Clerk here read the following communication:

Los Angeles, Cal., December 29, 1911.

Subject: Taxes—Clark & Lincoln Counties Year 1911. File L-108C.

Nevada State Board of Assessors, Carson City, Nevada.

Gentlemen: This company was assessed $974.55 covering taxes on property in Clark County for the year 1911 and $1,123.57 covering property in Lincoln County for the same year, which amounts were paid under protest considering that these assessments were excessive and unjust.

This company makes an appeal to your board on account of the above assessments and would request that the valuation of our property in the above counties be considered carefully in determining the present valuation, upon which valuation we will be obliged to pay taxes for the coming year.

Yours very truly, H. McPHEE, Dist. Coml. Supt.

Governor Oddie—I will ask Mr. Shaughnessy to say a word to us in regard to this letter, and explain, if he can, how the matter stands.

Mr. Shaughnessy—In regard to the Western Union Telegraph Company, I wish to say that taxes on particular portions of that line, if considered that way, may be a little bit high in various sections of the State, but if we consider the Western Union Company as a whole, as an entity, the valuation of $40 per wire mile is entirely reasonable, and I don't think that the company, in view of their prosperity and the value of that portion of their property that is located in the State of Nevada, is assessed at anything more than what it should be. I don't think the assessment is any too high. Now, the wire mileage operated in Nevada for this year is 10,135, and the gross earnings in Nevada for 1911, just the local earnings, was $70,788. That does not include any of the business from without to within, or that business passing across the State, which is by far the largest portion of the business transacted. All of the through business and the cable business passing across the southern part of the State and the northern end of the State. Now, the taxes paid by that company for the year 1910, the total taxes within the State—that is, last year ending June 30, 1911—were $7,009.67. The assessed valuation within the territory of Nevada on a basis of $40 per wire mile, making $405,406. I don't think is anything unreasonable, although it may be in southern Nevada, whereas it is more than offset up in the northern part of the State, in that portion where it is known as the transcontinental line.

Mr. Weathers—Mr. Chairman, I would like to hear from the representative of the Western Union Company, if he is here.

Governor Oddie—Mr. Jones, will you give us your views on the matter?

Mr. Jones—Mr. Chairman and members of the State Board of Assessors, I am not instructed to come here and protest against last year's action of the board. Although we boiled within ourselves, so to speak,

we are prepared to meet the officials of the State on a fair and equitable basis. I don't want to take up too much of your time, but I just want to reiterate that the figures that I gave a year ago have demonstrated to my mind that the $40 rate was excessive, and from what we heard in this chamber yesterday, I am confirmed in that belief. In the first place, the statutes, as read by the Attorney-General, define the actual cash value as being the sum which could be realized by a sale to satisfy a judgment. This would place our valuation at less than $30 a wire mile. In the second place, the Governor's hope of adopting a uniform basis of valuation, and suggesting 60% as an equitable figure, would make our value $30 or less. Mr. Shaughnessy's suggestion of taking 4% of the gross earnings would make our assessment about $30. Mr. Shaughnessy's fourth suggestion, that $30 a mile was a fair value to place on electric companies, makes me believe that we ought not to be discriminated against. However, as I said before, I am not authorized to ask any change and if the board still thinks $40 is just, they will not hear from my people.

Mr. Shaughnessy—Mr. Jones, my suggestion of $30 per mile on other telegraph companies referred to the Pacific Telephone and Telegraph Company, which operates exclusively in Washoe County. By comparison that would be a fair valuation of that telephone company, and there is no reasonable comparison as between the value of that company and the great Western Union Company.

Governor Oddie—I would like to ask you a question, Mr. Shaughnessy. What is your idea of the value per wire mile of the Western Union, say at 4% of gross earnings on a 60% basis. Would that be $40 or $30?

Mr. Shaughnessy—As I explained to you, Governor, they have reported to us only intrastate earnings and not earnings creditable to Nevada mileage—that is, the pro rate—that goes across the State or from within to without or without to within, and I can't estimate the value of the Western Union on the 4% gross earnings basis. I do know, however, that the $40 per mile is entirely reasonable. For example, they have a number of copper wires, and the copper wire lines alone will approximate $40 per mile, but this $40 per mile takes into consideration all of the poles, all of the overhead construction, including the value of constructing the line also, and if figured against reproducing within this State, it could not be less than $100 per mile as an entirety.

Governor Oddie—Then taking the statement that you have not received from them, you think last year's estimate to be a fair value for this year?

Mr. Shaughnessy—I do.

Governor Oddie—Would that approximate $40 per wire mile?

Mr. Shaughnessy—It would, capitalizing the net earnings. I don't think the Western Union feel very much aggrieved over this. If they did, they would be here with facts and figures to show the entire injustice of the assessment. Of course, that protest they make in the letter is hardly fair. They take the poorest part of the State, where the earnings are necessarily very small, and draw a comparison from that. That is not fair. As I said before, that is more than offset by the earnings in the northern section of the State.

Attorney-General Baker—I want to make another correction of a reference you made there, Mr. Jones. I defined the actual cash value to mean "the amount at which property would be appraised if taken in payment of a just debt due from a solvent debtor." That does not necessarily mean a forced sale. If a man is by force of circumstances compelled to dispose of property immediately for such price as it will bring, irrespective of market conditions, he rarely obtains a fair, or even reasonable, price, or one that he would accept were he not forced to part with it for any price obtainable.

Mr. Jones—Mr. Chairman and gentlemen of the board, I would like to add one or two words there. Our figures are not based on the average for the system in the southern part of the State, but are based on the average for the entire State. And as to our wire facilities, they about average up 50% iron and 50% copper and our iron wires are very, very old. In other regards Mr. Shaughnessy's statement is correct, and I think he has got the idea of the Western Union's standing.

Mr. Malley—I move that we place the value of the property of the Western Union Company in Nevada on the basis of $40 per wire mile, the same as last year.

Mr. Lemaire—I second the motion.

Mr. Ingalls—Is there any particular way we could word that motion to have it go into effect on each wire? I see by the report here of the last meeting it reads "on the property of the Western Union Company in the State of Nevada, on the basis of $40 per wire mile."

Mr. Malley—Yes, that means each wire.

Mr. Shaughnessy—That's right.

Governor Oddie—If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Postal Telegraph Company. I will ask Mr. Shaughnessy to give us a statement of the Postal Telegraph Company's business in this State.

Mr. Shaughnessy—The Postal Telegraph Company is now operating within the State—that is, they own and operate within the State of Nevada 1,398 wire miles. That is principally across the State, from the California to the Utah line. Their gross intrastate earnings in Nevada for last year were rather small, for the reason that they had just commenced operations and had just completed their construction. Their intrastate earnings were $14,444.55. The valuation of the property in Nevada on a basis of $40 per wire mile would be $55,920 for the purposes of assessment. I think that is entirely reasonable, considering the cost of that improved and up-to-date construction. I don't think the assessment should be any less than that. I think that they will earn handsomely on that. In fact, the statement of earnings of that company in the State of Nevada is not a true index to the value of that company, for the reason that their great transcontinental line connects not only with the business of the Atlantic and Pacific coast, but with the business of the entire world, and takes into consideration all of the cable business which the Postal Telegraph Company largely own. I think under these conditions that this is a reasonable valuation to place on their property in Nevada.

Mr. Hayes—We won't get much assessment on that basis, for the reason that we have not got many wires, and the assessment will be very small. I don't think we can get the assessment that I got in the past year at that rate.

Governor Oddie—The number of miles is a matter of record in the Railroad Commissioners' office, Mr. Hayes. They have all of the records of the number of miles in each county.

Mr. Shaughnessy—In regard to the taxes which will accrue on the basis of $40 per mile. Last year they paid $612 taxes. On a basis of $40 per wire mile they would have to pay $1,257.20, which is just double the amount of last year's taxes.

Governor Oddie—Mr. Shaughnessy, how would that figure upon a 4% of gross earnings 60% basis?

Mr. Shaughnessy—Well, we have got to go further than a 4% on gross earnings basis on a company like this, for the reason that they were just beginning operations and the earnings were necessarily small, and the earnings within the State do not truly represent the value of the company, for the reason that it is operated in conjunction with the coast-to-coast business and the great cable business throughout the world. Therefore I think that $40 per wire mile is very reasonable indeed for that company. I think it is fair to assess them no higher than that, for the reason that they are just beginning operations in this territory and that we should not get it too high for a starter.

Mr. Hayes—In their statement that was turned in to me it was $50 per wire mile. They turned that in on their statement themselves.

Mr. Shaughnessy—Was that $50 per wire mile or per pole mile?

Mr. Hayes—Three wires, $150. Probably on the whole in the State it may be less. I would like to hear from the Assessors on that.

Mr. Shaughnessy—That matter, of course, is within the discretion of the board as to how it should be levied.

Mr. Leonard—I think they turned in for Humboldt County $100 for three wires.

Mr. Shaughnessy—Heretofore the basis has not been uniform, and this provides for it and makes the taxes equal and the valuation equal throughout the entire territory operated in the State.

Mr. Ingalls—I make a motion that the Postal Telephone and Telegraph Company be assessed in the State of Nevada on a basis of $40 per wire mile.

Mr. Weathers—I second the motion.

Mr. Miles—Mr. Chairman, there is a representative of the Western Union here, and we would like to hear from him.

Mr. Shaughnessy—This is the Postal Telegraph Company, Mr. Miles.

Governor Oddie—Is there a representative of the Postal Telegraph Company here?

No response.

Governor Oddie—If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion unanimously carried.

Governor Oddie—The next order of business is electric and power lines.

Mr. Jones—May I ask whether the communication from Los Angeles is going to be acted upon at this session, or is it going to be referred?

Governor Oddie—Mr. Jones, it seems to me in a case of this kind, the

company should look at the average results where it is operating through so many sections. This is simply a complaint of an inequality in two counties, but, as Mr. Shaughnessy has explained, the other counties in the State so much more than make up the average that it seems to me that it will work out equitably as it is.

Mr. Jones—The agreement that we came to a year ago was that all of the mileage in the State was to be assessed at $40, and if such was the case an assessment based on the mileage in Lincoln County should have been $503 instead of $1,123.57.

Governor Oddie—Mr. Norris, was there a mistake in assessing the mileage?

Mr. Norris—I think not.

Attorney-General Baker—Mr. Jones, in that event your redress is in the courts. It is not within the powers of the Board of Equalization, and if the Assessor makes a mistake, your redress is in the courts, and that is your only redress.

Mr. Jones—Then do I understand that the communication will be answered to that effect?

Attorney-General Baker—Yes. This board has no authority in the matter.

Governor Oddie—Mr. Whitehead, can you tell us something about this matter?

Mr. Whitehead—I don't know anything about Lincoln County, but I assessed them at $40 a mile in my county.

Mr. Norris—And I assessed them at $40 a mile.

Attorney-General Baker—Where did you get your figures of the number of miles? How did you estimate the number of miles, Mr. Norris?

Mr. Norris—I used the number of miles we had through the county and the number of wires.

Mr. Whitehead—We have seven wires in our county on the main line and three wires on the branch line.

Governor Oddie—Mr. Shaughnessy, have you checked the figures up in the various counties?

Mr. Shaughnessy—No, I have not. But I imagine the statement is certainly correct. Each Assessor knows the number of wires in his county, and it is very little trouble to get at it.

Mr. McTerney—My recollection is that I assessed on a statement furnished by the Western Union themselves. I took their statement for the mileage.

Governor Oddie—Mr. Jones, it seems to me that it would be a simple matter for the Assessors to check up with the company figures, and then compare them with the figures the Railroad Commission have.

Mr. Jones—We can do that, and have you, Mr. Shaughnessy, check up the figures in those two counties.

Governor Oddie—Gentlemen, the next item on the order of business is electric and power lines.

Mr. Miles—Mr. Chairman, it appears to me that there are other telegraph lines in the State that might be considered to some extent. I know there is a line in our county, and perhaps lines in other counties, small lines.

Governor Oddie—Was that taken up separately last year?

Mr. Shaughnessy—It was left to the County Assessor last year.

Governor Oddie—It seems to me then, that a motion is in order cover-

ing all other telegraph lines in the State. This is a matter that was left to the County Assessors last year.

Mr. Miles—I move, Mr. Chairman, that all telegraph lines in this State, other than those acted upon by this board, be left to the various Assessors. In my county I consider that a very fair valuation has been given on the telegraph line, and I have no complaint to make against the valuation placed at that time, and I believe that I can get a fair valuation this year.

Mr. Randall—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. Are there any remarks? If not, I will ask the Clerk to call the roll.

Upon the roll being called the motion carried unanimously.

Governor Oddie—Now we come to electric and power lines. I think you will find, gentlemen, that the assessment on the electric and power lines has possibly been a little under the rate, or proportion, at which all classes of property are supposed to be assessed.

Mr. Shaughnessy—Gentlemen, you will find that on page 5 of the statements you have. You will notice that the various power companies are named in the first column, also the gas companies, which are operating within this State, at the bottom of the column. The second column gives the capitalization, the third column the gross earnings, the fourth column the operating expenses, the fifth the net operating revenues, the sixth the taxes paid and the seventh the ratio of taxes paid to gross earnings, while the eighth shows the dividends paid by those companies that did pay dividends. In the seventh column you will find the percentage of taxes paid to gross earnings, and, with the possible exception of three companies, you will note that the ratio is very low. They begin with 0.71%, the next is 0.59%, the next 2.64%, the next 0.64%, the next 1.74%, and the next is 37.14%. That is the Pacific Power Company, and it looks to be particularly high. But the reason is that the power company plant at Bodie was put out of commission by a bad snowslide, I think something like a year ago, and while they were not able to operate to their full capacity, they paid their taxes just the same. The next is 3.63%, the next is 2.75%, and the last is 3.54%. Now on the gas companies. The Carson Gas Company is paying 7.07%, which is a pretty good tax. The Nevada Gas Company, which operates in Tonopah, 4.52%, which is about right, and the Reno Power, Light and Water Company, 3.63%, which is a fair tax. But there are some of the power companies, you will notice, which should be brought up to where they would be uniform at between 3 and 4%, which is something like it should be. Now, these power companies can be assessed indirectly on a 4% basis, or you can do as you have done with the telephone companies, leave it to the Assessors, and be guided by this statement, which you will have with you, in making your next assessment more uniformly.

Governor Oddie—We would like to hear further discussion on this question. Are there any gentlemen here representing any of these power or gas companies?

No response.

Attorney-General Baker—I think it is the duty of this board to levy a uniform assessment on these power companies throughout the State when they can. That is the course contemplated by the statutes relating to this subject, and should receive the careful consideration of this

board with a view to comply with the requirements of the statutes, unless there be some good and substantial reason why a different course should be adopted; but that the statutes contemplate that the levy shall be made by this board, unless impracticable by reason of extraordinary conditions, does not admit of a doubt.

Mr. Sitton—Mr. Chairman, I would like to have this to say. Take the Pacific Power Company, the only one that operates in my county. It seems rather high according to this showing, for the simple reason that they were under course of construction at that time. They have just built through that county, and will probably show different figures next time, after they begin to operate.

Governor Oddie—Gentlemen, there are some of the power companies in the State that are on a very substantial basis. It would be very easy to arrive at some understanding about those companies.

Mr. Hayes—In Washoe County they have property of different kinds. They are improving all the time, and it strikes me that it would be particularly hard to arrive at any substantial basis. The Assessor has got to look into the value and go into the different properties they have got and keep adding to their assessment all the time when they are improving as they are doing in my county.

Governor Oddie—The Railroad Commission can always give you the figures.

Mr. Hayes—We could be guided by the Railroad Commission's figures to a great extent, and we are in everything. It strikes me that the various Assessors would be the best judges, at least at this time. It may be possible that in a year or two from now it will be different.

Mr. Sitton—Mr. Chairman, another thing I would like to say in regard to power companies. Outside of their power lines they have telephone lines, also substations, and I don't see how we could get at it any better than to leave it to the several Assessors.

Mr. Ingalls—Mr. Chairman, the Nevada-California Power Company, operating in Esmeralda County, I assessed last year on the transmission line, that is, the main line, at $500 a mile. They have branch lines, a branch line to Rhyolite, and Rhyolite has gone down to nothing, and I assessed that at $250 a mile. Then they have a telephone line. I assessed that at $40 a mile—one wire telephone all along the line. Then they have some other transmission lines that I assessed, all of them, at $500, and the telephone lines at $40 per mile, and then some little sublines, for instance, five miles in one place to Diamondfield. I assessed that at $200. I expected to get it according to the business I thought it was doing and according to where it was. In Goldfield it takes a different rate. I assessed that separately, and their lighting circuit, for instance, at the town of Blair and Goldfield, on different rates according to where they were. I don't know whether we could get at it here as a Board of Assessors to improve it or be benefited or not. I think if we could I would rather the state board would fix the valuation of the different properties and different lines according to where they are, but I can see also by having this statement from the Railroad Commission that it will be very beneficial to all of the Assessors, and we could get at it and place the valuation ourselves. I would be pleased to hear from the different Assessors who have power lines operating in their counties.

Governor Oddie—Would it help you, Mr. Ingalls, if some ratio of the gross earnings was made the basis for taxation?

Mr. Ingalls—Yes, but we have no right, as I understand it from the Attorney-General, to come out definitely on that. Of course we could place an assessment equal to that, but we can't in this board figure just that way.

Governor Oddie—It seems to me that if some basis could be arrived at from the gross earnings, and could be established, it would make it much simpler for everybody.

Mr. Sitton—Mr. Chairman, on the Pacific Power Company I don't think we could hardly arrive at that, because they have only been operating for a short time in most of the counties.

Governor Oddie—That would make it more equitable for the company, as they would not have to pay so much in taxes until they begin to make money.

Mr. Sitton—Still they have the value there.

Governor Oddie—That would not place the value as the actual cost of construction, but as a ratio of taxes to the gross earnings.

Mr. Shaughnessy—What he means, Governor, I think is this: The Pacific Power Company—you will notice where they were practically destroyed—have not been able to operate a great deal. They are just beginning in Churchill County. Nevertheless, they are assessed on 37% of their gross earnings. The value being in his county, irrespective of whether they are earning anything or not, he is taxing them. While 4% on the gross earnings would be more equitable to the company, he would lose. That is what he meant, I think.

Mr. Grutt—The Pacific Power Company are willing to pay on $500 a mile by their own statement.

Governor Oddie—How does that figure out, Mr. Shaughnessy, on the 4% basis?

Mr. Shaughnessy—I don't know. I would have to get the mileage and figure it out. I haven't got that at hand. I guess that is substantially what they paid last year, and that makes their taxes 37% on gross earnings. I remember they paid on a basis of $500, and that made their per cent of taxes of gross earnings 37%, so if you bound them down to 4% by this board they would escape with practically no taxes at all until their earnings became sufficient to make it a fair tax.

Mr. Malley—Mr. Chairman, I think the Railroad Commission by furnishing those statements will help the Assessors, and then they can assess them on 4% of the gross earnings. Now, in my county we assess the transmission lines at $500 and the outside ones at $300 a mile, and the distributing lines at $300 also, and I don't see how we could do anything else but leave it to the various Assessors. By receiving those statements from the Railroad Commission we could try to assess them at 4% on the gross earnings. I would make that as a motion that we leave the valuation of the electric and power lines to the various Assessors.

Mr. Ingalls—The Nevada-California Power Company, which I was speaking of, their ratio of taxes paid on gross earnings is 2.75%. Of course, that is taking in the line as I understand it through California, the total taxes of California and Nevada. Now, we don't know what our proportion would be unless we know what it was assessed at in California.

Governor Oddie—I think the Railroad Commission can give you those figures, Mr. Ingalls.

Mr. Shaughnessy—We haven't got them except as a whole, but we could get them and furnish you with them later if it is desired. Now, for example, the Nevada-California Power Company show $761,642.78 gross earnings, and they show that they paid $21,000 taxes, making 2.75%. We don't know how much was paid in Nevada and how much was paid in California. They operate in Bishop Creek, California, where their power plant is. For example, Mr. Ingalls in Esmeralda County could secure this information from the power company in regard to the earnings in Esmeralda County, and apply the 4% if he saw fit, or we can secure the gross earnings by counties and furnish it to the Assessors.

Governor Oddie—I think it would be a good plan, Mr. Shaughnessy, for your commission to have that information.

Mr. Randall—I second Mr. Malley's motion to leave the matter to the various Assessors.

Mr. Ingalls—If we had the data, and knew what of this was Nevada, this 2.75%, I would rather fix this on the different lines right here by this board, but under the existing circumstances I guess we had better pass it to the different Assessors. I think with the data we have we can get this equalized from the statements furnished by the Railroad Commission, on a 4% basis, or otherwise.

Governor Oddie—Are there any further remarks, gentlemen? If not I will ask the Clerk to call the roll. You are now voting on leaving the placing of the value on the property of the electric and power lines to the various Assessors.

Upon the roll being called the motion carried unanimously.

Governor Oddie—Gentlemen, it is the intention of the various members of the board to try to use the figures furnished them by the Railroad Commission hereafter as the basis for arriving at an equitable assessment on these companies. I think this will result in more money for the State next year.

Mr. Randall—It is now nearly 12 o'clock. I move we adjourn until 2 o'clock.

Mr. Grutt—I second the motion.

Upon the question being put the motion unanimously carried.

Accordingly, at 11:55 a. m., the board took a recess until 2 p. m.

**Afternoon Session**

The board resumed its session, pursuant to recess, at 2:30 p. m.

Governor Oddie—The meeting will please come to order. I will ask the Clerk to call the roll.

Upon roll-call, all members of the State Board of Revenue and State Board of Assessors were present and answered to their names, with the exception of Mr. Arrild, of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, apeared and answered in his stead.

Governor Oddie—The next order of business is contract lands. I would like to ask the various Assessors how they have been assessing contract lands in the different counties. Mr. Springmeyer, how is it in your county?

Mr. Springmeyer—They are assessed according to law at not less than $1.25 per acre.

Governor Oddie—Is any of it assessed for more than $1.25 an acre?

Mr. Springmeyer—There is some of it that is in alfalfa, yes.

Governor Oddie—How much is the alfalfa contract land assessed for?

Mr. Springmeyer—From $25 to $35 an acre. There is only a little of that kind, though.

Governor Oddie—Is there much of it in grazing land?

Mr. Springmeyer—None that I know of.

Governor Oddie—Do you assess it on the same basis as other agricultural lands that are not contract lands?

Mr. Springmeyer—Yes, sir; the land in alfalfa at the present time.

Governor Oddie—Pasture land, for instance.

Mr. Springmeyer—There is none that is contract land that I know of.

Governor Oddie—Mr. Regan, how is it in Ormsby County?

Mr. Regan—We have no contract land.

Governor Oddie—How is it in your county, Mr. Randall?

Mr. Randall—The contract land out in the wilderness was always assessed at $1.50, and I have reduced it to $1.25; but I have contract land that is being assessed at $15 that is improved and with water rights.

Governor Oddie—Do you assess it the same as other land?

Mr. Randall—Yes, sir. I used to always assess the railroad land at $1.50, but I reduced it to $1.25.

Governor Oddie—How is it in your county, Mr. Seeman?

Mr. Seeman—I assess it at $1.25.

Governor Oddie—All of it?

Mr. Seeman—Yes, since last year.

Governor Oddie—What do you assess agricultural contract land?

Mr. Seeman—There is none.

Governor Oddie—How is it in Nye County, Mr. Malley?

Mr. Malley—I have followed the same procedure as Mr. Randall, and as high as from $15 to $18.

Governor Oddie—Do you make any distinction between contract and other land?

Mr. Malley—No, sir.

Governor Oddie—How is it in Mineral County, Mr. Grutt?

Mr. Grutt—It is assessed at $1.25 an acre. I believe in two instances it was $10 an acre.

Governor Oddie—Do you make any distinction between contract land and other land?

Mr. Grutt—No, sir.

Governor Oddie—How is it in White Pine, Mr. Miles?

Mr. Miles—We assess it from $1.25 an acre up to $15. Perhaps some a little more, owing to locality and conditions.

Governor Oddie—Do you make any distinction between contract lands and other lands?

Mr. Miles—If the lands are comparatively alike I should say that patented lands should be a little higher, but usually I can see no distinction between contract lands and patented lands of the poorer quality.

Governor Oddie—I cannot see why patented lands should be higher, because the holders of contract lands own a possessory title. I cannot seen any distinction.

Mr. Miles—I can't see any distinction except that it is patented.

Governor Oddie—I think contract lands should be as high if they are of the same quality.

Mr. Miles—In almost every instance that is true.

Governor Oddie—How is it in your county, Mr. Leonard?

Mr. Leonard—What I have is pasture land that is no account.

Governor Oddie—Do you make any distinction between contract lands and other lands?

Mr. Leonard—No; where they are similar.

Governor Oddie—How is it in your county, Mr. Weathers?

Mr. Weathers—I don't assess anything at less than $1.25 an acre. If it is range land it is not less than $1.25, and from that up.

Governor Oddie—Do you make any distinction between contract and patented lands?

Mr. Weathers—Yes, some. I figure that contract lands are not worth as much as patented lands. You know very often there is a great deal of the contract lands that is forfeited. I don't consider it quite as good as patented land.

Governor Oddie—How is it in your county, Mr. McTerney?

Mr. McTerney—I make no distinction.

Governor Oddie—And $1.25 is the minimum at which you assess contract land?

Mr. McTerney—Yes, sir.

Governor Oddie—How is it in your county, Mr. Norris?

Mr. Norris—I assess it at $1.25 an acre, and alfalfa land at from $10 to $12.

Governor Oddie—Do you make any distinction between contract land and patented land?

Mr. Norris—No, sir.

Governor Oddie—How is it in your county, Mr. Lemaire?

Mr. Lemaire—I place a minimum valuation of $1.25 an acre on contract land; if it is cultivated, $15, and if pasture, $10. In some instances, uncultivated at $2 and cultivated, $2.50 and $5.

Governor Oddie—Do you make any distinction between contract land and other land of the same character?

Mr. Lemaire—No, only in this way: Regular patented land, where it is sagebrush and uncultivated, I assess at $2, for I figure that patented land is worth a little more than contract land.

Governor Oddie—How is it in your county, Mr. Whitehead?

Mr. Whitehead—I assess it at a minimum valuation of $1.25, and from that up to $10, according to the situation of the land, but I have always figured that there was a difference between contract and patented land; no difference in the land itself, but the State owns the contract land and the holder has only a possessory title or claim and you are assessing the possessory title. I have always figured that there was a difference, but not much. I can't see where the man that has no title, and to whom you only assess a possessory claim, has as good a title as if he had a patent on it.

Governor Oddie—How is it in your county, Mr. Hayes?

Mr. Hayes—We assess all rough-grade land at $1.25. And some good land in the valleys, that lies in close, is higher, and where it is patented we make a slight distinction between patented and contract land, probably 50 cents an acre. It depends a good deal on the locality.

Governor Oddie—The question is, is there a distinction?

Mr. Hayes—I thought that there should be a distinction. I thought

that land that was patented was worth a little bit more than where it was unpatented.

Governor Oddie—How is it in Esmeralda County, Mr. Ingalls?

Mr. Ingalls—What contract land we have, more or less, quite a bit, I have assessed at a minimum value of $1.25. And about all we did have was wild land, grass land, pasture land.

Governor Oddie—Do you make any distinction between contract land and other land?

Mr. Ingalls—None particularly. That which was patented I assessed at a minimum of $1.25.

Governor Oddie—You assess the two bodies of land of the same character, one patented and the other contract, at the same valuation?

Mr. Ingalls—It is according to the value and how it may be cultivated.

Governor Oddie—How is it in your county, Mr. Sitton?

Mr. Sitton—I make no distinction whatever. I make the assessment between $1.25 and $50, according to location.

Governor Oddie—That gives us a little idea as to how land has been assessed. What we want in this meeting is a discussion to obtain ideas. I would like to read a little statement I have made in regard to lands. In speaking of a 60% valuation, you will understand that it is simply illustrative, and when that is used it is simply to illustrate what is done in this State and other States—that is, what is possibly done—in arriving at the actual value. You know the law calls for the actual cash value. In talking over this 4% on gross earnings in these companies, we must remember that that is simply illustrative and is a method that may be used in helping the Assessors to arrive at the actual cash value. You can consider the surroundings, and all sorts of conditions, that enter into the value, and don't want to base anything on a 4% of gross earnings basis as such, because the law does not allow it. We may get a law some time that will allow it. This statement may give you some food for thought:

Land is the most difficult kind of property in the State on which to establish the proper valuations for assessment purposes. It has been established very clearly by the investigations of able scientific economists that if the basis of taxation in a State is 60% of the cash value of all its assessable property—not 60% in theory, but really 60%—then the value of railroad property can be readily determined by capitalizing such railroad on the 4% of its gross earnings basis. This is scientific taxation. The assessment is not arbitrarily levied and there is no guesswork about it. Similar methods have been worked out for the determination of the value of not only railroads, but express, telegraph and telephone lines and public utilities, manufactories and various kinds of business enterprises, and in States where such methods of scientific taxation obtains, very few escape paying about their just proportion of taxes. California has recently adopted this system and it has reached a high stage of perfection in Wisconsin and certain other States.

There is a scientific way of assessing improved farm land, as for example: Let us take alfalfa land. Suppose we divide it into three classifications: Class A, alfalfa lands producing annually five tons or over per acre; Class B, alfalfa lands producing four tons annually per acre, and Class C, alfalfa lands producing three tons or less per acre per annum. Let us geographically district the State in three divisions. Division 1, where alfalfa normally sells for $7 per ton; Division 2, where alfalfa normally sells for $8 per ton, and Division 3, where alfalfa normally sells for $9 per ton, or over, on the farm. Let us capitalize the cash value of such alfalfa land at two and one-half times the gross annual income, for example. We would then have a scientific basis for determining valuations for alfalfa land, and if applied in every county in the State the results would be a uniform system of appraisement. For example, in a section of the State where alfalfa normally sold for $7 per ton on the farm, which would

be Division 1, the gross annual income of Class A, alfalfa lands, producing five tons per acre, would be $35, which, capitalized for two and one-half times that, would make the cash value of the land $92.50 per acre; Class B, 4 tons per acre land, by the same rule would be capitalized at $70 per acre, and Class C, 3 tons per acre land, would be appraised at $52.50 per acre. These would be the cash valuations. If the basis of valuation for assessment purposes were 60% of the cash value, Class A lands would be assessed at $55.50 per acre; Class B lands at $42 per acre and Class C lands at $31.50 per acre in all sections of the State where the $7 per ton price for alfalfa has prevailed, and proportionally in different sections of the State where a greater or less price prevailed.

I submit this rough statement merely to show the necessity of devising some method of taxation of lands before it is possible to get any uniformity of assessment throughout the counties and adjusting land valuations relatively to the valuations of other kinds of property for assessment purposes. I am not contending that under our present basis of taxation alfalfa lands should be assessed as given, but present the statement merely to show, in my opinion, how we should go about it.

That will give us a little basis on which we may be able to get a law through the Legislature at some time in the future whereby we can bring every class of land in this State up to the same percentage of value, and my impression is that this will have to be done through a state commission. I want to discuss this matter with you gentlemen individually, because we want to work out something of this kind to present at the next Legislature that will be for the benefit of the whole State. We are open for discussion.

Mr. Randall—I would like to ask the different Assessors how many tons per acre they figure that alfalfa land will produce.

Mr. Leonard—In Lovelock Valley we figure on an average of about five tons per acre, and that will sell from $7.50 to $9 a ton.

Mr. Hayes—An ordinary crop of alfalfa of 3½ tons to the acre is a pretty good crop in this section of the country taking it on the whole. Of course you can possible take a 200-acre piece of ground and on 40 acres it will cut five tons and better to the acre, but I am speaking on the average.

Mr. Randall—I am going to state that I have 100 acres, and I measured the land and I measured the crop, and I got just 402 tons from it. In my county I don't think anybody gets more than I do. I have measured many pieces of land and many crops, and that's why I claim it's going to be a hard thing to place a valuation on land. I don't see how there can be a uniform valuation placed on land in this State.

Mr. Leonard—I made several inquiries in the valley, asking what the average crop was, and the majority seemed to think that it would be about five tons to the acre. Of course I know there is a whole lot of it that won't cut four tons.

Governor Oddie—Gentlemen, that is just the reason why I think there ought to be a schedule. There are a great many different classes of land.

Mr. Leonard—There are portions of our county where it won't cut three tons.

Mr. Miles—In my county the production of alfalfa from some lands is perhaps one or two tons; from some possibly five tons during the season. I don't say all in one cutting, but as high as five tons per acre for the season. While some of the Assessors don't appear to favor the classification of land, I am in favor of it, and I believe we could classify the lands and more equally assess the lands throughout the State by classifying them. And I think that if a committee were appointed to

go over the thing that they could do such work, and I would suggest that a committee be appointed to classify those lands and bring their recommendations before the board, and if they see fit to turn it down they can do so. But I, myself, favor the classification.

Governor Oddie—Gentlemen, you can see where it would be of assistance to the Assessors to have the various sections classified.

Mr. Miles—Yes. And I believe if that was done I could more equally assess it in my county. Of course they might not be able to in some of the other counties.

Governor Oddie—In the event of a classification the Assessor could go to the rancher and say that he had no option in the matter at all, but that he had to assess the land under a certain schedule.

Mr. Lemaire—Mr. Chairman, suppose you are not near a railroad and the only market you have for your alfalfa is by feeding it out. And I don't see how in the world we are going to classify land, more especially where they only put in the first crop and where the crops average say from one to five tons of hay to the acre. And as the law passed by the last Legislature compels the Assessor to assess lands at a minimum valuation of $1.25 an acre, why I think the rest should be left to the Assessors, and I make a motion to that effect, that the valuation of contract lands above $1.25 an acre be left to the Assessors.

Mr. Springmeyer—I second the motion.

Mr. McTerney—Mr. Chairman, would that also apply to patented lands?

Governor Oddie—Under this order of business it would only apply to contract lands.

Mr. Hayes—Mr. Chairman, we have a law compelling us to assess for $1.25 an acre.

Mr. McTerney—That law says not less than $1.25 an acre.

Mr. Hayes—We could not assess it for any less than $1.25 an acre, it seems to me. Any action that we took here would not change that law.

Attorney-General Baker—You could not change the minimum. That would have to be $1.25 according to law. But as to whether or not it is increased, that would be with the Assessors.

Governor Oddie—Gentlemen, this is just simply to bring out a discussion. It could be worked on and enlarged very much. For instance, the number of miles from the railroad could be considered, whether two or three crops and the production per year.

Mr. Sitton—Mr. Chairman, I think there is another thing. Alfalfa in this State is going to be a small crop in comparison with some others. We have celery, potatoes and sugar beets in our county. It makes quite a difference what crop you raise on the land.

Mr. Hayes—It strikes me that the various Assessors are the best judges of the value of property in the different counties, and this board could not set a valuation properly in the different counties.

Governor Oddie—There is a motion before the board. It is moved and seconded that the valuation of contract lands for assessment purposes above $1.25 per acre be left to the various Assessors. Are there any further remarks?

Mr. Whitehead—Before we leave this subject I would like a little more information. We assess a man's possessory title to his contract land, and in inquiring of some of the Assessors I find that some of them

also assess a man's possessory right in a desert entry or in a homestead entry, and I have never done this. I would like to know about it. It appears to me that a man's possessory title in a desert entry, where he is raising alfalfa on the land and is getting $20 a ton for his hay, should be assessed just as much as that man's possessory title in contract land lying right along beside it where he is raising hay and is getting $20 a ton for it. And the same thing applies to a homestead entry. I know that some of the Assessors don't assess the homestead and desert entries, and some do, and I think this could be brought out here to show what should be done.

Governor Oddie—It seems to me that all classes of possessory claims should be assessed.

Mr. Lemaire—Mr. Chairman, it is also my understanding that homestead entries are not assessed, and I claim they should be.

Governor Oddie—We would like to hear from the Attorney-General on that matter.

Attorney-General Baker—It is my opinion that you are assessing the possessory interest a man has in the land. It is the value of the interest the entryman owns in the land which you, acting for the State, are required to determine and assess, whether it be under scrip, contract, homestead or desert land entry, though he may have the land set to alfalfa and marketing his product at $30 per ton. Whatever the interest is by or under which the land is held, this board is, under the statute, authorized to ascertain and determine its value for purposes of taxation.

Mr. McTerney—We have always assessed those rights and have made no distinction whatever.

Governor Oddie—In your county that is the case, Mr. McTerney, but Mr. Lemaire said that in some of the others it was not the case.

Mr. Hayes—We also assess them in Washoe County as soon as we get returns from this office here.

Governor Oddie—Well, gentlemen, according to the opinion of the Attorney-General there should be no distinction between contract lands and other lands.

Mr. Sitton—Mr. Chairman, we are working under a little bit different conditions in our county. We have a reclamation project there. I have received different opinions at different times, and it seems that under the law the United States government claims that we cannot assess them. Or rather, we can assess them, but we cannot collect the taxes. Therefore I try to assess the crop on the land. I probably get a pretty fair valuation.

Governor Oddie—Does the United States government prohibit the assessment?

Mr. Sitton—Well, they claim that they have the title to the land and own all of the improvements, and that a man can't sell that.

Attorney-General Baker—We are assessing the interest the citizen has in the land.

Mr. Sitton—The United States claims all that.

Attorney-General Baker—That's natural, and we claim the other.

Mr. Weathers—Mr. Chairman, I think there is a great difference between a possessory claim and contract land, as far as they are concerned.

Governor Oddie—Yes. The money due on contract land acts simply as a mortgage on the land.

Mr. Weathers—I don't assess the possessory title to contract lands. I assess the improvements.

Governor Oddie—Gentlemen, it is shown there is a difference in the assessing of possessory claims, and I think we ought to have a discussion and go into the matter further and get down to a uniform basis.

Mr. Weathers—Mr. Chairman, there are lots of homesteads in our county that are forfeited every year.

Mr. Whitehead—There is lots of contract land forfeited every year.

Mr. Weathers—According to the state law you can't assess it if it is forfeited. It goes back to the State, and you can't assess the State on its lands.

Mr. Whitehead—Mr. Chairman, I take it that in either case it is the possessory claim you are assessing, whether it is contract land, homestead or desert land entries; possibly under the Carey Act. The man claims a possessory interest in the land and he has complied with the law in paying 25 cents an acre on contract land or desert entry, and on a homestead he is complying with the law by living on it, and it is the possessory title you are assessing, and you are assessing the only title the man has in it.

Judge Bartine—Pardon me, Mr. Chairman, may I speak a word? Gentlemen, you are assessing the land on the titles. I conceive there may be a difference between a possessory claim and contract land for purposes of sale, but not necessarily. Nor should there be a difference for purposes of taxation. For example, you have two pieces of land, each of 160 acres, side by side, each equally productive, equally improved, each man making as much as the other man. It does not follow that such money as there is due on the land should be taken into consideration in making the assessment. If one man has paid for a good part of his land, but on the other hand the other man has not made these payments, still he is having the full use and benefit of the land and is making just as much money out of it, and the fact that he has not made these payments is no reason that he should be exempted from the taxes for just what he has got. And so far as the title is concerned, even in the United States, nevertheless, the interest of that man is subject to levy and execution. This is not a question of title. It is a question of value of property. Take another illustration: Suppose all lands in the State were held under contract; suppose all were producing just exactly what they are producing now. Would they not be worth just as much for taxation as they are now? I don't see how there can possibly be any difference when it comes to the question of taxation. Under the broad principle of equity I don't see that there is any reason why a man who has paid a considerable amount of money for his property should pay more taxes than another man who has just as good a piece of property which has not cost him so much, when he is in possession and is making just as much money out of it.

Governor Oddie—Gentlemen, as a matter of fact this contract land is pretty valuable land. It was sold by the State a number of years ago, and the people who took it up had their choice of the different pieces of land all over the State. There was a good deal to select from at that time, and if this land should all revert to the State it could be sold for a good round figure now.

Mr. Whitehead—The contract land in Clark County is not worth much. It is held by people all over the world, from Honolulu to Florida and New York, and everywhere else. On the other hand, lands in the valley held under the Carey Act and desert land entry are beginning to produce.

Judge Bartine—That is just the same as if the man had a title to it. Of course if it is lying as wild land it is not worth much.

Attorney-General Baker—The questions that are coming up about the title to this state land would not be affected by this discussion, but Congress has full power over the public domain and can make it subject to taxes or not as it sees fit in the Act in which it grants it to the State, and the State, in accepting that Act and grant, accepts it subject to such conditions as Congress has imposed. I can't undertake to say off-hand whether or not there is anything in these Acts affecting these lands. I would have to look into that. I do know that the United States is a preferred creditor in case of sale and has a lien in advance there. In making an assessment on these lands such an assessment will reach only the taxpayer's interest in that land. The possessory interest and title are something separate and apart. I would be glad to render any of you gentlemen an individual opinion at any time on this subject. The theory under which we tax these United States lands under contract is the possessory interest which the citizen of this State holds in the land, and it is not taxing the title to the land but his interest. If he loses that interest, of course we lose our taxes.

Mr. Ingalls—I want to ask if desert land under the Carey Act, if improved, is to be assessed accordingly. The homestead, unimproved, or with very little improvements, would only be assessed the same as I understand the desert Act land would be. Is that the way you would consider it?

Attorney-General Baker—I don't quite catch the question.

Mr. Ingalls—I mean land under the Carey Act, taken up, unimproved, where there is nothing to assess and tax. He has a possessory right. If it becomes improved, the improvements would be assessable.

Attorney-General Baker—I would think so, whatever his interest is. If the land is improved, you are required to determine the value of the improvements, and this gives you a basis for purposes of taxation.

Mr. Ingalls—How about where it is taken up and yet unimproved?

Attorney-General Baker—Take whatever you think his interest is worth. If it be unimproved, its value may not be great for assessment purposes. If it is improved and bearing so many acres of alfalfa, that should be taken into consideration. If the land is valuable to him and bringing in a certain revenue, that's what the State is looking to. Whatever it is worth for revenue it is worth for taxation.

Judge Bartine—Pardon me just a moment, Mr. Chairman. If you don't put it on the same footing, then the man who has paid up is placed at a disadvantage as against the man who has not paid up.

Attorney-General Baker—I think a schedule should be gotten up, Mr. Ingalls, as to what certain land is worth. If a man has desert entry land and it is not worth anything for revenue, then his interest is not worth anything.

Governor Oddie—Is there any further discussion, gentlemen? Of course all this is very beneficial and is bringing out points that can be used later on.

Mr. Miles—Mr. Chairman, I am very glad to see this matter brought out as it is. In my county when I went into the Assessor's office I made an effort to assess every person's property, no matter whether it was contract land or patented land, and it was thrown at me time and time again that I had no right to assess unpatented homesteads or possessory claims to unsurveyed lands. My argument was that it could not be anything but my right and duty to assess it, and I assessed them all at the same value. Some were very low and some were higher. Now, in regard to the homestead entries. In my county some that are unpatented are just as valuable as any that are patented in the county, and I could see no reason why they should not be assessed as high as other property. I am very glad to see this matter brought out. It substantiates the efforts I have made and the stand I have taken, and I will go home and get at it anew.

Mr. Lemaire—There is something I wish to make a statement about here, and that is as to how the government has done in one or two cases in Lander County. There were several persons who had possessory claims in and around Austin. It was 15 or 20 miles to the little ranch up in the mountains. This was before the forest reserve came in. After the forest reserve came in—these parties had sold their interest there—and, as I understand it, after the forest reserve came in they lost all their right in that property. I just mention this as something that took place.

Governor Oddie—I think the same thing happened in Nye County.

Mr. Lemaire—Some of these places were sold for several hundred dollars and the government just naturally confiscated the whole property.

Mr. Leonard—There was a place up in Santa Rosa Canyon that sold for $3,000, and the government told them they had nothing. It was unsurveyed land.

Governor Oddie—As I understood it, they cannot take unsurveyed land that is patented to the State without recompensing the holder.

Mr. Randall—Mr. Chairman, I move to leave the valuation of all lands for assessment purposes to the various Assessors.

Mr. Ingalls—Mr. Chairman, I would like to ask if there is any Assessor here that has assessed patented lands at less than $1.25 an acre.

No response.

Attorney-General Baker—That's Section 138 of the Compiled Laws: Act approved March 20, 1911:

> Hereafter no patented land of any description in the State of Nevada owned by any individual, partnership, association, estate, corporation or otherwise, and no land held under any state land contract, shall be assessed for less than one dollar and twenty-five cents per acre, either by the County Assessors of the various counties or by the State Board of Assessors or similar body.

Governor Oddie—Mr. Randall, do you make your motion as an amendment?

Mr. Randall—Yes, sir.

Mr. Regan—I second the amendment.

Attorney-General Baker—I don't see what force or effect this motion or resolution is. The law provides that it must be done. Of course it might immortalize this body if this action were taken here, but it is not necessary.

Mr. McTerney—Do I understand that a possessory title cannot be assessed at less than that?

Attorney-General Baker—Yes, sir; on all contract land.

Mr. McTerney—I claim that there is a distinction between a possessory title and contract land.

Attorney-General Baker—You have only got a possessory title until you get a patent to it. Only contract land and patented land is mentioned in the Act.

Mr. McTerney—The state contract lands belong to the State, and possessory titles belong to the government.

Mr. Ingalls—Our statutes provide for the assessment of possessory titles.

Attorney-General Baker—Certainly. The Supreme Court has decided that we can assess them. This section here says that any patented lands—there is no distinction—or contract lands held under any state contract.

Mr. Leonard—That would not include a possessory claim or homestead entry.

Attorney-General Baker—It does not include it here.

Mr. Sitton—Does the law not state "any lands"?

Attorney-General Baker—I will read the section again to make it clear:

Hereafter no patented land of any description in the State of Nevada owned by any individual, partnership, association, estate, corporation or otherwise, and no land held under any state land contract, shall be assessed for less than one dollar and twenty-five cents per acre, either by the County Assessors of the various counties or by the State Board of Assessors or similar body.

There is only mentioned patented land and land held under state contract.

Mr. Leonard—In the next section you will see something about "any land."

Attorney-General Baker—The next section reads as follows:

If the County Board of Equalization shall ascertain that any land within its county has been assessed upon a valuation of less than one dollar and twenty-five cents per acre——

The question is whether that refers to the land above-mentioned in the Act. That's the question, as to whether the court would construe it to mean the land mentioned in the previous section—and when there are two sections to an Act they would be construed together——

or has not been assessed at all, said board shall immediately notify the County Assessor to pay into the county terasury the taxes due on such land upon a valuation of at least one dollar and twenty-five cents per acre in such sum as will yield the full amount of taxes due upon such land upon its true value and which valuation shall not be less than one dollar and twenty-five cents per acre. If such County Assessor fail to pay such taxes within ten days after such notification by the County Board of Equalization, it is hereby made the duty of the District Attorney to file and prosecute diligently a suit against such Assessor and his surety or sureties on his official bond for the amount of such taxes.

Mr. Lemaire—This board would be unable to place any valuation on homestead entries, but could leave it up to the Assessors. So far as the amendment made by Mr. Randall is concerned, I don't think we need that at all. I think the original motion made takes in all those questions.

Governor Oddie—You would have to change the order of business.

Mr. Sitton—I think the order of business states contract lands.

Mr. Lemaire—I don't see how this board can place the valuation of the lands.

Governor Oddie—I see that other lands have always been left to the Assessors, and the question is whether or not there is any necessity for that amendment.

Mr. Lemaire—The law compels the Assessor to assess a minimum valuation of $1.25 per acre and it is then up to the Assessor to act accordingly.

Mr. Randall—I withdraw my amendment.

Mr. Regan—I withdraw my second.

Mr. Whitehead—I gather that Mr. Weathers makes a distinction and holds that contract land is not a possessory claim. I hold that it is a possessory claim.

Governor Oddie—Yes, it is.

Mr. Whitehead—It is just the same when the title rests in the government to desert entries and to homestead entries, until the terms are fulfilled. I can't see where any distinction can be made. They are all under contract, all possessory claims.

Mr. Miles—The only distinction I can see in these lands is that the state contract land does not concern the government. The desert entries are government land and the homestead entries are government land and do not come under that $1.25 rate, and for that reason I can see the distinction, and I would say that if we assess all state contract lands for not less than $1.25 an acre, then we are complying with the law, whether we call it possessory claim or not; while, on the other hand, if it is a homestead entry or desert entry, we should assess the possessory claim.

Attorney-General Baker—As I understand it, it is this: It is a proposition of taxation under state contract and under United States contract. Our Legislature has said that lands held under state contract shall be assessed for not less than $1.25 per acre. There are certain lands of the United States in which citizens of this State hold a possessory interest. Congress controls the public domain. In the grant to the State they may see fit to make certain restrictions. That question of taxation on desert land entries and homestead entries depends on the Act itself. At this time I am not able to give an opinion on that. I would have to look at the Act. If any of the members desire an individual opinion on that homestead Act and desert land Act I would be glad to give it to them, but the distinction at this time is between state and United States land. In discussing state lands I referred to only what was provided by the statutes. It is unnecessary for this board to act on the possessory title to United States land, but they can if they see fit.

Mr. Weathers—Suppose it goes delinquent for taxes and it goes back to the government. Then we can't sell it for taxes.

Attorney-General Baker—Then you have nothing to grab. If it is state land it reverts to the State.

Mr. Weathers—Then the State has got it.

Attorney-General Baker—But you can't assess the State for it.

Mr. Weathers—I wanted to find out. I will have hundreds of homesteads up there. There were 160 filed last year.

Mr. Ingalls—Would you assess them as personal property or real property?

Attorney-General Baker—They would be real estate, I should think. You should assess them as real estate.

Mr. Hayes—The town of Wadsworth is not on patented land. None of them have a title to the land from the government. In Wadsworth the lots are numbered and all of them are taxed, but the tax is all on improvements. Today we assess the improvements and call it personal property, so far as we can, and once in a while we put one on the roll. I think I was mistaken there when I said as soon as we got the numbers from the office here we assessed. We assess the improvements on the land for the possessory claim. Naturally when they pay every year we put them on the roll.

Governor Oddie—Are you ready for the question, gentlemen? The amendment to the original motion has been withdrawn and you are now voting on the original motion that the valuation of contract lands for assessment purposes, above $1.25 per acre, be left to the various Assessors. I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next question is the Pullman Company.

Mr. Miles—Mr. Chairman, it seems to me that we have not disposed of these patented lands. As I understand this motion it does not include patented lands.

Governor Oddie—No. They stand as before.

Mr. Miles—Mr. Chairman, I move that the order of business be changed by adding patented lands.

Mr. Whitehead—Mr. Chairman, we will have that item at the close of our order of business. You will find there is a provision there covering all miscellaneous properties not heretofore assessed, and I think it can come under that head just the same.

Mr. Lemaire—I think that the law governs those things.

Governor Oddie—Gentlemen, we will proceed to the Pullman Company now. I will ask Mr. Shaughnessy to give us a statement of the condition of that company.

Mr. Shaughnessy—The Pullman Company is operating regularly in the State at the present time over 1,394 miles of railroad. The gross earnings in Nevada for the year 1911—that is, that proportion of gross earnings creditable to Nevada—were $318,985.24. Now, assuming that those people were taxed upon a basis of 4 per cent of gross earnings, that would bring their taxes paid in the State to $12,860.01. The taxes paid in Nevada in 1911 were $3,261.89. The assessed valuation per mile which should be placed to bring that amount of $12,860.01, would be $300 per mile. Now, in last year's assessment of the Pullman Company the classification was made at $250 per mile on the large trunk lines, $100 per mile on the Western Pacific, and $50 per mile on all other lines. I don't really see the necessity for a classification, because we are assessing the Pullman Company and not the railroad companies. The Pullman Company is itself a corporation and they pay their own taxes, and I think a fair value on that company's property in the State would be $300 per mile. The gross earnings of that corporation were $35,000,000. Their gross taxes were $830,171. They paid on a basis of 1.02 per cent of gross earnings throughout the United States. They declared dividends last year of $9,600,000.

Mr. Malley—Mr. Chairman, the only objection to that is—take it on the L. V. & T., I don't think we would have any Pullman service.

Mr. Shaughnessy—Well, Mr. Malley, that's hardly a consideration. In the operation of a great system like the Pullman Company as a whole

they distribute those taxes against the entire earnings. Their plant in Nevada is only a very small portion of the whole. It would not be figured against what you mention down there. There is no more reason in that than there is in the comparison drawn by the Western Union Telegraph Company in southern Nevada as compared with the whole or total property in Nevada.

Mr. Malley—I agree with you, Mr. Shaughnessy, but there is this difference between the Western Union Company and the Pullman Company: The Western Union Company has got to stay in business and the Pullman Company hasn't got to.

Mr. Shaughnessy—The Pullman Company would not quarrel in regard to the taxes paid on that line. That is handled exclusively by contract between the railroad company and the Pullman Company. The railroad company guarantees so much to the Pullman Company, so that it is a matter within the control of the railroad.

Mr. Norris—I would like to hear from Mr. Cowden.

Governor Oddie—Mr. Cowden, we would like to hear from you on this subject.

Mr. Cowden—Mr. Chairman and gentlemen, I do not represent the Pullman Company, but the company I do represent is, of course, interested in the Pullman Company in their service in this State. It strikes me as an excessive valuation to put the earnings of the Pullman Company on a basis of 4 per cent. In the first place, you have no law in this State which authorizes an assessment of 4 per cent on gross earnings, and, as your Attorney-General remarked this morning, if that is used as a basis, it must be used indirectly. The reason that 4 per cent is the percentage adopted in California in the assessment of railroads is that the assessment in California is based on and including the value of the franchises of the companies. And in the State of Nevada you have no law which provides for the assessment of franchises. Another thing: That 4 per cent valuation in California is based upon an assessment valuation for all of the California property of 60 per cent. It has been established at the various meetings of this board that your average valuation in this State does not exceed 45 per cent, or three-quarters of 60 per cent; consequently if 4 per cent is applied in the State of Nevada, the percentage that should be applied to make the assessment just and equal should be 3 per cent, or three-quarters of 4 per cent, which is the ratio the average percentage in Nevada bears to the 60 per cent used for assessment purposes in California. And I would further call the attention of this board to the fact that the assessment of the Pullman Company in the State of California, under the recent law, is not 4 per cent, but 3 per cent. And, upon the figures furnished by Mr. Shaughnessy, it would seem to me that the Pullman Company are paying now practically what they should pay in proportion. I think there is much to be said in support of what Mr. Malley has said, that the operation of certain Pullman cars in your State is largely accommodation, and for that reason it seems to me that the endeavor of the company to meet your people half-way and furnish them with this accommodation should be taken into consideration and the assessment should remain where it is, both with that idea in mind and upon the figures based upon the statement which Mr. Shaughnesssy has made. As I said, I do not directly represent the Pullman Company, but the Southern Pacific Railroad Company and the Western Pacific, and the other roads over which the

Pullman Company operate, are, of course, affected by anything that affects the Pullman Company. It was for that reason I desired to say something, and I thank you very much for your courtesy in allowing me to do so.

Attorney-General Baker—I think at this time it might be well to have this record kept clear. I don't anticipate that there will be any lawsuits growing out of this assessment. There has been, however, out of previous assessments, and I would like to ask of the Assessors of the counties through which the Pullman Company operate, whether or not the assessed taxes in those counties have been paid. How about Lincoln and Clark Counties?

Mr. Norris—They have been paid this year. They were held up considerable.

Mr. Whitehead—Not this year.

Attorney-General Baker—How about Lincoln County, Mr. Norris?

Mr. Norris—They have been paid this year.

Attorney-General Baker—How about 1910?

Mr. Norris—They were compromised for half.

Mr. Waters—Mr. Chairman, I can explain the 1910 tax. They were assessed for the full amount down there. They were put out of business for six months on the San Pedro road on account of its having been washed out, and that's the reason they compromised for half.

Mr. Whitehead—Mr. Chairman, there was a mistake in the minutes of the meeting in 1910. The idea was gathered by the Board of Assessors in 1910 that the assessment was to be placed by the Assessors down there, but when we come to look up the minutes it was found they were assessed double what they should have been.

Attorney-General Baker—I know that the minutes showed that, and that leads me to a point that I want to emphasize at this time. As long as this meeting runs on smoothly it will be all right, but in the event we are called into court, the minutes of the meeting of the Board of Assessors will be binding, and we want them in legal form. We want to protect ourselves. I am not looking for trouble, and everything indicates that we are going to proceed smoothly and we are doing what we consider is for the best interests of the State and all of the companies and properties. However, there has been considerable discussion here about 4 per cent and 60 per cent and 45 per cent, and all that sort of thing. The Legislature has defined what the actual cash value is and prescribes that this board shall place it. It has not seen fit to limit you in the manner or mode of calculating. Whatever method you may approve you may employ to arrive at the cash value. I would like to emphasize at this time the importance of having the minutes show that whatever assessment is levied is the actual cash value in the judgment of this board. If the law says that this board shall levy on the actual cash value and the minutes should show that it was levied on 4 per cent, and not on the actual cash value but on 4 or any other per cent, that is not a strict compliance of the law. The law is based on reason and whatever value you place should be based on reason, and whatever assessment is levied on motion must be the actual cash value in the judgment of this board.

Mr. Shaughnessy—I want to say for the information of the board that we are only using a 4 per cent gross earnings basis in this meeting for the purpose of arriving at something near an equitable and fair valuation

of the various corporations represented here. We are not applying directly a 4 per cent basis, but we think our aim justifies the use of it as a basis for any corporation doing business in the State; the Pullman or any other car company is just as much a common carrier as any railroad, and when we compare the earnings made by the Pullman Company in the United States, and that proportion creditable to Nevada, $318,985.24, and consider that they have paid for the privilege of doing business in the State of Nevada, $3,261.89—and when we turn to the railroads—take the Virginia and Truckee, for example, one of our baby railroads, that had gross earnings during 1911 of $301,323.06, and paid in taxes to the State and counties, to be exact, $19,488.45. Now, then, is there any reason why the Pullman Company, that is earning as handsomely as it is, should not pay something near their proportion? Why should they not be assessed on a valuation of $300 per mile, which gives us taxes of about $12,000, as compared with the Virginia and Truckee $19,488.45? And I could draw many other similar comparisons. I think that $300 per mile is entirely reasonable.

Mr. Randall—Mr. Chairman, Mr. Shaughnessy has worked quite hard to get out that data. I move that the valuation of the Pullman Company in Nevada, for assessment purposes, be placed at $300 per mile.

Mr. Lemaire—I second the motion.

Mr. Ingalls—Is that sufficient, or should we have a classification the same as last year?

Mr. Shaugnessy—No. That is sufficient.

Mr. Malley—Mr. Shaughnessy made the statement that the railroad companies have control of the Pullman cars. Do they pay so much for running cars over the road?

Mr. Shaughnessy—I don't remember the exact terms of the contract. Take the L. V. & T., for example. They would have to sign up with the Pullman Company guaranteeing to the Pullman Company so much earnings before they would put a car on. It's the railroad company that has to stand the loss if there is any.

Mr. Miles—Mr. Chairman, it appears to me that there should be a raise in the valuation of the Pullman Company on their cars, but I agree to some extent with Mr. Malley over here, that there should be some distinction in regard to routes. Now, I would say that on the Nevada Northern there is practically just one Pullman car in the State each day; one runs out and one comes in per day. Part of the day it's in Utah and part of the day it's in Nevada. It hasn't the traffic that the Pullmans on the Southern Pacific have and it doesn't run over the mileage that they do on the Southern Pacific, and, while I would like to see our valuation as high as possible in White Pine County, I believe Mr. Malley's statement is pretty nearly correct. There should be a distinction, and I would be in favor of a raise, but I believe there should be a distinction on those smalll lines where the mileage is short and the traffic light.

Mr. Lemaire—Mr. Chairman, as I understand the motion then, the $300 a mile valuation applies on any of the roads on which the Pullman Company operate.

Governor Oddie—Yes. Mr. Shaughnessy, I would like to ask you how that would figure out? What percentage of the gross earnings would that be?

Mr. Shaughnessy—That would be 4 per cent on the basis of their last year's earnings.

Governor Oddie—Of course, gentlemen, you will understand that will make no difference in the value that is placed on it by the Board of Assessors. It is simply used as an illustration.

Mr. Lemaire—The reason that I asked that question was that last year there was a difference made on the roads. On the Central Pacific and the San Pedro it was $250 a mile and on the Western Pacific only $100 a mile. It makes quite a raise on those roads at this time.

Mr. Shaughnessy—Mr. Lemaire, I tried to explain that there would be no increase on the Western Pacific Railroad. The Pullman Company must pay their own taxes. This applies over all the mileage that is operated in Nevada, treating it as a system, the Pullman Company in Nevada.

Mr. Lemaire—Your report includes all these roads, taking the State as a whole?

Mr. Shaughnessy—Yes.

Governor Oddie—I would like to call on Mr. Hugh Brown. Mr. Brown represents the T. & G. Railroad, and I would like to ask his views on this, as to what action the Pullman Company might take.

Mr. Brown—Mr. Chairman and gentlemen, I have not sufficient data on the Pullman Company to speak intelligently on the subject, nor to say anything that could aid this board in its deliberations.

Governor Oddie—I know that no company operating in this State would consider any possible raise that may be made by this board as a slap at the company. But every action of this board is to raise money for the State as it is needed, and we want to do it in the most just and equitable way possible and on as uniform a basis as we possibly can.

Mr. Miles—Mr. Chairman, it is my belief that a car operating over less mileage and with less traffic is worth less money than those operating over a greater mileage and with a greater traffic, and that is the reason that I think a distinction should be made. Undoubtedly it is worth less money to the owners.

Governor Oddie—Mr. Miles, do you make that in the form of an amendment to the motion?

Mr. Miles—Mr. Chairman, I move that the original motion be amended to place the Pullman cars on all other lines except the Southern Pacific, the Western Pacific and the San Pedro, Los Angeles and Salt Lake, at $150 per mile.

Mr. Ingalls—Mr. Chairman, I think this ought to be on a uniform valuation on each road. As long as it does not interfere with the small railroads that are struggling for existence I think it should be uniform. Last year we had it at $50, $100 and $250. I felt all the time that those counties that were only getting $50 were not getting their proportion. It seems to me that it is a fair proposition to have an average in every county as long as it is not an imposition to the railroads they run over. They are assessed separately, and the Pullman Company can afford this.

Governor Oddie—As there is no second to the amendment, the question is now on the original motion. You are now voting, gentlemen, on placing the valuation of the Pullman Company in Nevada, for assessment purposes, at $300 per mile operated. I will ask the Clerk to call the roll.

Upon roll-call the following vote was had:

Yeas—Messrs. Whitehead, Springmeyer, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Randall, Grutt, Malley, Regan, Seeman, Hayes, and Miles.

Nay—Mr. Sitton.

Governor Oddie—Gentlemen, the motion is carried by your vote of 15 to 1. The next item on the order of business is Wells, Fargo & Company. I will ask Mr. Shaughnessy to give us his statement of facts and figures.

Mr. Shaughnessy—Wells, Fargo & Company are operating at the present time 1,278.78 miles in Nevada. Their gross earnings for Nevada for the year ending June 30, 1911, was $572,805.75. Their net revenue, taking out the railroad privileges they paid and the terminal expenses in Nevada—we have approximated this—was $283,609.71. We have not got the actual figures on that. That is also the case with the American Express Company and the Globe Express Company—and that in conformity with the law passed by the last session of the Legislature providing a scheme for the taxation of express companies—that is, take the earnings accruing between points in the State and the mileage, and pro rate the earnings on the business from without to within and from within to without and that portion going through the State. After having secured that, pro rate the operating expenses, thereby finding the net. Then that net to be capitalized on the basis of 8 per cent, and whatever that would bring would be the amount that would be assessable. Upon that basis—8 per cent of that net—the valuation would be $3,545,121 within Nevada, and applying 60 per cent to that, the same as other property, would make $2,127,072.60 for purposes of assessment, or a per mile valuation of $1,698.04. If we go back to the system we have proceeded on for the past two years, viz, $300 per mile, the valuation of the property in the State would be $389,700, and that, I figure, is a very fair assessment. It was placed at $355,000 last year. There has been some change in the mileage, and on a basis of 1,278.78 miles it would be $380,700. Those taxes, I believe, have not been paid on account of the fact that they are being contested. I understand that there is a suit in Humboldt County which will soon find its way before the Supreme Court of this State, when we will have an adjudication of the matter and know whether or not our assessment is reasonable. I believe, in view of the suit, that it would be well to reaffirm your action of the previous year, and make the assessment $300 per mile.

Mr. Weathers—Mr. Chairman, I move that a valuation of $300 per mile be placed on the property of Wells, Fargo & Company, for all the railroad mileage over which they operate in the State of Nevada.

Mr. Randall—I second the motion.

Mr. Ingalls—Mr. Chairman, I want to ask the Assessors whether or not they assessed it all at $300 a mile?

Mr. Weathers—No, I did not.

Mr. Malley—Mr. Chairman, do I understand there is a suit now pending in Humboldt County?

Governor Oddie—Yes.

Mr. Malley—Because if there is not I think the Attorney-General should be instructed to bring suit by the State.

Attorney-General Baker—You are mistaken, Mr. Malley. As a matter of law the Attorney-General does not collect taxes. That is one of the duties of the counties and the counties are the means of collecting the state taxes. That suit being instituted immediately upon the adjournment of the last meeting of this board, I instructed the various District Attorneys that a suit had been started by Mr. Calahan in Humboldt County and the result of that suit would act as a precedent. That suit is just standing there until the Judge decides a demurrer that has been

filed, when it will be brought before the Supreme Court. The Attorney-General appears in the Supreme Court.

Mr. Malley—Mr. Baker, do you think it advisable for the various counties to await the outcome of that suit?

Attorney-General Baker—I think so. Sometimes the law's delays are tedious, but I don't think Humboldt County is to be blamed in this case. Judge Drucker has had more than his share to do, but I think it would be an unnecessary expense to bring a multitude of suits. As I understand it from a conference I had with the counsel of the Wells-Fargo people, it is simply a question of law as to our right to assess them upon intangible property—their business, good-will and privilege of doing business—not in the way of a franchise, but upon gross earnings. That is a question of law, and they are contending that we have not the right and we are contending that we have. Mr. Pillsbury was here some two weeks ago, together with Mr. Christenson, who is in charge of the coast division of Wells-Fargo, and they suggested to the Railroad Commission and myself—we had a conference with them in the Railroad Commissioner's office at that time, and the manner and method of taxation was gone into thoroughly. We got their ideas and they got ours, and, like most conferences, we left off just about where we began. However, I told them that the matter of assessment would come up before this board meeting at this time, and I advised them that if they thought their rights were being infringed and the assessment not proper, that they meet with you at this time and submit figures for a just and equitable taxation from their point of view. I take it they are not here or they would be heard. I speak this way to show this board the condition of the Wells-Fargo tax at this time, and why it is not collected. The matter is now before the courts, and it will take some time to get it before the Supreme Court. It simply serves to show the Assessors that where taxes are held up by lawsuits, it takes several months, and sometimes years, to have them adjudicated. I assure this board that when the matter comes within my jurisdiction I will rush it.

Mr. Shaughnessy—I will correct my statement to some extent. To show the true net, as near as we could approximate it, out of the gross earnings made in the State of Nevada, $572,805.75, we took out the operating expenses on the basis of 85 per cent, which is the ratio of operating expenses to gross earnings, system as a whole, amounting to $497,885.66, leaving the net revenue on the Nevada mileage $85,920.09. That amount is 8 per cent on $1,074,008. Applying 60 per cent to that amount, same as other property, we have a valuation of $644,404.80, and if that is divided out on a mileage basis it would be $504, so you will see that a valuation of $300 per mile seems to be entirely reasonable.

Mr. Malley—Mr. Chairman, I would state that in Nye County we are ready to bring suit. In case they lose in Humboldt County we should have it fixed in some way by instructing the Attorney-General to take it up with the next Legislature amending the law assessing franchises. If we lose out in Humboldt County we should amend the law.

Governor Oddie—I would state that that was all provided for in a measure submitted to the last Legislature, but it failed to pass.

Attorney-General Baker—If they should lose in Humboldt County we would lose in all of the counties. It is a question of law. Mr. Pillsbury assured me that if we win the suit they will pay the taxes, so they will be bound by that decision of course.

Mr. Miles—Mr. Chairman, I would like to ask the Attorney-General if under that law enacted by the last Legislature concerning the taxation of express companies, it would permit us to assess those companies on a mileage basis?

Attorney-General Baker—I think that the proposition that has been suggested here by Mr. Shaughnessy—his reading of his suggestions there, convinces me they are the proper mode for making the taxation or valuation. As to that portion of the law which refers to franchises I will have nothing to say at this time. The method of assessing the property as suggested by Mr. Shaughnessy is as is provided by law, and, while it is technical and difficult, it is proper and right, and I think should be followed. The law specifies in the statutes how it should be done, Section 3791.

Mr. Lemaire—Mr. Chairman, I would like to ask Mr. Shaughnessy if his figures include the moneys paid in for state licenses. The reason why I ask that question is that I understand in several counties Wells-Fargo has not paid its license.

Mr. Shaughnessy—This assessment in the absence of a specific law would cover all property. It would cover everything real and personal. I don't know whether there is a separate law covering licenses or not.

Mr. Lemaire—As I understand it, it has to have a franchise to pay license.

Attorney-General Baker—No; it pays a license as a common carrier.

Mr. Lemaire—As I understand it, they are not paying that license.

Attorney-General Baker—That has nothing to do with this. That's a license, and this is a tax. In regard to those licenses that Mr. Lemaire refers to, I would state that suits should be started and instituted immediately by the District Attorneys for those licenses that are not paid. There is nothing in this suit pending that refers to licenses.

Mr. Malley—In Nye County they pay a $37.50 license and a town license of $25. Those have been paid.

Attorney-General Baker—They have not yet been paid in Ormsby County and in several of the other counties.

Mr. Lemaire—It was only as a matter of information that I asked the question.

Governor Oddie—Gentlemen, there is a motion before the board.

Mr. Ingalls—Do I understand that it is just the same as last year, $300 per mile? Last year the wording of the motion seemed an important factor. It was "that the property of Wells, Fargo & Company be assessed at a valuation of $355,500, the value to be apportioned to the several counties in the State in the proportion that the number of miles of railroad over which said express company operates in the State of Nevada, said mileage to be computed from figures to be furnished by the Nevada Railroad Commission."

Governor Oddie—I would suggest that it might be well for the same wording to be used in this motion.

Mr. Ingalls—I suggest that the same wording be used in the motion for the assessment this year.

Mr. Shaughnessy—I would suggest that the motion might read "$300 per mile for Wells, Fargo & Company on a basis of the railroad mileage within the State of Nevada, over which they operate."

Mr. Ingalls—We assessed it last year in a lump sum.

Attorney-General Baker—I think the assessment should be made on a

per mile basis so that in the event of an increase or decrease in the mileage of their operation in the State, the tax would be right. If you make it a lump sum they might cease to do business in some portions of the State, so that the proper way to arrive at a valuation is to make it on a mileage basis.

Mr. Lemaire—Mr. Chairman, as the motion now stands it is $300 per mile, as I understand it.

Governor Oddie—I would suggest that Mr. Shaughnessy and Mr. Baker study over and word the motion.

Mr. Shaughnessy—My idea of the wording would be: "I move that a valuation of $300 per mile be placed against Wells, Fargo & Company for the number of miles of railroad over which they operate in the State of Nevada."

Mr. Ingalls—Last year we had quite a discussion in changing the wording.

Mr. Shaughnessy—That was on account of its being a lump sum.

Mr. Whitehead—Mr. Chairman, I don't know whether I have got a misunderstanding of the law or not, but it seems to me that it should be based on the net earnings per mile. I wondered if there should not be something in the motion showing that that was how we arrived at the valuation.

Attorney-General Baker—I don't think that makes much difference.

Mr. Shaughnessy—You know my statement covers that.

Attorney-General Baker—It is not necessary to incumber the records with that. You arrive at your conclusions, but it is not necessary to state how you arrive at them.

Governor Oddie—Mr. Weathers, do you accept Mr. Shaughnessy's suggestion as to the wording of the motion?

Mr. Weathers—Yes, sir.

Governor Oddie—Mr. Randall, I believe you seconded Mr. Weathers's motion. Do you accept the substitution also?

Mr. Randall—I do.

Governor Oddie—Gentlemen, you are now about to vote on a motion to place a valuation of $300 per mile against Wells, Fargo & Company, for the number of miles of railroad over which they operate in the State of Nevada. I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, the next order of business is the American Express Company.

Mr. McTerney—Mr. Chairman, I move that we adjourn until 11 o'clock tomorrow morning.

Mr. Whittemore—Mr. Chairman and gentlemen, may I say a word, please? We would like very much to dispose of the question of the American Express Company at this time. We have been holding our superintendent here since Monday, and he is very anxious to get away to attend to some very important matters relating to business in Salt Lake, and it would be a very great accommodation to us.

Mr. McTerney—Mr. Chairman, I withdraw my motion.

Governor Oddie—With the permission of the board we will consider the American Express Company. Mr. Shaughnessy, will you please give us your statement?

Mr. Shaughnessy—Now, in finding a fair valuation for the American Express Company we proceeded in conformity with the law, and it was

a rather difficult matter to find the true proportion of earnings of the American Express Company which were creditable to the Nevada mileage. The American Express Company, as you perhaps know, operates over the San Pedro, and Las Vegas and Tonopah railroads in the southern portion of the State. We had a report from the express company of the local earnings and the within to without and without to within, but we did not have an account of the business across the State. We arrived at that indirectly by taking the payments made by the express company to the railroad for express privileges, which is 55 per cent. We found on that basis that there was 45 per cent which was creditable to the express company, and of that we took the Nevada mileage pro rata of those express earnings, applying the San Pedro, Nevada, mileage, 210 miles, against the Salt Lake to Los Angeles mileage, 771 miles, we found the proportion of those earnings. That gave for Nevada earnings, $33,151.03. We proceeded on a similar course with the L. V. & T., and that gave us gross earnings of $1,601.84, and after taking out operating expenses, using as a basis the average of the system as a whole—that is the only factor we could use in that—we have as net operating revenue for that portion between the Utah state line and the California state line within Nevada, on the San Pedro, $1,972.66, while on the L. V. & T., the net is $240.47. Adding these two together gives us $5,212.93, which the American Express Company earned on their Nevada property. That net of $5,212.93 is 8 per cent of $67,661.50, which may be taken as the value of the property in Nevada. But applying 60 per cent brings the valuation down to $40,596.90. In order to get that on a mileage basis it is necessary to apply a $95 assessment. In view of the fact that the American Express Company has just begun business I think that is a very fair assessment. That will produce in taxes, basing it on a 3½ per cent levy, $1,420.89.

Governor Oddie—Mr. Whittemore, we would like to hear from you on this subject.

Mr. Whittemore—Mr. Chairman and gentlemen of the board, in presenting this matter to you I do so with a keen sense of satisfaction, for the reason that it is the first time in my experience, which extends over the last ten years, that, in tax matters in Nevada, we have had something in the way of a tangible basis in which assessments can be considered. In other words, this law which recently passed is a move in the direction of assessing properties in this country upon a basis of earnings, which is the logical basis and the fair and equitable basis and the one which eventually must prevail in Nevada as in other States, along the lines of the Governor's discussion. It also is a satisfaction for the reason that we meet upon some ground where there can be a basis for discussion. Heretofore, as you all realize, these valuations have been merely a matter of imagination, guess, conclusion. The Act of March 25, 1911, indicates a line of assessment on a basis of the net earnings. The American Express Company is a newcomer in this State. It first began its operations in the latter part of 1910. I think it operated some three months in 1910, and has been operating over the Salt Lake road and the L. V. & T. road since that time. It hasn't much business as yet. It hasn't the same advantages as its competitor, the Wells-Fargo. Our line, as you know, extends along a road that has only one or two stations in southern Nevada—the main line of the Salt Lake road. And on the L. V. & T. it has practically only one station—the station of Goldfield. We are met at Gold-

field by the lines of Wells, Fargo & Co., coming from the north, and most of their express business, as you will realize, is from eastern points, and particularly San Francisco. We are met also on the south by the Wells-Fargo, operating over the Tonopah and Tidewater line. So you can appreciate in one way the reason why our earnings and business makes such a poor showing as compared with others. I will say that the American Express Company has no desire to avoid the payment of a fair and reasonable tax, but it does have a desire to bear its fair proportion of the burdens of taxation in this State as well as other States in which it does business. Under this Act we have prepared and which I will submit to your secretary, a statement of our intrastate and interstate earnings, and as nearly as possible for us, considering this law, the earnings upon which the valuation of this company's property should be fixed. The conclusion and result are somewhat different from the basis treated by Mr. Shaughnessy. We are not very far apart, however, and with your permission I will read this statement and then leave it for file with your secretary. In the first place I have a distribution of the mileage in Nevada by counties, as follows:

| | | |
|---|---|---|
| Clark County— | | |
| S. P. L. A. & S. L. | 107.21 | |
| L. V. & T. R. R. | 52.39 | |
| | | 159.60 |
| Esmeralda County— | | |
| L. V. & T. R. R. | | 5.30 |
| Lincoln County— | | |
| S. P. L. A. & S. L., main line | 105.51 | |
| S. P. L. A. & S. L., branch | 32.70 | |
| | | 138.21 |
| Nye County— | | |
| L. V. & T. R. R. | | 138.03 |
| Total | | 441.14 |

That's the mileage the American Express Company operates in the State of Nevada.

Statement of gross intrastate earnings and the expenses of the American Express Company, in Nevada, for twelve months ending November 30, 1911.

| | | | |
|---|---|---|---|
| Gross intrastate earnings | | | $5,839.04 |
| Cr. | By terminal expense | $1,298.50 | |
| Cr. | By transportation, 55% of $5,839.04 | 3,211.47 | |
| [1]Cr. | By general or line expense using the general average for entire system 16.27% of $5,839.04 | 950.01 | |
| Cr. | By taxes paid | 695.35 | |
| | | | 6,156.33 |
| Deficit | | | $317.29 |

[1]This gives a showing unduly favorable for the reason that general or line expense on Nevada business is relatively higher than the average for the system on account of excessive mileage as compared to business, a condition readily understood.

The law covering this matter provides for an assessment based upon the earnings of the preceding year. It was impossible to get the data for December, 1911, so we have taken December, 1910, and made this statement on the twelve months ending November 30, 1911. But first, referring to item shown above "Cr. By general or line expense, $950.01." Explaining that, it is impossible to arrive at the average expense per mile in the State of Nevada, taken apart from the general system. This is arrived at by taking the entire system of the American Express Company

and averaging the expenses over that entire system, and we are giving to Nevada the same proportion that we give to the State of New York, to the State of Illinois, and all of the eastern States, where, as you will readily realize, we do a hundred times, or a thousand times, more business than over the lines in Nevada, so I think you will agree with me that we are being fair to the State. Referring to item of "$696.35, credit by taxes paid." This is the taxes, the license taxes and the tax in the city of Goldfield. The law provides, however, that there shall be taken into consideration the interstate business and the business carried through the State. We have a statement prepared on the basis of interstate and intrastate business, but we are not in a position to furnish information as to business carried through the State. That information and that data it seems has been almost impossible to arrive at, and besides, waiving the question as to whether you can tax us on interstate business, it is my opinion that you absolutely cannot take into consideration business that is carried through the State, a thing with which the State has absolutely nothing to do in the way of business transacted. However, that business, taken on the basis of settlements made with the Salt Lake road and averaging, giving each State of the entire system of the American Express Company in the United States, something like 63,000 miles, the pro rata of that 200 miles would be very, very small and would not amount to enough to quarrel over. This is a statement of the entire earnings on the business carried into and taken out of and business transacted within the State:

Statement of gross earnings and expenses of the American Express Company in Nevada for the twelve months ending November 30, 1911:

| | | | |
|---|---|---|---|
| To gross interstate earnings, 88.2% of total | | | $43,406.41 |
| To gross intrastate earnings, 11.8% of total | | | 5,839.04 |
| | 100% | | $49,245.45 |
| Cr. By terminal expense, agents, office expense, etc., paid at Nevada offices on both inter and intrastate | | $5,600.10 | |
| Cr. By terminal expense in other States, or at point of origin in Nevada interstate, 12.45% of $43,406.41 | | 5,404.10 | |
| Cr. By transportation 55% of $49,245.45 | | 27,085.00 | |
| Cr. By annual license tax $150 per county and $100 Goldfield | | 700.00 | |
| [1]Cr. By general or line expense, using the general average rate for entire system, or 16.27% of $49,245.45 | | 8,012.23 | |
| | | | 46,401.43 |
| Balance | | | $2,844.02 |

[1]Using the average rate of general or line expense of the entire system is the only way we can approximate same on Nevada business, but is manifestly favorable or unfair, because the line expense, which includes road service, is relatively higher because of the excessive mileage as compared to business.

In round numbers our total Nevada mileage of 441, with net earnings as shown of $2,844, gives an average of $6.44 per mile, which, capitalized at 8 per cent, would give $80.50 per mile, or $35,500 on mileage of 441. Taking 60 per cent of that, which is the basis used with the Wells-Fargo express, and the basis used on their earnings is exactly the same as I am giving you here, 60 per cent would be $21,300, or the average on the mileage would be $48.30. Now we have presented these figures to you because they comply, as nearly as we can practically make them, with the new law, and I say to you in all fairness that our disposition is to pay our share of the taxes, and we feel that this basis would be that—and that if this basis is used the American Express

Company will pay its taxes and pay them promptly. Now, in respect to the year 1911. Probably an explanation is due because the question arose as to what had been done. When the American Express Company first came into this State it provided for and paid license taxes of $150 a year in four counties in which it does business and $100 a year license in Goldfield. When the matter of assessing this property came up in 1911, the question of assessment was referred to the Assessor. As there was no earnings to base the assessment on it would have to be made by taking our personal property, horses, wagons, furniture, etc. Following this meeting this law was passed on March 11th. The several Assessors undertook to fix, under that law, the assessment on the American Express Company's property, and they fixed the assessment at $300 a mile—the same assessment that was fixed on Wells, Fargo & Co.—although we were doing probably only one-tenth of the business. That tax has not been paid, and in its present form will not be, unless the courts decide we must pay eight or ten times more than our competitors. I will say this, however, if this board will meet us fairly on this proposition, and will arrive at a fair and reasonable basis now, we will be willing to take that into consideration and adjust the taxes for the previous year upon a similar basis of taxation and pay them, because we prefer to deal in that manner and pay the taxes rather than contest them. Mr. Rogers, the superintendent of our company, is here and has a practical knowledge of all matters relative to the operation and of the expenses of the company, and he is ready to respond to any questions you may have to ask him. I will now submit this list to your secretary, and I thank you very much for your courtesy.

[The balance of the statement submitted by Mr. Whittemore, and which he did not read, is as follows:]

If we assume, for the sake of demonstration, that the State of Nevada has the right to impose a tax upon the entire gross charges of this company upon its intrastate business of Nevada, and also to impose a tax upon the entire gross charges on all interstate business of this company going to Nevada from other States, and going from Nevada to other States: The entire gross charges on our intrastate earnings for the year ending November 30, 1911, are $5,839.04, and the net earnings of this company on all Nevada business, state and interstate, represents 7.2% of the charges collected (which 7.2% was the net percentage on business for the year ending June 30, 1911, on its business throughout all its lines, including its foreign and domestic financial earnings).

It will be seen from the following demonstration that the tax which we would pay under the laws of Nevada, as now considered by the County Assessors, would be more than the entire net earnings of the company on all business done to, from and within the State of Nevada. The demonstration would be as follows:

| | |
|---|---|
| Gross earnings on interstate business | $43,406.41 |
| Intrastate earnings | 5,839.04 |
| | $49,245.45 |
| 7.2% of $49,245.45 is | $3,545.67 |
| The amount of taxes proposed to be assessed against this company in Nevada was | $3,799.51 |

Governor Oddie—Is there anyone who would like to ask Mr. Rogers any questions?

No response.

Governor Oddie—Mr. Shaughnessy, will you tell us something about the discrepancies between your statement and Mr. Whittemore's?

Mr. Shaughnessy—There is a discrepancy. Mr. Whittemore and Mr. Rogers arrived at their basis of conclusion in a little bit different man-

ner from what I did. I think the figures I have given are very fair and substantially correct. I think, and I have taken into consideration the necessities of that southern country, that $90 or $95 per mile for the American Express Company is very, very reasonable as a value for them to pay taxes on. It may be somewhat higher than they have to pay in other States, but I want to state that the American Express Company is not paying a very great tax.

Judge Bartine—Mr. Chairman, before you proceed may I ask Mr. Shaughnessy a question? Mr. Shaughnessy, is not the main point of difference between your figures and theirs that they have left out the through business across the State?

Mr. Shaughnessy—Well, not exactly. They have arrived at their conclusion by a little bit different method. They take it on the basis of the in and out business and the local Nevada business, while I take it on Nevada's mileage pro rata of the business done over the San Pedro. That, I figured, was a pretty true index of what Nevada earned going across Nevada, and I applied the mileage to the earnings made between Salt Lake and Los Angeles. And I also applied the same scheme on the L. V. & T.

Mr. Rogers—Mr. Shaughnessy, the difference in one way, as I understand it, is that we have not attempted to include any of the through business in the State. On the other hand, we have given credit to Nevada for the entire mileage of all the business originating in the State; whereas, in your contention, as I understand it, if we were to give credit to Nevada on the mileage pro rata of business through the State we also need not show Nevada earnings of the through business carried in the State, and at only the pro rata of the through. While we have not returned certain business that you have included, on the other hand we have returned certain business that you have not included.

Mr. Shaughnessy—Yes, you included business that I have not. In your basis you use the in and out and local business. I do not take that in and out. I take the mileage pro rata that all business earned on the Salt Lake mileage between Salt Lake and Los Angeles.

Judge Bartine—If you take all of the business, that includes the in and out.

Mr. Shaughnessy—Oh, yes; that's included.

Judge Bartine—Would not that through business, through the State of Nevada, and which requires the protection of the police force of this State, be the same as any other property? Does that not represent substantially the difference?

Mr. Shaughnessy—Yes, I have proceeded upon that theory.

Judge Bartine—You have, but they have not.

Mr. Shaughnessy—Our figures are pretty close together. There is only about three or four thousand dollars difference. He gets about $80 a mile, while I make it $95.

Mr. Rogers—But we had not figured the 60 per cent. We were capitalizing it in full.

Mr. Shaughnessy—I did.

Mr. Rogers—So there would be a difference of about $50 between our figures when we take the 60 per cent.

Judge Bartine—He seems to think that you did not give them the advantage of the 60 per cent.

Mr. Shaughnessy—There can be no question in Mr. Rogers's mind about that because I went over it with him fully.

Mr. Rogers—When we gave $80.50 as the result obtained, that was the full amount; not 60 per cent of the full amount.

Judge Bartine—Did I understand you aright, Mr. Whittemore, when it appeared that your figures landed you about $80, and Mr. Shaughnessy's were about $95, that you were willing to meet upon the intermediate figure of $90?

Mr. Whittemore—That was on the understanding that you were assessing the property full value. I take it, however, that if you are going to give Wells-Fargo the benefit of 60 per cent, that we should have it also.

Mr. Shaughnessy—I have done that in my conclusions.

Mr. Whittemore—It was not done on the basis that we figured.

Mr. Shaughnessy—I want to be entirely fair. I did that in reference to the Wells-Fargo and the American, but you will remember in figuring Wells-Fargo that it made a per mile valuation of $504, and instead of placing the valuation at $500, the board placed it at $300, the same as last year, because the litigation has not been cleared up yet. When this matter that is being litigated comes before the Supreme Court, if it is found that it is constitutional and all right, Wells-Fargo's valuation next year will be five hundred or more dollars per mile. Mr. Whittemore maintains that he should be given the same benefit as Wells-Fargo. He thinks that as his figures are on a basis of $95 that he should be placed at about $50 a mile, but I don't know that this board is in duty bound to follow any rule of that kind. It seems to me that's a very reasonable valuation, and will only make the tax in all those southern counties about $1,400, and that certainly is reasonable, to say the least. When you figure the taxes paid by this company throughout the United States the ratio is only 0.85 per cent of their earnings. The express companies have been escaping their just proportion.

Mr. Whittemore—If you levy that assessment of $1,400, and take the license taxes of $700, making $2,100, then you practically take the entire earnings, which are only $2,800 for the year 1911. Is it not also true that the basis I suggested there, $50, is nearer the proportion of our gross and net earnings than $300 will be to the gross and net earnings of Wells-Fargo? Is it not true also that this State requires that all taxation shall be uniform?

Mr. Shaughnessy—Yes, my boy, that's the very thing we're trying to do. Mr. Cowden is complaining of that very thing; that 4 per cent in this State amounted to 6 or 7 per cent by comparison with the California system. We know a number of public utilities that are paying 8, 10 and 11 per cent. It is the necessities of the situation that compel it. In a State like this we are up today and down tomorrow, and when we are up we are optimistic and borrow money and bond ourselves to the limit, and when conditions change we have got to stand together and pay our proportion of taxes to meet these liabilities, whether they fall on a private individual, a corporation or what not, and that's the situation in this State. While we have been using the 4 per cent gross, and other methods, in order to find fair valuations in many instances, we can't stand on it where conditions are found to be abnormal.

Mr. Whittemore—Is it not true, Mr. Shaughnessy, that under this

new law it provides a basis for the assessment of express companies, and that you must follow it?

Mr. Shaughnessy—Yes, that's quite true, and we have done so. Well, I have made the matter as clear as I can from the standpoint of the commission's figures. It's within the discretion of the board what valuation they desire to place.

Mr. Ingalls—Mr. Chairman, I am afraid these Assessors will overwork themselves, so I make a motion that the property of the American Express Company be assessed at $90 per mile, to be apportioned to the several counties of the State in the proportion that the number of miles of railroad over which said express company operates in said counties bears to the total number of miles over which said express company operates in the State of Nevada, said mileage to be computed from figures to be furnished by the Nevada Railroad Commission.

Mr. Whitehead—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, there is just one more express company, and then the railroads. Do you want to take up the Globe Express Company tonight?

Mr. Randall—Mr. Chairman, I move that we adjourn until 10 o'clock tomorrow morning.

Mr. Regan—I second the motion.

Upon the question being put, the motion carried unanimously.

Accordingly the board here took a recess until 10 a. m., January 11, 1912.

## FOURTH DAY

The board resumed its session, pursuant to recess, on Thursday, January 11, 1912.

Governor Oddie—The meeting will please come to order. I will ask the Clerk to call the roll.

Upon roll-call all members of the State Board of Revenue and State Board of Assessors answered present, with the exception of Mr. Arrild of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered in his stead.

Governor Oddie—The next order of business is the Globe Express Company. Mr. Shaughnessy, will you please give us a statement of that company?

Mr. Shaughnessy—The Globe Express Company operates over the Western Pacific Railway in this State. The mileage is 421.4, and their gross earnings in Nevada for the past year were $4,836.26. That is the local earnings between stations in Nevada and the earnings on business from within to without and without to within. We haven't the proportion of business which is assignable to the Nevada mileage going across the State, and I have made some estimates on that as to about what it would be. Now, the total mileage of the system as a whole is 2,914. The percentage of Nevada mileage to that amount is 16½ per cent. As

the company has just begun operations, and their earnings are largely in the States of Colorado and Utah, I have taken as a factor for finding the Nevada pro rata of the business going across the State 6½ per cent instead of 16½ per cent, figuring that would be fair. Of course those figures are arbitrary, but there is no other way we could arrive at it, because they have not segregated the earnings and the Western Pacific has not yet made its operating report, having just begun operations on July first of this fiscal year. Prior to that time it was in the hands of the construction company. The gross earnings of the system as a whole were $700,439.51; Taking Nevada's mileage pro rata on the basis as aforesaid, the earnings creditable to Nevada mileage would be $45,527.47; less operating expenses on the basis of the system as a whole, the net revenue creditable to Nevada mileage would be $3,186.72. In conformity with the law which was discussed yesterday, this would be 8 per cent of $40,000. Applying 60 per cent to that valuation would give us for assessment purposes a valuation of $24,000, or on a per mile basis, $56 per mile. In other words, it would be necessary to levy an assessment of $56 per mile. The Globe Express Company paid taxes in Nevada last year, $112.75. On this basis of assessment they would for the ensuing year pay $480. These figures were arrived at on a basis of those earnings approximated to the State of Nevada.

Governor Oddie—Has the Globe Express Company a representative here?

Mr. Shaughnessy—I think not.

Governor Oddie—Are there any further remarks?

Mr. Caine—Mr. Chairman, incidentally I represent the Globe Express Company, and I think Mr. Shaughnessy has more figures on that matter than we have, and that his statements are fair. We are just commencing operations as he says, and we are willing to leave the matter entirely with the board as to what the assessment should be.

Governor Oddie—Is there a motion before the board? Will some one make a motion?

Mr. Lemaire—Mr. Chairman, I make a motion that a valuation of $50 per mile be made on the Globe Express Company, for assessment purposes for the number of miles of railroad over which it operates in the State of Nevada.

Mr. Weathers—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the question of railroads. No. 1 is the Central Pacific Railway.

Mr. Miles—Mr. Chairman, I would like to ask the Attorney-General if we have the right to reconsider a matter we have already gone over?

Attorney-General Baker—I would say that you have.

Mr. Miles—Mr. Chairman, I move that we reconsider the valuation placed on the property of the Pullman Company.

Mr. Sitton—I second the motion.

Mr. Lemaire—Mr. Chairman, before reconsidering this I think something should be said regarding the reason for reconsidering it.

Mr. Miles—Mr. Chairman and gentlemen, I may be wrong in this matter, but I have not been able to see that I am wrong. I still contend that the Pullman car running over our line is valued far above its

proportion and is entirely out of reason compared with other values that have been placed on property by this board. Now, I believe the Pullman car runs over about 140 miles in our two counties on the Nevada Northern, and so far as the proportion on the Southern Pacific is concerned, it would go on their line perhaps, or it might not come at all if it was not directly through to Ely, and consequently the mileage on that line I believe is out of proportion. You take 140 miles at $300 per mile, and I figure that that car would be valued at $42,000. Am I right or am I wrong?

Mr. Shaughnessy—That is perhaps true, Mr. Miles. I tried to explain yesterday that, so far as the Pullman Company's property in Nevada is concerned, one mile for purposes of taxation is equally as valuable as another. The only way we can do is to consider the earnings as a whole, just as we did in valuing the Western Union, and also the Postal. As I tried to make clear yesterday, the Pullman Company pay their own taxes and it makes no difference to the Nevada Northern what taxes the Pullman Company pay. When it comes time for a railroad company to consider whether or not they want Pullman cars to run over their line, they request a car, as the Nevada Northern has done, for example. The railroad is then furnished with a contract providing that car shall earn so much money on that mileage. It may be $5,000—that's the usual amount they ask a car to earn. The car goes on the road, and if we assume, for example, that it only earns $3,000, then the railroad company is called upon to make good the deficiency by the payment of mileage or otherwise, but if the earnings exceed that amount, no mileage payments are made. Or, in some instances, the car may be handled on a mileage basis. So that has nothing to do with the taxes paid by the Pullman Company. As a matter of equity I can see how you look at it, as it doesn't earn as much as a car would on the Southern Pacific. Still, if we went to work to find out how many cars were operated on the Central Pacific and how many on the Nevada Northern, and how much each one earned down there, it would take an awful lot of accounting, and it would cause the Pullman Company a great deal of trouble to show that. I think that the method adopted, while not entirely accurate, is very good for practical purposes.

Mr. Miles—Mr. Chairman and gentlemen, I understand that this Pullman service from Salt Lake to Ely is an entirely separate and distinct service to any other that operates in this State, and I believe, too, that will apply on some of the other smaller roads. I understand that the cars going out and coming in are entirely different and distinct property, and for that reason I still contend that those cars that operate on those lines, whatever lines they may be, that compare with the Nevada Northern, are not worth as much as those carrying greater amounts of traffic over a greater number of miles, and I hope that this board will see fit to reduce that valuation. I would like to hear from any of the other Assessors, or from any of the railroad men that are here and that are familiar with Pullman car service and its management.

Mr. Whitehead—Mr. Chairman, if the company that operates over the Nevada Northern is a separate and distinct company, I would be in favor of reconsidering that matter. But, as an illustration, I think that last year we allowed $50 as the assessment for all of the smaller lines, the L. V. & T. coming in that, and still the Pullman car was taken off of that line, and even if we had placed the valuation at $10 it would have been just the same. The $50 had nothing to do with it. It was not because

we placed the valuation at $50 per mile. I don't think that had anything to do with it. And I don't think there is any reason at all for reconsidering the matter, as it would put the Pullman Company to much more expense in bookkeeping to keep track of all those cars and give us the rate to compare with the Southern Pacific to equalize with these smaller lines.

Governor Oddie—I would like to ask Colonel Cannon, the manager of the Nevada Northern, to let us hear from him on this subject

Col. Cannon—I will say, Mr. Chairman, that the cars operating over our line are under contract for twenty-five years. They can pull them off at any time they like, or we can. They must earn $5,000 per car per month if the railroad company gets any drawback. We pay two cents per mile for the car as the basis over our line each way, and if we could make those cars earn $5,000 a month on the through route from Salt Lake to Ely, they would return to us at the end of the year the amount of money we paid in mileage. We don't guarantee, and I don't know of any railroad company that does guarantee, the Pullman Company shall earn $5,000. It certainly is not true in this western country. They can't earn it, any of them. At least our cars have never come anywhere near it.

Governor Oddie—Can you give us an idea of just about what the Pullman cars on your line do make?

Col. Cannon—No. I would not like to say, for the reason that we have never been able to get any drawback on the mileage we paid, and I have paid no particular attention except to look at the annual statement we sent in. I don't recall just what it was.

Governor Oddie—Have you any figures, Mr. Shaughnessy, showing what those cars make?

Mr. Shaughnessy—No. The only thing we have to go by, as I said before, is the gross earnings creditable to the Nevada mileage, and I found the valuation of the Pullman Company on the same basis we did the Western Union Company and the Postal Company. Of course, if any of the members of the board feel that they should make some difference by reason of the small lines, that's within their discretion. I think the valuation is entirely reasonable. It is a fair amount on the basis of their earnings. That's what we are doing with other properties—trying to get the various corporations up to a uniform basis.

Mr. Malley—Mr. Chairman, I think the valuation is reasonable. I would like to ask if we cannot assess it in a lump sum as we did the Wells-Fargo Company last year, and then pro rate the tax as per mileage in each county they run through in the State. That would prevent the taking off of the Pullman on any of the lines. Or it would tax them just the same regardless of whether they took them off or not.

Mr. Shaughnessy—That would hardly be fair, because the Pullman Company might operate over a line, say for one month, or make only one trip and would have to pay taxes on that mileage. I think the fairest way is on a mileage basis of $300 per mile, over lines regularly operated. Then if they increase or decrease the mileage it works automatically. I think that's no more than fair.

Mr. Ingalls—Mr. Chairman, I think if we go back to the Pullman Company we would have just as much right to go back to Wells-Fargo, or the Postal, and segregate the miles of road they do business on. It seems to me that if what we did was fair with the others that it is fair

with the Pullman Company. It seems to me that it is on the same principle. The only way that I can see we can do is to average the thing up on the miles of road they run over.

Governor Oddie—I would state that in assessing last year, take the Southern Pacific Railroad for instance, the main lines were assessed at so much a mile, and the branch lines, the lines which were not making so much money, were assessed at a lower figure.

Mr. Shaughnessy—This method of apportionment makes an equal distribution of the tax moneys into the various counties. Now, if it is apportioned to the earnings—each of the individual lines—the Southern Pacific gets a great big proportion, or rather the counties through which it runs, and under this other scheme, it amounts to the same thing, but the tax money is pro rated through the different counties of the State. It's on a mileage basis and is fair. For example, it gives the southern counties a good show on the miles operated there, and I think it is the fairest way to distribute it and give each county throughout the State in which the Pullman Company operates the same proportion of taxes.

Mr. Sitton—Mr. Chairman, in looking at this matter in a fair light—of course I am on one of the lines where it does the most business—I think it should be segregated. Take a line where they only run one car over, and another line where they run twelve, there should be a difference. I think it should be placed at a certain value per mile, and for roads where they operate more cars it should be higher than where they only operate one.

Governor Oddie—Gentlemen, I will state that there should be a motion made, seconded and carried, to reconsider this matter, before a motion is permissible to place a new valuation on it. There is now such a motion before the board, and if there are no further remarks I will ask the Clerk to call the roll.

Mr. Malley—Mr. Chairman, I think that Nye County is entitled to as much taxes as any other county per mile used by the Pullman Company. The only fear I have is that they would take the Pullman service away from us. As I stated, I think Nye County should derive as much per mile as any other county.

Attorney-General Baker—This has already been acted upon and, in order to reconsider, a form of motion will have to be carried so you can reconsider. But I don't know whether you want to reconsider it or not. That has to be voted on.

Governor Oddie—Gentlemen, you have all heard the motion. It is that we reconsider the valuation placed yesterday on the property of the Pullman Company in Nevada. If there are no further remarks, I will ask the Clerk to call the roll.

Upon roll-call the following vote was had:

Yeas—Messrs. Sitton, Weathers, McTerney, Leonard, Lemaire, Norris, Regan, and Miles.

Nays—Messrs. Whitehead, Springmeyer, Ingalls, Randall, Grutt, Malley, Seeman, and Hayes.

Governor Oddie—Gentlemen, the vote is a tie, standing 8 to 8. As I have the deciding vote I will vote yes, because I believe in getting all the discussion on these questions possible. I don't want to retard any discussion. Now, gentlemen, we are ready for a motion.

Mr. Miles—Mr. Chairman, in reply to Mr. Whitehead I would like to compare Pullman cars with stock cattle, for instance. Now, you men-

tioned something about its being all one company. That is true, of course. We naturally supposed that. There is hardly a stock man in the State that has many cattle who has not more than one class of cattle. Perhaps he has beef cattle, milch cows and stock cattle, and they are classified, and why not use the same system on this proposition before us now. I am like Mr. Malley; I want my county to have as much tax as any other county in the State, but I want those taxes to come from the property that should justly pay them. And I don't believe that the Pullman Company is making any money on that service through Elko and White Pine County. That's the reason why I have asked for this reconsideration.

Governor Oddie—There is no motion before the board now, Mr. Miles. We moved to reconsider, and now we cannot do a thing until a motion is made to either raise or lower this valuation.

Mr. Miles—Mr. Chairman, I would like to have some information on Pullman service from the various Assessors in regard to other roads throughout the State.

Governor Oddie—Mr. Shaughnessy can give that information.

Mr. Shaughnessy—You mean how many cars they operate?

Mr. Miles—No, the lines on which they operate.

Mr. Shaughnessy—The Central Pacific, the Western Pacific and the San Pedro. As to the other lines, at the present time they are only operating on the Nevada Northern, the N. & C. Ry., and the T. & G. R. R. as branch lines.

Mr. Ingalls—Mr. Chairman, according to facts and figures we are not assessing them, on a lump-sum basis, too much. It is on a reasonable basis with other property throughout the State, and I don't see what would be the difference if we take $300 a mile for the system and divide it through the counties, or take a small valuation where not many cars are running and put $600 a mile in counties where there are more cars running. I don't see what difference it makes. Each county is getting its pro rata. It might be that some of the outside counties, where only one car is running, are getting a little more than where there are many cars running. I know I want to get my share. I don't see how we can reconsider this unless we go back and regulate Wells-Fargo along the same line, and possibly the Western Union, and some of the others. If we reduce them in these places, we ought to raise the valuations along the main line and places where they do more business and make more money.

Mr. Miles—Mr. Chairman, I believe that where properties are apparently so separate and distinct, that we can get at them very well, and for that reason I move that the Pullman Company's cars be taxed at $350 per mile on the Central Pacific, the Western Pacific and Salt Lake, Los Angeles and San Pedro, and on all other railroads in the State it be placed at $150 per mile.

Mr. Whitehead—Mr. Chairman, I believe that all the Assessors agree that the Pullman Company, so far as the aggregate assessment is concerned, is all right. I believe that Mr. Miles thinks they are not assessed too high as a whole in the State. The question that he raises is not as to whether they are assessed too high as a company in the whole State, but that they are asssessed too high in one place and not high enough in another. Referring to Mr. Miles's cattle proposition. What difference does it make whether they are assessed at $10 a head if there is 20 head,

which would make $200, or if 10 of them were assessed at $7.50 a head and 10 at $12.50, which would make $200. It is going to save bookkeeping if you assess the 20 head at $10; and if the valuation in the State is not too high, what is the use in changing?

Mr. McTerney—Mr. Chairman, I think what Mr. Miles is getting at will hardly apply. There are 140 miles of road there. They could take that car off and thereby cut their taxes that full amount.

Mr. Whitehead—You mean they are assessed too high in the State?

Mr. McTerney—Not taking their aggregate assessment.

Mr. Whitehead—What difference does it make to the Pullman Company if you take a hundred dollars off if it is put on some place else?

Mr. McTerney—No difference except that the assessment would only apply if classified separately. As it stands now at $300 a mile it is very likely where they are operating this one car they would take that off and that takes 140 miles off of the assessment and leaves them without Pullman service. That, I think, is what Mr. Miles is contending for—not to reduce their assessment at all.

Mr. Miles—My contention is that the Pullman Company is not being assessed too high. I say it should be raised on the big lines and reduced on the small ones in order to keep that service, or we will lose our service and our tax also.

Mr. Sitton—I second the motion.

Mr. Whitehead—Mr. Chairman, I think this matter ought to be figured out. I am not particular, so far as I am concerned, whether he gets a lower valuation at all, but I think the matter ought to be figured to show whether the assessment we are placing now would bring the same tax to the State and counties as the former. Under that proposition the Pullman Company is not going to care how the valuation is placed to get the same taxes. The idea of this board is to get the same amount of taxes that was placed before. We thought that amount of assessment should be placed in the State and we want that amount now. I am not particular about segregating it, but we want the same amount.

Mr. Sitton—I think that can be arrived at in a few minutes, if we take the mileage of the several railroads as compared with the rate fixed heretofore, which we agreed to consider.

Mr. Malley—The same rule would apply to the Western Union and Wells-Fargo. We, in the southern part of the State, would not get our just tax if you should classify them. What would be the total assessment at $300 a mile against the mileage used by the Pullman Company?

Mr. Shaughnessy—The total money in taxes on that $300 a mile basis would be $12,860—that would be to the State and counties, and the Pullman Company is going to pay that as the Pullman Company.

Mr. Malley—What is the mileage?

Mr. Shaughnessy—1,394 miles in the State. Of course I see what is agitating the mind of Mr. Miles. He is afraid possibly they might lose their car, and I want to say that it will have no bearing. You have placed a valuation down there of $150 a mile, and Mr. Whitehead called your attention to the fact that on the basis of last year's valuation, where you placed the valuation at $50 per mile on all of the small lines, that did not deter them from taking the Pullman off of the L. V. & T. and the T. & T. The Pullman Company will either pay or fight the tax, but if you do business along uniform lines they can't refuse to give

the Nevada Northern service if Col. Cannon asks for it, any more than they can refuse the Southern Pacific. The Interstate Commerce Commission wouldn't stand for it a second. No member need have any fear of losing a Pullman service on account of taxation. It is a matter entirely separate and apart from the matter of service. It is bound stringently by the rules of the Interstate Commerce Commission, and the tax is an entirely different matter. On the assessment that would be levied by Mr. Miles's motion, of $350 a mile on the Central Pacific, the Western Pacific and the San Pedro, you can't say, when it comes down to a question of equity, that it is uniform, because the Central Pacific probably operates fifty cars a day, the amount being larger than two or three other lines together operating Pullman service through the State; the Western Pacific probably eight cars and the San Pedro twelve or fifteen. So you see $350 on all would not be uniform as between the different lines. There is nothing in that at all. I think the prior policy followed in the case of Wells, Fargo & Co., the Western Union and others, of finding a fair valuation of the companies, is fair, and if you distribute that on a mileage basis to all of the counties in which the Pullman Co. operates, each county will get its proportion of the tax, and that's no more than fair. It would not be right to deny the small counties in southern Nevada, and give it all to our great prosperous counties throughout northern, central and eastern Nevada. They have many resources, while the others are working hard to exist.

Mr. Whitehead—Mr. Chairman, I move that the motion be amended making the valuation $300 per mile on all roads.

Mr. Randall—I second that motion.

Mr. Ingalls—Mr. Chairman, I would like to suggest that you have that worded the same as the wording in the former motion that carried.

Governor Oddie—This amendment just made by Mr. Whitehead is changing the valuation so that it will remain as it was yesterday. Would it not operate the same way and be simpler to vote on the motion as made by Mr. Miles, then if it is carried it will go into effect, and if it is not carried the motion of yesterday will stand.

Mr. Whitehead—I withdraw my motion with the consent of the second.

Mr. Randall—I withdraw.

Governor Oddie—Gentlemen, a motion by Mr. Miles is before the board to place a new valuation on the Pullman Company.

Mr. Whitehead—Mr. Chairman, I understand now that if we vote no to Mr. Miles's motion that the valuation is left as it was placed yesterday.

Governor Oddie—I think the motion to reconsider wipes out the motion of yesterday, and we want to be on the safe side.

Mr. Whitehead—Then we would have to leave the motion as amended. I move that the motion be amended placing the valuation at $300 per mile on all roads.

Mr. Randall—I second the amendment.

Governor Oddie—Gentlemen, you have all heard Mr. Whitehead's amendment. If there are no further remarks, I will ask the Clerk to call the roll.

Upon the roll being called the following vote was had:

Yeas—Messrs. Whitehead, Springmeyer, Weathers, Ingalls, McTerney, Leonard, Lemaire, Randall, Grutt, Malley, Regan, Seeman, and Hayes.

Nays—Messrs. Sitton, Norris, and Miles.

Governor Oddie—Gentlemen, the amendment has been carried by your vote of 13 to 3. Now we should vote on the motion as amended, making the valuation $300 per mile, the same as yesterday. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the following vote was had:

Yeas—Messrs. Whitehead, Springmeyer, Weathers, Ingalls, McTerney, Leonard, Lemaire, Randall, Grutt, Malley, Regan, Seeman, and Hayes.

Nays—Messrs. Sitton, Norris, and Miles.

Governor Oddie—Gentlemen, the motion as amended has been carried by your vote of 13 to 3, so that the matter is in the same condition that it was yesterday, but we all know more about the Pullman Company. Now the question is on the Central Pacific Railroad. That is the first railroad on the order of business. I will ask Mr. Shaughnessy to give us some facts and figures that we may work on.

Mr. Shaughnessy—Now, gentlemen, in regard to the Central Pacific Railway Company, I will direct your attention to the statement I made a year ago. Those figures in regard to a fair valuation of the Central Pacific stand as I gave them at the time, namely, that the valuation of the Central Pacific—a fair valuation on a reproduction basis—is $80,000 per mile for the line and equipment and all improvements. As I said last year, in our cases before the Interstate Commerce Commission, we gave the Southern Pacific the benefit of $100,000 per mile valuation for purposes of rate-making. We did that because of the great expense that company had gone to in almost reproducing their line by line changes, building the Lucin cut-off, which is close to the Nevada line and of which Nevada is a beneficiary, and great line changes they have made within the State. Of course, that's all in the interest of good service and also in the interest of the company, but a great expenditure has been made and we know that, and they are entitled to something in the way of a return. Referring to the gross earnings theory that I gave last year, the earnings and rates that I gave last year in my statement have changed some this year. For example, their earnings last year were eleven million and some odd thousand dollars. This year there is a decided falling off creditable to Nevada. The gross earnings creditable to Nevada this year was $9,617,421.74, a reduction of some $2,000,000.

Mr. Cowden—Now that $9,617,000. You take that for a fiscal year as reported to the commission?

Mr. Shaughnessy—Yes.

Mr. Cowden—I would suggest that the tax be based on the gross earnings for the calendar year. Our earnings for the calendar year were $9,095,000, or a difference of about $600,000. It seems to me that would be the basis to figure on.

Mr. Shaughnessy—Of course, you understand, Mr. Cowden, the only thing we have got to go by is the basis of last year's earnings, as reported to us by your auditor, and we proceeded on that policy and it has been considered in our figures for all the companies, including all the public utility companies, and I don't see why we should make an exception, for the reason that that would throw everything all out of uniformity. The idea is we want to be consistent in carrying through our comparisons, and I would not want to recommend one basis for your company and something else for another company. That would hardly be fair. I

think, in view of the fact that the company earnings show a falling off of $2,000,000, that the comparison is very fair.

Mr. Cowden—It is not a question of fairness. Those figures were not available for your commission. Yours came in before. It seems to me that if the assessment is placed on a 4 per cent basis based upon the gross earnings of the company the year before, that the calendar year 1911 should be taken. They would be entitled to that consideration. I merely submit this for your consideration for what it may be worth.

Mr. Shaughnessy—The taxes paid for the year 1910, in actual money, as reported to us by the Southern Pacific Company, is $350,679.31. That's an increase of about 100 per cent by this particular company in the last three years in actual money. I think when you started to raise the Central Pacific they were paying about $175,000 to the State and counties within the State of Nevada, and during the last three years you have doubled the taxes the Central Pacific pays to the State. I think that is very substantial and the board is to be commended for the action they have taken thus far. The taxes on this $9,617,000 gross earnings within the State, on a 4 per cent basis, would amount to $384,696.84. Now the taxes that were paid last year is reported as $350,679.31. That is 3.64 per cent on a gross earnings basis. Now, if we stand on a gross earnings basis, the Central Pacific is pretty close to the mark, and in order to reach an absolute 4 per cent basis, the valuation, as I figure it, would need to be about $35,000 per mile. Now, $35,000 per mile, plus the valuation that is put on the rolling stock and sidetracks, would bring that up to approximately $41,000 per mile. They are paying on their rolling stock and sidetracks on a basis of about $6,000 per mile in the State. Now, that will give you a very fair valuation according to the earnings made by the Southern Pacific and on the basis of the reproduction value of the Central Pacific, namely, $80,000 per mile, which I directed your attention to a few moments ago. That will be substantially 51 or 52 per cent of full valuation. That's all I have to say at this time.

Governor Oddie—Mr. Shaughnessy, I want to ask you to figure it in this way. Take the total valuation per mile as you have placed it and add all of the sidings and improvements to the valuation per mile. That would make it a lump sum of what?

Mr. Shaughnessy—On the basis of what amount?

Governor Oddie—Four per cent. Suppose we were figuring it in that way, although of course we understand we are not doing so.

Mr. Shaughnessy—Assuming a basis of 4 per cent that valuation would be a total of $1,750,000 for the Central Pacific within Nevada, and in order to bring that amount the assessed valuation would have to be $39,200 per mile, which would include sidetracks and rolling stock.

Governor Oddie—Add the sidings and all improvements to the mileage, and on the basis of last year's taxation, what percentage would the taxes bear to the gross earnings?

Mr. Shaughnessy—Last year that figured 3.64 per cent.

Governor Oddie—That's including the sidetracks and improvements?

Mr. Shaughnessy—Yes.

Mr. Ingalls—Including everything?

Mr. Shaughnessy—Yes, everything.

Governor Oddie—That would be equivalent to what assessed value of the property? What proportion of the actual value of the property?

Mr. Shaughnessy—That would be 60 per cent on the gross earnings basis, as I said before. The cost of reproducing the Central Pacific, including equipment and everything, would be about $80,000 per mile. Now, if we put it on that valuation, that would be substantially 50 per cent of the actual value of the reproduction of the property. I have drawn my conclusions upon a 4 per cent gross earnings basis. If we stand on that, $33,000 per mile main line, and add the valuation of sidetracks and all rolling stock and improvements will give you 4 per cent of gross earnings, assuming the same amount of property is rendered and the tax levies remain the same. Now, if you elect to stand upon the reproduction value of $80,000, a valuation of $35,000, plus the valuation of sidetracks, rolling stock and improvements, will give you about 52 per cent of the ad valorem valuation of $80,000.

Governor Oddie—We would like to hear from Mr. Cowden.

Mr. Cowden—Mr. Chairman, I have come over here in behalf of the Central Pacific Railway Company, a stranger to your meeting, your methods of deliberation and your methods of arriving at the valuation as placed upon property. Sitting here and listening to the deliberations of this body, perhaps I have taken more interest in them than one would who had been here before. I have taken more interest because the manner of taxation seemed new to me, and in listening to you I have felt the difficulties under which you labor in trying to arrive at a fair, equal and just apportionment of the taxes for your State. Of course, the ideal you are striving for is an equal apportionment of the burdens of maintaining your government, and my company is willing and glad to meet you upon that basis and pay our share of the taxes. We have met you more than half-way. The assessment stands today in your State upon the Central Pacific Railway on an ad valorem basis in excess of the percentage of taxation of other property in your State. As shown by your Mr. Shaughnessy, it is at the present time, about 47½ per cent. It is conceded that the average basis of assessment in your State is about 45 per cent. Now, we have a constitutional right to an equalization of taxes. That's something that cannot be taken by your board; cannot be taken by your Legislature. We have stood some very heavy raises. We have stood raises beyond what we were legally compelled to, but we made no objections based on technicalities, but there is a limit to these things. There is a limit to the height to which the assessment can go before the company will be forced to take action in its own defense. Now, when I say that we have met you half-way, and more than half-way, I base my statement upon figures I have prepared with a great deal of care. These figures have been checked and proved to be absolutely correct. Taking your assessment from the years 1909 to 1911 on other property in the State of Nevada, you have increased your assessment 2½ per cent. During the same period you have increased the assessment of the Central Pacific Railway Company 56½ per cent. Now, we are the heaviest taxpayer in the State of Nevada. In the year 1910 we paid 22 per cent of all your taxes. In the year 1911 we paid more than that. Just what the figure is I do not know, because the Controller's books, I believe, do not show the exact figure for this year. During those two years the company has been in other trouble; wages have increased; we have been met with competition

which has decreased our earnings, and the general expenses of the operation of the road have materially increased through a flood of legislation pouring through the country, both state and national, demanding additional requirements and obligations of carriers. When I say we are paying on 47½ per cent of what our valuation is according to your laws for the basis of assessment, I think I am reaching the same figures reached by Mr. Shaughnessy and in the same way. I think it's in the 10th Nevada, in the case of the State of Nevada v. The Central Pacific Railway Company, that the late Chief Justice W. H. Beatty decided that the ad valorem valuation of railroad companies is the cost of reproduction as the road stands at the time the assessment is made. Now, Mr. Shaughnessy shows that as $80,000. I find upon checking up our assessment on the per mileage basis in your State that the total figures amount to $38,034.04. That figure is made up by $31,500 upon the main line, $6,000 upon the sidetracks, and the balance—the difference between that and the $38,000—is made up by the assessment upon rolling stock. Taking the $80,000 suggested by Mr. Shaughnessy and the $38,000 per mile as shown, the percentage is 47½ per cent. That, you can readily see, is in excess of your average assessment in this State, which is from 40 to 45 per cent. I have noticed a tendency during the deliberations of this body to discuss the 4 per cent of gross earnings. It has been adopted by you, as I should say from following your discussion, more or less as an arbitrary basis. At the same time it is more probably taken from the California law. That is where it received its suggestion. In applying the 4 per cent proposition in this State it will work an injustice, because, as Mr. Shaughnessy has shown you, that 4 per cent was figured upon the basis of a 60 per cent valuation in the State of California. At the time they adopted it the assessment in the State of California was below that, and they realized the necessity of making all assessments the same, consequently they brought their assessments up before putting that into effect. Now, upon a basis of 45 per cent, upon which this is assessed in your State, or three-quarters of 60 per cent, the California rate, the gross earnings should not exceed 3 per cent, if that system is to be adopted. Further than that, the gross earnings figure used in California included the great value of franchises. In your State you have no franchise tax, and that must be eliminated, which will further reduce the percentage from 3 per cent. Where the 4 per cent system is used—where the percentage system of net earnings is used—in any State, so far as I have been able to discover, that percentage is based upon the earnings of the calendar year preceding the assessment. Mr. Shaughnessy has taken, because those were the only figures available to him, the gross earnings as reported to the Railroad Commission, and that report runs from June 30th of one year to June 30th of the other. Now, I asked our auditor before I came up here, believing and feeling that was what should be followed if such a percentage should be applied, to furnish me with the figures of the gross earnings from December 30, 1911, to December 30, 1912, and that figure is $9,095,354.

Governor Oddie—Just a second, Mr. Cowden. Don't you mean from 1910 to 1911?

Mr. Cowden—Yes, and I thank you for the correction. Now, our gross taxes in your State, as stated by Mr. Shaughnessy, for last year, were $350,679. Now, the percentage that that tax bears to the gross

earnings is 3.9 per cent, or within a very slight fraction of 4 per cent. Now, in the State of California and in other States, where the percentage system is adopted, the operating line pays the taxes of all the subsidiary lines. They do not pay their individual taxes, but the operating line pays them all. Consequently, if that system were put into effect in the State of Nevada, the Central Pacific would pay the taxes on the Southern Pacific and upon the N. & C. Railway Company; consequently the gross earnings of those two roads would be lumped for the purpose of arriving at the percentage of tax that should be applied. The gross earnings of the Central Pacific for that year, even taking Mr. Shaughnessy's figures on the basis of the commission's report, $9,617,000, with the N. & C. Ry., $636,000, a total of $10,254,122.66, the total taxes would amount to $419,049, which is a little in excess of 4 per cent. You can see from that, gentlemen, why my company feels that it is paying its share of your taxes from any angle from which a man may figure. You are sitting here as a board for the whole State. You represent my company just as you represent the individual taxpayer, and if you are going to be fair with us we want to be fair with you, and I think under the circumstances—— My associate has called my attention to the fact that in the year 1911 our assessment on land grants, which shows another tax we pay, was increased $940,000. So you can see we are a pretty substantial taxpayer and contribute one-fifth of all the expenses of running your government. Now, if taxes are to be raised, it is not logical to start in on the company that pays the biggest percentage of the taxes and on the basis of the highest assessment. I thank you very much for your attention and appreciate the spirit of fairness evidenced by the entire board, and on behalf of the company I represent, I ask that our assessment at this time be not raised, for it is now in excess of the legal limit. I thank you.

Governor Oddie—I would like to make one statement. It does not seem to me quite fair to include the taxes on the Southern Pacific lands in the taxes on the railroad in any basis of computation, because the land is a separate class of property altogether and is a side issue. By placing the assessment of these lands on a fair basis it may be the means of throwing large tracts on the market, thereby bringing many colonists to the State which would be of material benefit to the State and to the railroad also.

Mr. Cowden—Pardon me, Mr. Chairman. I did not figure that in my computation. The figures I presented to the board were based solely upon taxes irrespective of land grants. I merely thought that in view of the fact that you had increased our land taxes there, we were entitled to some consideration on that basis.

Mr. Randall—Mr. Chairman, I move that we place a valuation, for assessment purposes, of $35,000 per mile on the main line of the Central Pacific Railway Company in Nevada.

Mr. Malley—I second the motion.

Mr. McTerney—Mr. Chairman, I move that we take an adjournment until 2 o'clock.

Mr. Weathers—I second the motion.

Upon the question being put the Chair was unable to decide the outcome by viva voce vote, and the Clerk was therefore asked to call the roll. Upon roll-call the following vote was had:

Yeas—Messrs. Weathers, Ingalls, McTerney, Leonard, Lemaire, and Miles.

Nays—Messrs. Sitton, Whitehead, Springmeyer, Norris, Randall, Grutt, Malley, Regan, Seeman, and Hayes.

Governor Oddie—Gentlemen, the motion to adjourn has been lost by your vote of 10 to 6.

Mr. McTerney—Mr. Chairman, I move that we amend the motion by placing a valuation, for assessment purposes, of $33,000 per mile on the main line of the Central Pacific Railway Company in Nevada.

Mr. Weathers—I second the motion.

Mr. Lemaire—Mr. Chairman, I move to amend the amendment by placing a valuation, for assessment purposes, of $34,000 per mile on the main line of the Central Pacific Railway in Nevada.

Mr. Ingalls—I second the amendment to the amendment.

Mr. Whitehead—Mr. Chairman, I would like to say just a word before we vote on this question. As mentioned by the Governor, the proposition of valuing the land is an entirely different matter and the Southern Pacific Company deserves no consideration whatever, with relation to their railroad assessment on this land proposition. It makes no difference to the State or the Board of Assessors whether the Southern Pacific owns this land or some other party, and it has no relationship to the assessment of the railroad, nor should it be considered as a factor in raising or lowering the assessment of the railroad property. And I would also call attention to the fact that we are not assessing property on a 4 per cent basis. If I were to assess some of our property on a 4 per cent basis I would cut the taxes in two—and 4 per cent on gross earnings would not be the talked-of 60 per cent. And neither are we assessing entirely on the basis of reproduction. We must come down to the fact that we are assessing property at its cash value, as has been called to our attention several times by the Attorney-General. And there are a great many things that have to be taken into consideration in assessing property at its cash value. If you own a piece of property that is making practically nothing, and I want to take it on a just debt, and you are able to pay me without my taking the land, I am not going to pay you as high a price for that property if it is making nothing as if it was making lots of money. The question of a company, or corporation, or any individual, making lots of money must be taken into consideration when we are figuring on cash value, and we know that the Southern Pacific is making lots of money and the Central Pacific is included in it. Another thing, this talk that has come out about the percentage basis of assessment, applying 45 per cent, may not be applied at the present time; 1910 was the time that was taken up, and the Assessors were getting on an average 45 per cent. We are not assessing 45 per cent. We are trying to arrive at the cash value of the property, and allowing, for illustration, that the basis in 1910 was 45 per cent, that does not necessarily say that it is 45 per cent in 1912, or that it will be that. I am satisfied that the assessment all over the State has been raised—Mr. Cowden says 2½ per cent—but there is one item that comes in, delinquent properties, that does not appear. In my county between 1910 and 1911 the amount that did not appear was $121,000. It makes about 10 per cent of the whole roll, and it may be so in other counties. So I think we may safely say the percentage has increased. I know that it has in my county, and I know it will again this year. We are figuring on a basis of cash value, so we can't figure on a basis of 45 per cent. The representative of the Southern Pacific was saying that his company was

paying on a basis of 47½ per cent and other property in the State on a basis of 45 per cent. We are not assessing on that basis—we are trying to get at the cash value, and I think these things need taking into consideration. I do not wish to be unfair to the Southern Pacific, and it is not my intention to bring forth anything that would make for unfairness. But where all these things are taken into consideration we can better arrive at the cash value.

Mr. Cowden—Mr. Chairman and gentlemen, that figure of 2½ per cent was very carefully figured and shows that your basis of assessment here is not above the 47½ per cent that we are paying, as shown by the figures of both Mr. Shaughnessy and myself, and the proposal that is now before the board to increase the assessment would unquestionably bring it above the average.

Governor Oddie—Mr. Cowden, I want to state that there is a strong effort being made by the various Assessors to raise the value of other classes of property in the several counties. I made a statement here to the Assessors that I did not consider the land values were assessed as high as they should be. The landholders have not been paying as much as they should, the large landholders especially. Take Miller & Lux, for example. I happen to know about their case. I think their assessment in Lyon County shows something like 20,000 acres of land, assessed for $72,000, and they have just brought a suit against the smelting interests there for over $200,000 damage to pasture lands. They are not paying their just proportion of taxes, as you can see, and I want to see the Assessor get after these people and other landowners like them and make them pay their just proportion. That is just as I feel toward the Southern Pacific. They can stand a reasonable increase now, and I feel that other classes of property will be increased up to a uniform basis, because just so much money has to be raised in the State, and the Assessors have to raise it. Each class of property should pay its proper proportion. We do not want any surplus; we just want enough to run the state and county governments. And I know that every Assessor is going to make an effort such as never before to try and get an equitable and just assessment on every class of property. You can see how they have been working here at this meeting all the way through. I do not think this board means to do any injustice to the Southern Pacific Company or to anybody else, but it is their intention to be as just and equitable as possible to everybody and every interest in the State.

Mr. Cowden—Mr. Chairman, I merely showed our figures to show what percentage we were paying, because it is the idea of this board to arrive at a fair valuation, and in doing so naturally they want to know what we are paying now. When the assessment of the different properties in the State is brought up, the Southern Pacific Company will make no protest. We will pay our share and without any complaint. But the position right now is that those lands are not up to the percentage we are paying at the present time.

Governor Oddie—The idea is to bring those lands up and other classes of property up. Then the tax rate should be lowered, and it will make it less of a burden on all classes of property. It will mean strenuous work on the part of the Assessors.

Mr. Miles—Mr. Chairman, I believe that the motion as understood by this board is that no rolling stock shall be included in this valuation It is only the track mileage.

Governor Oddie—I think Mr. Shaughnessy can explain that.

Mr. Shaughnessy—The motion covers the main line only. You have rolling stock in the classification, and it will come up later.

Mr. Miles—I agree with Mr. Whitehead on this taxation proposition. We are not going to assess on a percentage basis. What we place as the valuation here we must determine is the cash value and not a percentage valuation.

Mr. Whitehead—Mr. Chairman, there are some properties that were above what we have been talking about, a 45 per cent average basis, as conceived in 1910, and some of the counties were above that average. I think the Assessors understand that those who were low in 1910 are figuring as hard as they can to get all they can and get up their average so that all will be alike. There will be only so much money for each to raise and the rate will govern the tax paid. If we make the assessments so the rates can go down, then they will go down. If we make them so they have to come up, they will come up, and the rate makers are going to make the rate on us after our assessment is placed.

Governor Oddie—Gentlemen, we are open for further discussion. If there are no further remarks I will ask the Clerk to call the roll on the amendment to the amendment. As I understand it the motion made first placed the valuation at $35,000 per mile; then it was amended placing the valuation at $33,000 per mile; then the amendment was amended placing the valuation at $34,000 per mile. You are now voting on the amendment to the amendment placing a valuation of $34,000 per mile, for assessment purposes, on the main line of the Central Pacific Railway in Nevada.

Upon roll-call the following vote was had:

Yeas—Messrs. Lemaire and Miles.

Nays—Messrs. Sitton, Whitehead, Springmeyer, Weathers, Ingalls, McTerney, Leonard, Norris, Randall, Grutt, Malley, Regan, Seeman, and Hayes.

Governor Oddie—Gentlemen, the amendment to the amendment is lost by your vote of 14 to 2. The question is now on the amendment placing a valuation, for assessment purposes, of $33,000 per mile on the main line of the Central Pacific Railway in Nevada. I will ask the Clerk to call the roll.

Mr. Ingalls—Mr. Chairman, I want to change my vote on the amendment to the amendment. I did not know we were voting on $34,000 a mile. I want to vote in the affirmative.

Governor Oddie—Very well, Mr. Ingalls. It will be so noted in the records. That makes the vote on the amendment to the amendment 13 to 3.

Upon roll-call on the amendment the following vote was had:

Yeas—Messrs. Weathers, McTerney, and Leonard.

Nays—Messrs. Whitehead, Springmeyer, Ingalls, Lemaire, Norris, Randall, Grutt, Malley, Regan, Seeman, Hayes, Miles, and Sitton.

Governor Oddie—Gentlemen, the amendment has been lost by your vote of 13 to 3. Now the question is on the original motion placing a valuation, for assessment purposes, of $35,000 per mile on the main line of the Central Pacific Railway in Nevada. I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Mr. Randall—Mr. Chairman, I move we adjourn until 2 o'clock this afternoon.

Mr. Whitehead—I second the motion.

Upon the question being put the motion carried unanimously.

Accordingly, at 12 o'clock noon, the board took a recess until 2 o'clock p. m.

**Afternoon Session**

The board resumed its session, pursuant to recess, at 2:30 p. m.

The Governor—The board will please come to order. I will ask the Clerk to call the roll.

Upon roll-call all members of the Board of Revenue and State Board of Assessors answered present, with the exception of Mr. Arrild of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered in his stead.

Governor Oddie—Gentlemen, the next order of business is the Central Pacific sidetracks.

Mr. Leonard—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the sidetracks of the Central Pacific Railway in Nevada of $6,000 per mile.

Mr. Weathers—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks, I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, the next order of business is the Nevada and California, broad-gage.

Mr. Grutt—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the broad-gage main line of the Nevada and California Railway Company in Nevada of $14,000 per mile.

Mr. Malley—I second the motion.

Governor Oddie—Would you like to speak first, Mr. Cowden?

Mr. Cowden—I would like to her from Mr. Shaughnessy first.

Governor Oddie—I will ask Mr. Shaughnessy to give us some facts and figures on this matter.

Attorney-General Baker—Mr. Grutt, your motion was to assess the N. & C. broad-gage in Nevada, was it not?

Mr. Grutt—Yes, sir.

Mr. Shaughnessy—The Nevada and California Railway operates in Nevada 170 miles of broad-gage railroad and 52 miles of narrow-gage. Their total operating revenue within the State for the year 1911 was $636,700. Total taxes paid for the year 1910 were $52,272.56. Now, upon that basis, the Nevada and California is being assessed on 8.21 per cent of its gross earnings. On the ratio of gross earnings they show a very substantial tax, but figured on the basis of their net revenue, I don't think the tax is any too much, and, as I explained, we are not following absolutely a 4 per cent basis, or any other basis, except that we do use the 4 per cent gross earnings in some instances in finding a fair valuation. I think that the counties through which the Nevada and California operate are really entitled to $14,000 per mile. In fact, it would be unfair to assess them at anything less under the circumstances. If necessary I can give you further figures.

Governor Oddie—Mr. Cowden, may we hear from you?

Mr. Cowden—Mr. Chairman and gentlemen, the same principles and the same arguments apply in this as apply to the other. The old saying has been running through my mind that "You can't make fish of one and

flesh of the other." Every time I think of that I feel like substituting the word "goat" for "flesh." You have followed the principle of 4 per cent on gross earnings as a basis of arriving at a fair valuation of other properties, and if it is fair for one it is fair for another. I fail to follow the distinction made by Mr. Shaughnessy. There seems to be no logic back of it. It is absolutely arbitrary. If 4 per cent is used for one, should not 4 per cent be used for the other? My figures differ about 2 per cent from Mr. Shaughnessy's. I figure that the Nevada and California Railway is being assessed on 10¾ per cent of their gross earnings. His figures are a little over 8 per cent. Just where the difference comes in I don't know as I have not had time to check it up. Taking Mr. Shaughnessy's figures as a basis, shows very clearly that the Nevada and California is paying just about twice what it should. I have not figured out just what amount per mile would be necessary to bring the assessment to that rate of 4 per cent on gross earnings. Perhaps Mr. Shaughnessy has, and if he has you can ascertain the fact from him. If we are going to be fair and just, and even this assessment up, why not treat those two roads alike? I don't think I can do anything if I take up your time with a long address. That is a self-evident proposition, it seems to me, to anyone who looks at the figures. I submit, on behalf of that company, in all fairness that the assessment on that road should be cut 50 per cent.

Mr. Shaughnessy—I would like to say, gentlemen, in reference to these percentage lines, that it is very difficult indeed to find a fixed percentage, like 4 per cent on gross earnings, which would fit the Southern Pacific, which is earning almost to the capacity for a single-track railroad, and it will not fit a small railroad branch line that runs through a sparsely settled country. Also the fixed ratio, as I explained many times yesterday, while it will work very nicely in a State of large resources, like California, it won't in a State like Nevada. Now the 4 per cent applied throughout the northern, central and eastern counties in Nevada, where they have large resources, will do handsomely, but in some of the central and the southern portions of Nevada it will not work out. And in some cases here in this immediate neighborhood, for example, it does not. The Virginia and Truckee is an example. That company, by reason of the poor financial condition of Ormsby County and Storey County, is paying actually 7 per cent of their gross earnings, while the Nevada and California, by comparison, is paying 8 and a little over per cent. I don't see anything unreasonable in that. If we go further south and take into account the L. V. & T. and the B. &. G., which is operated by the Tonopah and Tidewater, we find that the Las Vegas and Tonopah is paying, notwithstanding the fact that it is assessed on the invoiced value of the property—that is, what it would bring if it were torn up and sold for scrap—they are paying 16 per cent of gross on the basis of last year's earnings. The B. & G. is paying actually 10.99 per cent. I just cite those cases to show that we can't use 4 per cent of gross earnings to get a fair valuation of all property. There comes times when we can't be guided absolutely by that rule and we are forced to assess according to our necessities.

Governor Oddie—I would like to hear some discussion on this, gentlemen. What we want is to arrive at an equitable basis of assessment for all classes of property.

Mr. Miles—I would like to hear from the gentleman as to the resources of that railroad, its connections, outlet, etc.

Governor Oddie—Can you give us some figures on that, Mr. Shaughnessy?

Mr. Shaughnessy—In reference to the Nevada and California, they operate south from Hazen to Mina as a broad-gage; from Mina they go south to Owenyo and Keeler. From Mina to Owenyo it is narrow-gage and from Owenyo to Mohave broad-gage, where they move to Los Angeles over the Southern Pacific. It is the ultimate intention to broad-gage the line from Mina to Owenyo and make a through transcontinental line out of it. And I understand it is the intention to route fruit shipments from southern California through over that line; also traffic for Los Angeles and southern California by way of the Central Pacific, will be routed south by Hazen and Owenyo to Los Angeles and southern California points, thus relieving the Sierra Nevada mountain route of the Central Pacific. So the future of the Nevada and California is, I consider, a very promising one. They are earning, at the present time, on a very substantial basis, and a tax on a basis of $14,000 per mile will not be an injustice.

Governor Oddie—We would like to hear something from the various Assessors on this. There is a principle at stake in this, it seems to me. If there are no further remarks I will ask the Clerk to call the roll. You are now voting that a valuation, for assessment purposes, be placed on the broad-gage main line of the Nevada and California Railway Company in Nevada, of $14,000 per mile.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business, gentlemen, is the sidetracks of the Nevada and California Railway, broad-gage.

Mr. Grutt—I move that the sidetracks of the Nevada and California Railway, broad-gage, in Nevada, be placed at a valuation of $3,200 per mile, for assessment purposes.

Mr. Randall—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion unanimously carried.

Governor Oddie—The next order of business is the Nevada and California Railway, narrow-gage.

Mr. Grutt—Mr. Chairman, I move that a valuation be placed, for assessment purposes, upon the main line of the Nevada and California Railway, narrow-gage, in Nevada, of $2,800 per mile.

Mr. Malley—I second the motion.

Governor Oddie—Mr. Shaughnessy, will you give us some facts and figures on this matter?

Mr. Shaughnessy—I can hardly say anything further than what I have said. That is a part of the Nevada and California Railway and was included in the statement previously made. That covers the narrow-gage from Mina to the Nevada-California state line.

Governor Oddie—How many miles?

Mr. Shaughnessy—52 miles.

Governor Oddie—Mr. Cowden, would you like to say something?

Mr. Cowden—Mr. Chairman and gentlemen, I think that what I have already said is applicable to both the broad and narrow-gage. The same argument applies to the road as an entirety.

Mr. Miles—Mr. Chairman, I should like to hear from the Assessors who have narrow-gage roads in their counties. It appears that the narrow-gage is going to be changed to a broad-gage, and I would like to have it compared with the other narrow-gage lines.

Mr. Whitehead—Mr. Chairman, I would also like to ask if the report on the Nevada and California as given, includes the narrow-gage also.

Mr. Shaughnessy—It does.

Mr. Whitehead—By taking the line as a whole, 52 miles is assessed at $2,800 and the balance is assessed at $14,000.

Governor Oddie—You see the bulk of the business ends at Mina and goes over the T. & G.

Mr. Whitehead—The earnings are distributed over the entire line, so it does not make it out of proportion so much as it would appear.

Mr. Shaughnessy—I would like to say that I think an assessment of $2,800 per mile would be just and equitable. In investigations we have made at various times, when on rate cases on the Nevada and California, we found that the proportion of earnings made upon the narrow-gage consisted of about 20 per cent of the whole, and 20 per cent of $14,000 would be $2,800.

Governor Oddie—There is a motion before the board. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Nevada and California, narrow-gage, sidetracks.

Mr. Grutt—Mr. Chairman, I move that the sidetracks of the Nevada and California Railway Company, narrow-gage, in Nevada, be placed at a valuation of $800 per mile, for assessment purposes.

Mr. Randall—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion was carried unanimously.

Governor Oddie—The next order of business is the Hazen and Fallon Railway.

Mr. Sitton—Mr. Chairman, I would like to know if there is any data by which we can get at that?

Mr. Shaughnessy—There is not. That is also considered in the business of the Nevada and California.

Mr. Sitton—Mr. Chairman, I move that a valuation be placed on the main line of the Hazen and Fallon Railway, in Nevada, of $10,000 per mile, for assessment purposes.

Mr. Springmeyer—I second the motion.

Governor Oddie—Mr. Cowden, would you like to say something?

Mr. Cowden—Why, that's a part of the Nevada and California Railway, Governor, and it has been demonstrated that it is paying about twice 4 per cent of the gross earnings. It's absolutely unreasonable. It seems to me that it is bad enough as it is. I would regret very much to see the raise, and trust the board will see the fairness of leaving it where it is.

Governor Oddie—Mr. Shaughnessy, will you give us some facts and figures on this matter?

Mr. Shaughnessy—I am not in a very good position to say what the pro rata of the earnings creditable to the Fallon branch are. I think

the valuation assessed last year is reasonable for that little branch line—$8,000 a mile for the main line and $1,000 a mile for the sidetracks. My off-hand judgment is that $8,000 is reasonable.

Mr. Sitton—Mr. Chairman, the only reason I put it at $10,000 is this: I know from the inside of the business that the force in the freight department has been doubled to handle the business within the last year. It must be that there is more business or they would not double the force to handle it.

Governor Oddie—Are there any further remarks, gentlemen? If not, you have heard the motion and I will ask the Clerk to call the roll.

Upon roll-call the following vote was had:

Yeas—Messrs. Sitton, Springmeyer, Ingalls, Randall, Grutt, Malley, Regan, and Seeman.

Nays—Messrs. Whitehead, Weathers, McTerney, Leonard, Lemaire, Norris, Hayes, and Miles.

Governor Oddie—The vote is a tie, gentlemen, and as I have the deciding vote I will vote no, so the vote is lost. We are open for another motion.

Mr. Whitehead—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the main line of the Hazen and Fallon Railway, of $8,000 per mile.

Mr. McTerney—I second the motion.

Governor Oddie—Are there any remarks? If not, you have heard the motion, and I will ask the Clerk to call the roll.

Upon roll-call the following vote was had:

Yeas—Messrs. Whitehead, Springmeyer, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Grutt, Malley, and Hayes.

Nays—Messrs. Sitton, Randall, Regan, Seeman, and Miles.

Governor Oddie—Gentleman, the motion is carried by your vote of 11 to 5. The next order of business is the sidetracks of the Hazen and Fallon Railway.

Mr. McTerney—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the sidetracks of the Hazen and Fallon Railway, of $1,000 per mile.

Mr. Weathers—I second the motion.

Mr. Miles—Mr. Chairman, I understand that that little road out there is quite a permanent road, and its resources are principally agricultural, and for that reason the sidetracks are permanent, too, and it strikes me that is a little low. I move to amend the motion by making the valuation $1,500.

Mr. Sitton—I would like to state in regard to that, if the main line is not raised I can't see where the sidetracks should be increased in value. There is only about three miles of sidetracks.

Governor Oddie—Gentlemen, in regard to the deciding vote which I cast against placing the valuation of the Hazen and Fallon main line at $10,000 per mile, I want to state that it was based upon the advice of the Railroad Commission and upon the figures which they submitted for the system as a whole. Mr. Shaughnessy stated that he considered $8,000 a very fair valuation and I believe he is in a position to know.

Mr. Whitehead—Mr. Chairman, I have gathered from my talks with Mr. Sitton that his valuations are fairly high all over his county, and if the road was about right last year, then I can't see why it should be raised, because he won't get any increase in his other property to com-

pare with it. If it has been right, then it's right this year. That's the reason I voted no in my instance.

Mr. Sitton—The reason I asked for a raise was that I know that their business has increased wonderfully. That's the reason I asked.

Governor Oddie—Is there a second to Mr. Miles's amendment?

The Clerk—No, sir.

Governor Oddie—The original motion now stands before the board. If there are no further remarks I will ask the Clerk to call the roll. You are now voting on a motion placing a valuation, for assessment purposes, on the sidetracks of the Hazen and Fallon Railway, of $1,000 per mile.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Tonopah and Goldfield Railroad Company. Mr. Brown, will you give us a statement of the condition of that road? Mr. Brown is the attorney for the Tonopah and Goldfield.

Mr. Brown—Mr. Chairman, and members of the board, there are some features of our situation that are very good, but a statement of the whole story will show that the railroad company is face to face with some very serious financial problems. During the last year the figures that we have show that we took in $792,000 in round figures. We paid out $727,000, and we were in the clear $65,000. The detail of that situation briefly is this: The operating revenue in round figures was $788,000; the operating expenses $560,000; taxes were $29,000. That left an income of $198,000. In addition to that there was some miscellaneous income in the sum of $3,000, which made the total income $202,000. Now, we used that money in this way: We paid interest on our bonded debt in the sum of $48,000; we redeemed a part of our bonds, as we were required to do by the mortgage, in the sum of $78,000, and paid the Southern Pacific $8,000 for track rent; we paid $1,500 for equipment hire, making a total outlay of $136,000 out of $202,000, leaving us the $65,000 in the clear. Now, for the present year, we are face to face with these principal obligations. Our railroad is no longer new; we have reached that point in life where we have to make renewals. We commenced that last year; it goes on this year. During this current year our renewals for ties, rails, etc., will exceed last year's renewals in the sum of $25,000. Now, the detail of our renewals is this: 40,000 ties in the track, figured at $1.06 cost in the track, $42,000; $5,000 for flues, $6,000 car wheels, $3,000 rails, $7,000 fire boxes, making an aggregate of $53,000. On top of that, twelve days ago our Supreme Court in the case of Henningsen vs. the T. & G. R. R., pronounced final judgment against the company for $20,000, with $7,000 interest on top of it. That was a denial of our petition for a rehearing, which means it is the final word of the Supreme Court. We have to pay that $27,000 to Henningsen right away. There is another case in the Supreme Court, F. A. Knox against the railroad company, set down for argument on the 8th of March. In that case a Nye County jury gave Knox $25,000. If that is decided against us by the Supreme Court it will carry three years' interest, or interest in the sum of $5,000; if it is, before a great while we have got to pay Knox $30,000; so that the excess renewals and the Henningsen item alone foot up $52,000, and if the Knox case goes the same way on top of that, there is an aggregate of $80,000. Taken from our net surplus of $65,000 for last year we would face a deficit on that computation. We don't anticipate that

the Knox case will be affirmed for that amount, but even if for a part it will put a serious hole in the finances of the railroad company; and you gentlemen probably know the fate the railroad companies usually meet in personal injury cases. We also face this—another serious problem: There are three new mills in Tonopah. One has commenced operations; that's the West End. The new McNamara mill is about to begin work, and the new Belmont mill will be ready for operation within a few months. Now, while the construction of these mills, and the increased ore production in Tonopah, means prosperity for every person else, it means to the railroad company the loss of that ore tonnage heretofore enjoyed, and that foots up by last year's figures $122,000. That comes out of our gross revenue for the next year. That's 21 per cent of our entire revenues. And taking the figures already given—the Henningsen judgment, our renewals, a possibly unfavorable judgment in the Knox case and the loss of our tonnage—and we figure that we are face to face with a prospective deficit at the end of this year, unless there is some new tonnage developed from some source to take the place of that which we will lose, and there is no outlook for that ahead so far as we can see. Some coal has been developed at Coaldale, and we are very hopeful about that. The people of our country are greatly elated over the possibilities of coal development. But at that it is speculative, experimental, in its present condition, and what may develop in tonnage is problematical. Part of that coal land at the present time has been withdrawn by the Interior Department's orders, and, while we offer up a little prayer every day that it may be reinstated for entry, possibly some of you know that the Interior Department is very slow about things of that kind. So as to the matter of traffic, there is nothing definite ahead of us to make up for this we stand to lose. Now, to be sure, during the last few months we have had a bulge in our tonnage; we have had a good business, but that's been due primarily to the mill construction in Tonopah and Manhattan, and that extra tonnage is about all in, so what we have enjoyed during the past few months has simply been a temporary benefit that is not in store for us during the months ahead of us. Our gross revenues, gentlemen, have been constantly decreasing. In 1907 our gross revenues were $2,300,000 in round numbers; in 1908, $1,900,000; 1909, $900,000; 1910, $792,000; and in 1911, $784,000. It's been constantly on the decrease. If the 4 per cent yard-stick should be applied in our case for the purpose of approximating a fair figure, it would work a hardship. Out of our gross earnings we don't net the same high proportion of earnings as roads more favorably situated, or what we earn in the gross it costs us more to get. That is to say, our geographical position is unfavorable; we are sandwiched in between branch lines. We connect with the Nevada and California at Mina on the north and at Goldfield we connect with the Tonopah and Tidewater and the Las Vegas road; so that everything that we bring in, all materials, our fuel, and everything like that, we don't get delivered to us on the main line and we have to pay the extra traffic of the branch-line haul. In addition to that, Tonopah is a high-wage camp, and we pay high wages. I think if you will examine the report you will find the T. & G. possibly pay higher wages than any other road in the State. I think that is true. I think that was brought out in the controversy in the Federal Court last spring. Our water bill, for instance—another illustration—showed for one year

$20,000. Compared with other short lines it was five, six and ten times what they paid for water. Notwithstanding the fact that our gross earnings have decreased, the figures we have filed with the commission show that we are increasing our net earnings, and we have done that through retrenchments. Our commission has said that our road had to retrench; said it cost too much to operate; that we were spending too much, and we obeyed the commission and have retrenched. Mr. Hanlin, our general superintendent, resigned, and we abolished that office. Mr. Phillips, superintendent of motive power, resigned, and we abolished that office, and created the office of superintendent, and made Mr. W. D. Forster traffic manager and general superintendent. And the retrenchment keeps going down the line until we reach the legal department, and if we have to make further retrenchment to keep out of the red, our next retrenchment will be on the efficiency of our service, and, after that, wages. We don't want to impair the efficiency of our service. We have given the people in the desert a first-class service; a Pullman car north and south every day, but if we do have to, that's where the knife cuts through next. Our conference with the commission developed—I don't know what the latest figures are, but then—that we operated our passenger service at a loss of over $70,000; a gratuitous loss of $70,000 or more to our company. The company is in debt. The details of that will be furnished you by the commission's figures, and perhaps it might be said here if we were not in debt we would have larger net earnings; that there would be no danger of red ink if we were not in debt. Most railroad companies are in debt. Most railroad companies are operating on borrowed money. Sometimes they are fortunate enough to have a man who is rich enough to build a line out of his own resources, but not often. I expect we would be glad to have more railroads built in this State through the issuance of bonds. The more railroad property there is, the greater the source for taxation. The Interstate Commerce Commission says that interest on bonded debt is a fixed charge. It don't call it surplus earnings. It is the same as wages; the same as anything else that must be paid, and if you should treat the money that we have paid upon our bonded debt as surplus earnings it would be a world of discouragement to investors who might be willing to build further railroad properties in the State through the means of borrowed money. I want to see that connecting link built into Mono County. I want to see the line built into Wonder. If they are built it will be with borrowed money, and the people who have made the surveys for these lines are the people who are back of the Tonopah and Goldfield. Something might be said about big dividends. It's curbstone talk in the southern country that this company paid for itself in one year. The fact of the matter is that in 1906 and 1907, the boom years, it paid 35 per cent dividends. No dividends have been paid since then. That was a big thing that was done at that time, but that 35 per cent, when spread out over the years that have intervened, becomes pretty thin. We don't ask anything more for our stockholders, for there is no hope of earning a dividend for the stockholders, but we do want to keep out of the red, and because of that condition we are making application to this board to reduce our present assessment. I notice in the proceedings of a year ago, the item of surplus was mentioned; a figure in excess of $500,000. That is a big account upon our reports. That was referred to without any explanation, and when you

read the record it sounds like surplus in bank. When we have surplus moneys it means surplus in bank, but this item does not mean money in bank, or any money at all. It is simply a big account called surplus because the Interstate Commerce Commission prescribes the method of keeping railroad books and they say that an account so designated must be kept, and it is made up of this item. That is to say, the net earnings of the railroad company each year are added into that column; the $65,000 we earned this last year is added in that column, added on to that $500,000 that you heard of last year, and next year this will be added on. The fact that it took that to pay $27,000 to Henningsen, or something else to another party does not appear. It does not appear that we have used the money, but the fact is we have, and, although it appears there, there is not a five-cent piece to show for it. Now, passing the matter of revenue and coming to the matter of the value of the track. The company has a mileage of 96.7, practically 97 miles—in round numbers 100 miles—and the valuation fixed on that a year ago was $10,000 per mile. That is, in round numbers, a valuation of $1,000,000 on the track. In our rate case last spring, the question arose as to the value, the total actual value of the property. That is, everything the company has, and it was valued at $2,300,000. The Railroad Commission combatted that and contended that a valuation of $2,000,000 would be more than liberal. The figure they actually fixed was $1,900,000; and assuming, by taking the figure of $2,000,000—the evidence in the Federal Court was sworn testimony—and they showed aside from track, the other property of the company, in round numbers, was valued at about $1,000,000. That would leave a valuation of $1,000,000 for the track. Now, the contention of the commission was that $2,000,000 for the whole property was the whole value of that property to the stockholders. Now, I submit to you, gentlemen, that a higher valuation to the State for the purposes of taxation ought not be made than the value accorded to the stockholders. In other words, if the track is worth $1,000,000, your assessment of $10,000 per mile has assessed us at practically 100 per cent of the valuation. You have not used the 45 per cent yard-stick, nor the 50 per cent nor 60 per cent, but you have assessed it at 100 per cent. I submitted to the members of the board yesterday and the day before a statement of our engineer, showing the present valuation of the property. The figures he gave there were those same figures given in Judge Farrington's court, making allowance for one year's depreciation in the materials, but for the purpose of the application I make at this time I take the valuation that was put upon the property in court by the Railroad Commission, and if you should assess that valuation at 60 per cent, it would make our assessment $6,000 per mile. If you should assess it at a higher figure it would be proportionally high. If all our other property, aside from track, was not worth $1,000,000, or approximately that, then it would make our track that much more over and above the figure of $1,000,000. Taking all the facts into consideration that I have submitted to you, I ask that you fix our valuation at $7,000 per mile on the main track.

Governor Oddie—Mr. Shaughnessy, will you please give us some facts and figures on this matter?

Mr. Shaughnessy—The total operating revenue of the Tonopah and Goldfield Railroad within the State, for 1911, is substantially $790,000. The net operating revenue is $228,041.74, while the net for the previous

year was $204,064.70. Now the company paid in taxes last year $27,662.25. If we assume to find the valuation of the property on a 4 per cent gross earnings basis, the actual taxes paid will be $31,558.09. This would place the total valuation of the property at $1,213,734, or a per mile valuation of substantially $11,000. If on that amount the gross earnings are capitalized and applying the 8 per cent basis and taking 60 per cent of the valuation, we find the valuation would be $1,323,018. Taxes on this valuation would be $34,298.46, or a per mile valuation of $12,000. Now, Mr. Brown has gone into the financial history of the Tonopah and Goldfield, and most of what he has said I know to be true, and he has made a fine statement of the facts. I would say this, however, that he is hardly fair in claiming that the reproduction valuation of his property as given before the Federal Court would be the absolute basis that should be taken for purposes of taxation at this time, because at that time it was urged for the purpose of overcoming rate reductions made, and upon that basis we tried to make the valuation as near reproduction as possible. We have not been very sweeping in our reduction of rates on the T. & G., and by reason of that very fact the rates on the T. &. G., and the revenue accruing therefrom are perhaps to some extent more than a reasonable rate. In fact, they are the highest rates in the State of Nevada, and in view of that situation, and in view of the conditions in southern Nevada, I don't think it is any more than right until such time as a reasonable reduction in rates are made, that the Tonopah and Goldfield Railroad should be assessed upon this fair earning value, and upon that basis the valuation would be $12,000 per mile. It would not be to their credit to compare it with other companies down there, and especially with the competitors of the T. & G., operating south from Tonopah and Goldfield, the T. & T., and the Las Vegas. They are both practically out of commission and on an invoice basis at the present time. If we compare them we find the L. V. & T. is paying 16 per cent of their gross earnings, while the Bullfrog and Goldfield, operated by the Tonopah and Tidewater, is actually paying 10.99 per cent of gross earnings, while the Tonopah and Goldfield are only paying 3.71 per cent of gross earnings. Now the difference between the Tonopah and Goldfield and those two competitors is very great and very marked indeed. For example, the L. V. & T. last year had a loss in operating expenses of $37,714. Notwithstanding that fact they have paid something over $20,000 in taxes, while the Tonopah and Goldfield, by comparison, had net earnings of $228,000, and only paid in taxes $27,000. Now I claim that there is a big margin there in the equalization of those taxes, and, as I have taken the position here before, I figure that a company like the Tonopah and Goldfield, that is reasonably prosperous, and has been so from the time they began operations, should bear their just proportion of the burden down there. And in an investigation with the Assessors of Nye and Esmeralda Counties I find that the other people in that country, the property holders, are paying anywhere from 75 to 150 per cent on the valuation of their property, and in that country where it is a condition and not a theory that confronts them, the people and corporations have got to stand in and help. I think that a valuation of $12,000 per mile is entirely just.

Governor Oddie—Gentlemen, there is no motion before the board.

Mr. Malley—Mr. Chairman, I don't know of anybody that I would rather be advised by than by Mr. Brown, but I don't like to have him

advise me along the line of a reduction at this time. Other property in Tonopah and Nye County is in some cases assessed at over 100 per cent. Of course, that don't apply in all cases, but Mr. Brown will bear me out—he knows of several that are assessed at over 100 per cent. Tonopah's future looks greater today than at any time in its history. Although they are putting up several mills there that will cut down the tonnage to the railroad, yet there are new camps that have sprung up that look very good for the railroad. The net revenue last year was greater than the year before for the T. & G., and if a $10,000 valuation was fair last year, I don't see why it should not be at this time when the net revenue is greater. As far as Nye County is concerned, we have only 1.7 miles of that road and I should not have a great deal to say, although if it was not for Tonopah the revenue of the T. & G. would be very small. We have only 1.7 miles, and, with due respect to Esmeralda, they get the large mileage and we lay the golden egg, and with all fairness and no prejudice against the railroad, I move that we place a valuation, for assessment purposes, on the main line of the Tonopah and Goldfield Railroad Company, of $10,000 per mile.

Mr. Ingalls—Mr. Chairman, I realize, I think, the position of the T. & G. Railroad, as well as the condition of the people in Goldfield and Esmeralda County and of those southern roads, and I really feel that they might be imposed on in comparison with other roads in the State. But the conditions in our county, if we have to decrease valuations, when the matter comes before the County Commissioners and it is found we have to raise a certain amount of money to run the county government, then they would have to raise the rate of taxation if we reduce the valuations. I am representing my own county and also the State. The conditions in this State may be such that you can't set a valuation that equalizes one year with another. I realize that the T. & G.'s business may be better, but from the explanation they give it's apt to be worse. It will perhaps not be as good as the past year, but under the existing conditions and from the explanation of Mr. Shaughnessy here, I think they can probably stand $10,000. I had some idea of reducing the assessment, but I don't know how to figure on it. We can't go to reducing other people, or we can't very well try to set the basis of last year to run our county government. I think if they can hold their own on their present valuation I would be very much pleased. I could not think of reducing them to $7,000 a mile, complying with their request, and I second Mr. Malley's motion.

Governor Oddie—Gentlemen, you have heard the motion that has been regularly made and seconded. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, the next order of business is the Tonopah and Goldfield sidetracks.

Mr. Malley—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the sidetracks of the Tonopah and Goldfield Railroad, of $2,500 per mile.

Mr. Randall—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion unanimously carried.

Governor Oddie—Gentlemen, the next order of business is the Nevada Northern.

Mr. Chandler—Mr. Chairman, I represent the Nevada Northern Railway Company. I fully realize all the difficulties which confront this Board of Assessors in levying taxes on any kind of property in arriving at a true cash value, and I realize that it is especially difficult to arrive at a true cash value of railroads, and I presume that every day each and every one of you gentlemen realize the same thing, particularly from your experience here. It is a matter that requires a great deal of study and close application to determine what the cash value of a railroad property is. You have listened with a great deal of patience to the representatives of the railroads setting forth their sides of these questions, and I hope you will listen with the same patience to me. It is not my intention to talk at any great length. The Nevada Northern Railway is in a class by itself, and I think my friend, Mr. Miles, will agree with me in that statement. Some six or seven years ago it was discovered that we had at Ely some deposits of copper, and some spirits—some brave spirits, I might say—in the financial world thought they could possibly recover from it at a profit. The first thing to figure on was transportation. The properties were some 165 miles from the railroad, and it was necessary, in order to make the property pay, that a railroad be constructed. Application was made to the Southern Pacific Company to do it. The Southern Pacific declined, laughing at the idea of building a branch line to a mine. Consequently the people behind the mine had to build it themselves. They issued bonds in the sum of $1,000,000 and did build the road and have since been operating it. The road is owned by the mine, and, while it has done a good business, nevertheless, a large portion of that business, 85 per cent of it in fact, as I am told by the chairman of our Board of County Commissioners, comes from the mines and smelters, which is practically the same thing. So our earnings come out of ourselves. If it were not for the fact that we furnish the business to the railroad ourselves, we would not be able to operate the railroad at all. Now, another thing. This road is entirely independent. It has no connection with the Southern Pacific. By that I mean that it has no relation with the Southern Pacific except that it connects with it at Cobre. It is not like the Nevada and California, a feeder; it originates its own business, both that that comes in and that goes out, and the other road, the Nevada and California, is what I believe is technically called a feeder of the Southern Pacific, and depends largely on the Southern Pacific for its business. Now, in arriving at the basis of the cash value of the property, there are various methods that have been employed here. There is the 4 per cent of gross earnings method, which has been frequently suggested. I believe Mr. Shaughnessy last year made the statement—you will find it on page 67 of the minutes—that 4 per cent of the gross earnings was too large a figure at that time. He was discussing then the Southern Pacific. On the other hand, there is the method of arriving at the cash value by considering the cost of reproduction of the property, and another method is to capitalize it on its net earnings. Under any of those schemes it seems to me that the valuation on this property placed last year, of $14,000 per mile, is much too high. It was generally considered by the people of our district, when it was learned what had been done, that the Board of Assessors had made a mistake.

The original figure suggested to be placed on the Nevada Northern by Mr. Shaughnessy last year was $12,500. This figure was no doubt given after he had studied the whole situation, and it was his best judgment as to what amount should be levied on the property. We consider even that is too high. But we believe that this Board of Assessors should not go above the figure of $12,500, and I am inclined to think that Mr. Shaughnessy is of the same opinion now as he was last year that that is a reasonable figure. I have not consulted with him on the proposition. Last year our net earnings, as appears in your minutes, was $930,000. This year it was $778,000, considerably less than last year. I have no separate figures of my own and am taking Mr. Shaughnessy's figures for it. Of course, that $778,000 does not include anything for betterments, improvements or replacements, which amount to more than $200 in any one piece of work, and they do not include interest on bonds, which is $50,000 a year. Now, the statements the Railroad Commission has given to you gentlemen, are somewhat misleading in some respects. For instance, taking up the question of reproduction of the road, the figures contained in the tabulation is $17,362.21. That is the total cost of everything—our telegraph line, our equipment, including rolling stock, machine shops, office buildings and miscellaneous structures. All of these items, as you well know, are separately assessed. That amounts to $17,362.21, but the cost of the equipment, telegraph lines, machine shop, etc., is $9,727.32. If that be deducted from the $17,362.21, the cost per mile will be for the year 1911—these figures are given up to November 1st—$11,574.61. This is including the sidetracks on the basis of the cost of the main line. We have no separate figures of the cost of our sidetracks, and we have therefore, in getting at that, taken the cost of the main line. Of course our road is divided into two different sections; the main line running from Cobre to Ely, a distance of 144 miles, cheaply constructed at a cost of about $4,400 per mile, the remainder, the road up to the mines, which is quite an expensive piece of construction, and brings the figure up to $11,574. That was the cost of the property which you gentlemen are now about to assess. For the year 1910 that cost was $10,880, so I think you assessed us last year on a basis of considerably more than 100 per cent of the cost of reproduction, and the same figure this year would be way above 100 per cent of the cost of reproduction. If we eliminate the sidetracks from this altogether, while we have to consider the cost of them in getting a basis per mile, we still have only $12,722.94 as the cost of the main line. Now, on the basis of earnings. Now, in this connection we are still further a unit in not having any outlet from Ely. We are dependent upon one enterprise in Ely; therefore our life is dependent upon the life of that enterprise, and it is not a difficult matter to estimate the life of that mine. It is a copper mine and the deposit is large and in blanket form. You might say that its limit of usefulness can be ascertained, has been ascertained, and the life of the mine is estimated to be 12 years, consequently the life of the railroad will be 12 years.

Governor Oddie—Mr. Chandler, have they determined by boring that there are no more ore bodies that will extend the life further, or is that from the limit of the exploration at the present time?

Mr. Chandler—They have explored the whole territory where they expected to find ore, or at least the porphyry deposits. There is a

possibility, and the Giroux Company is doing some work of that kind, that by going to great depth there may be some ore in the lime, and that is the only possibility so far as they know at present of increasing the life of Ely. There are no more porphyry deposits that have not been explored. I think I am correct in that statement. So in placing us on an earning basis, bear in mind that we have only twelve years to live, and that in that time a prospective purchaser of the road would have to figure on getting not only interest on his money, but his capital back at the end of twelve years. Of course, this is all aside from the fact that we furnish our own business. Now, in 1911, up to November 1st—from November 1, 1910, to November 1, 1911—our gross earnings were $1,464,812.40. Four per cent of that is $58,592.49. We actually paid in taxes last year $52,915.84, to the State, not including the federal corporation tax of $6,000, or within $5,600 of 4 per cent of our gross earnings. Our actual percentage was 3.6 per cent, and something above that on our gross earnings if the federal corporation tax be considered. Our tax including that would be about $60,930. I was in error in stating that amount was $6,000. It is nearer to $8,000. That is the total taxes we have paid. A prospective purchaser, as I said before, would have to figure on getting his capital back, plus interest on his money, in twelve years. Our net income for this year, as reported by the commission, is $778,377.79. Assuming it to be $730,000 as the annual net income—that, of course, does not include replacements or betterments—considering it at $730,000, in twelve years you will get twelve times that sum or $8,760,000. Out of that you have to pay the bonded indebtedness of $1,000,000, leaving $7,760,000, and during that time (Mr. Cannon, the manager of the road, informs me) the ties on the road would have to be replaced at least twice, and the rails on the main line at least once and on the ore line twice. We are like the Tonopah and Goldfield. We have reached the stage where replacements are necessary. This past year we have put in 10,000 new ties, and Mr. Cannon has just ordered 30,000 for the coming year, so that in these twelve years we would have to replace the ties twice, and the rails once on the main line and twice on the ore line. Mr. Cannon figures that would cost $2,500,000; that deducted from $7,760,000, leaves $5,260,000, which would be the sum of money you would have to get out at the end of twelve years, but no one would pay that, of course. Now, go back. At the end of twelve years, you would want interest on the money, say 7 per cent; that would be equivalent to 84 per cent, and it must represent the sum of 184 per cent of what the purchaser would be willing to pay, and that sum at 100 per cent would be $2,750,000, as the actual cash value. Or, if you take 60 per cent of that—and it seems to have been taken wherever the actual cash value has been determined—that would be $1,650,000. One hundred and sixty-five miles of track would make the valuation on that basis $10,000 per mile. That, gentlemen, it seems to me, is the fair method of determining the cash value of the property. So, if you take it on the basis of cost of reproduction of the property—and it is sometimes difficult to see how a property is more valuable than the cost of reproducing it—you have considerably over-assessed us, and it should be reduced to at least $12,000, or to 11,000 and a very small fraction. If you take the 4 per cent basis, we are practically at that, and Mr. Shaughnessy says, and I believe Governor Oddie says, 4 per cent is not just unless all properties are placed on a basis of 60 per cent,

which they are not in this State. So on that basis we are taxed too high. If you take the basis of capitalization, with a twelve-year life, the tax should be on $10,000 per mile. I would therefore request that you give serious consideration to these matters, and I feel that you will be doing more than justice to the state laws and less than justice to the railroad if you place us on a basis of $12,500 per mile, the figure arrived at by Mr. Shaughnessy last year.

Governor Oddie—Mr. Shaughnessy, will you give us some facts and figures on this matter?

Mr. Shaughnessy—The Nevada Northern Railroad earned in gross revenue during the past year $1,468,000, as compared with $1,511,000 the year previous. They paid in taxes for the year ending June 30, 1910, $43,523.09, or 2.09 per cent of gross earnings. With the taxes for the ensuing year based on 4 per cent of gross earnings basis, the total taxes would be $58,720.25, instead of $43,500.

Mr. Chandler—I don't know just where you get the forty-three thousand-dollar figure, but our figures show we actually paid $52,915.84.

Mr. Shaughnessy—That includes lands and outside property.

Mr. Chandler—Not at all. Telegraph line, equipment, the shops and the buildings, those are all assessed separately.

Mr. Shaughnessy—Does that go for the calendar year 1911, or for the fiscal year?

Mr. Chandler—That's last year.

Mr. Shaughnessy—We are taking the figures furnished by your auditor for a guide. If we base it upon your figures of $53,000, that is 3.57 per cent of gross earnings and there is not much difference between that and 4 per cent. I took the figures as reported from June 30, 1910, to June 30, 1911. The total valuation on a 4 per cent basis would be $2,936,011, or a per mile valuation on the same basis of $17,725. I can't see that the assessment as levied last year is excessive. I recommended as a fair valuation last year $12,500. The board adjourned and went into executive session, and began to compare it with other roads, as they were anxious to arrive at a uniform valuation. They found by comparison that the Nevada and California from Hazen to Mina was being assessed at a valuation of $14,000 per mile, and finding that the net earnings of the Nevada Northern were in excess of those of the Nevada and California, they reasoned that there was no reason why a $14,000 valuation should not also be placed on the Nevada Northern, and when they reconvened, they moved to amend that assessment and make it $14,000. I think that 14,000 a mile is about as much of an assessment as you should put on the Nevada Northern at this time, for, in addition to the $14,000 on the main line, comes the sidetracks and the rolling stock, which will bring it up substantially. I think also, gentlemen, that in these mining camps where there is prosperity, you should get the full proportion of taxes from the railroad companies and other corporations during the period they remain active. After that time has elapsed, as Mr. Chandler told you—and Mr. Brown also did in reference to the Tonopah and Goldfield—then you are simply up against an invoice valuation of the mills and the railroads and everything else, and the schoolhouses, courthouses and public buildings which you have bonded yourselves for are on your hands and with no revenue coming in to clear them. Now, while the corporations are earning, you want to get your proportion of the taxes, and I think $14,000 a mile on the Nevada Northern is entirely reasonable.

Mr. Chandler—Mr. Chairman, with respect to the comparison of this road with the Nevada and California. As I have already suggested, we, of course, are not a feeder of the Southern Pacific. On the other hand, as Mr. Shaughnessy stated to you when that road was under discussion, the future of that road is assured; its life is indefinite. Our life, as I said, is short, and it seems to me it is the duty of the Board of Assessors to determine the cash value of the road and not proceed upon the theory that while you have got these fellows here to get what you can out of them. But it is the duty of the board to use the actual cash value, or as near as they can arrive at it honestly and in good faith, on the property, and levy assessments accordingly. So it seems to me that the two distinctions between our road and the others should be considered; that we originate our own traffic and that the life of the road is twelve years and at the end of that time we have a worthless property on hand.

Governor Oddie—Are there any further remarks.

Mr. Miles—Mr. Chairman, I would like to hear from Col. Cannon.

Col. Cannon—Mr. Chairman, you appreciate that our mine is operated as a shovel mine, and as a shovel mine it produces a large tonnage daily—some 8,000 to 10,000 tons. That's a condition that can't last much longer. When we get to a certain depth we won't be able to handle it as a shovel mine—we must go into the shaft business, and that will decrease the tonnage wonderfully. We have one mine, the Veteran, that has a shaft 500 feet deep. It has electricity and all modern attachments for operating cheaply and as quickly as possible, and yet 30 cars a day is all that it has produced. And that's a cave mine, too. That is the highest tonnage we have been able to get out of it in 24 hours. Now it is opened up again and is giving us probably 7 or 8 cars a day. That may be increased some, to 10 or 15 cars, but when the big pit mine goes down so that we can't operate it with shovels, we will find our tonnage much less, but so long as we use shovels we will show a fairly large tonnage—it does not decrease so much. We have got to keep our trains running to keep the concentrator going, and our percentage must increase very materially. I should imagine that we have a year and a half, possibly two years, yet to use shovels. Possibly not that long, but it is a peculiar situation. It has been a large earning plant ever since it started operations. The first year, while it had no business from its own industries, we had a large influx of people until the little town of Ely was expanded to 8,000 people, estimated. The last census showed the town to contain 2,160 people. You can see there has been quite a decrease and our passenger business has naturally gone down. I think the board should consider very seriously and not put an extraordinary value on the property because it shows a good earning power now. The argument of my friend, Mr. Shaughnessy, that the State should get what it can while it's making a large amount of money, may be a good one in a way, but I hardly think it's fair. I believe that $10,000 a mile for the Nevada Northern is what we should be placed at.

Mr. Ingalls—Mr. Chairman, according to facts and figures of this road, if we are here to equalize, I don't see how we can reduce that road. As compared with the Nevada and California and the Tonopah and Goldfield, if we figure it under the existing circumstances, we would raise it much more than what it is, and we are certainly here to equalize according to conditions. I feel that maybe these other rates may be too high. The T. & G. may be under existing circumstances and conditions, but I don't

see how we can lower this road. It has the best showing of net earnings of any road in the State. If it does go down to nothing, then we will have to assess it at nothing, like the L. V. & T. and the T. & T.

Mr. Whitehead—Mr. Chairman, it might be well to bring out that little matter in regard to what proportion they are standing in comparison with some of the others. The Virginia and Truckee is assessed at $8,500 per mile, and, according to net earnings, the Nevada Northern should be three times that. The Tonopah and Goldfield is assessed at $10,000 per mile, and, according to the net earnings, the Nevada Northern should be assessed twice that. The San Pedro, Los Angeles and Salt Lake is assessed at $9,000 per mile, and, according to net earnings, the Nevada Northern should be assessed at three times that, or $27,000 a mile. The Nevada and California is assessed at $14,000 a mile, and, according to net earnings, the Nevada Northern should be assessed four times that much. I can't see how they can ask for any reduction according to any figures we have to guide us.

Col. Cannon—Mr. Chairman, in reply to that I will say, as I said before, that we have furnished to ourselves 85 per cent of those net earnings, and in addition to that you should consider the difference in conditions—the life of the road. And in matters of comparison, you might also compare the Central Pacific, whose earnings are some seven times as great as others, and yet whose assessment is only 40 per cent higher.

Mr. Shaughnessy—The difference that Col. Cannon mentions comes in the mileage; the difference is in the mileage between the Southern Pacific and these others, and the assessment that we have just levied against the Central Pacific makes it absolutely on a 4 per cent gross-earnings basis. On this $14,000 you are getting a little less than that. In reply to Col. Cannon, I want to say that I think assessing on gross earnings is fair. If, as he claims, deep mining will deplete their earnings, when that time comes he can come before this board and a new valuation will be set. As the earnings fall off from time to time—as they decrease—the value will decrease automatically, so that will adjust itself. There need be no apprehension on that score.

Governor Oddie—Col. Cannon, what do you suppose will be the life of the Giroux Company?

Col. Cannon—The Giroux Company is not producing and the life of that company is unknown. The facts concerning the Giroux Company have not been made public, and it is quite generally supposed that the Giroux is a prospect. Whether that is true or not, it is hard to say until the facts are made known, but there is a very serious question as to what the Giroux will do until we know what tonnage they have, or whether they have any tonnage that will pay to base hopes for continued life on. The Giroux has about 9,000,000 tons of porphyry ore so far as we have been able to discover. It is located in different deposits. No deposit is sufficient to open up and use shovels. It is low grade, probably 2 per cent or less, and unless a deposit can be found that is large enough to pay for the taking off of the overburden and getting out the ore itself and shoveling it, they can't use it at all and we have no hopes of getting porphyry ore from them. They have vein matter showing there pretty well, but how much is problematical.

Governor Oddie—It has a high market value—the Giroux Company?

Col. Cannon—The ore itself?

Governor Oddie—No, the stock.

Col. Cannon—No. It went from $11 down to $4.35 or $4.50.

Governor Oddie—What is the capitalization?

Col. Cannon—I don't really know. I would not like to say. I don't know. They have spent so far about a million and a half dollars opening up their properties. That may be exaggerated and it may be true. That is the general impression.

Judge Bartine—Mr. Chairman, in these various matters that have come before the Board of Assessors, the figures have been handled by Mr. Shaughnessy. He, aided by our secretary, prepared them. Consequently I am not familiar with the details. But I have sat here listening with a good deal of interest, and I am quite anxious that this board in levying assessments be not misled by false reasoning. I do think that it is asking too much of an assessing board to look forward into the future and determine what the life of a particular piece of property is going to be, because that is something no human being can do with any accuracy. It may be true that these deposits at Ely will be practically exhausted in twelve years, but it may be twelve hundred years. It is a matter of history that copper mines are long lived, and where you find an immense cropping of copper like that at Ely, it is reasonable to believe that you will find a good deal more in the solid rock beneath. Moreover, taxes are not levied with reference to the future, but to meet the immediate necessities and expenses of maintaining the government that is to protect that property in its operation, and as long as the property is valuable in a business way, it should be subject to its just and proper share of taxes, regardless of what the future may bring forth. If you undertake to consider the future value, there will be no end to it. A man who owns a frame house may make claim that in the fulness of time that house has got to decay unless he puts a great deal of money into it. If it be true that the copper mines in the Ely district are to give out in twelve years, and consequently the railroad will not be worth anything to speak of at the end of that time, that same condition would apply to every other piece of property in that district. Every piece of property in the district depends on the mines the same as the railroad does. Another thing: I don't see any force whatever in Col. Cannon's suggestion that the railroad is owned by the mines and is originating its own business. Business is business, and it is simply a question of what it is worth when it comes to levying an assessment on it. And one more point, and the only one I will address myself to. It has been overlooked generally by the board here. The representative of the railroad comes here and tells us that the net income is so and so; the net income is small and therefore they can't afford to pay much taxes. I want to call your attention to the fact that, under the rulings of the court, the taxes paid by all of these railroad and public corporations are a part of the expenses. The taxes themselves are deducted before they get any net income at all. Take the figures given by Col. Cannon, applying to the Nevada Northern. We have the aggregate which he reached at the end of twelve years after all taxes had been paid, so it is a clear proposition that this fact should be kept in view all the time. So in respect to the Tonopah and Goldfield, which has been settled. They had $228,000 net according to our figures; they are $65,000 in the clear. This by way of an illustration: After they paid an immense amount of money in interest and after they had redeemed $78,000 in bonds—but it

doesn't make any difference how they expended it—there is $228,000 over the operating expenses which the people patronizing that road had to pay. The whole is net profit. The railroad contention is that, regardless of the real value of the property, the more it is in debt the more it has the right to earn, because it has to earn money to pay the interest on the debt and to pay off the principal. If it is in debt, however, the simple fact that there has not been much cash investment on the part of the stockholders makes no difference in its value for assessment purposes. Without doubt there is a great difference between getting together and putting up a million dollars to build a road, and in putting up $100,000 and borrowing the other $900,000. But if you accept the theory that the interest on the debt is not net, and when the debt is paid off it is not net, then they have the right to earn on the whole million dollars and at the same time earn the interest and pay off the debt. This in my judgment is a grave fallacy.

Mr. Seeman—Mr. Chairman, I move that we adjourn until 11 o'clock tomorrow morning.

Mr. Chandler—Mr. Chairman, I would like very much to get back to Ely. I have a case set there, and I must be in Ely at least the day before the trial comes off, and it would be a great convenience to me if the matter can be disposed of tonight. Of course, that is merely a matter for consideration.

Governor Oddie—Will it be satisfactory with you if we finish this matter up?

Mr. Seeman—Yes, sir.

Mr. Malley—Mr. Chairman, I move that a valuation of $14,000 per mile be placed on the main line of the Nevada Northern Railroad, for assessment purposes, including the line to the smelter, the same as last year.

Mr. Grutt—I second the motion.

Mr. Miles—Mr. Chairman, I would like to ask a few questions. Last year when this matter came up they had no representative here, and, through my efforts, it was postponed until the last minute, so they could have time to appear before the board or make some report. Now that they are here, I would like to ask a few questions and I hope that we will be finished by tonight. Mr. Chandler, in regard to the replacement of these rails and ties, I want to ask if that same condition would apply to other roads in the State?

Mr. Chandler—Yes, I suppose it would. But the life of the other roads being indefinite, it would not amount to the same thing. Notwithstanding Judge Bartine's position, I do not think that it could be said that the cash value of a property will not take into consideration its life.

Mr. Miles—I would like to ask if the statement of the life of the copper mines there includes the Liberty and also the Ruth mine?

Mr. Chandler—Yes. All of the Nevada Consolidated.

Mr. Miles—In reference to the Giroux. Do you believe they would say that they do not have a mine—only a prospect?

Mr. Chandler—In respect to that I would say that I am also counsel for the Giroux Company. I have talked to some of the officials, but I am not taking that into consideration. I have spoken merely as a member of the general public. I believe my statements are pretty close

to the facts. That is my judgment, that the Giroux is dependent upon possible discoveries in the future.

Governor Oddie—Are there any further questions, Mr. Miles?

Mr. Miles—Mr. Chairman, I have a few words to say to the board. Now, in reference to the replacement of these rails and ties. Every member of this board knows that the same rails and the same ties laid on the same kind of ground under the same conditions would have to be replaced by every road in the State in that length of time if they had the same track. And I would like to state, too, that the very fact that this railroad company controls the mines and the smelter reassures that company that their railroad is a paying proposition, and there is no immediate prospects of its not being a paying proposition. Now, I would like to see that railroad reduced if I believed that it was justice to reduce it, but from what has come out here before this board, I can't see where it should be reduced. It has been stated here that it was assessed for far more than its value. That we might admit and still not go wrong in assessing it at $14,000. Now, take sheep, for instance. It has been but a few years since this State assessed sheep for $3.50 a head. That was thought proper at that time to assess them at that price because conditions warranted it. Their wool was valuable; their mutton was valuable; they were selling at a good price. For some time they have been assessed at $3, because conditions were not quite so favorable. Now we are assessing sheep for $2.50, because conditions are still more unfavorable. The market value rules the assessed valuation. This railroad is a paying proposition. It is admitted it has a twelve-years' life; enough years of life at least to wear out the rails and ties on the line, and I can't see, gentlemen, where a reduction should be made. Now, in reference to the cost of the road. It is true that it did not cost what it is assessed for, but the very conditions themselves make it more valuable, and I want every Assessor here to carefully consider this matter. Don't take my word or the word of anybody else, but carefully consider this matter and do what you believe is right.

Mr. Ingalls—Mr. Chairman, we are not assessing hogs or sheep or horses according to their life. If we come right down to brass tacks, $20,000 should be the valuation put under the arguments here. I don't think there is any such thing as reducing. We should raise it.

Mr. Whitehead—Mr. Chairman, I think that this argument that the mine owners own the road and the mine also is not only wrong from the standpoint taken, but it appears to me to be a little bit the other way. The fact is they have got a cinch on that road. They own the mine and all of the business it produces. They don't have to depend on outside business to make their money. And also, in that connection, they don't have to take the profits of the mine to put into the road. I imagine they are making profits on the mine as well as on the road, and even if they are only going to live twelve years, that would be a low valuation, and I move that we place a valuation for assessment purposes, on the main line of the Nevada Northern Railroad, of $17,500 per mile.

Mr. Randall—I second the motion.

Col. Cannon—I would like to say, Mr. Chairman, that in 1908, I think it was, we were assessed at $7,000, and we were then put up to $8,500, and finally to $10,000, and last year we were assessed at $14,000, which was an increase in the valuation of the track of some $700,000—$400,000

more than it cost. Now, it seems to me that you gentlemen ought to be willing to let your last year's assessment go. Mr. Shaughnessy thinks it's fair, and while, of course, you could put it at $50,000 if you chose to, I think $14,000 is what you ought to stop at and give us a chance.

Mr. Shaughnessy—I would like to make a few suggestions in reference to that motion that Mr. Whitehead made, placing the valuation at $17,500 per mile. The motion should also read to include sidetracks, rolling stock and all operating property, because that's as far as you should go. If you want to stand on 4 per cent you should not put any further valuation on sidetracks and rolling stock, because that's right up to 4 per cent.

Mr. Miles—I am not urging a raise on this road at all, Mr. Chairman, and I don't want it understood that way, but I do want it understood that the Nevada Northern has a great amount of rolling stock, and very valuable rolling stock, and I am not in favor of including the rolling stock in the mileage in this levy.

Mr. Shaughnessy—I simply offered that as a suggestion, gentlemen. You may use your pleasure about it.

Governor Oddie—What is your pleasure about that, Mr. Whitehead?

Mr. Whitehead—Mr. Chairman, I am trying to get at the businesses that get the money they are getting out of it, and get somewhere near the proportion of taxes that other companies are paying. And even at that they are away down low. We are not assessing on a 4 per cent basis, and where a company is showing a big net income, in justice to those other poor little corporations that are trying to get along and are in debt, they should help to bear the burden of taxation in proportion to the wealth they are getting out of the State, and I will leave the motion as it was, except that it will be an amendment to the original motion.

Mr. Miles—Mr. Chairman, I would like to suggest that the valuation ought not to be put at $17,500.

Governor Oddie—Gentlemen, are there any further remarks? If not, I will ask the Clerk to call the roll on the amendment. You are now voting to place a valuation, for assessment purposes, on the main line of the Nevada Northern Railroad, of $17,500 per mile.

Upon roll-call the following vote was had:

Yeas—Messrs. Sitton, Whitehead, Springmeyer, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Randall, Grutt, Malley, Regan, Seeman, and Hayes.
Nay—Mr. Miles.

Governor Oddie—Gentlemen, the amendment has been carried by your vote of 15 to 1. I will now ask the Clerk to call the roll on the original motion as amended, placing a valuation for assessment purposes on the main line of the Nevada Northern Railroad, of $17,500 per mile.

Upon roll-call the following vote was had:

Yeas—Messrs. Sitton, Whitehead, Springmeyer, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Randall, Grutt, Malley, Regan, Seeman, and Hayes.
Nay—Mr. Miles.

Governor Oddie—Gentlemen, the original motion as amended is carried by your vote of 15 to 1. The next order of business is the sidetracks of the Nevada Northern. The value placed the last time was $3,200 per mile.

Mr. Miles—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the sidetracks of the Nevada Northern Railroad, of $3,200 per mile.

Mr. McTerney—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Mr. Springmeyer—Mr. Chairman, I move we adjourn until 10:30 o'clock tomorrow morning.

Mr. Ingalls—I second the motion.

Upon the question being put the motion carried unanimously.

Accordingly the board took a recess until 10:30 a. m., January 12, 1912.

## FIFTH DAY

The board resumed its session, pursuant to recess, on Friday, January 12, 1912, at 10:50 a. m.

Governor Oddie—The meeting will please come to order. I will ask the Clerk to call the roll.

Upon roll-call all members of the State Board of Revenue and State Board of Assessors answered present, with the exception of Mr. Arrild of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered in his stead.

Governor Oddie—Gentlemen, the first order of business is the San Pedro, Los Angeles and Salt Lake Railroad. Mr. Shaughnessy, will you give us a statement of the condition of that road, please?

Mr. Shaughnessy—The San Pedro, Los Angeles and Salt Lake Railroad had gross earnings for the last fiscal year of $8,423,197.10. Nevada's proportion of the San Pedro's mileage is 22.67 per cent, Using that as a basis in finding the pro rata of the gross earnings creditable to Nevada mileage, we find those earnings are $1,971,751.52; less operating expenses on a basis of 77.80 per cent for the system as a whole, we find the net revenue remaining is $437,728.83. This is 8 per cent on $5,471,610. In applying 60 per cent, the same as other property, the fair valuation for purposes of assessment is $3,282,966; this divided by the mileage, gives a per mile valuation of $13,408. The taxes paid for the year 1911 were substantially $80,000. The taxes on a 4 per cent gross earnings basis would be substantially $80,000, or the same as paid last year. The taxes that will accrue on a basis of $12,500 per mile, if that assessment is made, will be $105,000, and that would be a ratio of 5.20 per cent on the gross earnings. I think, in view of the situation in southern Nevada, that the assessment of the San Pedro should be $12,500 per mile.

Governor Oddie—Mr. Waters, we would like to hear from you on this subject.

Mr. Waters—Mr. Chairman, I would like to ask Mr. Shaughnessy what the figures were in apportioning the net earnings and revenue at the valuation per mile of $13,408. This per mile assessed valuation you arrived at, $13,408, what do you deduct for local assessments, sidetracks and buildings and rolling stock?

Mr. Shaughnessy—This would cover that; $13,408 would cover all your operating property.

Mr. Waters—As I understand it, this $13,408 would not be the assessment value per mile of this present property.

Mr. Shaughnessy—On the basis of your net earnings capitalized, it

figures that amount. I think the per mile valuation for the San Pedro, for assessment purposes, should be $12,500, and some reasonable or lower valuation should be levied for the branch mileage—the Caliente and Pioche, consisting of thirty odd miles, which follows as a separate order of business, but it is included in the findings which makes this $13,408 per mile.

Mr. Waters—Mr. Chairman, I would like to present a statement from the auditor's records. I will say to you gentlemen that my remarks will be short and concise. I would like to say a great number of things, but fear it is a luxury I can hardly afford. The total operating revenue for the year ending December 31, 1911, was $8,697,623.39. Without going through all the details of this statement, I will give you the results of the figures. Net operating income, after deducting operating expenses, taxes, etc., amounted to $839,739.11. Interest on bonds, loans and discounts, on bonded debt, betterments and additions, road equipment, changes, and amount expended on the high line during the year, made a total deficit of $4,499,475.83—practically four and a half million dollars deficit for the year. Now, in apportioning the gross earnings for the State of Nevada on a basis of 22.67 per cent, which agrees with Mr. Shaughnessy, we have $1,791,751.52, for the calendar year 1911. For the year 1911 the taxes we paid were $80,634.45, or just 4 per cent of our gross earnings for Nevada. And I might say here that these earnings are not simply earnings from business arising and ending in the State, but include business which comes to us from local shipments. For instance, on our line from San Pedro to Los Angeles we have a very heavy lumber haul, while through and in Utah we have very heavy ore shipments. Those are taken in and Nevada gets the benefit of practically 25 per cent of that business, although it has nothing to do with it. We paid 4 per cent on our earnings in Nevada. That would be upon a basis of gross earnings upon a 60 per cent valuation, not only last year, but the year before. The year before, this board was considerate enough to recognize the fact that we had suffered overwhelming losses, and decreased our assessment to $5,000 per mile, or 35 per cent, but our taxes only decreased 12 per cent. And still, with that decrease, we paid 4½ per cent of our gross earnings in the State of Nevada. So we feel up to the present time we have been assessed right where we ought to be at least, and we ask that our assessment be placed at $9,000 per mile. It seems rather small when compared with the assessment of other roads—the actual assessment—but you must take into consideration the fact that the assessment is not the vital point to the taxpayer, but the actual tax he has to pay—the amount he has to dig into his pocket for. So our assessment in the counties of Clark and Lincoln, where they have an exceedingly high rate, makes us pay an exceedingly high tax on the valuation. And I will say that the $9,000 assessment in these counties, with their high rate, would mean $14,000 or $15,000 where they have a smaller rate, so the tax we pay is the crucial test. The gross earnings plan has been adopted in a great many instances, for the purpose of fixing the valuation, and it is a good rule, because the first principle of taxation is equality, and we have to consider two things in getting at an equitable assessment. One is to consider the ability of the taxpayer to pay—that is his earning capacity; the next is to get as near as possible to an automatic method of applying it. We have this 4 per cent process applied to the several corporations in the State of Nevada, then it comes to our rate and we are found to be paying

4 per cent, so we can't use this rule. Then we come back to another process, namely, ad valorem on a reproduction basis. I submit that when it comes to that it ceases to be a rule and becomes discrimination. Take it on the ad valorem valuation as called for by the statutes, which the Attorney-General has stated means the value at which the property would be taken in settlement of a just debt from a solvent debtor, and you would consider the road in its entirety, and you have got to take the road with all of its floating and bonded indebtedness. In other words, you can't take the property over without the debt. That is constitutional, and our road is practically four and a half million dollars in the hole. It is true it may have a future, but first it has got to take care of this indebtedness—it is against the financial condition and prosperity of the road. So, considering all these things, and considering further that we came into southern Nevada at a time when she needed something of that kind—when her credit was not good and when she could not build any schoolhouses, and I understand they sold lead pencils to the county for $100 a dozen, using scrip, and I guess the supply houses would rather have kept the pencils—and I think you are all aware of the conditions there. We came in and took hold of the debt and assumed our proportion in paying for the debt. The debt was refunded, and we are paying practically 60 per cent of it in taxes at the present time, and I feel that we should receive some consideration on that score. And I believe the State has benefited as much, and so I ask that our assessment be left the same as last year, at $9,000 per mile. And not only on the ground that we are entitled to this consideration, but as a matter of equity and justice and fairness, because we are paying 60 per cent of our valuation. I thank you.

Governor Oddie—Are there any further remarks?

Mr. Whitehead—Mr. Chairman, I don't want it to cost Mr. Waters $50 a word for his talk, but I would like to say a word or two. We, I think, in our deliberations, have shown that we are assessing property on its present value, not on its past or its future value, but on its present value, and yesterday afternoon we demonstrated that fact. Mr. Waters's statement about the tax rate is not the fault of the Board of Assessors. We are assessing the property of the whole State for the State as well as the counties, but it is not the fault of the Board of Assessors if the San Pedro, Los Angeles and Salt Lake Railroad owns property in counties where there is a high rate any more than it is the fault of the Board of Assessors that I live there and somebody else lives in a county where he pays a low rate. We are not to blame for these conditions. And again it might be well to call the attention of the board to that cash value proposition. We know, and I think we have shown in our deliberations, that in determining cash value we do not take alone what it has cost to build a road. We have shown that there has been roads assessed up as high as 75 per cent of the cost of reproduction, but even at that the cost of reproduction was only one-quarter higher than we had assessed them. In determining the cash value we took into consideration what they were making. If you go to buy a share of mining stock and you find that the mine is doing nothing, you determine from that fact that you won't pay much for the stock. On the other hand, if they are making 10, 20 or 30 per cent in dividends, or net earnings, you will pay something for it; you will allow a much larger price for that share of mining stock than if the mine was making

nothing. And it has been my idea through these means to determine the cash value of a property—from what that property is making—as near as we can. We all admit that it is a hard proposition—that it is a hard matter to arrive at all these conditions. Mr. Shaughnessy's figures show that in the aggregate the assessment on that road to come up to what it should be, would be thirteen thousand and some odd dollars. Last year it was $9,000, and if I understand Mr. Shaughnessy right, he believed that $12,500 in the aggregate, taking all of the conditions into consideration, would be about fair on the main line. That would make the total valuation $14,500 per mile, $1,000 over his aggregate figures, at least. I don't want it to appear to the board that I want to show any more favors to the San Pedro than any other road. It's not my fault they are in my county and not making money.

Mr. Shaughnessy—That $12,500 is upon the 210 miles of main line, while the $13,408 was arrived at by taking the branch mileage also, or, in other words, the total San Pedro mileage in Nevada.

Mr. Whitehead—Before making any motion I would like to hear from any of the Assessors who wish to express themselves.

Governor Oddie—Mr. Waters, I would like to ask you one question. Take the cost of rebuilding that road after it was washed out. Was that figure added to the capital account of the road, or was it charged to operating expenses?

Mr. Waters—That was divided. The proportion of the amount up to the amount it cost to replace the road was charged to renewals and repairs, and beyond that to capital account. We had a wooden trestle, for instance, and that was replaced with a steel bridge. The proportion of the cost of the steel bridge up to the cost of the old trestle is charged to renewals and repairs.

Governor Oddie—But the large cost of regrading and building the new high line?

Mr. Waters—It was divided just that way all along. That's the Interstate Commerce Commission's classification. It calls for that division to be made. Where the line was bettered it was charged to capital account. But, of course, I may say in that respect it is merely a matter of bookkeeping. When it comes down to it, the owners of the railroad have to furnish the means.

Governor Oddie—Take the total cost of repairs and building the line. Do you know what proportion of the total was charged to capital account and what to operating expense—just roughly?

Mr. Waters—I don't know as I do. Perhaps Mr. Shaughnessy has those figures in our report.

Mr. Shaughnessy—We can get them. We have those figures.

Mr. Waters—The new high line for the year cost $2,573,389.35; approximately two and a have million dollars.

Governor Oddie—That was charged to capital account?

Mr. Waters—Yes, it must have been. While on my feet, I would like to answer Mr. Whitehead's argument. He states that it is no fault of the Board of Assessors, and no fault of his, that our road runs through his county, and, I might say, it is not the railroad's fault. We stand our proportion of the tax there, and when we came through there we appreciated the fact that we would have to take care of our proportion. That is not the point. The point is this: The fact remains that our road is there and that fact should be considered. In other words, what

money it pays in taxes should be considered. You can compare the amount we pay per mile and it will compare favorably with any part of the State. Now, you take the method Mr. Whitehead suggests of a reproduction basis. That is not a fair method for my road. Why? Because, we will take a piece of property in a county where there is a high rate—say there are two pieces of property, one in a county where there is a high rate and another in a county where there is a low rate. Their cost, say, their reproduction value is the same and you arrive at an assessed valuation that is equal on each of them. On that basis, who pays the most tax? That is not equity.

Governor Oddie—That argument might be met by outside conditions. For instance, if a valuable mine were discovered in that county and immediately commenced to pay a high bullion tax, as happened in Nye and Esmeralda Counties—then the railroad would have a lower rate.

Mr. Waters—Yes, and when that time comes our assessment will go up. Under present conditions you haven't got that there, and the rate is high.

Mr. Whitehead—Mr. Chairman, right along that line and according to that argument then, if I own a hundred acres of land in one county that is actually worth $100 an acre, and another hundred acres in another county that is equally as good, then because the rate is lower in one county than in the other, they should be assessed on a different basis. Of course it makes a difference, the amount of money a person has to pay in taxes, but because it is in one county and not in another does not mean that it should not be assessed on the same basis as other property throughout the State, all conditions taken into consideration.

Mr. Ingalls—Mr. Chairman, my understanding in regard to railroads in the statement here furnished by the Railroad Commission, is that in this statement the taxes are included in their expenses and is taken out. It does not matter whether it is high or low, it is taken out of the gross the same as other expenses.

Mr. Shaughnessy—In answer to Mr. Waters's statement in regard to 4 per cent of gross earnings. As I have explained many times here since we have been in this meeting, we have not held to any fixed per cent of earnings. For example, the Nevada and California are paying 8 and some odd hundredths per cent of gross; the V. & T. are paying substantially 7 per cent of gross earnings, and in comparison with other companies that could be named, I don't think a valuation of $12,500 on the main line of the San Pedro, and some other valuation yet to be arrived at on their branch line between Caliente and Pioche, would be unreasonable, and I don't think it would be calling on the San Pedro to pay any more than their just proportion of taxes in those counties. Of course we understand that taxes are high down there, but when we place $12,500 per mile as a fair valuation on that property we can consider that that road, as constructed at this time, could not be rebuilt for $50,000 per mile, and $12,500 per mile is only 25 per cent of the ad valorem valuation. We assume, of course, that some of the land may be assessed too low in our State, but it is understood that an effort will be made to get it all up. If we come down to the small taxpayers in the various towns, we find that each and every one of them are paying over 60 per cent of the ad valorem cost of their houses, and I don't see where the corporations have got any complaint to make. I think when

we let the San Pedro off for $12,500 per mile, they are getting off very reasonable.

Mr. Waters—Mr. Chairman, I would like to make just one statement in regard to Mr. Shaughnessy's argument. I think Mr. Shaughnessy will agree that we paid 4 per cent on our gross earnings last year, and it has been said by him that 4 per cent on gross earnings on a 60 per cent basis equals the assessed valuation, which is true. If our rate is increased to $12,500, our assessed valuation will be at 84 per cent.

Mr. Shaughnessy—That is on the earning basis, but not on the fair value of the property. You must remember that you are not up to your full earning capacity, and that is the necessity of the local situation that is controlling with the other properties mentioned that are assessed at 8, 10 and even 15 per cent of gross earnings.

Mr. Waters—Another feature that is always considered in arriving at a percentage basis is the very complex relation of net to gross earnings. And Mr. Shaughnessy, by his figures there, shows that our road has a very poor showing, the expenses being something like 80 per cent.

Mr. Shaughnessy—That ratio is 77.80 per cent. But you were operating there during the past year under abnormal conditions in the construction of the high line that is now completed.

Mr. Waters—The work is completed, but there is other trouble. I will say that there was one week some time ago that not one freight car went out of Salt Lake City, and we have taken off our fast trains, Nos. 3 and 4, because of lack of motive power. Mr. Norris can tell you that they have been shy a good deal of material necessities, foods and fuel, in Caliente, because we have not been able to get it down there. He mentioned sugar and coal, but nothing else. Maybe he did not want it.

Mr. Whitehead—This 4 per cent proposition is a little bit misleading. Our rate is high, but that does not necessarily mean that it will be next year. If they are placed at $12,000 or $13,000, that does not necessarily mean that they will pay any greater per cent on their gross earnings unless the rate is left where it is. If the rate is lowered in comparison with the assessment, then the 4 per cent may apply just as well this year. In view of these conditions, I move that we place a valuation, for assessment purposes, of $12,000 per mile on the main line of the San Pedro, Los Angeles and Salt Lake Railroad in Nevada.

Mr. Randall—I second the motion.

Mr. Waters—Mr. Chairman, may I ask for the purpose of securing the idea of the board that a vote be taken on an amendment of $10,000? I make this suggestion simply for the purpose of securing the ideas of the board as a whole.

Governor Oddie—If some member will make the motion to amend, I will put the question.

Mr. Randall—Mr. Chairman, on behalf of Mr. Waters, I move that the motion be amended by placing a valuation, for assessment purposes on the main line of the San Pedro, Los Angeles and Salt Lake Railroad, in Nevada, of $10,000 per mile.

Mr. Regan—I second the amendment.

Mr. Miles—Mr. Chairman, I would like to ask Mr. Waters a question or two. Mr. Waters, in assessing this main-line mileage, would that assessment include the old line that you are running over at the present time and the new line too?

Mr. Waters—Our old line is mostly taken up.

Mr. Miles—All of it?

Mr. Waters—I don't know, but if not, they are taking it up as fast as possible down there now.

Mr. Miles—We might, by going over this, prevent a duplicate assessment on the main line.

Mr. Waters—Wherever the old line does exist it is not being used at all. There is only one line being used, whether it is the old or the new.

Governor Oddie—If there are no further remarks I will ask the Clerk to call the roll on the amendment. You are now voting, gentlemen, on the amendment making the valuation, for assessment purposes, on the main line of the San Pedro, Los Angeles and Salt Lake Railroad, in Nevada, $10,000 per mile.

Mr. Ingalls—Mr. Chairman, as I understand it this is just on the main line and not on the sidetracks or branch line?

Governor Oddie—Yes, it is just on the main line?

Mr. Randall—Mr. Chairman, before I cast my vote I want to explain that it was just out of respect and courtesy to Mr. Waters that I made the motion.

Upon roll-call the following vote was had:

Yeas—Messrs. Weathers, McTerney, and Leonard.

Nays—Messrs. Sitton, Whitehead, Springmeyer, Ingalls, Lemaire, Norris, Randall, Malley, Grutt, Regan, Seeman, Hayes, and Miles.

Governor Oddie—Gentlemen, the amendment is lost by your vote of 13 to 3. The question is now on the original motion placing a valuation, for assessment purposes, of $12,000 on the main line of the San Pedro, Los Angeles and Salt Lake Railroad, in Nevada. I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the San Pedro, Los Angeles and Salt Lake sidetracks.

Mr. Norris—Mr. Chairman, I make a motion that the sidetracks of the San Pedro, Los Angeles and Salt Lake Railroad, in Nevada, be placed at a valuation of $2,500 per mile, for assessment purposes.

Mr. Shaughnessy—I would like to suggest in that connection, gentlemen, that if you wish to make this uniform with the Nevada and California and the Nevada Northern, a valuation of $3,200 per mile would be fair. I just make that as a suggestion and for your information.

Mr. Weathers—I second the motion.

Governor Oddie—Mr. Waters, do you want to make any remarks?

Mr. Waters—No, except to express my appreciation for your courtesy in listening to my harangue, and I am satisfied that you were actuated by the fairest principles and that you did your duty in your own estimation.

Mr. Miles—Mr. Chairman, I move to amend the motion by placing a valuation on the sidetracks of the San Pedro, Los Angeles and Salt Lake Railroad, in Nevada, for assessment purposes, of $3,200 per mile.

Mr. Malley—I second the amendment.

Mr. Whitehead—I believe that most of the way through we have been taking about one-quarter of the main-line valuation, and I move to amend the amendment by placing a valuation of $3,000 per mile on the sidetracks of the San Pedro, Los Angeles and Salt Lake Railroad, in Nevada, for assessment purposes.

Mr. Lemaire—I second the amendment.

Governor Oddie—Gentlemen, you have heard the amendment to the amendment. If there are no remarks, I will ask the Clerk to call the roll.

Upon roll-call the amendment to the amendment carried unanimously.

Governor Oddie—Now, gentlemen, the question is on the amendment of $3,200, which was amended to $3,000. You are now voting on the amendment as it was amended. I will ask the Clerk to call the roll.

Upon roll-call the amendment as amended was unanimously carried.

Governor Oddie—Gentlemen, you will now vote on the original motion as amended by the amendment and by the amendment to the amendment, placing the valuation at $3,000 per mile. I will ask the Clerk to call the roll.

Upon roll-call the original motion as amended by the amendment and the amendment to the amendment carried unanimously.

Governor Oddie—The next order of business is the Tonopah and Tidewater Railroad. Mr. Shaughnessy, will you give us the figures on that?

Mr. Shaughnessy—The Tonopah and Tidewater Railroad are operating within the State of Nevada 36.25 miles. The balance of the mileage runs south into California. The gross earnings of the system as a whole for the past year were $421,529.22. I beg your pardon—they were $317,424.49. The net earnings were $83,478.86. Last year we placed upon that mileage in Nevada, a valuation of $4,000 per mile on the main line and $2,000 per mile on the sidetracks. That is substantially invoice valuation. And, without going into details, and in view of the conditions in southern Nevada, I think it would be reasonable to place the same valuation this year. You gentlemen understand the situation there in southern Nevada, and know that everybody must stand in and do their share. I think that is a very reasonable valuation to place on the Tonopah and Tidewater.

Mr. Jenifer—Mr. Chairman, I think Mr. Shaughnessy made a mistake in regard to the sidetracks. They were $1,500 instead of $2,000.

Mr. Shaughnessy—I stand corrected if that's the record.

Mr. Jenifer—Mr. Chairman, I want to state that when the reduction was made last year on the basis of invoice value, the Tonopah and Tidewater and the Bullfrog and Goldfield were considered as one. They are operated under similar conditions and the traffic conditions are the same, but I think then the value of the T. & T. was practically assessed $1,000 higher than the other line, owing to the fact that we showed earnings on the T. & T. That's all in California. We have shown a decrease in our gross earnings of 25 per cent and also in our net about 25 per cent; a material decrease in our operating expenses, and there is no local business on the Tonopah and Tidewater in Nevada. The conditions are the same with the Bullfrog and Goldfield, and I ask you to take that into consideration and have the Tonopah and Tidewater Railroad assessed at the same valuation at the Bullfrog and Goldfield, whatever that may be assessed at.

Mr. Malley—Mr. Chairman, Mr. Jenifer has presented several good arguments during the last several days to the individual members of the board for a reduction. But, owing to the conditions in our county, I can't see where we could conscientiously give him a reduction, because last year we had to raise the big mining companies 25 per cent over there—and the year before—and such companies as the sewer company

were also raised 33⅓ per cent, and I can't see where I could agree to a reduction at this time under the conditions existing in our county. I move that we place a valuation of $4,000 per mile, for assessment purposes, on the main line of the Tonopah and Tidewater Railroad, in Nevada.

Mr. Grutt—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is sidetracks of the Tonopah and Tidewater Railroad.

Mr. Ingalls—Mr. Chairman, I see last year the valuation of the sidetracks was placed at $2,000 per mile. No, on the next page it is $1,500. I move that the sidetracks of the Tonopah and Tidewater Railroad, in Nevada, be placed at $1,000 per mile, for assessment purposes.

Mr. Whitehead—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Bullfrog and Goldfield Railroad. Mr. Shaughnessy, will you please give us the figures in regard to that road?

Mr. Shaughnessy—In regard to the Bullfrog and Goldfield, they operate from Goldfield to Rhyolite, a mileage of 83.01. They had a deficit in 1910, and in 1911 they show some earnings. The same conditions apply to the Bullfrog and Goldfield as apply to the Tonopah and Tidewater, and I think that those valuations of $3,000 per mile for the main line and $1,000 per mile for the sidetracks are substantially fair and about right.

Mr. Jenifer—Mr. Chairman, Mr. Shaughnessy remarked that we showed net earnings in 1911, but I have the report for the fiscal year——

Mr. Shaughnessy—To be accurate, gentlemen, I might say that I was in error in that. There is a deficit for both 1910 and 1911. For 1911 it is $32,000 on that line, and on the L. V. & T. there is a deficit of $37,000—another one that is making nothing. And if you will remember we put those properties on practically an invoice valuation; in other words, what they would bring for scrap if they pulled up the rails and ties and sold them. In view of the circumstances and the necessities of southern Nevada, I think that a valuation of $3,000 per mile on the main line and $1,000 per mile on the sidetracks, is entirely reasonable.

Mr. Ingalls—Mr. Chairman, if we had any reason, and good conditions existed so we could do so, these roads should maybe be reduced, but under the existing circumstances we put them down to the lowest ebb last year—the B. & G. and also the L. V. & T.—and we must hold them up to that valuation. If the circumstances would permit, they are entitled to a reduction, but on account of the other property down in that country I don't see how we can make any material change. I move that the Bullfrog and Goldfield Railroad, main line, be placed at a valuation of $3,000 per mile, for assessment purposes.

Mr. Malley—I second the motion.

Mr. Jenifer—Mr. Chairman, I appreciate the motives that have actu-

ated the board, and also the consideration shown us in the past. As mentioned by Mr. Shaughnessy, our assessment was on a basis of scrap last year, and our business has decreased since then. But, of course, unless the scrap has deteriorated by rust, we could not ask a further reduction.

Governor Oddie—Gentlemen, you have heard the motion. If there are no further remarks, I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business, gentlemen, is the sidetracks of the Bullfrog and Goldfield.

Mr. Malley—Mr. Chairman, I move that a valuation be placed on the sidetracks of the Bullfrog and Goldfield Railroad, for assessment purposes, of $1,000 per mile.

Mr. Grutt—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks, I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Las Vegas and Tonopah Railroad. Will you please give us the facts and figures on that road, Mr. Shaughnessy?

Mr. Shaughnessy—The Las Vegas and Tonopah Railroad are operating within the State of Nevada 200 miles, and the conditions in reference to that road are similar to those of the Bullfrog and Goldfield. They had a deficit last year of $37,714.89. They were assessed last year, on a basis of invoice valuation, $3,000 per mile on the main line and $1,000 per mile on sidetracks, and I think, in view of the situation, they should be treated in like manner this year.

Mr. Whittemore—Mr. Chairman and gentlemen of the board, I have very little to say in this matter. I have discussed this matter very thoroughly with Mr. Shaughnessy and the representatives of the counties through which this road extends, and they seem to think that, under the circumstances, the assessment should remain as it is. While our views may differ, I am inclined to accept theirs. While it is true that these other roads, the Bullfrog and Goldfield and the Tonopah and Tidewater, have been assessed at $3,000 per mile, there is one other consideration, and that is that our line is practically double—over double—the mileage of the Bullfrog and Goldfield, and yet the earning capacity is no more. One other consideration, too: The statement prepared by Mr. Shaughnessy shows that the L. V. & T. pays the highest proportion of taxes in proportion to gross earnings of any road in the State. And, on the other hand, it loses more money than any other road in the State, and it seems an unfortunate situation that the more money we lose, the greater proportion of taxes we have to pay. That may be unavoidable under existing conditions and circumstances. Our road is still operating at a loss. Our deficit last year was $37,000, and there seems no reasonable prospect of increased earnings, so the basis of valuation must govern that was established in the case of the State of Nevada against the Central Pacific, using the value of the material if taken up and disposed of in the market. Last year we submitted a schedule showing that if our road was taken up and disposed of in the market, it would be worth $2,880 per mile. The assessment was fixed at $3,000. My opinion is that in all fairness and justness an ordinary depreciation of about 15 per cent should be deducted from the assessment. However, the gentlemen

from the several counties through which our road runs and Mr. Shaughnessy feel differently. We are inclined to accept their judgment and leave this assessment as it was last year.

Mr. Whitehead—Mr. Chairman, I move that a valuation of $3,000 per mile, for assessment purposes, be placed on the main line of the Las Vegas and Tonopah Railroad, in Nevada.

Mr. Malley—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Las Vegas and Tonopah sidetracks.

Mr. Malley—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the sidetracks of the Las Vegas and Tonopah Railroad, of $1,000 per mile, the same as last year.

Mr. Ingalls—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Mr. Whitehead—Mr. Chairman, I move that we adjourn until 1:30 this afternoon.

Mr. Lemaire—I second the motion.

Upon the question being put the motion carried unanimously.

Accordingly the board took a recess until 1:30 p. m.

**Afternoon Session**

The board resumed its session, pursuant to recess, at 1:45 p. m., January 12, 1912.

Governor Oddie—The board will please come to order. I will ask the Clerk to call the roll.

Upon roll-call all the members of the State Board of Revenue and State Board of Assessors answered present, with the exception of Mr. Arrild of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered in his stead.

Governor Oddie—The next order of business is the Gardnerville Railroad.

Mr. Springmeyer—Mr. Chairman, I move that the next order of business, No. 11, under Railroads, be changed to read "Minden Extension of the Virginia and Truckee Railroad," instead of "Gardnerville Railroad."

Mr. Weathers—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Now the next question is on the Minden Extension of the Virginia and Truckee Railroad. I will ask Mr. Shaughnessy to give us the facts and figures on this road.

Mr. Shaughnessy—I want to say, gentlemen, in regard to the Minden branch of the V. & T., that the earnings that were made upon that branch were included in the gross earnings of the Virginia and Truckee Railway, and the Virginia and Truckee Railway Company pay the taxes not only on the Minden branch, but on the Virginia and Truckee also, and they should be treated as a whole. Now, the net earnings of the

Virginia and Truckee Railway Company for the year 1910 were $111,882.57; while for the year 1911, they are off considerably—they are down to $93,240.81, and the taxes that they paid are $19,488.45. On the basis of gross earnings this is 6.71 per cent. I think in view of the conditions, the high tax rates that the Virginia and Truckee and the Minden branch encounter, that the valuations as assessed last year are just and reasonable. I think if you increase the valuation of the Virginia and Truckee property materially at this time, that it would be clearly an injustice. I think the valuations as made last year are entirely reasonable.

Mr. Springmeyer—I would like to ask how many miles the Virginia and Truckee owns, including the branch?

Mr. Shaughnessy—67.48 miles.

Mr. Springmeyer—Did you figure that at $8,500 per mile in your statement of the assessed value?

Mr. Shaughnessy—No. We took the gross taxes paid on a basis of an assessment of $8,500 per mile on the main line, and $5,750 on the branch, and whatever those valuations produced in taxes we wrote off against the earnings as a whole. In finding a fair proportion, taking the property as a whole, it figures 6.71 per cent upon their gross earnings. Now, in regard to the Virginia and Truckee property as a whole—we might as well discuss it at this time—If we assume that the Virginia and Truckee were operating through counties where the tax rate was 2½ per cent, such as the Central Pacific, and assessed the valuation in order to bring the amount of taxes actually paid, we would be obliged to assess them at $11,552 per mile. That is assuming they paid an average tax levy of 2½ per cent, although, in fact, they did pay an actual levy of 3.66 per cent last year throughout all the territory they operated.

Governor Oddie—Mr. Ardery, can you give us some facts and figures as to the condition of your road?

Mr. Ardery—Mr. Murphy has those figures right here. I think he will confirm what Mr. Shaughnessy has stated.

Mr. Murphy—Mr. Commissioner, Mr. Chairman and gentlemen, there are times when one wants to be alone and there are times when one wants to be left alone. The Virginia and Truckee Railway is in this latter class. Mr. Waters suggested that I bring down a clipping from the Saturday Evening Post and read it, as it would be more interesting to the officials here than dry statistics. But, Mr. Shaughnessy, from last year's reports our figures are practically the same, but for this year, of which the commission has only five months now, our tax has increased over the previous year $4,038. Now, last year on the basis of the earnings of the railroad, $1,315 per mile, the company paid $288 per mile in taxes. As I say, the commission hasn't those figures now, but they can be verified by the different Assessors. This year, of which the company has paid the first installment, they are paying $345 per mile. Outside of the Southern Pacific, they are the highest taxed railroad of any.

Mr. Shaughnessy—What is the sum of the gross taxes for the current year when the second installment is paid?

Mr. Murphy—$23,282.15 for this year. Your figures are correct for last year. That's an increase of $4,038 over last year, making the taxes per mile $345.

Governor Oddie—How does that affect your conclusions, Mr. Shaughnessy?

Mr. Shaughnessy—The increase that there will be in the taxes on the basis of the assessment as levied in 1911, which Mr. Murphy says will total $4,000 additional, will make the ratio of taxes to gross earnings substantially 7 per cent even. I don't know that I can say anything further. I have said that I feel that's a fair tax.

Mr. Springmeyer—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the main line of the Minden Extension of the Virginia and Truckee Railway, of $7,000 per mile.

Mr. Randall—I second the motion.

Mr. Murphy—Mr. Chairman, with your permission, and the permission of the board, I would just like to make a few remarks. Referring to the valuation placed on the Minden Extension of the Virginia and Truckee last year, Mr. Springmeyer, as chairman of the Board of County Commissioners is represented here, and I believe the Board of County Commissioners in Douglas County last year believed that was a fair valuation we had on the road. They agreed to that. Our business at Minden in the last year has fallen off over $4,000 on the Minden extension, and there is no prospect of any improvement up there. If Mr. Springmeyer can tell me where there is I will agree that the valuation should be increased as he proposes. Instead, there is a prospect of the traffic falling off rather than increasing. You gentlemen from the east don't appreciate the situation. Mr. Springmeyer does. We have not only paid our taxes in Douglas County, but we have made voluntary contributions to assist them in their road work that we might retain the business that is going south in our competition with the Copper Belt. When we have lost that we are going to lose possibly 20 or 30 per cent of our traffic. Isn't it a fact?

Mr. Springmeyer—You will also lose on the entire road.

Mr. Murphy—Will you answer me one question? Can you tell me where we can get any prospective business when we lose that?

Mr. Springmeyer—I am not acknowledging that you were assessed enough prior to this.

Mr. Murphy—As the Board of County Commissioners, Mr. Arrild said that was fair. I understand that he spoke to you of that. Even at that, you can take our traffic at Minden during the year and it was only $24,000, and you can see how unjust a taxation of $7,000 per mile would be on a $24,000 business.

Governor Oddie—Mr. Springmeyer, I would like to ask if the valuation proposed is in keeping with the valuation placed on farm lands in your county?

Mr. Springmeyer—I judge that $7,000 would be about equal.

Governor Oddie—What is the highest value that is placed on alfalfa land in Douglas County?

Mr. Springmeyer—The highest is assessed at $35 an acre.

Governor Oddie—And what is that land worth?

Mr. Springmeyer—$150, I would judge.

Governor Oddie—What percentage of $150 is $35.

The Clerk—About 23 per cent.

Governor Oddie—Are there any further remarks?

Mr. Whitehead—I would like to ask if there is any intention on the part of the Assessor—of course, Mr. Springmeyer here is not the Assessor

and it might not apply—but I just want to say that 23 per cent seems to me a little low compared with the value of the road. And unless land is raised it does not seem fair to compel the road to pay at a much higher rate.

Governor Oddie—The idea is not so much to assess one class of property in proportion with another, but to have all classes of property assessed equitably and fairly.

Attorney-General Baker—This is purely a question of law, and according to law in a matter of this kind you can't take one yard-stick to measure one kind of property and another yard-stick to measure another. This Board of Assessors is intended to act as a Board of Equalization, and it is their duty to equalize all taxes wherever possible—to take the same yard-stick and measure all alike. I think that what this board has done it has done consistently and according to its best judgment, and that's the way it intends to act right along.

Mr. Murphy—Mr. Chairman and gentlemen, if you will pardon me just a moment. To capitalize, which the Supreme Court of this State has stated is correct, the earnings of the V. & T. at 6 per cent and then take 60 per cent of its valuation, you have a valuation of $696,470.

Mr. Shaughnessy—Mr. Murphy, that percentage should be 8 per cent.

Mr. Murphy—Then you have a valuation of $522,305, and we are assessed now for $744,959. The Assessor can verify those figures and the Railroad Commission also.

Mr. Springmeyer—Mr. Chairman, I may say that when I placed that valuation at $150 on land I may have placed it a little high. There has been land sold for that amount, but at a cash sale you could not safely figure it at over $100 an acre.

Governor Oddie—Of course there is more of a variation in land values than in any other class of property. Take it within a square of ten miles right here in Carson Valley, and there are a good many classes of land of different values, but what I want to get at is the average value of your farm lands in your county.

Mr. Ardery—May I say a word, Mr. Chairman and gentlemen? My nephews, who probably own half of Carson Valley, assure me that when land there is under cultivation—that is, prepared and has water—it's worth at least $200 an acre, and that you can find a ready sale for it at all the way from $175 to $200 an acre. And it is not only worth that, but the interest derived from the profits shows a very healthy valuation above that.

Governor Oddie—The purpose of bringing this matter to your attention is to show the necessity of placing land values on a fair and equitable basis, because this is going to be made the subject of scientific research in this State and is going to be brought before the Legislature. Every piece of property in the State—that is, every ranch particularly—is going to be looked into closely by practically everybody. The small property holders, those in the cities and towns, and all of the companies and interests in the State are going to watch our actions in this matter. I am trying to be of assistance to you, and am willing to take any of the responsibility. Whenever you want to you may pass the "buck" up to me. You may say that the Legislature is going to have this question put fairly before it, and that I am going to insist on a scientific commission, or some other method whereby lands will be assessed scientifically and equitably, and I do not think you gentlemen will have so

much difficulty in the future as you have in the past, if the right method can be arrived at. If we can get the valuations placed where they should be, it will mean that the tax rate will be lowered, and we will then be able to bring industries into the State that we cannot get now on account of our high rate of taxation. Understand, I am not taking the position, in this particular argument, that any railroad is paying too much or too little, because after this board gets through with the railroad assessments I think that the valuations placed by it will be what it honestly believes are equitable. It will then be the duty of the individual Assessors to bring all other classes of property up to a uniform basis of valuation.

Mr. Miles—Mr. Chairman, I don't believe we should take into consideration the value of the lands in the immediate vicinity of the railroad we are acting on now, for the simple reason that the assessment of those lands will be in the hands of the Assessor and the County Board of Equalization, and if those lands are assessed that low by the Assessor, then let the County Board of Equalization equalize it. We should compare this road with the other roads in the State and assess it accordingly. If the comparison justifies a valuation of $7,000 per mile, I would say to place it there, and if not, I would say to place it at some other figure.

Governor Oddie—The idea is not to compare it with the present assessed land value. We just want to get at the actual conditions of today, and then put it up to the Assessors to bring the land values up to where they belong, and this board, acting as a body, can help the Assessors.

Mr. Springmeyer—I don't know of any good reason why the Minden Extension should be assessed separately. Therefore placing it at $7,000, when the main line is $8,500, I think is all right.

Mr. Murphy—Mr. Chairman, the Minden Extension requires a special service in every respect. There is not a place in the country that is as sparsely settled as that is, that has the service that the Virginia and Truckee has given the Minden Extension. Now, when it comes to the question of the main line, all of the business for Minden comes from Reno and Carson. The principal traffic on the main line of the Virginia and Truckee is from Mound House, and has been in the past from Virginia, so there is no comparison between the two roads. At Minden the receipts for last year were $22,000 out of $301,000—no, more than that—$33,000 out of $301,000. There is no comparison between the main line of the V. & T. and the branch line to Minden.

Governor Oddie—Mr. Shaughnessy, will you talk to us again on this subject?

Mr. Shaughnessy—I don't know that I could amplify much on what I have said. The little branch running from here to Minden, rather than an earner is more in the interest of service than anything else. There is no great profit in it. What earnings they did have for the years back are being largely depleted, for the reason that where they served all of that country south of Minden, they are now losing that since the construction of the Copper Belt, for the reason that the business is going to the Southern Pacific and the Copper Belt via Wabuska to and from points in Smith Valley. Therefore the V. & T. stand to lose all of that southern business, and I don't see where a comparison could be drawn in valuing that little line from here to Minden, with the main line. There is no equity in it whatever. The construction of that little branch is very light, and I imagine could be reproduced for say $12,000

or $14,000 per mile. Upon that basis an assessment of $5,750 per mile is a pretty fair proportion of the full ad valorem valuation as compared with other property. I don't believe in assessing any property unreasonably. I think we ought to keep within reason. For example: The Virginia and Truckee are paying proportionally, on their entire property, about 7 per cent of gross earnings, according to the figures Mr. Murphy has given here, and that is equivalent to what the Nevada and California is paying. Now, I don't think we ought to value the Virginia and Truckee greater in proportion than the Nevada and California, because their resources are not so large.

Mr. Regan—Mr. Chairman, I think we are getting a little bit too high on that road, so I move to amend the motion by placing a valuation of $6,500 per mile, for assessment purposes, on the main line of the Minden Extension of the Virginia and Truckee Railway.

Mr. McTerney—I second the motion.

Mr. Murphy—Mr. Chairman, I think this is unjust and not right at all. I will probably talk it up another thousand, but Mr. Regan is one of the Assessors that can realize that the valuation he is placing is excessive. On our entire property we are entitled to a reduction in accordance with the way other railroads throughout the State are assessed. The Railroad Commission next year will show that we have paid $345 per mile, and it will be $60 in excess of any other road in the State with the exception of the Southern Pacific. Now, is it reasonable; is it just, that you should not equalize property? That is what you are here for, to equalize it. It is more necessary in these counties to equalize, because our rates run from $5 to $3.20. We don't object to that, but we do object to having excessive valuations placed on the property. The average rate in the five counties we run through is $3.13 a hundred, and Mr. Regan will agree—so will Mr. Springmeyer—that the traffic on the Minden Extension branch don't justify any such valuation as $6,500 per mile.

Mr. Ardery—May I have a word, gentlemen? I don't propose to do any talking. I'm afraid of the steam roller. For years and years Douglas County urged and plead to have us extend our line somewhere in Carson Valley, thereby giving products raised in that locality an outlet. It was figured year after year and we could never get it above 2 per cent. But the farmers insisted if we came out they would increase the business many fold and we would realize good profits. Eventually the road was extended to Minden, and the farmers there were simply delighted. Mr. Springmeyer represents a large portion of the farming interest, and he, I think, will confirm my statement that they were delighted. And we waited for the business, but it has never materialized to the extent of the promises. Now, last year, as has been stated here, our revenue fell off quite perceptibly, and conditions are now so critical that we anticipate a much more serious loss than during the last year. We expect it any time, and when that time comes, I assure you, gentlemen, we cannot pay expenses on that Minden branch. This is a question, I think, that no personal feeling should enter into whatever. It is a plain business proposition. Give us a chance, and by that chance we are willing to be left alone at our old assessment. We are satisfied to take a chance at this $5,750, and I hope that will prevail, because I assure you it is common sense.

Mr. Leonard—Mr. Chairman, I move to amend the amendment by placing a valuation, for assessment purposes, on the main line of the Virginia and Truckee Railway, Minden Extension, of $5,500 per mile.

Mr. Weathers—I second the amendment.

Mr. Lemaire—As I understand it, that is a lower valuation than was placed last year.

Mr. Regan—Last year it was $5,750.

Mr. Leonard—I did not mean to lower it. I meant to put it the same as last year, $5,750.

Mr. Weathers—I second it as corrected.

Mr. Whitehead—Did I understand from the figures of the Railroad Commission that this branch shows no profits?

Mr. Shaughnessy—I did not say that, Mr. Whitehead. The earnings are not segregated, as I said before. They are reported by the Virginia and Truckee Railway as a whole. But I did try to make it clear to the board the condition of that line. I know that the earnings are not large. The earnings of that branch line can't be heavy—nor much more than to pay for its operation and a small recompense. And the service is a good one.

Mr. Miles—Mr. Chairman, I think from what we have heard here that $5,750 on that line is plenty. And in regard to the lands that we have heard about in that section, I believe it all should be raised, and I think the representative from that county should leave here with that impression. The lands are not assessed high enough, and they should be raised.

Governor Oddie—If there are no further remarks, I will ask the Clerk to call the roll. You are now voting on the amendment to the amendment, placing a valuation, for assessment purposes, on the main line of the Minden Extension of the Virginia and Truckee Railway of $5,750 per mile.

Upon roll-call the following vote was had:

Yeas—Messrs. Whitehead, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Hayes, and Miles.

Nays—Messrs. Sitton, Springmeyer, Randall, Grutt, Malley, Regan, and Seeman.

Governor Oddie—Gentlemen, the amendment to the amendment has carried by your vote of 9 to 7. I will now ask the Clerk to call the roll on the amendment as amended placing the valuation at $5,750 per mile.

Upon roll-call the amendment as amended carried unanimously.

Governor Oddie—Now the question is on the original motion as amended by the amendment and by the amendment to the amendment, placing the valuation at $5,750 per mile.

Upon roll-call the following vote was had:

Yeas—Messrs. Whitehead, Weathers, Ingalls, McTerney, Leonard, Lemaire, Norris, Randall, Grutt, Regan, Seeman, Hayes, Miles, Malley, and Sitton.

Nay—Mr. Springmeyer.

Governor Oddie—Gentlemen, the original motion as amended by the amendment and by the amendment to the amendment, has carried by your vote of 15 to 1. The next order of business is the sidetracks of the Minden Extension of the Virginia and Truckee Railway.

Mr. Springmeyer—Mr. Chairman, I move that a valuation, for assessment purposes, of $1,200 per mile be placed on the sidetracks of the Minden Extension of the Virginia and Truckee Railway.

Mr. Regan—I second the motion.

Mr. Ardery—It's so small an amount I don't believe it's worth fighting. They are apparently out to win a point, so let them win it.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Nevada, California and Oregon Railway.

Mr. Hayes—Mr. Chairman, I will say that road runs into Lassen, Plumas and Modoc Counties, California. There is not much change in the business since last year. This board assessed it at $3,500 per mile last year. I think that it might stand $4,000. That would be a raise of $500, so I make that as a motion that a valuation be placed on the main line of the Nevada, California and Oregon Railway, narrow-gage, in Nevada, for assessment purposes, of $4,000 per mile.

Mr. McTerney—I second the motion.

Mr. Shaughnessy—The Nevada, California and Oregon Railway operate a total mileage of 184 miles. They run north from Reno to Alturas, California. The Nevada mileage is 28.14. The per cent of the Nevada mileage to the total is 15½. The gross earnings for the year 1911 were $338,967.24. The net earnings were $95,975.18, and 15½ per cent of the net earnings would give to the Nevada mileage a net earning of $14,369.85. This is 8 per cent on $180,000. Taking 60 per cent of that, we have for the railroad valuation in Nevada $108,000, and that, divided by the mileage, makes substantially $4,000 per mile, which is a just and fair valuation as I figure it.

Governor Oddie—Is there any one here representing that company?

No response.

Governor Oddie—Gentlemen, you have heard the motion. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the sidetracks of the Nevada, California and Oregon Railway.

Mr. Hayes—Mr. Chairman, I move that the sidetracks of the Nevada, California and Oregon Railway, in Nevada, be placed at a valuation of $1,000 per mile for assessment purposes.

Mr. Ingalls—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, the next order of business is the Virginia and Truckee Railway.

Mr. Lemaire—Mr. Chairman, we are all anxious to leave tonight if we possibly can, and if it could be done we might in making our motions have the one motion cover both the main line and the sidetracks. I think that would possibly expedite matters and help us along.

Governor Oddie—I would suggest that could be done.

Attorney-General Baker—That might be done where all agree upon the motion as to the main line and sidetracks, but there might be a dispute. It would have to be done by unanimous consent.

Governor Oddie—Mr. Shaughnessy, will you give us the facts in regard to this road?

Mr. Shaughnessy—I have already given the data on the Virginia and Truckee Railway, and that was very thoroughly discussed in the consid-

eration of the Minden branch. I don't think any extended remarks are necessary in order to show to the board that it should remain as it was last year. They are paying now substantially 7 per cent on their gross earnings, and by comparison with all other property that is certainly fair. That would be a valuation at this time of $8,500 per mile on the main line and $2,500 per mile on the sidetracks.

Governor Oddie—Mr. Ardery, would you like to say something?

Mr. Ardery—I have nothing to say, Governor. I think that is fair. We will take a chance on that.

Mr. Regan—Mr. Chairman, last year it was assessed at $8,500 on the main line, and we thought we ought to have a little raise of $250. I make a motion that we place a valuation, for assessment purposes, on the main line of the Virginia and Truckee Railway of $8,750 per mile, and on the sidetracks of $2,500 per mile.

Mr. Hayes—I second the motion.

Mr. Murphy—Mr. Chairman, the Railroad Commissioner has presented to this board the condition of the road. On the Comstock this last year, from the Mexican mine and the other mines up there, the company has had a very good traffic. They have built a mill up there that will take away from the company the tonnage of that mine, and the only tonnage that we have is from the gypsum plant at Mound House, and there is no telling how that product is going to be this year. In view of the fact that the company is over-assessed, I believe the Board of Assessors should leave it just as it is today.

Mr. Ardery—I would like to say a word, Mr. Chairman. I will also say to you gentlemen—many of you have probably not been over our road to Virginia City—our grades average 2¼ per cent and our curves are up to 19. Our curve rails wear out very quickly and it is a constant expense to keep our line up. We have to order a mile of steel rail now, and it cuts into us very seriously. And I beg of you, in view of the statement made to you by Mr. Shaughnessy, that you give us a chance on this thing and let us alone. I don't see any object or reason in it. Nothing has been shown to prove that we should be raised, and I beg that you give us the same treatment that you did on this little branch to Minden. I don't see any occasion for taxing us this little extra amount on our main line. Our conditions are different from most roads. I want to be mindful of that steam roller, gentlemen. I know my friend Cannon got it, but I know there are fair-minded men here, and conditions are such with mining at one end liable to go down on us, we cannot build up and we cannot throw our assessment down. Let us alone, I beg of you.

Governor Oddie—Gentlemen, there is a motion before the board placing a valuation of $8,750 on the main line and $2,500 on the sidetracks. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Eureka and Palisade Railroad.

Mr. McTerney—Mr. Chairman, nothing has been done on the Eureka and Palisade Railroad until the last couple of months. It is now in the hands of the construction company. At least we hope so, and I move that it be left to the Assessor this year. It would be almost impossible for the board to place a valuation.

Mr. Randall—I second the motion.

Mr. Shaughnessy—The line is washed out, and the position taken by Mr. McTerney is just and fair. I think it should be left in his hands. This board could not assess it intelligently.

Governor Oddie—Mr. McTerney, do you include sidetracks in that motion?

Mr. McTerney—Yes, sir.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next is the Nevada Central Railroad and sidetracks of same. Mr. Shaughnessy, will you give us some facts in relation to this road?

Mr. Shaughnessy—The Nevada Central Railroad operates from Battle Mountain to Austin, and, while you will notice on the statement that it shows some net earnings, you will also find by referring to your minutes of a year ago, that the company had a deficit of $23,000 at that time, while this year they show net earnings of $36,000, or for the two years, $13,600. That was made during the period when the camp of Austin apparently took a new lease on life, and eastern capital went in to operate the mines as it was supposed, on a large scale, but that's in litigation again and there's nothing doing there. Consequently the Nevada Central earnings are practically nothing at all. Since this last report was rendered—it was July 30, 1911—our monthly reports show that they are little more than breaking even, and it is really proper that it should be left to the discretion of the Assessor, although, of course, as a valuation of $1,250 was placed last year, I think something approaching that figure would be just and fair at this time. I don't think that little company can stand very much, if any, increase in taxes. The railroad in that section and in the Eureka section is more a question of service. Everybody appreciates that, and with double force since the Eureka and Palisade washed out.

Mr. Lemaire—Since the report that the Railroad Commission has received I have some figures here, which they have also received within the last few days, showing their net earnings in July, August, September, October, November, and December. In July the net earnings were only $887, August $74.02. They were a little better in September, $1,450. The business is less than it has been for a good many years, and I will make a motion that we place a valuation, for assessment purposes, on the main line of the Nevada Central Railroad of $1,250 per mile, and on the sidetracks of $300 per mile, the same as last year.

Mr. McTerney—I second the motion.

Mr. Ingalls—I would like to ask if it is broad-gage or narrow-gage?

Mr. Lemaire—Narrow-gage.

Governor Oddie—Gentlemen, you have heard the motion. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, the next order of business is the Silver Peak Railroad and sidetracks. Mr. Shaughnessy, will you please give us some facts about this road?

Mr. Shaughnessy—The Silver Peak Railroad is a little railroad running off the Tonopah and Goldfield from Blair Junction to Silver Peak. It consists of 17.50 miles. The gross earnings for the year 1911 were $14,833.71,

while the net earnings are only $1,135.86. Now, they paid in taxes for the year 1911 $833.80. That is on a basis of a valuation for the main line of $1,700 and sidetracks $400. I think it is a little too high. I think to do justice to that little company it ought to be reduced to some extent at this time.

Mr. Ingalls—Mr. Chairman, I move that the valuation to be placed on the main line and sidetracks of the Silver Peak Railroad be left to the various Assessors. There is only 17½ miles, and I will assess it all it will stand anyway.

Mr. Grutt—I second the motion.

Mr. Ingalls—Last year they didn't kick much about it, but they did a little.

Governor Oddie—Gentlemen, you have heard the motion. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, the next order of business is the Caliente and Pioche Railroad and sidetracks of the same. Mr. Shaughnessy, will you give us some facts on this road?

Mr. Shaughnessy—The Caliente and Pioche Railroad is a little branch line belonging to the San Pedro Railroad, and it operates from Caliente to Pioche, a distance of 32.90 miles. Now, all the statistical data with reference to the line is included in the figures given you for the San Pedro road, which made the valuation, using that mileage with the San Pedro, the same, $13,000 for the main line per mile. Last year the assessed valuation for the main line was $2,500 and the sidetracks $500. By comparison with the Las Vegas and Tonopah and the Bullfrog and Goldfield it is too low, because it is not the real invoice valuation. The invoice valuation would be at least $3,000 per mile for the main line and the sidetracks ought to be $1,000 per mile.

Mr. Waters—Mr. Chairman, the Caliente and Pioche Railroad was built when Pioche was supposed to be on the road to more successful operations. You all know the history of Pioche in the early days and its downfall and of the fact that it has been lying dormant. Ten years ago, after the San Pedro built through the lower part of the State, it was considered possible, if they could get railroad facilities, to work the mines again. The mines were reorganized and the railroad built, but nothing doing, until recently a few shipments have been made—a little soup out of Panaca to the old Godfrey smelter, and they are now shipping about five cars a day. We have been running a mixed train once a day for most of the time and have never been on a paying basis. It should be assessed on an old junk basis, and I think $3,000 will be all right.

Mr. Norris—Mr. Chairman, I move that the main line of the Caliente and Pioche Railroad be placed at a valuation of $3,000 per mile, and the sidetracks at $1,000 per mile, for assessment purposes.

Mr. Whitehead—I second the motion.

Mr. Ingalls—I would like to ask the Railroad Commission if that is all right?

Mr. Shaughnessy—That is substantially what I recommended. That is the invoice value of the property.

Governor Oddie—Gentlemen, you have heard the motion. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Atchison, Topeka

and Santa Fe Railroad and the sidetracks of same. Mr. Shaughnessy, will you give us some facts regarding this road?

Mr. Shaughnessy—The Atchison, Topeka and Santa Fe Railroad is the Barnwell and Searchlight Railroad, operating 13 miles into the Searchlight district. Earnings practically nothing at all, and should be treated in the same manner as the Caliente and Pioche Railroad, and also the L. V. & T. and Bullfrog and Goldfield, on an invoice valuation for the main line of $3,000 per mile and sidetracks $1,000 per mile.

Governor Oddie—Is there a representative of that company here?

Mr. Waters—Mr. Chairman, the tax agent of the Santa Fe in Los Angeles, requested me to represent his company. I believe that he would be satisfied that was a fair and equitable assessment.

Mr. Whitehead—Mr. Chairman, I move that a valuation, for assessment purposes, be placed on the Atchison, Topeka and Santa Fe Railroad, main line, in Nevada, of $3,000 per mile, and on the sidetracks $1,000 per mile.

Mr. Lemaire—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, the next order of business is the Glasgow and Western Exploration Company and sidetracks of same.

Mr. Leonard—Mr. Chairman, I move that the valuation of the Glasgow and Western Exploration Company Railroad, main line and sidetracks, be left to the Assessor. It is a nonrevenue road. Never does any business.

Mr. Lemaire—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Pioche and Pacific Transportation Company and sidetracks of same.

Mr. Norris—That's a little narrow-gage road that runs from Pioche to the mines. I move that it be left to the Assessor.

Mr. Grutt—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is the Nevada Copper Belt Railroad and the sidetracks of the same.

Mr. Randall—Mr. Moore represents that company.

Governor Oddie—Mr. Moore, would you like to say something?

Mr. Moore—Mr. Chairman, I will say I don't know—perhaps I can work tandem—but the Railroad Commissioner is used to working in the lead, and I would much prefer to hear what he has to say before I will know whether I have anything to say or not.

Governor Oddie—Mr. Shaughnessy, will you please give us some facts regarding this road?

Mr. Shaughnessy—The Nevada Copper Belt Railroad is a new line operating from Wabuska to Ludwig, a distance of 31.30 miles, as reported to the commission. Is that right, Mr. Moore?

Mr. Moore—No, sir. The 31 miles is to Hudson. I think the present mileage—has been for less than a month—is 41.5.

Mr. Shaughnessy—Then the mileage operated is 41.5. The gross

earnings for the fiscal year ending June 30, 1911, was $33,666.43, but, due to washouts and one thing and another, through abnormal conditions, they had very heavy operating expenses, and report only shows $252.79 net earnings. The taxes paid by the company last year were $1,094.64. The per cent of taxes to gross earnings was 3.25 per cent. The assessed valuation per mile last year was $2,500 for the main line and $800 per mile for the sidetracks. Now, I understand the smelter has begun operations there and that they have completed the construction of their line, although it must be remembered that the company has not yet supplied themselves with full equipment, and it will be necessary for them to purchase a large amount of equipment and supplies before they are ready for full operation. Perhaps it will be necessary for them to do some ballasting, etc. In view of the fact that this company has just begun operations, and in view of its similarity to the Minden branch of the Virginia and Truckee Railway, running out into Carson Valley, which has just been discussed here, I should say that a fair value for that company would be $5,750 per mile on its main line, and $1,000 per mile for its sidetracks. I make that recommendation, $5,750 per mile for the main line and $1,000 per mile for the sidetracks.

Mr. Moore—Mr. Chairman, I will state, like Mr. Waters, that there are a good many things that I ought to say, but I have figured out that it costs about $500 a minute to talk, and therefore I am sure I could not stand over five minutes at that rate. But I will state that our taxes—the taxes of the Nevada Copper Belt—for last year, one half of which has already been paid—— In the first place, along last year and the year before, the local Board of Equalization placed our tax levy last year on a mileage basis at $3,500 per mile. We paid something over $3,000. Our taxes were something over $3,000 last year. I think the report in the hands of these gentlemen here shows our earning capacity at about $8 per mile. We paid in taxes between $70 and $80 per mile. As to the question of the future outlook, I am sorry that it has come up in the shape it has come up. I don't like it. It occurs to me that as a usual thing there is more or less of a common cause with railroad companies. But there has been an argument before the board on the question as to why the Virginia and Truckee should be reduced, in which our road has been made the "goat," and I am going to get right out from under that if I can get the matter stated right before the board. We have run in from Wabuska to the smelter, 41 miles. Hudson is 31 miles from Wabuska and is the nearest point on our line to the line from the south. That is where we get the nearest to them in a direct line to the south. The argument was used that the V. & T. should be reduced because probably the Nevada Copper Belt was taking the business from the V. & T. I have to say that the Virginia and Truckee Railway itself, of its own volition—or at least upon some friendly objection raised here—has reduced its rates on that road to a point where, so far as the business to the south is concerned, we could agree to handle it for nothing and still not get the business, so there is not much probability of our taking that business or in the future holding any of the business for us that is now going to the Virginia and Truckee. It was also argued that, as we had some gypsum opened on our road, the ore tonnage on the Virginia and Truckee on gypsum would be reduced. We are opening up some gypsum at Ludwig, and two cars a day is the limit of the traffic. That is all the gypsum we get. It is shipped to Reno where

they mill it, and we handle it on a profit of five cents, so there is not very much for the railroad to hope for or expect from that source. The people who have built the road, as every man before the board knows, went in there for the purpose purely and solely of primarily handling copper ores in that section of the State. It was built upon an agreement between the Mason Valley Mines Company and the Nevada Douglas. The Nevada Douglas constructed the railroad and the others the smelter. The figures from March, 1910, to the 1st of December, 1910, showed a loss to us of seventeen hundred and some odd dollars. Take into consideration the additional charge of fifty-two thousand and some odd dollars on our bonded indebtedness, and we have a loss of about $55,000 for this coming year where we had hoped to open up a district that would call for ore tonnage, but everything in the district is new. So far as to the question of whether or not there is ore of commercial value that can be handled at a profit, there are nothing but prospects, except two of the large mines that are in operation, and only one of them is shipping to the smelter at this time. We were immediately confronted, as soon as the smelter was blown in, a few days before it blew in, by an injunction suit, seeking to deny, or have the courts deny, to the mines company the right to operate the smelter. The question of a temporary injunction was submitted to the court last Tuesday afternoon. We have no intimation from the court as to what its ruling may be, but I want to say to you in all fairness, if the court follows the example set by the courts in a number of the other States, and say that we have no right to operate the smelter in the position it now is, then the road is not worth its price in junk. There would be absolutely no possibility of the road making anything this year or any other year. It looks to me that with all of these conditions, uncertain as they are, and the fact that the road and the interests of the State and county are in the same condition, and in the hands they are—in Mr. Randall's hands—the road is in Lyon County—the facts showing that there may be a dead loss to the road, that it may be worthless by the time the Board of Equalization there meets, or that it may be showing a good earning at that time, and the fact that we cannot figure on the future definitely, that the only fair course for this board to pursue is to pass the proposition to Mr. Randall, and let him fix the assessment in connection with the local board this year.

Mr. Randall—Mr. Chairman, my judgment is that that country is going to improve wonderfully this summer. I will also state that Mr. Shaughnessy's figures are just about what they ought to be, and I make a motion that a valuation, for assessment purposes, be placed on the main line of the Nevada Copper Belt Railroad of $5,750 per mile, and on the sidetracks of $1,000 per mile.

Mr. Seeman—I second the motion.

Mr. Moore—May I ask the commissioner a question or two, Mr. Chairman? Mr. Shaughnessy, if you take the gross earnings basis on an ad valorem basis, I would like to ask what basis the commission can take and arrive at any definite conclusion that that is a fair valuation on the road for the present year.

Mr. Shaughnessy—I think the figures given are fair, Mr. Moore, for the reason that that makes the valuation of your property about $235,750. Now, I figure your property is worth substantially $15,000 per mile to reproduce, or $615,000, and that is conservative. Upon that

basis your ad valorem valuation would be 38 per cent, and I know that is a fair value of the property. In any event your prospects are just as flattering as those of this little branch line from here into Carson Valley. The only way we can do, Mr. Moore, is to do our work by comparison. We can't have one valuation in one section and another valuation in a different section, and I could not put myself in that position. I can only give you these figures on a uniform basis, and then it is discretionary with the board what value they want to arrive at.

Mr. Moore—The board will pardon me one minute. I have understood all along that the board was refusing to try to assess valuations either upon a possible increase of business for the future year or years, or on a possible decrease for the future year. It seems to be a poor rule that won't work both ways, and I think that there is not many but that will agree with me. The possibility is strong with our road one way or the other at the present time. More than that, as Mr. Shaughnessy has stated, the road has just come out of the hands of the construction company. Sixty per cent of it is not surfaced as yet. The ties and rails are laid, but we can only pull a small tonnage over it in that condition. There is at least half the track in that condition. I won't be certain about the percentage, but I think at least 50 per cent. In the second place as to the immediate use of the road as shown, it is impractical to use in its present condition, and the company is busy now, and has been, and Mr. Randall will bear me out, immediately this side of Yerington station, and before it is really completed there will be a fourteen-foot cut through a long mountain reducing the grade. It is also up to us along those same lines to change the last four miles of the road. And those things, in addition to Mr. Shaughnessy's statement about the cost of operation, getting the proper amount of equipment to handle the business if we get the business—to purchase outright in the market as well as to make all these betterments and improvements and finish the construction, it seems to me puts us in a place where it certainly would not justify the board in fixing a value to start with of $5,800. I don't think the present board in our county could be impeached as either neglecting or rejecting their duty to fix a valuation for themselves for the benefit of the county and the State. They fixed the valuation for the last two years at $3,500 per mile, and it seems to me an injustice for the Board of Assessors, the first time they get an opportunity, to practically double the valuation they have placed on it for two years, in view of all the conditions.

Governor Oddie—Gentlemen, there is a motion before the board. Are there any further remarks?

Mr. Miles—Mr. Chairman, it seems to me that owing to the fact that Mr. Moore has suggested that the matter of the assessment be left in the hands of the Assessor, and owing to the fact that the Assessor has shown a disposition in all cases to hold the railroad company up to the standard, I consider that to leave it in his hands would be perfectly safe for this board. But I believe that their smelter will be in operation and the road be on a paying basis within a short time, and that as Mr. Randall, as the Assessor of that county, has moved to place the valuation, it is proper we should act upon his judgment at this time.

Mr. Whitehead—Mr. Chairman, I don't know whether I understand the figures right or not, but in assessing the Virginia and Truckee, I understood the Minden branch was included in the statement given here.

The Virginia and Truckee shows net earnings of $1,381.75 per mile, while the Copper Belt shows only $8, and with relation to present circumstances and present figures that is way out of proportion. And to put it on the same basis, unless the same conditions exist right now in the county justifying the proposition—while Mr. Randall knows the conditions better than I do—it looks to me a little bit out of proportion.

Mr. Randall—I will state that in a very short time they will commence working those mines and the valuation will increase three-quarters. I really think that $5,750 is a fair valuation, and if it was left to me I would assess it at that.

Governor Oddie—Gentlemen, if there are no further remarks I will ask the Clerk to call the roll. You are now voting on placing a valuation, for assessment purposes, on the main line of the Nevada Copper Belt Railroad, of $5,750 per mile, and $1,000 per mile on the sidetracks.

Upon roll-call the motion carried unanimously.

Governor Oddie—Gentlemen, the next order of business is the Western Pacific Railway and sidetracks of same.

Mr. Leonard—Mr. Chairman, I move that we take a recess for ten minutes.

Mr. Weathers—I second the motion.

Upon the question being put the motion carried unanimously.

Accordingly, at 3:20 p. m., the board took a recess for ten minutes.

Pursuant to recess, the board resumed at 3:30 p. m.

Governor Oddie—Gentlemen, the meeting will please come to order. I will ask the Clerk to call the roll.

Upon roll-call all members of the State Board of Revenue and State Board of Assessors answered present, with the exception of Mr. Arrild of Douglas County, and Mr. Leo Springmeyer, Chairman of the Board of County Commissioners of Douglas County, appeared and answered in his stead.

Governor Oddie—Gentlemen, the next order of business is the Western Pacific Railway and sidetracks of same. I will ask Mr. Shaughnessy to give us some data on that road.

Mr. Shaughnessy—The Western Pacific Railway is operating 421.4 miles in the State of Nevada. The Western Pacific Railway Company, prior to this fiscal year, has been in the hands of the construction department, and has not made a report of earnings and expenses previous to June 30, 1911, and since that time we have only two monthly reports upon which to base our computations. On the basis of earnings for July and August, 1911, the earnings for the year will be $5,532,987.71, less operating expenses on the basis of the ratio of the system as a whole, which was 71 per cent, we find that we have a net revenue of $722,054.80. Nevada's pro rata of the mileage is 45 per cent. On this basis the gross earnings creditable to the Nevada mileage would be approximately $2,500,000, while the net earnings would be $324,925. This company will pay in taxes for the year 1911, $74,000 in Nevada. On the basis of our approximation of earnings for the ensuing year and the fair value of the property, I think a per mile valuation of $10,000 on the main line and $3,000 on sidetracks would be just and reasonable.

Mr. Caine—Mr. Chairman, I will not take up much of your time, for you have been worried with facts and figures and discussions, and you have been very patient. I will only say a few words. I hoped when I was here a year ago that at this time I would be able to say to you,

if called upon to represent the Western Pacific Company, that our year had been a more prosperous one than it has turned out to be. We met with very serious losses during the early part of the year, and were practically out of commission the latter part of January and nearly all of February and a part of March and April. We had disasters and landslides, and as a result our condition as an operating road is not very much better than it was last year when you placed a valuation of $7,500 per mile on it. Of course, barring accidents, we are one year nearer coming into our own. Based on the figures we have, our Nevada business for the year should amount to about $180,000, and against this we have a payroll alone of $500,000. And on our system we have competition that is well defined. Then Mr. Shaughnessy had $325,000 profits apportioned to Nevada, from which take approximately $74,000 taxes, and interest on $8,500,000. We have met competition—difficulties involving obstacles upon every turn and angle. Some day we are going to be a great road; some day we will help to develop Nevada—that portion of Nevada through which we go—to a wonderful degree; some day we are going to be an important factor as a taxpayer and tax producer, but at this time any tax that may be placed upon us—any increase—is going to be a serious burden. I cannot tell you all the details I might tell out of school in regard to some things, but there you have a few figures showing an absolute deficit, that must come from somewhere, of $1,000,000 in Nevada alone during the past year. The figures Mr. Shaughnessy has given you are the best he could give you under the circumstances, because they were the only ones he had. They were the best we could do. As a matter of fact, so far as we have been able to learn, those figures for those two months, judging from the train service and so on, were more than for the following months, and certainly for the months preceding them. You have to do the best you can, and you have always treated us royally, and the Legislature has always treated us royally. Most of you gentlemen have been here for the last two years and appreciate the difficulties you are up against, and you appreciate the difficulties we are up against, and we are just now as we were a year ago, except that, barring accidents, we should do more next year. We are going to leave this to the board—as to any increase you may make in the tax. You have treated us on a strictly business basis, and we appreciate it. The Legislature has been kind to us. We try to ask for nothing but what is right, and we have got to add that the Railroad Commission has treated us in the same way, and we know you will in this assessment, and you are going to do the best you can. If you feel that Mr. Shaughnessy's figures are necessary and fair—and I know that he believes they are—I don't take any exceptions at all. I simply say that any increase you make from $7,500 to $10,000 is going to be a burden and a serious burden that will be taxed against Nevada and will interfere to a certain extent with our development. But you have your duty to perform and we have ours, and we are going to meet you in the spirit in which you act, whatever you do. I am not going to suggest any figure to you. I have nothing to say except that you have treated us royally, and when the time comes that we are on a strictly business basis and have overcome the difficulties that are confronting us, we will not be asking for any favors at all, and I think you appreciate our position absolutely in this matter. As I say, the figures that were submitted by Mr. Shaughnessy, were the best figures that could be submitted,

because it was all we had. We simply leave it to you, because we know that you will treat us right because you always have and the deliberations show that you are doing it to everybody. If mistakes have been made they are mistakes and nothing else. You have not attempted to do anything that was not fair and right and you are not going to do any different.

Mr. Weathers—Mr. Chairman, in view of the showing made and the suggestion of Mr. Shaughnessy, I move that a valuation, for assessment purposes, be placed upon the main line of the Western Pacific Railway, in Nevada, of $10,000 per mile, and on sidetracks of $3,000 per mile.

Mr. Caine—Mr. Chairman, just in regard to sidetracks. Other sidetracks have been assessed on a 25 per cent basis. I just simply make that as a suggestion.

Mr. McTerney—I second the motion.

Governor Oddie—Are there any further remarks?

Mr. Lemaire—Mr. Chairman, I don't see the reason why we should assess these sidetracks at $3,000. They should be $2,500 per mile.

Mr. Shaughnessy—I agree with you. That was my mistake.

Mr. Weathers—I will change the motion by placing sidetracks at $2,500 per mile instead of $3,000.

Mr. McTerney—I second the motion as corrected.

Governor Oddie—Gentlemen, you have heard the motion. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is miscellaneous railroads. Last year that was changed to miscellaneous properties.

Mr. Ingalls—I will state that there is a little railroad in Goldfield that runs from the mill to the mines. I merely mention that fact. I move that we leave all other properties to the various Assessors of the counties.

Governor Oddie—Your motion is to leave all other railroad properties not acted upon by this board to the various Assessors?

Mr. Ingalls—Yes, sir.

Mr. Weathers—I second the motion.

Mr. Miles—Mr. Chairman, I would suggest that that be made to include all rolling stock.

Attorney-General Baker—I would make the suggestion that it is not necessary to leave all other railroads in the hands of the Assessors. Whatever is not assessed by this board it is their duty to assess. Whatever assessments are levied by this board must be followed; otherwise they go ahead and act as though this board was not in existence.

Governor Oddie—Last year that was covered by a motion.

Mr. Whitehead—Mr. Chairman, last year we had a motion covering miscellaneous property, including all property not heretofore assessed.

Mr. Ingalls—I will make that as my motion.

Mr. Weathers—I second the motion as corrected.

Mr. Lemaire—Mr. Chairman, would it not be well to have the order of business read "Miscellaneous Property" instead of "Miscellaneous Railroads"? If I am in order, I will make a motion to that effect.

Governor Oddie—Will you withdraw your motion, Mr. Ingalls?

Mr. Ingalls—I will withdraw it.

Mr. Weathers—I will withdraw my second.

Mr. Lemaire—Mr. Chairman, I make a motion that the order of busi-

ness be changed to read "Miscellaneous Property" instead of "Miscellaneous Railroads."

Mr. Whitehead—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—As it now reads the next order of business is miscellaneous property.

Attorney-General Baker—On reconsideration it might be well to have it formally appear in the records that all property which has not been assessed here, including railroads, be left to the Assessors. That will show that through inadvertence or mistake you have not omitted anything.

Mr. Ingalls—I make that as a motion.

Mr. Whitehead—Mr. Chairman, does the order of business of miscellaneous property also include rolling stock? I think it was the intention to change both of those so that they would come under the one head of miscellaneous property.

Mr. Lemaire—Mr. Chairman, rolling stock I see is under No. 24 and is separate, and I think it should be kept separate.

Governor Oddie—Is that satisfactory to you, Mr. Whitehead?

Mr. Whitehead—Yes, sir.

Governor Oddie—Gentlemen, this motion is that miscellaneous property, including railroads and all property not assessed by this board, be left to the various Assessors. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next order of business is rolling stock of all railroads.

Mr. Lemaire—Mr. Chairman, I make a motion that No. 24, rolling stock of all railroads, be left to the various Assessors.

Mr. McTerney—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion. If there are no remarks I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—That seems to be all, gentlemen. I want to thank you all for the courteous treatment you have shown and for the careful attention you have given to all of these questions. I think you have acted as honestly and as carefully as any Board of Assessors that has ever met anywhere. I think this meeting is going to be for the good of the State and be the means of a large increase in the assessed valuation of the property in the State, and consequently an increase in our revenues, which should result in a lower tax rate. You know now just what has to be done, and you can pass anything you want to up to me when it comes to assessing land hereafter. You can say that I am going to make a fight for this and see that all classes of property are put on an equitable basis, and that I am going to direct investigations along these lines all over the State. So you gentlemen may feel that you have me to back you up, and I think the Legislature will, too. We want everything on a fair and just basis. I know that I can be of assistance to you, and the action of this board, as a whole, will be of assistance to every individual member of it.

Mr. Whitehead—Mr. Chairman, I think that through our delibera-

tions we have shown a desire to make it possible for the State to have revenue. In some cases it will possibly tend to make the managers of the different properties retrench; in some instances cut down expenses; and in view of these facts, and what may come out, it may be well to call attention to the fact that our state rate ought to be affected by this procedure, and especially if the Assessors all work in their counties and make uniform assessments. I also understand that the State of Nevada has a lot of bonds, or money invested in them, and I cannot see any reason, if it is possible, for not selling those bonds and getting the money. We have kept the tax rate up to 60 cents and raised it to 64 cents when we had money out at interest, and when it would appear that Nevada was out of money, when we don't need it that way. I just make this suggestion to the board. It might be possible for the State also to cut down her rate, or do something that would help bring the rate down, because we have shown a desire to bring out assessments up to a proper basis.

Attorney-General Baker—The law requires, Mr. Whitehead, that the interest money that comes out of the school fund shall be invested in bonds of this State and of other States or municipalities. We have no authority to invest it otherwise. I think the Governor has a plan which he intends to submit to the Legislature to make it possible in this State to invest the money in our own State, not only in bonds, but to the farmers on good security, and in that way our own money will remain at home and develop our lands instead of the lands of some other State.

Mr. Whitehead—I did not know whether the conditions were as you say or not, and I am glad to learn the condition of it. And I think along these lines the proper procedure will be brought out.

Governor Oddie—Gentlemen, I would like to say that in a session of the Legislature there are a great many difficult problems to be solved and I would like all the advice and information possible on these questions. I would consider it a favor if you would write me any suggestion you may have to make. I would welcome any kind of suggestions. Talk to your legislative members or the various county officials and citizens, and by helping each other we can get better laws for our State.

Mr. Whitehead—Mr. Chairman, I move that we extend a vote of thanks to the Railroad Commission for the assistance they have given in helping us arrive at valuations that we have seen proper.

Mr. Lemaire—I second the motion.

Upon the question being put the motion carried unanimously.

Mr. Shaughnessy—Gentlemen, on behalf of myself and the Railroad Commission, I thank you very kindly for your courtesy. I want to say that it has been a great pleasure to cooperate with you and work along the lines we have during this meeting. I think the board is to be highly commended on the great strides it has made not only at this meeting, but at previous meetings. But this is far in advance of anything before. That is natural, because you have become educated in the matter of statistics to some extent. Naturally to begin with it was difficult to comprehend all that was put before you. But I think the State Board of Assessors will be a great success as long as they proceed along the lines of this meeting, in so far as the assessment of railroads and public utilities are concerned.

Mr. Lemaire—Mr. Chairman, I move that we adjourn *sine die*.

Mr. Grutt—I second the motion.

Upon the question being put the motion carried unanimously.

Accordingly at 4:00 o'clock p. m., January 12, 1912, the board adjourned *sine die*.

## AFFIDAVIT OF REPORTER

STATE OF NEVADA, )
) ss.
COUNTY OF ORMSBY )

L. F. Adamson, being first duly sworn, deposes and says: That the above and foregoing is a full, true and correct transcription of stenographic notes of the minutes of the meeting of the State Board of Assessors with the State Board of Revenue for the session beginning January 8, 1912, and ending January 12, 1912, both dates inclusive, said minutes having been stenographically reported and transcribed by affiant, and the same is a complete report of said meeting.

L. F. ADAMSON.

Subscribed and sworn to before me this 31st day of January, A. D. 1912.

[SEAL] J. DOANE, *Notary Public*.

# APPENDIX

Following is a transcript of railroad gross earnings, operating expenses, net earnings, capitalization per mile (which is the stock and bonded indebtedness), total cost per mile of line to June 30, 1911, assessed value per mile 1911, per cent of assessed value to total cost of line June 30, 1911, net operating revenues per mile of road, 1911, gross taxes paid by carriers to State and counties for years 1909, 1910 and 1911, mileage and net taxes paid per mile.

Telephone Companies: Capitalization, stocks and bonds outstanding, gross earnings for 1911, operating expenses for 1911, net operating revenues for 1911, taxes paid for 1911, ratio of taxes paid to gross earnings 1911, dividends paid 1911.

Electric and Gas Companies: Capitalization, stocks and bonds outstanding, gross earnings for 1911, operating expenses for 1911, net operating revenues for 1911, taxes paid for 1911, ratio of taxes paid to gross earnings 1911, dividends paid 1911.

Water Companies: Capitalization, stocks and bonds outstanding, gross earnings for 1911, operating expense for 1911, net operating revenues for 1911, taxes paid for 1911, ratio of taxes paid to gross earnings 1911, dividends paid 1911.

Increase in assessments of public utility corporations and railroad corporations made by Board of Assessors at 1912 session:

## OPERATING REVENUES AND EXPENSES OF CORPORATIONS

| Companies | Operating revenues (gross) | Net operating expenses | Net operating revenue or deficit |
|---|---|---|---|
| Atchison, Topeka and Santa Fe Railway | $89,164,216.53 | $56,637,493.89 | $32,526,722.64 |
| Bullfrog-Goldfield Railroad | 99,678.93 | 132,084.24 | *32,405.31* |
| Central Pacific Railway[a] | 9,617,421.74 | 4,609,140.28 | 5,008,281.46 |
| Goldfield Consolidated M. and T. Company | 80,679.22 | 37,275.37 | 43,403.85 |
| Las Vegas and Tonopah | 148,017.33 | 185,732.22 | *37,714.89* |
| Nevada and California Railway[a] | 636,700.92 | 481,859.91 | 154,841.01 |
| Nevada-California-Oregon Railway | 338,967.24 | 242,992.06 | 95,975.18 |
| Nevada Central Railroad | 84,614.47 | 47,805.31 | 36,809.16 |
| Nevada Copper Belt Railroad | 33,666.43 | 33,413.64 | 252.79 |
| Nevada Northern Railway | 1,468,005.90 | 689,628.11 | 778,377.79 |
| San Pedro, Los Angeles and Salt Lake | 8,423,197.20 | 6,553,477.77 | 1,869,719.43 |
| Silver Peak Railroad | 14,833.71 | 13,697.85 | 1,135.86 |
| Southern Pacific Company | 91,108,761.40 | 52,234,137.34 | 38,874,624.06 |
| Tonopah and Goldfield Railroad | 788,976.75 | 560,935.01 | 228,041.74 |
| Tonopah and Tidewater Railroad | 317,424.49 | 233,945.63 | 83,478.86 |
| Virginia and Truckee Railway | 301,323.06 | 208,082.25 | 93,240.81 |
| Western Pacific Railway[b] | 5,532,987.72 | 3,922,439.94 | 1,610,547.78 |
| Nevada Interurban Railway | 6,101.65 | 5,631.82 | 469.83 |
| Reno Traction Company | 51,055.93 | 38,466.97 | 12,588.96 |
| American Express Company | 41,683,196.15 | | 3,313,871.92 |
| The Globe Express Company | 700,429.51 | | 25,759.89 |
| Wells, Fargo & Co. | 25,167,427.79 | | 2,375,615.10 |
| The Pullman Company[a] | 318,985.24 | 239,001.79 | 79,983.45 |
| Pacific States Telephone and Telegraph Company | 14,408,487.00 | 10,995,314.00 | 3,413,173.00 |
| Postal Telegraph Company[a] | 14,444.55 | 21,031.01 | 6,586.46 |
| Western Union Telegraph Company | 70,788.93 | 139,965.48 | *69,176.55* |

[a] Revenues and taxes in Nevada, on intrastate and interstate business.

[b] Estimated revenues, expenses and taxes on basis of months of July and August, 1911.

*Italic figures* denote deficit.

## RAILROAD COMPANIES

| Companies | Capitalization and bonded indebtedness per mile, 1911 | Total cost per mile to June 30, 1911 | Assessed value per mile, 1911 | Per cent of assessed value to total cost, June 30, 1911 | | Net operating revenue per mile of road, 1911 |
|---|---|---|---|---|---|---|
| | | | | 1910 | 1911 | |
| Bullfrog-Goldfield Railroad | $47,272.00 | $46,059.87 | $3,000.00 | 9.72 | 6.51 | *$390.38* |
| Central Pacific Railway | 169,791.00 | 156,964.56 | 31,500.00 | 18.08 | 20.07 | [b]8,842.19 |
| Eureka and Palisade Railway[a] | 3,864.00 | 4,154.68 | 1,700.00 | 40.92 | ..... | 48.52 |
| Las Vegas and Tonopah Railroad | 7,530.00 | 15,588.94 | 3,000.00 | 28.18 | 19.24 | *188.18* |
| Nevada and California Railway | 14,434.00 | 14,112.24 | 14,000.00 | 93.13 | 99.20 | [b]965.93 |
| Nevada-California-Oregon Railway | 17,233.00 | 17,598.28 | 3,500.00 | 19.92 | 19.89 | 521.57 |
| Nevada Central Railroad | 16,078.00 | 16,048.01 | 1,250.00 | 8.40 | 7.79 | 394.52 |
| Nevada Copper Belt Railroad | 33,713.00 | 14,032.79 | ..... | ..... | ..... | 8.07 |
| Nevada Northern Railway | 18,173.00 | 17,362.24 | 14,000.00 | 59.82 | 80.63 | 4,715.15 |
| San Pedro, Los Angeles and Salt Lake Railroad | 74,010.00 | 70,230.95 | 9,000.00 | 7.03 | 12.81 | 1,679.83 |
| Silver Peak Railroad | 11,428.00 | 10,654.84 | 1,700.00 | 15.95 | 15.95 | 64.91 |
| Tonopah and Goldfield Railroad | 32,272.00 | 36,994.29 | 10,000.00 | 27.13 | 27.03 | 2,064.29 |
| Tonopah and Tidewater Railroad | 24,762.00 | 24,178.55 | 4,000.00 | 24.83 | 16.54 | 461.54 |
| Virginia and Truckee Railway | 74,096.00 | 65,695.47 | 8,500.00 | 11.44 | 12.94 | 1,381.75 |
| Western Pacific Railway | 160,365.00 | 104,497.52 | 7,500.00 | 5.09 | 7.18 | ..... |

[a] Figures for Eureka and Palisade Railway are for the year 1910.
[b] Net revenues per mile of road, on basis of rents received for lease of road to Southern Pacific Company.
*Italic figures* denote deficit.

## GROSS TAXES PAID BY CARRIERS TO STATE OF NEVADA, FOR YEARS 1909, 1910 AND 1911

| Railroads and carriers | 1909 | 1910 | 1911 | Mileage, 1911 | Taxes per mile, 1909 | Taxes per mile, 1910 | Taxes per mile, 1911 |
|---|---|---|---|---|---|---|---|
| Barnwell and Searchlight Railway | $616.42 | $1,103.52 | $1,051.85 | $11.60 | $53.14 | $95.13 | $90.67 |
| Bullfrog-Goldfield Railroad | 9,141.46 | 14,925.20 | 10,962.38 | 83.01 | 110.14 | 179.80 | 132.06 |
| Central Pacific Railway | 179,343.11 | 294,779.45 | 350,679.31 | 448.62 | 398.54 | 675.08 | 781.64 |
| Eureka and Palisade Railway | 4,461.29 | 4,347.27 | ..... | 88.00 | 49.56 | 49.40 | ..... |
| Las Vegas and Tonopah Railroad | 45,069.57 | 30,529.53 | 23,699.75 | 200.41 | 225.35 | 153.05 | 118.25 |
| Nevada and California Railway | 71,993.19 | 98,477.76 | 52,272.56 | 222.73 | 324.73 | 442.14 | 234.69 |
| Nevada-California-Oregon Railway | 2,147.94 | 2,263.96 | 3,397.39 | 28.14 | 76.71 | 80.45 | 120.73 |
| Nevada Central Railroad | 4,684.10 | 4,372.75 | 4,207.50 | 93.30 | 50.36 | 46.86 | 45.09 |
| Nevada Copper Belt Railroad | ..... | 586.00 | 1,094.64 | 31.30 | ..... | 41.86 | 34.97 |
| Nevada Northern Railway | 20,976.00 | 36,969.67 | 43,523.09 | 165.08 | 127.13 | 223.95 | 263.65 |
| San Pedro, Los Angeles and Salt Lake Railroad | 57,969.94 | 65,954.12 | 67,404.81 | 245.58 | 238.56 | 271.39 | 274.47 |
| Silver Peak Railroad | 1,055.16 | 1,119.93 | 833.80 | 17.50 | 55.54 | 63.15 | 47.64 |
| Tonopah and Goldfield Railroad | 45,850.66 | 34,453.74 | 27,662.25 | 110.47 | 420.65 | 313.61 | 250.40 |
| Tonopah and Tidewater Railroad | 6,547.31 | 5,234.84 | 5,066.43 | 36.25 | 181.86 | 144.41 | 139.77 |
| Virginia and Truckee Railway | 16,388.66 | 17,505.49 | 19,488.45 | 67.48 | 242.79 | 259.42 | 288.80 |
| Wells, Fargo & Company | 2,657.74 | 2,543.26 | 2,793.16 | 1,278.87 | ..... | ..... | ..... |
| Postal Telegraph Company | ..... | ..... | 612.06 | ..... | ..... | ..... | ..... |
| Pacific Telephone and Telegraph Company | 1,727.00 | 1,434.00 | 1,611.00 | ..... | ..... | ..... | ..... |
| Central Pacific Railway—In California | 630,721.52 | 734,711.75 | 646,457.72 | 749.69 | 843.00 | 980.40 | 862.30 |
| San Pedro, Los Angeles and Salt Lake Railroad—In California | 96,412.70 | 92,595.26 | 89,612.77 | 246.40 | 399.69 | 383.82 | 363.70 |
| San Pedro, Los Angeles and Salt Lake Railroad—In Utah | 130,360.49 | 126,566.69 | 130,273.56 | 498.67 | 261.42 | 253.81 | 261.24 |
| Western Pacific Railway | ..... | ..... | 74,621.93 | 421.40 | ..... | ..... | 177.08 |

## TELEPHONE COMPANIES

| Companies | Capitalization stocks and bonds outstanding | Gross earnings, 1911 | Operating expenses, 1911 | Net operating revenues, 1911 | Taxes paid 1911 | Ratio of taxes paid to gross earnings, 1911 | Dividends paid, 1911 |
|---|---|---|---|---|---|---|---|
| Austin-Manhattan Telephone Company | | $5,491.75 | $4,451.96 | $1,039.79 | | | |
| Bridgeport Telegraph and Telephone Company | | 360.00 | 120.00 | 240.00 | | | |
| Buckskin Telephone Company | | 68.75 | 29.00 | 39.75 | | | |
| California and Oregon Telephone Company | $36,700.00 | 10,708.32 | 7,558.89 | 3,149.43 | $148.45 | 1.38 | $2,930.00 |
| Elko County Telegraph and Telephone Company | 43,580.00 | 15,283.52 | 9,553.99 | 5,729.53 | 268.30 | 1.75 | 3,316.00 |
| Consolidated Power and Telephone Company | 100,000.00 | | | | | | |
| Golconda Telephone and Power Company | 23,540.00 | 6,231.08 | 4,610.43 | 1,620.65 | 109.35 | 1.75 | 1,193.80 |
| Moapa Valley Telephone Company | 4,510.00 | 1,108.98 | 573.40 | 533.49 | 18.00 | 1.62 | 631.40 |
| Nevada Northern Railway Telephone Company | | 13,243.80 | 14,690.07 | *1,446.27* | | | |
| Nevada Telegraph and Telephone Company | 177,166.67 | 71,156.29 | 51,883.68 | 19,272.61 | [a]1,598.90 | 2.24 | |
| Northern Nevada Telegraph and Telephone Company | 7,650.00 | 1,442.86 | 889.30 | 553.56 | | | |
| Pacific Telegraph and Telephone Company | 67,195,000.00 | [b]59,459.00 | 54,375.00 | 5,084.00 | 1,611.00 | 2.71 | 1,080,000.00 |
| Searchlight Western Telephone Company | 50,000.00 | 2,861.36 | 2,459.32 | 402.04 | 122.97 | 4.30 | 1,000.00 |
| Utah, Nevada and Idaho Telephone Company | 262,771.25 | [b]11,194.32 | 7,292.19 | 3,902.13 | 219.99 | 1.96 | |
| Yerington Telephone Company | 2,565.00 | 7,213.51 | 6,529.65 | 683.86 | | | |
| Totals | $67,903,482.92 | $205,823.45 | $165,016.88 | $40,806.57 | $4,096.96 | 1.99 | $1,089,071.20 |

*Italic figures* denote deficit.
[a] Includes insurance.
[b] Nevada revenues and taxes only.

## ELECTRIC AND GAS COMPANIES

| Companies | Capitalization stocks and bonds outstanding | Gross earnings, 1911 | Operating expenses, 1911 | Net operating revenues, 1911 | Taxes paid, 1911 | Ratio of taxes paid to gross earnings, 1911 | Dividends paid, 1911 |
|---|---|---|---|---|---|---|---|
| Consolidated Power and Telephone Company | $119,500.00 | $9,900.73 | $8,060.30 | $1,840.43 | $70.28 | 0.71 | |
| Elko Water and Light Corporation | 150,000.00 | 27,314.82 | 36,056.66 | *8,741.84* | 161.28 | 0.59 | |
| Ely Light and Power Company | 200,000.00 | 42,092.84 | 34,303.50 | 7,789.34 | 1,111.14 | 2.64 | |
| Lovelock Light and Power Company | 13,500.00 | 3,281.00 | 2,782.72 | 498.28 | 21.16 | 0.64 | |
| Mason Water, Light and Power Company | 11,060.00 | 3,521.75 | 2,491.78 | 1,029.97 | 61.25 | 1.74 | |
| Pacific Power Company | 1,600,033.00 | 4,873.90 | 5,871.34 | *997.44* | 1,800.00 | 37.14 | |
| Reno Power, Light and Water Company | 1,750,000.00 | 175,091.57 | 71,628.07 | 103,463.50 | 6,351.77 | 3.63 | $75,000.00 |
| The Nevada-California Power Company | 7,896,000.00 | 761,642.78 | 164,708.68 | 596,934.10 | 21,000.00 | 2.75 | |
| Truckee River General Electric Company | 3,000,000.00 | 251,425.34 | 59,757.42 | 191,694.92 | 8,902.71 | 3.54 | 135,000.00 |
| Total electric | $14,740,093.00 | $1,279,171.73 | $385,660.47 | $893,511.26 | $39,479.59 | 3.09 | $210,000.00 |
| Carson City Coal Gas Company | $50,000.00 | $7,429.40 | $5,166.69 | $2,262.71 | $525.40 | 7.07 | |
| Nevada Gas Company | 243,000.00 | 5,763.85 | 5,727.37 | 36.48 | 260.40 | 4.52 | |
| Reno Power, Light and Water Company | | 40,235.55 | 30,387.40 | 9,848.15 | 1,459.00 | 3.63 | |
| Total gas | $293,000.00 | $53,428.80 | $41,281.46 | $12,147.34 | $2,244.80 | 4.20 | |

*Italic figures* denote deficit.

The taxes paid by the Reno Power, Light and Water Company are divided arbitrarily between water, gas and electric on a gross earnings basis. The reports to the commission show the total for the three utilities only.

## WATER COMPANIES

| Companies | Capitalization stocks and bonds outstanding | Gross earnings, 1911 | Operating expenses, 1911 | Net operating revenues, 1911 | Taxes paid, 1911 | Ratio of taxes paid to gross earnings, 1911 | Dividends paid, 1911 |
|---|---|---|---|---|---|---|---|
| Austin City Water Company | $500,000.00 | $3,529.95 | $2,543.40 | $986.55 | $198.40 | 5.62 | $1,000.00 |
| Carson Water Company | 100,000.00 | 16,840.15 | 4,585.32 | 12,254.83 | 1,727.25 | 10.26 | 12,000.00 |
| Elko Water and Light Corporation | 150,000.00 | 18,736.41 | 15,459.67 | 3,276.74 | 327.92 | 1.75 | |
| Ely Water Company | 755,000.00 | 19,855.96 | 10,278.87 | 9,577.09 | 1,132.31 | 5.70 | |
| Eureka Water Company | | 4,422.36 | 3,276.93 | 1,145.43 | 342.00 | 7.73 | |
| Goldfield Consolidated Water Company | 1,256,996.00 | 88,196.63 | 46,666.12 | 41,530.51 | 1,891.68 | 2.14 | 29,669.88 |
| Hawthorne Water Works | | 2,742.60 | 1,061.30 | 1,681.30 | 77.00 | 2.81 | |
| Indian Springs Water Company | 200,000.00 | 5,160.40 | 4,666.64 | 493.76 | 61.38 | 1.19 | 4,115.20 |
| Las Vegas Land and Water Company | 50,000.00 | 4,861.10 | 5,431.85 | *570.75* | 213.00 | 4.38 | |
| Manhattan Water Company | | 2,231.40 | 2,507.85 | *276.45* | 6.50 | .29 | |
| Mason Water, Light and Power Company | 11,060.00 | 3,521.75 | 2,491.78 | 1,029.97 | 61.25 | 1.74 | |
| Reno Power, Light and Water Company | | 89,152.50 | 24,744.57 | 64,407.93 | 3,233.87 | 3.63 | |
| Ruby Hill Water Company | | 999.50 | 1,100.50 | *101.00* | 30.00 | 3.00 | |
| Virginia and Gold Hill Water Company | 5,000,000.00 | 109,426.49 | 62,133.64 | 47,292.85 | 4,167.25 | 3.81 | 41,250.00 |
| Winnemucca Water and Light Company | | 30,450.22 | 27,549.51 | 2,900.71 | 496.80 | 1.63 | |
| Tonopah United Water Company | | 79,934.55 | 23,898.13 | 56,036.42 | 2,438.10 | 3.05 | |
| Totals | $8,023,056.00 | $480,061.97 | $238,396.08 | $241,665.89 | $16,404.71 | 3.41 | $88,035.08 |

*Italic figures* denotes deficit.

The taxes paid by the Reno Power, Light and Water Company are divided arbitrarily between water, gas and electric on a gross earnings basis. The reports to the commission show the total for the three utilities only.

## INCREASE IN ASSESSMENTS MADE BY BOARD OF ASSESSORS AT 1912 SESSION

| Companies | Assessed value per mile, 1911 | Assessed value per mile, 1912 | Value of total property, 1911 | Value of total property, 1912 | Increased total value of property, 1912 |
|---|---|---|---|---|---|
| Western Union Telegraph Company | $40 wire mile | $40 wire mile | $301,941.60 | $405,406.80 | [a]$103,465.20 |
| Postal Telegraph Company | | $40 wire mile | [b]30,802.50 | 54,760.00 | 23,957.50 |
| The Pullman Company | See note | 300.00 | 241,721.50 | 418,200.00 | 176,478.50 |
| Wells, Fargo & Company Express | 300.00 | 300.00 | 355,500.00 | 383,661.00 | [a]28,161.00 |
| American Express Company | | 90.00 | | 39,690.00 | 39,690.00 |
| The Globe Express Company | | 50.00 | | 21,100.00 | 21,100.00 |
| Central Pacific Railway | 31,500.00 | 35,000.00 | 14,131,530.00 | 15,701,700.00 | 1,570,170.00 |
| Tonopah and Goldfield Railroad | 10,000.00 | 10,000.00 | 1,098,600.00 | 1,104,700.00 | [a]6,100.00 |
| Nevada Northern Railway | 14,000.00 | 17,500.00 | 2,311,120.00 | 2,888,900.00 | 577,780.00 |
| Nevada and California Railway, broad-gage | 14,000.00 | 14,000.00 | 2,294,460.00 | 2,294,460.00 | |
| Nevada and California Railway, narrow-gage | 2,800.00 | 2,800.00 | 145,600.00 | 145,600.00 | |
| Nevada and California Railway, Fallon | 8,000.00 | 8,000.00 | 127,360.00 | 127,360.00 | |
| Bullfrog-Goldfield Railroad | 3,000.00 | 3,000.00 | 249,030.00 | 249,030.00 | |
| Las Vegas and Tonopah Railroad | 3,000.00 | 3,000.00 | 598,410.00 | 601,230.00 | [a]2,820.00 |
| San Pedro, Los Angeles and Salt Lake Railroad | 9,000.00 | 12,000.00 | 1,891,080.00 | 2,521,440.00 | 630,360.00 |
| Tonopah and Tidewater Railroad | 4,000.00 | 4,000.00 | 145,000.00 | 145,000.00 | |
| Nevada-California-Oregon Railway | 3,500.00 | 4,000.00 | 98,490.00 | 112,560.00 | 14,070.00 |
| Nevada Central Railroad | 1,250.00 | 1,250.00 | 116,625.00 | 116,625.00 | |
| Nevada Copper Belt Railroad | 2,500.00 | 5,750.00 | 35,000.00 | 238,625.00 | 203,625.00 |
| Virginia and Truckee Railway | 8,500.00 | 8,750.00 | 443,700.00 | 456,750.00 | 13,050.00 |
| Western Pacific Railway | 7,500.00 | 10,000.00 | 3,204,750.00 | 4,273,000.00 | 1,068,250.00 |
| Virginia and Truckee Railway, Minden Branch | 5,750.00 | 5,750.00 | 87,860.00 | 87,860.00 | |
| Caliente and Pioche Railroad | 2,500.00 | 3,000.00 | 79,750.00 | 95,700.00 | 15,950.00 |
| Barnwell and Searchlight Railway | 2,500.00 | 3,000.00 | 32,500.00 | 39,000.00 | 7,500.00 |
| Totals | | | $28,020,830.60 | $32,523,357.80 | $4,502,527.20 |

[a] Denotes increase account increased mileage.
[b] Denotes that figures are estimated.
Increase on Nevada Copper Belt Railroad is partially due to increased mileage. Percentage of increase 16.07 per cent.