

STATE OF NEVADA

MINUTES OF MEETING

OF THE

STATE BOARD OF ASSESSORS

WITH THE

STATE BOARD OF REVENUE

Carson City, January 13 to 17, 1913



CARSON CITY, NEVADA

STATE PRINTING OFFICE . . . . . JOE FARNSWORTH, SUPERINTENDENT

1913

STATE OF NEVADA

MINUTES OF MEETING

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

MR. H. H. BROWN.....	Tonopah and Goldfield Railroad Co.
MR. D. V. COWDEN.....	The Pullman Company. Central Pacific Railway Co. Nevada and California Railway Co.
MR. E. E. CAINE.....	Globe Express Co. Western Pacific Railway Co.
MR. C. S. CHANDLER.....	Nevada Northern Railway Co.
MR. H. D. JONES.....	Western Union Telegraph Co.
MR. F. M. JENIFER.....	Tonopah and Tidewater Railroad Co. 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. F. C. SYKES.....	Eureka-Nevada Railway Co.
MR. C. O. WHITEMORE.....	American Express Co.
MR. F. A. WATERS.....	San Pedro, Los Angeles and Salt Lake Caliente and Pioche Railroad Co. Atchison, Topeka and Santa F� R. R. Co.

# MINUTES OF ANNUAL MEETING OF STATE BOARD OF ASSESSORS, 1913

## FIRST DAY

CARSON CITY, NEVADA, January 13, 1913.

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 10:20 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—Make the order that Mr. Jackson will act as Secretary and Clerk of the board as usual. Miss Gurney will act as stenographer to take down the minutes of the business of the board. Call the roll of the members of the State Board of Revenue.

Upon roll-call the following answered present:

TASKER L. ODDIE, Chairman.

J. EGGERS, State Controller.

GEORGE B. THATCHER, Attorney-General, absent.

Governor Oddie—Call the roll of the Assessors.

The following-named Assessors answered present:

J. W. SITTON.....	Churchill County
S. R. WHITEHEAD.....	Clark County
ANDREW ARRILD.....	Douglas 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
DAN J. RONNOW.....	Lincoln County
H. S. POHE.....	Lyon County
EUGENE GRUTT.....	Mineral County
ED. MALLEY.....	Nye County
J. H. STERN.....	Ormsby County
PHIL SEEMAN.....	Storey County
JOHN HAYES.....	Washoe County
J. F. MILES.....	White Pine County

Mr. Jackson—All present.

Governor Oddie—All present. It has been customary to have the Chairman appoint at the start a Committee on Order of Business, a committee of five members.

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

Mr. Stern—I second the motion.

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

Governor Oddie—I am going to appoint the same members as last year with the exception of the names of two men who are not here this time. Mr. Regan was one. In the place of Mr. Regan I will appoint Mr. Stern. Mr. Norris of Lincoln was here before, and in his place I will appoint Mr. Ronnow of Lincoln. The other members will be Mr. Leonard of Humboldt, Mr. Lemaire of Lander, and Mr. Malley of Nye. These gentlemen are all familiar with the order of business. Now, gentlemen, it is customary to take an adjournment until the report of the Committee on Order of Business can be made up.

Mr. Stern—I move that we take a recess until 1:30 p. m.

Mr. Seeman—I second the motion.

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

Accordingly at 10:35 a. m., the board took a recess until 1:30 p. m.

#### Afternoon Session

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

Governor Oddie—The meeting will come to order. Miss Gurney, having found that other official business will prevent her acting as stenographer at this meeting, I have requested Miss Ada Torreyson, the reporter in the Federal Court, to take the minutes for the balance of the meeting. 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 Attorney-General Thatcher.

Governor Oddie—The order of business is the adoption of the report of the committee, as submitted and now on the desk.

Mr. Lemaire—It would probably be best to read the report, so we will all know what it is.

Governor Oddie—I will ask the Clerk to read the report.

The report is read by the Clerk as follows:

The committee appointed on order of business by Governor Oddie respectfully submit the following as the order of business of the State Board of Assessors for the January (1913) term:

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). Branch of Central Pacific. Sidetracks of same.

3. Nevada and California (narrow-gage). Branch of Central Pacific. Sidetracks of same.
4. Hazen and Fallon. Sidetracks of same.
5. Tonopah and Goldfield. Sidetracks of same.
6. Nevada and 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 Nevada. 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 Fé. Sidetracks of same.
19. Glasgow and Western Exploration Co. Sidetracks of same.
20. Pioche and Pacific Transportation Co. Sidetracks of same.
21. Nevada Copper Belt. Sidetracks of same.
22. Western Pacific. Sidetracks of same.
23. Prince Consolidated.
24. Miscellaneous Railroads.
25. Rolling stock of all.

ED. MALLEY,

DAN. J. RONNOW,

H. R. LEMAIRE.

J. H. STERN.

H. M. LEONARD.

*Committee on Order of Business.*

Governor Oddie—You have heard the report, gentlemen, and a motion will be in order to have the report adopted.

Mr. McTerney—I move the report be adopted.

Mr. Ingalls—There is an item in the report: "All Contract Lands." I don't see anything about other lands. It seems to me it ought to be "Contract Land and Other Land"—all land.

Governor Oddie—This is the same form, practically, that has been in existence before—the same order of business.

Mr. Ingalls—It says contract land, not any other land. It should apply to other land. The question with me is, we might be able to discuss it, if it is not simply contract land. We have patented land, and all kinds of land in the State, and I think it ought to be in the report, all land, other land as well as contract land, whether we do anything on it or not. I didn't notice that part of it before; I thought last year we had all kinds of land under discussion.

Governor Oddie—I think it is highly important that all land should be discussed—I will agree with you on that.

Mr. Whitehead—I think it was the same last year in the order of business. All this land is left to the Assessors, and it came under that head in the order of business.

Mr. Miles—I would suggest on that item the word "contract" be cut out, that would leave it open to all lands.

Mr. Eggers—"Contract and other lands."

Mr. Miles—Cut out the word "contract," which would make it "All Lands."

Mr. Ingalls—Make it "Contract Land and Other Land."

Mr. Miles—Yes, that would do.

Governor Oddie—Is there a second on that motion?

Mr. Whitehead—Mr. Chairman, if I remember correctly, we made

no assessment upon contract lands, and there is really no use in having that in the order of business, except including it in the property not assessed, if we don't assess it.

Mr. Eggers—We assess contract land at \$1.25 an acre; there is a law to that effect.

Mr. McTerney—Yes, that is the minimum; that it shall not be assessed at less than that.

Governor Oddie—There is a motion before the board, gentlemen, on the crossing out of the word "contract"—Mr. Ingalls's original motion.

Mr. Ingalls—I move that the motion be amended so as to read "Contract Land and all Other Lands"; it does not amount to anything, but—

Mr. Pohe—I second the motion.

The motion is carried.

Governor Oddie—Item 17 of the Order of Business now reads "All Contract and Other Lands." Is that the reading?

Mr. Ingalls—Contract and Other Lands—contract land, patent land, and other lands.

Governor Oddie—All contract lands, patented, and other lands. It has been customary to read the law in regard to assessments to the board. Do you want the law read at this time? Last year the Attorney-General read it; this time it is a question whether you want it read. It is embodied in full in the minutes of last year, of which you all have copies. If there is no motion to have the law read, this leaves us free to start in on the order of business; but, first, is there a motion before the board to adopt this report? This report as amended has not been adopted yet.

Mr. McTerney—I move the amended report be adopted.

The motion is seconded by Mr. Lemaire and carried.

Governor Oddie—The report is adopted. The first item is work horses.

#### WORK HORSES, ETC. :

Mr. Lemaire—Mr. Chairman, owing to the fact that the value of work horses, saddle horses, stock horses, work mules and stock mules, vary in the several counties, I move that the first five items in the order of business be left to the various Assessors.

The motion is seconded by Mr. Arrild, and carried unanimously.

#### BEEF CATTLE :

Governor Oddie—The next item is number 6, beef cattle. I would like to ask for a discussion on the relative value of beef cattle for this year and last—the market value. I would like to have some discussion on this, some expression of the opinions of the various Assessors of the value of beef cattle this year as compared with last year.

Mr. McTerney—I would like to hear from some of the Assessors who have beef cattle in their counties; we never have any beef cattle in our county.

Mr. Ingalls—Mr. Chairman, if I remember right, we increased the valuation of beef cattle to \$30 a head last year; I don't know, but I am under that impression. My understanding is that cattle are very high—beef cattle are higher than they were last year; but, as Mr. McTerney says, let us hear from those who have beef cattle in their counties.

Mr. Pohe—I don't know the present price of beef cattle. I believe they have been high all year. I move we place a valuation of \$35 on beef cattle.

Mr. Stern—Second the motion.

Governor Oddie—You have heard the motion, are there any remarks?

Mr. Miles—We have no beef cattle in our county. I would like to hear from some counties that have beef cattle. I understand that Elko, Humboldt, Washoe, and several counties, have beef cattle, and I really would like to hear from some of those cattlemen.

Mr. Arrild—Mr. Chairman, I will state we have a few hundred head of beef cattle in Douglas County, and by taking them all around, big and small, I should think that \$30 a head would be a fair valuation for the assessment. Last year they were raised \$5 per head—I believe it was not last year, it was two years ago, and according to other stock assessed, I think that \$30 a head is but a fair valuation.

Governor Oddie—What do you consider the average value of beef cattle this year, Mr. Arrild?

Mr. Arrild—Well, I think between \$40 and \$50 a head.

Mr. Lemaire—Mr. Chairman, as I understand it, stock cattle are worth in the neighborhood of \$35 to \$40 a head, and I doubt very much whether you can buy them at that price; that is the price that exists at the present time, and beef cattle certainly ought to be more than that.

Governor Oddie—What do you consider the average value of beef cattle?

Mr. Lemaire—The average?

Governor Oddie—Yes, the average run in this State of beef cattle.

Mr. Lemaire—Why, at the present time I think it is more than \$60. It all depends on weight, of course.

Mr. Pohe—I notice, Mr. Chairman, in assessing beef cattle this year, that the smaller ones among the bunch, if not up to the standard, are placed back among the stock cattle. I think the Assessor from Douglas County, Mr. Arrild, is wrong when he speaks of giving in those smaller cattle as beef cattle; I have not found it so in my county, they will average pretty well as beef cattle. I think \$60 to \$75 is a fair average today.

Governor Oddie—Mr. Weathers, what do you think is a fair value?

Mr. Weathers—Well, it depends a good deal on weight, as to the value of beef cattle; but an average steer of a thousand pounds would bring pretty close to \$60, from that up.

Governor Oddie—Would you consider a thousand pounds as a fair average for beef cattle all over the State?

Mr. Weathers—Well, yes, I would consider that a fair average of an ordinary three-year-old.

Mr. Arrild—Mr. Chairman, we could hardly figure on beef-cattle value, on an average, more than \$50. We have five or six hundred head of beef cattle every year in my county—and there is a whole lot more now at the present time; and we take, for instance, beef cattle, two and a half and three years old, and I don't think that they will average more than a thousand pounds apiece; and by taking them on an average, I would not consider that they would go more than a thousand pounds; and I would think that \$30 would be a fair valuation for those counties that have beef cattle.

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

Mr. Leonard—Mr. Chairman, I am not very familiar with the cattle business, but I think with Mr. Weathers, take it on an average, that a thousand-pound beef will be the average bunch, except in a few cases where they have heavier cattle, and I think the selling price of the cattle over there has been somewhere between \$50 and \$60 for beef cattle.

Governor Oddie—You see there is one point that is highly important this year, we have to raise more money; we want to be fair about it. We want to do everything we can within reason to raise more revenues for the State.

Mr. Lemaire—There is one thing we should take into consideration at this time; that is, in placing a valuation on beef cattle and stock cattle, is the existing prices; the prices are very high, and we don't know as they will keep as high as they are at the present time; and I don't think it would be just to put as high a valuation as some of us have estimated here.

Governor Oddie—Is it not a fact that cattle buyers are making contracts for cattle a long way ahead now?

Mr. Lemaire—Not that I know of.

Governor Oddie—Haven't you heard of that, Mr. Arrild; that buyers are making contracts for a year or two ahead?

Mr. Arrild—Mr. Chairman, I came in from Minden yesterday, and I was with a cattle buyer, and he stated that there were lots of cattle in Carson Valley yet, and that he wasn't anxious to buy—that they wanted too much for them; that is the way he stated, he was not making any contract ahead of time.

Governor Oddie—Was he doing that for the purpose of getting the market down, do you think?

Mr. Arrild—I guess not; I don't know, but I think not.

Mr. Whitehead—Mr. Chairman, if there is a way of arriving at the present value, I think we will have to assess as near as we can on the present values. We cannot suppose that the price is going to drop, or be cut in two, or is going to be raised as high as it is now. I think it is our duty to assess on the basis of about what the price is at the present time. If there is anybody here familiar enough with the price of beef, say a thousand-pound critter, selling at a certain price, we can arrive at about the average.

Governor Oddie—What is the market price on the hoof now for beef cattle?

Mr. Leonard—Mr. Chairman, I believe the price fluctuated from \$4.85 to \$5.85, as near as I can remember; that is by the hundred.

Governor Oddie—Well, there is a motion before the board, gentlemen. Are there any further remarks?

Mr. Miles—Mr. Chairman, I am under the impression from information I have had, that cattle are very high, not only locally but all over the United States, in fact; the high price of cattle extends farther than our State; it is not a local affair, but it is general. Cattle are very high, higher than they have ever been, I presume, in their history before. And I understand that stock cattle are selling anywhere from \$35 to \$40 a head, and beef cattle are much higher; and I believe that they would stand a little raise above \$35; and I move to amend the motion before the house by making it \$40 a head for beef cattle.

Mr. Sitton—I second that motion.

Governor Oddie—The original motion is amended to read \$40 a head instead of \$35.

Mr. Hayes—Mr. Chairman, my understanding is that there are not very many beef cattle in this State. The price is very high, cattle have sold as high as \$75 a head this year; they are not assessed, they cannot be found and cannot be assessed. If they do sell for \$65 or \$70 a head, I think propobly \$60 might be a fair price to put on them.

Governor Oddie—Are there any further remarks?

Mr. Ingalls—Mr. Chairman, I would like to inquire the reason they are not assessed—beef cattle are not assessed? Mr. Hayes states they are not assessed in the State; I would like to find out or know why they are not assessed, if they exist in the State.

Mr. Hayes—Mr. Chairman, my reason for stating that is, that last year, at this time last year, the question was asked as to beef cattle, and we found there were but few beef cattle assessed; a great many of them are shipped away before the 1st of March. I presume they will do this this year, as they did last, and that is the reason the beef cattle were not assessed. I assessed a great many beef cattle last year, but we don't have so very many in our county, compared with the number in other counties.

Governor Oddie—Are there any further remarks? The question now is on the amendment to the original motion, making the value \$40 instead of \$35. I will ask the Clerk to call the roll. This is on the original amendment.

Mr. Lemaire—The amendment is \$40?

Governor Oddie—Yes; the original motion was made making the value \$35; then the amendment was made and seconded, making the value \$40; now the question is on the amendment. I will ask the Clerk to call the roll.

Upon roll-call the vote was as follows:

Yeas—Messrs. Sitton, Ingalls, Lemaire, Pohe, Grutt, Malley, Stern, Seeman, Hayes, and Miles.

Nays—Messrs. Whitehead, Arrild, Weathers, McTerney, Leonard, and Ronnow.

Governor Oddie—The motion is carried amending the original motion to \$40, by a vote of 10 to 6. Now the question is on the original motion as amended.

Upon roll-call on the original motion as amended, the motion was unanimously carried.

#### MILCH COWS:

Governor Oddie—The next in the order of business is milch cows.

Mr. Lemaire—Mr. Chairman, I make the motion that No. 7, milch cows, be left to the various Assessors.

Mr. Stern—Second the motion.

Governor Oddie—It has been moved and seconded that the question of milch cows be left to the various Assessors. Are there any remarks?

Mr. Hayes—I second that motion.

Governor Oddie—It has been seconded by Mr. Stern.

Mr. Ingalls—Mr. Chairman, we have always heretofore placed a valuation on milch cows, if I remember right, and I would like to know the reason why we should leave it. I think there is no reason why we should leave it to the various Assessors, any more now than heretofore. I have not any to speak of in my county. It was placed, if I remem-

ber right, at \$30 a head last year; and it seems to me we should place a valuation on it now, on milch cows. The reason we placed the valuation was that in some counties it was \$20 a head and in some counties it was \$30.

Governor Oddie—Last year the motion was made to leave it to the various Assessors, and the motion was lost; then the valuation was placed at \$25 a head—no, I beg your pardon, \$30 a head.

Mr. McTerney—Mr. Chairman, the rock we stumbled on last year was not the valuation of milch cows, but what constituted a milch cow.

Mr. Lemaire—Mr. Chairman, it was for that reason that I made the motion this time. I contend that the valuation varies, so I think it is best that it be left to the various Assessors.

Mr. Arrild—Mr. Chairman, I will admit we have quite a number of milch cows in my county, and it is generally the rule for any farmer to have what he calls a string of cows for a milker to attend to; they generally take good cows; and I would think it is much easier for the Assessors to go around when we have the regular valuation. Of course, the Assessor can always see, anybody who has some cows, not extra milch cows, of course they can be good for stock cattle or something like that; but milch cows there should be a valuation on them, I think, and it would relieve the Assessors by putting a valuation on milch cows. I should think that \$30 a head was cheap enough for milch cows.

Governor Oddie—What is the fair valuation of the average milch cow—market value?

Mr. Arrild—Mr. Chairman, the market value—it is very difficult for that matter, as we all know there is a good deal of difference in milch cows, but I should say between \$30 and \$60.

Governor Oddie—Between \$30 and \$60?

Mr. Arrild—Yes.

Mr. Whitehead—Mr. Chairman, I think the value on milch cows has such a great fluctuation, it is pretty hard to determine. Now we have one or two milch cows down in our county that cost from \$350 to \$375 apiece, shipped in from California, thoroughbred milch cows; and we have some others that are milch cows—call them milch cows around home—but if you ask them how many milch cows they will tell you they are stock cattle, but they call them milch cows, and you can buy them for \$30. It is pretty hard unless you have a certain classification. A classification will assist us, because there are milch cows in dairies that you cannot buy for less than \$100 apiece—none of them—and \$30 is altogether too low for that class of cattle.

Governor Oddie—There is a motion before the board, gentlemen. Are there any further remarks? Mr. Pohe, will you say something?

Mr. Pohe—I think \$40 is a fair valuation on milch cows. I think it is dairy stock that rules in any county. The ranchers have some cows they milk for private use that may be poor, but I think on the whole the dairy cow is the one that rules, and I think \$40 is a fair valuation, instead of \$30, as last year.

Governor Oddie—Do you make that in the form of a motion?

Mr. Pohe—I will make it as a motion. I move that the value of milch cows be placed at \$40 a head.

Governor Oddie—That should be put in the form of an amendment to the original motion.

Mr. Pohe—I make it as an amendment.

Governor Oddie—The original motion was to leave it to the Assessors, and is amended now to make the valuation on milch cows \$40 a head.

Mr. Miles—I did not understand there was a motion to fix the value on milch cows.

Governor Oddie—A motion was made to leave it to the various Assessors, and that is amended by Mr. Pohe to fix it at \$40. The question is now on the amendment.

Mr. Arrild—Mr. Chairman, I will offer an amendment to the amendment, that the valuation on milch cows be placed at \$35 a head.

Governor Oddie—Is that seconded?

Mr. Pohe—Mr. Chairman, I withdraw my motion.

Governor Oddie—Then the motion before the board is on the amendment to the original motion, placing a valuation of \$35. The proper way is to accept the amendment to the amendment.

Mr. Pohe—I accept the amendment.

Governor Oddie—Then we can vote on the amendment now. Is your amendment seconded, Mr. Arrild?

Mr. Stern—I second that.

Mr. McTerney—Won't Mr. Pohe's second have to concede that?

Governor Oddie—Mr. Ingalls, do you accept the amendment, or withdraw yours?

Mr. Ingalls—I second the amendment.

Governor Oddie—The question is on the amendment placing a value of \$35 a head on milch cows; are you ready for the question?

Mr. Sterns—Question.

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

Upon roll-call the vote was as follows:

Yeas—Messrs. Arrild, Ingalls, Leonard, Pohe, Grutt, Malley, Stern, and Seeman.

Nays—Messrs. Sitton, Whitehead, Weathers, McTerney, Lemaire, Ronnow, Hayes, and Miles.

Governor Oddie—A tie vote, gentlemen. I am not as much of an expert on the value of cows as you are. This is on the question of the amendment making it \$35. I will vote for a valuation of \$35. Now the question is on the original motion as amended. I will ask the Clerk to call the roll on that.

Mr. Sitton—No.

Mr. Whitehead—No.

Mr. Arrild—What is the motion?

Governor Oddie—This is on the original motion as amended, making it \$35.

Mr. Arrild—Yes.

Mr. Weathers—What am I voting on?

Governor Oddie—On the original motion as amended, making the value \$35.

Mr. Weathers—You voted for \$35?

Governor Oddie—Yes.

Mr. Weathers—Yes.

Yeas—Messrs. Ingalls, McTerney, Leonard, Lemaire, Ronnow, Pohe, Grutt, Malley, Stern, Seeman, Miles, Arrild, and Weathers.

Nays—Messrs. Sitton, Whitehead, and Hayes.

Governor Oddie—The motion is carried.

## STOCK CATTLE:

Governor Oddie—The next question is stock cattle. I remember last year there were two valuations placed; one valuation for the State at large, and the other valuation for certain excepted counties—I mean that the second valuation was for certain counties of the State. I would like to have a discussion.

Mr. Ingalls—\$15 and \$17 last year, wasn't it?

Governor Oddie—Yes, a valuation of \$17 a head was placed on all cattle in the State, except in the counties of Esmeralda, Lincoln, White Pine, Clark, and Mineral, in which counties a value of \$15 a head was put on—\$17 and \$15.

Mr. Ingalls—I make the motion that we place a valuation on stock cattle, as last year, in those counties where it was \$17 at \$20 a head; and in other counties where it was \$15 at \$18 a head.

Mr. Pohe—I second the motion.

Governor Oddie—You have heard the motion, gentlemen; are there any remarks?

Mr. Arrild—Mr. Chairman, I would like to ask what that motion was again; was it \$15 and \$18?

Governor Oddie—No, in those counties where last year a valuation of \$17 a head was placed, the valuation is raised to \$20; and in those counties where the valuation was \$15 a head, it is raised to \$18 in this motion, making it \$20 and \$18 instead of \$17 and \$15.

Mr. Whitehead—Mr. Chairman, is the price correspondingly increased on stock cattle as it is on beef cattle at large; if so, the same percentage should be made on the raise on stock as on beef cattle, which is one-third or one-fourth of the assessed value. At the present time, under the new assessment, it is increased from \$30 to \$40, which is one-third higher. From \$17 to \$20 is not as much, if the price is correspondingly increased on stock cattle, as it is on beef cattle—it should be a larger raise.

Governor Oddie—What do you think on that, Mr. Lemaire?

Mr. Lemaire—I think the valuation of \$20 on stock cattle is just about right, as I understand it.

Governor Oddie—Mr. Weathers, your county is a big stock county; what do you think of that?

Mr. Weathers—I think \$20 is plenty. Stock cattle fluctuate a great deal; sometimes worth from \$25 to \$35, and sometimes there is a broad difference there.

Governor Oddie—I would like to hear further discussion on this. What do you think, Mr. Arrild?

Mr. Arrild—Mr. Chairman, I would rather hear from those people who have lots of stock cattle in their counties. In my county we have quite a number, but not raising a great many of them. I am in favor of the \$20; I think a valuation of \$20 a head is a fair valuation.

Mr. Whitehead—Mr. Chairman, in that connection, with what I said, it seems that we assessed beef cattle too low last year, or else we assessed stock cattle too high, unless there has been some change or raise in price. If stock cattle have not raised at the same corresponding rate as beef cattle, of course that would make a difference; but one of those two conditions exist; they either have not raised a corresponding rate, or else we were wrong in our assessment last year.

Mr. Pohe—Mr. Chairman, I do not think there is much change in the

present raise of \$17 to \$20, and \$30 to \$35; we have got three in one, and five in the other.

Mr. Whitehead—It was \$30 to \$40 in beef cattle.

Mr. Pohe—In assessing I find a variation in the size of stock cattle that does not exist in beef cattle. It depends a great deal on the Assessor; if he wants to assess closely. The variation in the size of the stock cattle is greater than the beef cattle, therefore I think \$20 is a fair value.

Governor Oddie—Are there any further remarks? The motion is making the two values \$20 and \$18 in the two sets of counties.

Mr. McTerney—Question.

Mr. Pohe—Mr. Chairman, when I made the remark that in assessing I found a certain thing, I wish to make an explanation to the Board of Assessors. I did nearly all the assessing in Lyon County this year for Mr. Randall, that is where I got my experience to make those remarks; I was not the Assessor, but was the deputy.

Governor Oddie—The motion before the house now is that a value of \$20 a head be placed on stock cattle in all of the counties in the State, except Esmeralda, Lincoln, White Pine, Clark, and Mineral, in which counties a value of \$18 a head be placed.

Mr. Grutt—Nye, also, is it not? Esmeralda, Lincoln, White Pine, Clark, and Mineral.

Governor Oddie—I guess that is a mistake in the minutes, then. Nye instead of Clark, is that the way it should be?

Mr. Pohe—Esmeralda, White Pine, Clark, and Mineral. That is the way it was last year.

Governor Oddie—Last year it was the same as the year before, wasn't it? The same counties were excepted. Is that the sense of the meeting, to cut out Clark and put Nye in its place?

Mr. Whitehead—I think not.

Governor Oddie—Or just include Nye in this list, and make it Esmeralda, Lincoln, White Pine, Clark, Nye and Mineral. Is that the sense of the meeting?

Mr. Pohe—Nye was not included last year.

Governor Oddie—I believe it was, but there must be a mistake here in transcribing the minutes. Nye was included, I am sure it was. You have heard the motion, gentlemen. Are you ready for the question?

Mr. Arrild—Question.

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

Upon roll-call the motion carried unanimously.

#### THOROUGHBRED CATTLE:

Governor Oddie—The next is thoroughbred cattle.

Mr. McTerney—I move that be left to the Assessors.

Mr. Arrild—I second the motion.

Governor Oddie—You have heard the motion that thoroughbred cattle be left to the Assessors. Are there any remarks? Not hearing any, I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

#### SHEEP:

Governor Oddie—The next is sheep.

Mr. Hayes—I move that sheep be placed at \$3 per head, instead of \$2.50. They are now \$2.50. I move that they be placed at \$3.

Governor Oddie—Is there a second to the motion?  
 Mr. Lemaire—Mr. Chairman, I think a valuation of \$3 on sheep is too high; I think a valuation of \$2.50, according to the price of them now, is the best valuation.

Mr. Miles—I think with the comparative value we have put on, that \$2.50 is plenty for sheep.

Governor Oddie—What is the market value of sheep now, Mr. Lemaire?

Mr. Lemaire—Along about \$3, as I understand it.

Mr. Grutt—Mr. Chairman, I think \$2.50 is plenty for sheep.

Governor Oddie—Well, is there a second to the motion? Mr. Hayes's motion was to make the value \$3.

Mr. McTerney—I move the value be placed at \$2.50.

Governor Oddie—The motion now before the board is that the value be placed at \$2.50; is there a second?

Mr. McTerney—I second the motion.

Governor Oddie—Are there any further remarks? There was no second to the first motion, so the motion now is that a valuation of \$2.50 a head be placed on sheep, and the motion has been seconded.

Mr. Ingalls—That means all the counties in the State?

Governor Oddie—Are there any further remarks?

Mr. Stern—Question.

Governor Oddie—Ready for the question?

Mr. Leonard—Question.

Upon roll-call the motion was carried unanimously.

#### BUCKS:

Governor Oddie—The next is bucks.

Mr. Leonard—Mr. Chairman, I move that this be made the same as last year, \$5 a head.

Mr. Pohe—Second the motion.

Governor Oddie—It has been moved and seconded that the value on bucks to be placed at \$5 a head. Are there any remarks? Are you ready for the question?

Mr. Grutt—Question.

Upon roll-call the motion was carried unanimously.

#### GOATS:

Governor Oddie—The next is goats.

Mr. Weathers—Are there any goats in the State?

Governor Oddie—I don't know; there used to be some in Lander County?

Mr. Lemaire—No; Lander County has gone out of the goat business.

Mr. Miles—I move we place a valuation on goats of \$3 a head.

Mr. Weathers—Second the motion.

Mr. Ingalls—Mr. Chairman, is there any county in the State that has any goat industry or goat business; if there is I would like to know it?

Mr. Miles—We have some goats in our county.

Mr. Lemaire—Mr. Chairman, when Lander county had goats, I believe they were always assessed at \$5 a head; it seems to me that \$3 a head is too low.

Mr. Pohe—Three dollars was the value placed last year.

Governor Oddie—Yes, it was placed at \$3 last year. Are you ready for the question? The motion is to place the value at \$3 a head; is that seconded?

Mr. Weathers—I second the motion.

Governor Oddie—Are you ready for the question?

Mr. Leonard—Question.

Upon roll-call the motion was carried unanimously.

HOGS:

Governor Oddie—The next is hogs.

Mr. Arrild—Mr. Chairman, in regard to that, it is pretty hard to put a valuation on hogs. You might get a bunch of hogs that somebody has that is worth \$5, and others is worth \$20 or \$25. We have quite a number of hogs in my county belonging to dairies, and such places, and I will make a motion that that be left to the various Assessors.

Governor Oddie—That is the way it was last year; it was left to the Assessors. Is that motion seconded?

Mr. Seeman—I second that motion.

Governor Oddie—Are there any further remarks? You have heard the motion, gentlemen; are you ready for the question?

Mr. Lemaire—Question.

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

Upon roll-call the motion was carried unanimously.

Governor Oddie—Now the next is telephone lines, and before we proceed with these public utilities, I think we ought to have Mr. Shaughnessy here. Mr. Bartine is here and tells me that Mr. Shaughnessy is working very hard on the statistics for telephone lines in order to have them ready for tomorrow morning.

Mr. Pohe—I move that we adjourn until tomorrow morning at 11 o'clock.

Mr. Miles—I second that motion.

The question was put and the motion carried, and at 3:10 p. m. a recess was taken until 11 o'clock a. m., Tuesday, January 14, 1913.

## SECOND DAY

The board resumed its session at 11 a. m., January 14, 1913.

Upon roll-call all members of the State Board of Revenue and State Board of Assessors answered present, with the exception of Attorney-General Thatcher.

Governor Oddie—I will state that the Attorney-General is absent on account of illness, and Mr. Bartine is here at my request to help us in various ways on any legal questions that may come up—the Judge has kindly consented to be right with us.

TELEPHONE LINES:

Governor Oddie—The first order of business this morning is telephone lines. Mr. Shaughnessy is here representing the Railroad Commission, with statistics, and at the pleasure of the board I will ask him to make a statement.

Mr. Shaughnessy—With reference to telephone companies, this classification was left to the various Assessors at previous sessions, and, due

to the difficulty of levying a uniform assessment on these small telephone companies in the various counties, it might, perhaps, be wise to leave the most of them to the various County Assessors again. However, if it is the desire of the board to place assessments at this time, I have the data of the individual telephone companies by which their fair earning value can be shown.

Governor Oddie—I would like to ask the question, Mr. Shaughnessy, have you the data showing what the companies were assessed at in each county last year?

Mr. Shaughnessy—No, the Commission has not that data—that is, the assessed value of the various telephone companies. We have only taxes paid, and there is no record of the assessments made by the various Assessors of the different telephone companies, that is shown by the proceedings of this board, for the reason that it is handled by the local County Assessor, the same as other property not assessed by the State Board.

The Pacific Telephone and Telegraph Company is the largest or one of the largest telephone companies operating within the State, and their gross earnings for the year 1912 were \$58,049. The taxes paid by that company in 1911 were \$1,611, while the taxes paid for the year 1912 were only \$1,206, or a decrease of \$405. Now the valuation of that company—that is, the physical valuation of that company in Reno and Sparks, as reported to the Commission, is \$101,800; and 60 per cent ad valorem of that would be \$79,623; and if taxed at the regular state, county and town rate of \$3.40 at those points, the tax on that property should be \$2,707. I just give that for the information of the County Assessor—that is, if the assessment is left to the local Assessor. Some of the other telephone companies are likewise low in valuation. The difficulty of making an assessment of the telephone companies and the light, power and water companies by this board, is in the matter of making a proper apportionment where they do an intercounty business.

With reference to this Pacific Telephone and Telegraph Company, the assessment could be made by this board, but it would be very difficult to make an apportionment as between the different counties in which it operates, on a just and equitable basis, according to the value of the property and the business done in each county. Likewise, the same rule would apply to the power companies; it would be rather difficult for this board to assess the power companies, and apportion the taxes to the various counties, according to the value of the property and the business done in each county, because of the absence of some centralized authority by which that could be done. The assessment could be levied all right by the board on the property valuation, but it would be very difficult to apportion the value in each county; and the only way that could be done would be by some state authority handling the matter, and having the values reported to that centralized authority for each county, and then making the apportionment of the taxes accordingly.

Mr. Bartine—I suppose, Mr. Shaughnessy, if I may be permitted, that the difficulty lies to a very considerable extent in the fact that the plant which represents by far the larger portion of the actual value, is located in one county?

Mr. Shaughnessy—In some one county.

Mr. Bartine—While the lines run into other counties?

Mr. Shaughnessy—Yes, that is, in large part, the difficulty.

Mr. Bartine—Mr. Shaughnessy, have you data of the telephone companies which you could furnish the individual Assessors as a guide to them?

Mr. Shaughnessy—Yes, I have separate detailed data on the telephone, the water, the light and gas companies operating in the various counties of the State, which I can furnish to the different Assessors for their guidance in making the valuations in the respective counties, if the matter is left to the various County Assessors for assessment. The Railroad Commission will be glad to cooperate with the various County Assessors at all times in the matter of determining the valuation of utility properties located within their counties.

Governor Oddie—I think the idea is a good one. It seems to me that cooperation among the Assessors in arriving at the equitable adjustment of the assessments in the various counties, would work just as well with these telephone companies as it does with the railroad companies.

Mr. Shaughnessy—Yes.

Governor Oddie—Do you think anything would be gained, Mr. Shaughnessy, by changing the policy adopted last year of leaving these telephone lines to the various Assessors? In other words, do you think it would be more advantageous to take the principal companies, like the one you have just mentioned, and have the value placed on that by this board, and leave the smaller ones to the Assessors?

Mr. Shaughnessy—That could be done, Governor, if it is the wish of the board. A per mile wire valuation might be placed upon the Pacific Telephone and Telegraph Company; and there might be a few other large companies that would stand the wire mileage valuation; but I am not certain whether it would work out that way or not, whether it would apportion the value according to the location of the property in the various counties, and the business done in those counties, equitably or not.

Mr. Bartine—Would not the suggestion I just made to you, Mr. Shaughnessy, be a rather serious obstacle in the way of that; the plant, for instance, being located in one particular county, representing a very large sum of money?

Mr. Shaughnessy—That is particularly the objection with reference to the power companies.

Mr. Bartine—You say it is different from the mileage of the telegraph companies or the railroad companies, which simply pass through the State?

Mr. Shaughnessy—Yes. Of course the objection does not apply to the same extent with reference to the Pacific Telephone and Telegraph Company, if the assessment is placed upon a wire mileage basis, for the reason that in those counties where the plant is located, and the greater business is done, there are more wires in that county, and a per wire mileage assessment would perhaps provide for an automatic apportionment of the taxes according to its business and its property value in the various counties. On the Pacific Telephone and Telegraph Company a wire mileage assessment of \$30 would perhaps reach a fair tax—a fair valuation.

Governor Oddie—On that valuation may I ask what would the total taxes be in the State?

Mr. Shaughnessy—The total taxes on that basis would approximate \$2,500.

Governor Oddie—As against \$1,200 last year?

Mr. Shaughnessy—As against \$1,206 last year. The only difficulty—I don't know whether it is a real difficulty or not—but there would be the objection of proceeding to value one telephone company by one method, and using an entirely different method for the valuation of other companies.

Governor Oddie—That would not necessarily apply, would it; if the matter were left to the Assessors they might use that method, too?

Mr. Shaughnessy—Yes, that is true.

Governor Oddie—Whereas, if they acted as a board, they might use the same method?

Mr. Shaughnessy—Yes. Mr. Hayes might suggest how he would like to have that property treated.

Mr. Hayes—I think if the Assessors can get the information that Mr. Shaughnessy proposes to give us, the Assessor would be the proper one to value the property in his own county; and the only trouble with us is that we haven't got that data. This is the first time we have heard of that. Now if we have that data next year, I cannot see any difficulty in assessing the property, as it is in my own county and can determine the value of the property, or what it should be fixed at, from the figures received from the Railroad Commission's office.

Governor Oddie—I would like to ask a question, Mr. Hayes. What did you base the reduction on last year from the year previous?

Mr. Hayes—The reduction from the year previous?

Governor Oddie—Yes, the total tax. The large proportion of that fell on Washoe County, did it not?

Mr. Shaughnessy—It is difficult to say where it fell. You see they operate in Washoe, Churchill, Storey, and Ormsby Counties. I am unable to say wherein the reduction took place. The only thing they show is, that the total tax paid was reduced from \$1,611 to \$1,206, or a reduction of \$405.

Mr. Bartine—They simply report in gross?

Mr. Shaughnessy—Report in gross.

Governor Oddie—Was there a reduction in your particular county? (Addressing Mr. Hayes.)

Mr. Hayes—Yes, I am trying to recollect that. It was in the mileage. We had assessed more mileage than they had, so in that way, lost the mileage. I think that was it—I can't be positive about that now—I am not quite positive.

Governor Oddie—Well, the fact remains that if this company were assessed on the same basis as other utility corporations are assessed, Mr. Shaughnessy, it would bring considerable more money to the State?

Mr. Shaughnessy—Yes, it would.

Governor Oddie—So it is assessed on a low basis?

Mr. Shaughnessy—Yes, it should be assessed at a higher figure.

Governor Oddie—Well, I am strongly of the opinion that something should be done to get a little more money from this company, because we all know we have to raise more money for the State, and we want to do it by adjusting the various properties, and the various classes of property, and making each pay its just proportion; and if we can do that we will have plenty of money.

Mr. Ingalls—Mr. Chairman, I would like to ask Mr. Shaughnessy, have you the mileage of this telephone line—have you the value of their mileage?

Mr. Shaughnessy—Of their mileage, yes, I have. The wire mileage operated in Nevada is 2,545 miles.

Mr. Bartine—Does that mean single wires?

Mr. Shaughnessy—Yes, that is a single-wire mileage; 2,545 miles. Now that would bring a property valuation on the basis of \$40 per wire mile of \$101,800. The reproductive value of the property in Reno and Sparks, as reported to the Commission—we required them to give us an inventory of the property—amounted to \$132,705. So it will be noted that the wire-mileage valuation of \$40 per wire mile would give substantially 80 per cent of full valuation. A valuation on the basis of \$30 a wire mile would give substantially a 60 per cent ad valorem value on the physical value of the property, or \$79,623. If the company is assessed on that basis, and applying the same rate as was applied last year in Reno and Sparks, \$3.40, I believe it was, was it not, Mr. Hayes?

Mr. Hayes—\$3.40 in Reno and \$3.20 in Sparks.

Mr. Shaughnessy—Well, on the basis of an average of \$3.25, the tax would amount to about \$2,500, as against the tax paid of \$1,206.

Governor Oddie—As a matter of fact, is not the business of this company increasing?

Mr. Shaughnessy—Yes; well, that is hardly true for the mileage operated in Nevada. This company not only operates in Nevada, but it operates throughout the States of California, Oregon, and Washington, and they have very large gross earnings. Over the system as a whole, they are increasing in gross earnings. In Nevada, however, the earnings for 1912 are substantially the same as they were for 1911—there is a small decrease. If it is the desire of the board to place an assessed wire-mileage valuation, I am confident a valuation of \$30 per wire mile would be reasonable.

Mr. Ingalls—Mr. Chairman, in case this board placed a mileage valuation on this particular company, would that be constitutional, Judge Bartine? Would we have the right to do so and pass up the balance—pass on that particular property, without going in detail into all of the telephone lines in the State? It seems to me, for instance, like we would not have a right to pass on one railroad, and not pass on others. If we pass on telephone lines, would it be our duty to fix a valuation and classify them—fix a valuation on all of them—or could we fix a valuation on this one, and pass the balance up to the various Assessors?

Mr. Bartine—Mr. Chairman, and gentlemen, this is a question that, so far as I know, has never been passed upon by the courts. The language of the statute is mandatory—that you shall fix a valuation on all the railroad companies and telephone companies, and so forth, and then it goes on further to state: "And such other property as may be assessed in this manner to better advantage than by leaving it to the various Assessors." But without any question being raised at all, it has been the uniform custom for the State Board of Assessors to fix the valuation on some railroads, and leave the valuation on others unfixed. Now if you can do that with respect to railroads, you can do it with respect to telephones. Under the Railroad Commission law, telephones are classified as railroads; but if they were not, it would

make no difference so far as this particular question is concerned. Everything that comes within the first clause must be governed by the same rule and I fancy there would be no question whatever raised with regard to that method of procedure. If, for instance, you fix the assessment upon one line, and leave all the other lines to the respective Assessors, I don't know of any way by which that particular company could escape the payment of its tax, except by showing that the tax was excessive. I think that is the only defense that they would be heard to make in court. That is my best judgment of it.

Mr. Miles—Mr. Chairman, and gentlemen, I would like to ask Mr. Shaughnessy why the operating expenses of the company in question are greater than the gross earnings for 1912?

Mr. Shaughnessy—In response to that, I will say, Mr. Miles, that the gross earnings reported for the year 1912 of this company, are \$58,049, while the operating expenses are \$60,412, leaving a deficit of \$2,363 in earnings. That is a question that we now have up with the Pacific Telephone and Telegraph Company, and while our investigation in that direction has not been completed, we have found that they are not the actual expenses. As I told you before, this company operates through the States of California, Oregon, Washington, and Nevada, and necessarily they have large outside expenses, large general expenses, and large contingent expenses, and they are charging to Nevada on a mileage-prorate basis, all of those contingencies which Nevada does not in fact bear. That statement is not accurate, and is of very little benefit for the purposes of our investigation here, or for any other purpose, in fact. I imagine if we get down to the true operating expenses, which we eventually will, that they will amount to a ratio of substantially 70 per cent of the gross earnings. I judge that by comparison with the Nevada, and the Elko, and other telephone companies operating throughout the State, wherein the general average of operating expenses to gross earnings is about 70 to 75 per cent. Did I make that clear to you, Mr. Miles?

Mr. Miles—Yes.

Mr. Bartine—Mr. Chairman, and gentlemen of the board, I think it will be both interesting, and possibly instructive, if I say just a word further along the line of Mr. Ingalls's inquiry. And preliminary to a brief statement of my own, let me read you the exact language of a portion of the first section of the State Board of Assessors law, as I may term it, which bears upon this particular question. It is section 3797 of the Code: (Reading:) "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, or 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."

Now you will observe that the language is mandatory: that you shall establish a valuation upon all railroads, telephone lines, and so forth—the various things mentioned in this particular section. If you follow that literally, you would be obliged, under this section, to fix a valua-

tion upon every railroad, even though it might be a local one, and every telephone, and everything else that is mentioned in this particular section. And yet it has been the uniform practice of the board to make exceptions. The railroads, for example, which run entirely through one county, and which are not intercounty in character, have without exception, I think, been left to the individual Assessors. I think that has been the case with the Nevada Central and with the Eureka and Palisade, as it used to be called. Now if, as I say, you were to construe this section literally, and act upon its mandatory provisions, you could not omit anything which comes under those respective heads; but you have found it utterly impracticable for this board to fix valuations upon little local roads, and little lines and properties that are situated entirely within the limits of one county, and concerning the value of which this board is without information. My judgment, therefore, is that if you desire to fix a valuation upon this telephone line, you will be pursuing the course marked out by the statute; and this company cannot have any possible grievance. And with respect to those which are omitted, as I said before, I think the only standing they would have in court, if they wished to make a contest, would be by showing that the tax is excessive. The law does not require impossibilities, as a rule, and I think we all understand that it is utterly impossible for this board to get down into the minute details which are necessary to ascertain the value of every little local railroad, or every little local telephone line.

Governor Oddie—Mr. Shaughnessy, just a word in regard to what you were explaining concerning the operating expenses and the gross earnings of the Pacific Telephone and Telegraph Company. They evidently charge certain of their expenses incurred in other States to Nevada, while they don't credit Nevada with any of the profits from the other States.

Mr. Shaughnessy—That is largely true. That is another question I did not comment upon. In reference to the toll business, or long-distance tolls, they credit to Nevada only 15 per cent, and the balance goes to what they call the plant. We have not been able to determine yet what the plant is, or where the earnings going to that plant are reported; and in conference with the California Commission, I find they are up against the same proposition. We get credit at a local exchange on long-distance tolls of 15 per cent, and the balance goes to the plant, and we are endeavoring to find out what that plant is, and where those earnings, comprising as they do 85 per cent of the tolls, that are credited to the plant, eventually go. We are not entirely satisfied with the statement of these operations as reported to the Commission, and we have the matter under vigorous investigation at the present time.

Mr. Ingalls—Mr. Chairman, I make a motion that we place a valuation of line mileage on this Pacific Telephone and Telegraph Company of \$30 per mile, per wire mile. I would like to hear a discussion, and hear what these different Assessors think about it.

Mr. McTerney—I second the motion.

Governor Oddie—You have heard the motion, gentlemen, that this board place a valuation of \$30 per wire mile on the Pacific Telephone and Telegraph Company. Are there any remarks?

Mr. Hayes—Mr. Chairman, I will make a motion that it be left to

the various Assessors, or I amend the motion, that it be left to the various Assessors, and that they shall receive information regarding the value of these lines and plants from the Railroad Commission.

Governor Oddie—Mr. Hayes, have you any idea as to what difference it would make in Washoe County; that is to say, what would be the difference between assessing that company at \$30 per wire mile in Washoe County, and the present assessment?

Mr. Hayes—I could not say; I might lose money on it that way. I could not answer that question. We lost money on the wire mileage on the Postal Telegraph Company, and that is one reason I want to guard against it.

Governor Oddie—Mr. Hayes, from Mr. Shaughnessy's figures, the present total tax to the State from this company was about half in 1912 of what it will be under this \$30 per wire-mile valuation.

Mr. Hayes—Yes, that may be all right; but you see if the Assessor has that data from the Railroad Commission, it will be that anyway, and probably more—if we can get the data.

Governor Oddie—This is getting the data all in a lump from the Railroad Commission; that is, all the Assessors are getting it at once, and would it not relieve you very much to have this specified, so that you would just have the rule to follow that all the other Assessors have to follow; would it not make it simpler for you?

Mr. Hayes—It may, possibly.

Governor Oddie—We don't want to see you lose anything. Is there any way of figuring quickly the amount that would come to Washoe County, Mr. Shaughnessy, under this system of \$30 per wire mile?

Mr. Hayes—I will hear what the other Assessors have to say on it, and I withdraw my motion temporarily.

Mr. Shaughnessy—Washoe County has out of the total wire mileage 2,200 wire miles; that is \$66,000 on the property value—what is the average rate applicable to that company up there, Mr. Hayes; what would it average up, \$3 on the hundred—3 per cent?

Mr. Hayes—Just very nearly so. I wish I had my tax list here, I could show you.

Governor Oddie—That would be nearly \$2,000 for Washoe County. What did they pay, Mr. Hayes?

Mr. Shaughnessy—Well, on the basis of \$30 a wire mile for Washoe County, that would be a property valuation of \$66,000; and assuming that the average rate applied was 3 per cent, it would be a tax of \$1,980 that would accrue to Washoe County as against \$1,206 which was paid for the entire system within Nevada.

Mr. Bartine—So you could not possibly lose anything on that, Mr. Hayes.

Governor Oddie—No, your county would get more than the whole State did last year, under this system.

Mr. Ingalls (addressing Mr. Hayes)—Do you call to mind whether you assessed it on the mileage basis, or as a lump sum?

Mr. Hayes—That is why I wanted to see my tax list, I don't remember now.

Mr. Ingalls—Sometimes it is assessed at a lump sum, and sometimes on a mileage basis, and I would like to know what it was in the various counties.

Governor Oddie—You see, Mr. Hayes, in this system of \$30 per wire mile, your county would receive nearly \$800 more than the whole State received last year.

Mr. Hayes—I want to see how we did assess it. I don't know whether the personal property would be included in that or not. (The State Controller hands a tax list to Mr. Hayes.)

State Controller Eggers—Just a moment. This is a matter on the outside—you need not take this down, but I want to speak to the gentlemen here as County Assessors, and say that I have only received three tax lists of the State of Nevada, all told, one from Washoe, one from Elko and one from Ormsby; and I believe if you will look up the law you will find that all the state officers, and especially the State Controller is entitled to one of your tax lists, and I hope you will all send me one. I get many inquiries, often from the Governor's office, to my office, and I cannot even furnish a tax list.

Governor Oddie—Mr. Hayes, from your tax list the value is \$41,000, whereas on the \$30 per wire mile basis, it would make it over \$60,000, so you would gain over 50 per cent in Washoe County over last year's figures.

Mr. Hayes—Of course I do think that if I had the proper information from the Railroad Commission I could assess it; but I would like to hear what the other Assessors have to say about it.

Mr. Bartine—You should not object to a proposition which will give you such a substantial advance, and at the same time relieve you of the responsibility.

Governor Oddie—This information from the Railroad Commission is being given right now; it is the result of work that has practically been completed today; is not that the case, Mr. Shaughnessy?

Mr. Shaughnessy—That is true.

Governor Oddie—So it has not been possible for the Railroad Commission to give you the figures before that Mr. Shaughnessy has given today. You are getting the same advantage that the other Assessors are getting, and the very latest information.

Mr. Hayes—With the permission of the Chairman, I will withdraw my motion.

Governor Oddie—The motion to amend is withdrawn. There is now the motion of Mr. Ingalls before the board.

Mr. Miles—Mr. Chairman, I would like to ask Mr. Shaughnessy if this \$30 per wire mile would include the power plants, stations, and other property?

Mr. Shaughnessy—Yes, this kind of a tax would be in lieu of all other taxes, as I understand it. This is a method of reaching the fair value of the property, all property used in operation, for the purposes of assessment and taxation.

Governor Oddie—Is it not a matter of fact that in the telephone companies the plant is a combination of a few large, and a great many small plants; because if the particular line ran through several counties, there would be plants in every county, to a greater or less extent.

Mr. Shaughnessy—Yes, and they would be in proportion to the amount of business done, as would also the number of wires and lines used in each county; and therefore a wire-mileage assessment would distribute the taxes fairly and equitably.

Governor Oddie—Yes, so the counties other than Washoe County, would not get less in proportion than they are getting now?

Mr. Shaughnessy—No, they would get what they are fairly entitled to, according to the property located in the other counties, and the business done. Of course the great bulk of the business done by that company is in Washoe County; the larger switch-boards, offices, and everything of that nature, are located in Reno; and the number of wires, or the total wire mileage in Reno and Sparks, is 2,200 as compared to a total wire mileage of 2,545. Necessarily that would give to Washoe County, wherein the plant is located, and most of the physical property is located, the bulk of the taxes.

State Controller Eggers—Mr. Chairman and members of the Board of Assessors, I disagree with Mr. Shaughnessy. I want to ask him this question: Supposing this telephone company had a hundred thousand dollar building, would this Assessor be allowed to assess it?

Mr. Shaughnessy—Not on this basis, no.

State Controller Eggers—I don't believe it is proper then.

Mr. Bartine—Mr. Chairman, and gentlemen, under the history of taxation in Washoe County, we have not a right to assume this company has a hundred thousand dollar building there. The tax list shows the following facts: (Reads) "The Pacific Telephone and Telegraph Company has real estate valued at \$25,000"—\$25,070, and personal property at \$16,020, making a total of \$41,090. Now whatever they may have in Washoe County, that is the sum total of what the Assessor and the Board of Equalization have found that company to possess for taxation purposes in Washoe County, \$41,090. Now upon a \$30 per mile wire basis, according to Mr. Shaughnessy's figures, that total would be raised to something more than \$60,000, as a result of which Washoe County would get 50 per cent more tax from that company this year than it did last. That is the situation that confronts you. Of course there may be a hundred thousand dollar building over there, but there is nothing on the tax roll to indicate it.

Mr. Sitton—I would like to ask one question in regard to this: If this company has realty, and if we were to assess them on so much per mile of wire, is that collectible as personal property, or should it be charged on the roll as realty? That is the question I would like answered.

Mr. Shaughnessy—Mr. Sitton, with reference to reaching the valuation of all these properties, such as an express, a telegraph or telephone company, or the Pullman Company, or various other companies, consisting largely of intangible value, if you confine yourself to the assessment of the real property which you can find, or which is located or has situs in your county, you are not going to get very much of a tax; you will get a proportion of it, in some instances 50 per cent, other instances you will get only 25 per cent. And some system of reaching a fair valuation of the property that is tangible and intangible is usually devised and adopted by the Boards of Assessors and Tax Commissions throughout the United States. It can be done. The board is invested with large discretion, and may use its judgment in regard to levying that kind of an assessment. It is a question, pure and simple, as to whether the board wishes to adopt a basis of this kind. I don't want to urge anything of this kind on the board, and I don't want to enter into any controversy with anybody as to whether it is the best system

to adopt or not. I am simply trying to put before you some comprehensive basis that will reach a fair valuation of the physical properties, and thus, in addition to data placed before the board by tax agents of the above companies, you will have full information for such consideration and weight as it may be worth.

State Controller Eggers—In respect to my objection to Mr. Shaughnessy's statement, I will agree with him as far as he goes; but supposing this telephone company should—I was an Assessor once in my lifetime—put up a hundred thousand dollar building, that would go in under this \$30 per mile rate. They may put up one this spring, and the Assessor of Washoe County may come along and find that building, and he can't assess it because the law is against it—or at least your judgment will be against it—whatever you propose to do. I agree with Mr. Shaughnessy so far as the \$30 per mile proposition is concerned—I want that understood, Mr. Shaughnessy; but the other part of it—there is always a prospective view to be taken into consideration by the various County Assessors, and I will leave it to them. They may find something very great—not in existence now—before the first Monday in September, and at that rate they would be shut out.

Mr. Shaughnessy—Mr. Eggers's point is perhaps well taken with reference to improvements that may be put on; the assumption, for example, that a hundred thousand dollar building is put up in Reno—

State Controller Eggers—It is only a surmise.

Mr. Shaughnessy—That is a condition the board can meet at its next session. The figures given now are on the basis of actual physical valuation, as reported to the Commission by request something like two months ago, and is therefore all that can be considered by the board at this time.

Mr. Bartine—The valuation would cover the existing condition of the property today?

Mr. Shaughnessy—The existing condition at the present time.

Mr. Bartine—Let me suggest—I don't wish to be constantly butting in, or intruding my views on this board. You will adopt whatever course you see fit, but I simply want to help you, if I can. I want to say with regard to Mr. Eggers's suggestion, suppose that in the next three or four months this company should proceed to erect in Reno a hundred thousand dollar building, that would be just so much additional property created down there, and the Board of Equalization could put that on the list, under the authority of the Supreme Court of Nevada in dealing with the broad-gaging of the railroad down in some of the southern counties.

Mr. Miles—I would like to ask Judge Bartine if the Assessor would not have the right under our laws, to place upon the roll any property which might come into the State prior to the first Monday in September, whether it is personal property or whether it is improvements?

Mr. Bartine—Well, I have just stated that I think additional property which comes in, something new, which changes the existing condition, and gives it a greater value, could properly be placed on the roll. That question was raised with regard to the broad-gaging of the Nevada and California Railroad. That was a narrow-gage road, and the railroad company proceeded to broad-gage it. We all know a broad-gage road is worth a great deal more money than a narrow-gage road; and the Board of County Commissioners, sitting as a Board of Equalization,

put an additional value on the Nevada and California Railroad after the Board of Assessors had acted, and the Supreme Court of Nevada upheld that action; and I don't see why it would not apply to everything of a similar character.

Mr. Whitehead—Mr. Chairman, I take the same stand that I have always taken: We cannot assess today something that is going to come up in the future; and as one of the Assessors and a member of the board, I can't see where it is going to make very much difference which way we assess it; but I feel like amending the motion, leaving the assessing of all the telephone companies to the various Assessors, with the aid of the information that the Railroad Commission has.

Mr. Lemaire—I second the motion.

Governor Oddie—Gentlemen, you have heard the motion amending the original motion; are there any further remarks?

Mr. Miles—Mr. Chairman, I would like to ask Mr. Hayes what property or classes of property he includes in real estate; and also the class of property that he has included as personal property in the assessment of this company?

Mr. Hayes—The poles and lines are real estate, and everything of that kind, of a telegraph company is real estate; whether they are in the streets or on private ground, they are real estate.

Mr. Bartine—What is the personal property?

Mr. Hayes—The personal property is the switch-boards—oh, many things, I really cannot mention them—if I had my statement I could tell you.

Mr. Bartine—Do you think that wire which is stretched from pole to pole, and which can be taken down and put up at will, is real estate?

Mr. Hayes—Yes, sir.

Mr. Bartine—You so classify it for taxation purposes?

Mr. Hayes—Yes, sir.

Governor Oddie—There is an amendment before the board, gentlemen, amending the original motion. Are you ready for the question? The amendment calls for leaving it to the Assessors, just as the original amendment was made by Mr. Hayes, and which was withdrawn by him. If there are no further remarks I will ask the Clerk to call the roll.

Upon roll-call the vote was as follows:

Yeas—Messrs. Sitton, Whitehead, Arrild, Weathers, McTerney, Leonard, Lemaire, Ronnow, Pohe, Grutt, Malley, Stern, Seeman, and Hayes.

Nays—Messrs. Ingalls and Miles.

Governor Oddie—The motion is carried. Now the question is on the original motion as amended, leaving the matter to the various Assessors. I will ask the Clerk to call the roll.

Upon roll-call the vote was as follows:

Yeas—Messrs. Sitton, Whitehead, Arrild, Weathers, McTerney, Leonard, Lemaire, Ronnow, Pohe, Malley, Stern, Seeman, and Hayes.

Nays—Messrs. Ingalls and Miles.

Governor Oddie—The original motion is carried as amended, so the matter is left to the various Assessors. The next item is telegraph lines.

Mr. Lemaire—I move that we adjourn until 2 o'clock.

Mr. McTerney—Second the motion.

Upon the question being put the motion carried, and a recess was taken until 2 p. m.

**Afternoon Session**

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

Governor Oddie—The meeting will 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 Attorney-General Thatcher.

**TELEGRAPH LINES:***Western Union Telegraph Company*

Governor Oddie—The next question is telegraph lines. In the regular order of business the Western Union comes first. With the permission of the board, I will ask Mr. Shaughnessy to make a statement in regard to the full earnings, and so on, of the Western Union, and other telegraph companies.

Mr. Shaughnessy—The Western Union Telegraph Company operated during the year a total wire mileage of 13,241 miles; and this capitalized on a basis of \$40 per wire mile, the assessment levied by this board for the year 1912, would give a property value of \$529,640.

Governor Oddie—Of how much, Mr. Shaughnessy?

Mr. Shaughnessy—Five hundred twenty-nine thousand, six hundred forty dollars; that is for the ensuing year. The gross earnings for the year 1912, that is, the intrastate earnings, were \$59,203.39. The taxes paid in Nevada for the year 1912 were \$9,305.99. That is an increase in taxes paid to the State and counties of \$2,296.32 over the previous year. I think if the board places a valuation of \$40 per wire mile on this company that it will produce a just and fair tax.

Mr. Hayes—I would like, Mr. Chairman, to ask if that includes all their fixtures and furniture, that the Western Union has got?

Mr. Shaughnessy—Yes, that includes all of the property used in operation.

Mr. Hayes—And in fact, anything they have got in connection with the line?

Mr. Shaughnessy—Yes.

Mr. Lemaire—Mr. Chairman, according to that, it would be the same proposition we had with the telephone lines. Am I not right?

Governor Oddie—I think so.

Mr. Shaughnessy—It is the same principle we were discussing before lunch.

Governor Oddie—From the figures given in last year's statement, Mr. Shaughnessy, were not the interstate earnings omitted?

Mr. Shaughnessy—Yes, and they are likewise this year.

Governor Oddie—Is there any way of arriving at the amount of interstate earnings?

Mr. Shaughnessy—No, there is no way. We have been after them, though, for some time to report the mileage prorate of all earnings—all earnings from all business creditable to the Nevada mileage; that is, business in and out, and business to be sent through, as well as the local business between points within the State. The auditor, who is located in New York City, has advised us that such a segregation will be forthcoming in the near future.

Governor Oddie—Would that make much of a difference in your estimate as to what the company should pay?

Mr. Shaughnessy—Well, I would hardly think so. I think that when

you make an assessment of \$40 per wire mile, that you have reached the fair physical valuation of this property. For example, they have, I think, twenty wires which are operated between Reno and Elko, have they not, Mr. Jones?

Mr. Jones—No, about fifteen on the Southern Pacific.

Mr. Shaughnessy—Is that the number? I had in mind that you operated twenty from Reno to Elko, and thirteen from Elko to the Utah-Nevada state line.

Mr. Jones—I have not those figures with me; I think you are consolidating the Western Pacific and the Southern Pacific.

Mr. Shaughnessy (continuing)—So that when you take a line of telegraph poles and put a valuation of that kind on it, twenty wires times \$40 per wire mile is \$800 per mile, I think you are getting a very fair value of the property, both tangible and intangible.

Mr. Bartine—You mean as compared with the manner in which other property is assessed throughout the State?

Mr. Shaughnessy—Yes, in comparison with other property.

Governor Oddie—Don't you think a greater proportion of business—of earnings—goes over that system of wires through the State in interstate business, in comparison to the value of the property per mile, than goes over the railroad, in comparison with the value of the property of the railroad per mile?

Mr. Shaughnessy—With reference to that matter, the through earnings accruing from transcontinental and cable business would necessarily be many times greater than the local Nevada business; and I imagine that we will have perhaps several hundred thousand dollars in gross earnings creditable to the Nevada mileage instead of the sum of \$59,203—local earnings between points within the State, when the report is rendered.

Mr. Bartine—In making your estimate, Mr. Shaughnessy, have you taken into consideration the entire business that is transacted within the State, interstate and intrastate, or have you confined it simply to the local business?

Mr. Shaughnessy—It is confined necessarily to the local business, because that is all that is reported.

Mr. Bartine—You made no estimates beyond that?

Mr. Shaughnessy—No, I could make no estimates beyond that. I had to base the conclusions on the Nevada intrastate earnings; and the balance of it, of course, is estimated, largely.

Mr. Bartine—Then these are estimates, are they?

Mr. Shaughnessy—They would be in the nature of an estimate if only earning value was considered, but the \$40 per wire mile has been determined by reference to the physical value of the property, and does not therefore cover the intangible value which might be shown if we had before us all earnings creditable to the Nevada mileage.

Mr. Bartine—Of course you understand, Mr. Shaughnessy, from the business of our office and the cases which we have had, that the Supreme Court of the United States has decided that all of the business is to be considered in estimating the value of the property within the State?

Mr. Shaughnessy—Yes, I understand it. There is a representative of the Western Union Telegraph Company here, if you desire to have him respond.

Mr. Hayes—I would like to ask the gentleman with reference to copper wires—how many copper wires they have?

Mr. Jones—On the Western Pacific and Southern Pacific they run about 50 per cent iron and 50 per cent copper; our reports are 210 pounds to the mile.

Mr. Hayes—The reason I ask that question is, we have got another telegraph line running through the State, the Postal Telegraph Company; they have got, I think, three copper wires, and our assessment amounts to very little from the best wires, and by placing all wires at \$40 a mile, you can see that I get scarcely any assessment from the Postal Telegraph.

Mr. Shaughnessy—Mr. Hayes, in levying your assessment on the Postal Telegraph Company, you say you have three wires?

Mr. Hayes—Three wires, and my understanding of it is they are a heavy copper wire.

Mr. Shaughnessy—You apply \$40 to each mile of that wire, do you not?

Mr. Hayes—Yes.

Mr. Shaughnessy—Making a total of \$120?

Mr. Hayes—What I mean is this, that copper wire should be higher; it can be designated as the Western Union, and also the other; but in that way you would get more of an assessment from the Postal Telegraph Company, and they are entitled to pay; and they give in more than I get. I had a much larger assessment in 1911 than I had in 1912 on account of this \$40 per wire mile. You understand what I mean by that?

Mr. Shaughnessy—It might work a decrease in particular counties. A \$40 per wire-mile basis might have that effect, but it would not have that effect throughout all the counties in the State. Now, for example, the tax paid by the Postal Telegraph Company for the year 1911 was \$612.06, while for the year 1912 on the basis of \$40 per wire mile assessed value, the taxes were \$863.31, or an increase of \$251.25 in taxes paid.

Governor Oddie—I would just like to ask you, Mr. Shaughnessy, when did the Postal Telegraph Company close its offices in the State? Has it stopped much of its business in the State—closed a number of offices?

Mr. Shaughnessy—No, only at the particular offices they found were not remunerative, like Carson City, for example; there was not business enough here for two companies, and the Postal decided to close its office.

Governor Oddie—With the permission of the board, I will ask Mr. Jones to tell us something about the conditions of his company.

Mr. Jones—Our people did not protest very strenuously on the valuation of \$40 per mile, although it was made plain to the Board of Assessors two years ago and a year ago, that the actual average wire valuation was more nearly \$20 a mile; but, as was explained by Mr. Shaughnessy, and I think by the late Attorney-General, doubling up this valuation was necessary in order to give the state its prorate on overland business. Now if you are going to assess wires on their actual value, you will have to segregate the copper from the iron. About half of our wires in this State are iron, and they are anywhere from 15 to 40 years of age—badly deteriorated—they cost \$15 a mile in the first place.

and today are possibly worth less than half of that amount. The copper wire costs at the factory about \$30 a mile; we add to that about \$7 a mile for the construction, so you are not very far off from the actual value on copper at \$40 a mile. The larger wires that you spoke of a while ago, I should imagine would cost \$50 a mile. As Mr. Shaughnessy said, our taxes under the former plan, where it was left with the Assessors, amounted to \$7,009.67, as against \$9,305.99 at the \$40 valuation, or an increase of \$2,296; and if you refer to the statements you have in your laps there, you will see this equals 15 per cent of the intrastate earnings, which is the highest percentage of any company on the list. Again, that is explained by the effort of the board to overcome this prorate that the State thinks it is entitled to on overland business. Our people have maintained strenuously that \$35, or even \$30, would be a more equitable value to put on, but they did not see fit to pay their taxes under protest, and I don't think they will this year; and I feel sure that you will agree with me that anything more than that would be exorbitant and unreasonable.

Now the gross revenue, as shown in the State, \$59,000, if multiplied by three to overcome the overland prorate, would still yield the State 6 per cent in taxes. That is about the average on the list. This company pays about 3 per cent dividend, so anything we pay above the 3 per cent would look to be exorbitant.

Then I want to call attention to some things that the Western Union Telegraph Company has done for the State of Nevada, for which we ought to receive some consideration. Our rates have been materially reduced throughout the State, and without very much pressure; and I want to say that the reduction in rates this year compared with 1911 has caused a depreciation in our intrastate earnings of \$11,000. Now, on top of that loss of \$11,000 on account of the reduced rates, we have increased our cost of maintenance and operation \$23,000 by giving better service, more wires, better facilities, and everything of that sort. We have improved our plants at Reno and Winnemucca, and we have facilitated the business of the State in a great many ways. We have increased the number of 25-cent rates; a few years ago you didn't have any 25-cent rates in the State, except perhaps between here and Reno. Now they have extended it to quite a number of places; and, furthermore, we have made a reduction in press rates for newspapers without any protest, notwithstanding our connecting lines of telegraph who have short hauls and higher rates, would not meet us in that reduction. All these things, I believe, go to show the good faith of the Western Union Telegraph Company. In addition to this, we have extended to all the community reduced cable rates to all European places. Messages for London and Liverpool which formerly cost \$4.40, can now be sent for \$1.75; and messages formerly costing \$8.88 can now be sent for \$2.15; and the word rate of 31 cents on deferred service is now 19 cents. That is all that I have to say on the subject.

Mr. Pohe—Mr. Chairman, I understand the representative of the Western Union to say \$20 a mile was the cost of the wire.

Mr. Jones—Average cost of the wire.

Mr. Pohe—Seven dollars fifty cents for labor?

Mr. Jones—Seven dollars for labor.

Mr. Pohe—What becomes of the poles and cross-heads?

Mr. Jones—That is bunched in, you see, on the big lines.

Mr. Pohe—Then you mean to say that the wires cost you that, and you take no consideration of the fixtures in your offices, your instruments, your poles and cross-heads?

Mr. Jones—That is more than offset by the increase in wire mileage. We used to pay on a basis of \$10 a mile for iron wire, and \$15 a mile for copper wire, and \$5 a set for instruments; and we used to pay about a dollar apiece valuation on poles. That is a valuation of anywhere from \$20 to \$30 a mile on poles; that is the way it used to be under the old arrangement; but taking them up and summing it together, and dividing by the wire mileage, shows that average wire cost, including the poles, cross-arms, instruments, batteries and everything pertaining to the operating service, would average somewhere about \$20 a mile.

Mr. Pohe—Then you mean to say in fact, that you are now estimating what you used to pay twenty years ago for these poles, or what you are paying for them now?

Mr. Jones—There has not been such an awful increase in poles. I could get poles today for \$3 apiece.

Mr. Pohe—That is three times as much as at first, from \$20 to \$30.

Mr. Jones—You concede 55 per cent for assessment purposes. I figured that out very carefully in 1910 when I was before your body; I showed that a five-wire line cost \$238.20 a mile.

Mr. Pohe—How much, \$238?

Mr. Jones—Two hundred thirty-eight dollars, that is what it cost. Now take off 45 per cent of that, and we are entitled to a return of 55 per cent of the valuation; that would make at that figure, deducting 45 per cent as assessable, that would reduce it to \$107.19, and would make the value per wire mile for a five-wire line \$21.40.

Mr. Whitehead—Mr. Chairman, I move that the Western Union Telegraph Company be assessed at \$40 per wire mile.

Mr. Stern—I second that motion.

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

Upon roll-call the motion carried unanimously.

#### *Postal Telegraph Company*

Governor Oddie—With the permission of the board, I will ask Mr. Shaughnessy to give us some figures on the Postal Telegraph Company.

Mr. Shaughnessy—The Postal Telegraph Company operated a wire mileage in Nevada for the year 1912 of 1,369. The gross earnings in Nevada for the year 1912 were \$13,586.92. Taxes paid in Nevada for 1911, \$612.06. Taxes paid in 1912, \$863.31, or an increase in taxes paid of \$251.25. This company paid taxes amounting to 5½ per cent of the gross earnings. The taxes accruing on a 4 per cent gross earnings basis would be \$543.47, as against \$863.31 paid. The assessed value of the property as levied by the board last year was on the basis of \$40 per wire mile. On the basis of the physical value of the property, I would figure that a reassessment of \$40 per wire mile would be just and fair.

Governor Oddie—Do your figures take into account the interstate earnings?

Mr. Shaughnessy—No, not completely.

Governor Oddie—It is the same as the Western Union?

Mr. Shaughnessy—They take in a portion of the interstate earnings in and out, and local between points within the State. They do not take account of overhead, transcontinental, through business, and also the international cable business. We are after this company to report in that detail, however.

Governor Oddie—Is there a representative of the Postal Telegraph Company here? (No response.) We are ready for a motion, gentlemen, or any remarks.

Mr. Ingalls—Mr. Chairman, I make a motion that we assess the Postal Telegraph Company the same as last year, \$40 per wire mile.

Mr. Pohe—I second that motion.

Governor Oddie—You have heard the motion, gentlemen, are there any further remarks? Not hearing any, I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

#### ELECTRIC AND POWER LINES

Governor Oddie—These are the only telegraph companies in the State. The next will be electric and power lines. These were left to the Assessors last year. I will ask Mr. Shaughnessy, with the permission of the board, to make a statement in regard to these companies. I think he has some figures that will be interesting.

Mr. Shaughnessy—With reference to the electric, power, gas and water companies, I have the same operating and valuation detail that I reported to the board this morning with reference to the telephone companies. I can give you that in detail for each company, if it is the desire of the board to take them up individually, and value each one. The matter, however, of apportioning taxes on any basis that is workable is rather difficult; that is for this board to assess a per mile of line valuation on the basis of transmission line mileage, would not apportion the valuation, according to the value of the property located in the different counties, nor in proportion to the earnings in each county. If the matter is left to the various County Assessors, the Commission is in possession of a good deal of detail with reference to the value of these properties, and also with reference to their earnings at many points within the various counties throughout the State, which we can furnish to the Assessors, and enable the Assessor to arrive at a fair assessed valuation of the property. This list that has been furnished by the Railroad Commission shows that most of those properties are—that is, on a 4 per cent of gross earnings basis method of reaching the valuation—most of those companies are grossly undervalued; they need raising. You notice the ratio of taxes paid to gross earnings runs from  $\frac{82}{100}$  of 1 per cent up to 3.59 per cent, which was the highest; and that the average ratio of taxes paid to gross earnings by all of the electric light and power companies, is 2.92 per cent. The average paid by all of the gas companies is 4.26 per cent. They are in pretty fair shape, and are being assessed about right. The water companies are somewhat better than the electric light; in fact, a great number of them are assessed very much in excess of a 4 per cent valuation.

Governor Oddie—I will ask Mr. Shaughnessy regarding those that are assessed higher than 4 per cent, how they are assessed in relation to the actual value of the plant? And if you have the data, I think it would be interesting to know how these other companies that are

assessed under 4 per cent are assessed in relation to the actual value of the properties.

Mr. Shaughnessy—Well, I find that I have forgotten to bring that detail with me. It is over at the office, but I can have it sent over here in a few moments. There are only a very few of the companies that we have an appraised valuation on. We are having appraised valuations made, however, of practically all of the public utilities operating within the State; and those that we have show a very much higher valuation than the assessed valuation. Naturally these companies give in for the purpose of assessment the minimum of valuation; but in reporting for the purposes of rate-making, they put in as high a valuation as it is possible to sustain.

Governor Oddie—What proportion, on an average, would the valuation put in for assessment purposes be in relation to the valuation put in for rate-making?

Mr. Shaughnessy—Well, I have not figured out just that ratio, Governor. What I have given is on the gross earnings method of finding valuation. The electric light and power companies have put in valuations for taxation that range anywhere from 20 to 60 per cent of full valuation. If it is the desire of the board to take up these individual companies and levy the assessments, I can get further data to give you on them; but if you are going to leave it to the various County Assessors, as you did a year ago, I can furnish you that data later.

Mr. Hayes—I think it would be the proper thing to get the data from the Railroad Commission for the Assessors, and leave it with the Assessors for the time being. These companies are assessed in many different counties. For instance, the Washoe Power and Development Company, the valuation placed on it by the Assessors is \$44,490; the Truckee River General Electric Company, the value placed by the Assessors on that is \$135,910; the Hunter Creek Water Company, \$11,700; the Reno Power, Light and Water Company, \$250,180; and the Washoe Deep Well Company, \$4,900. Now those are assessed from an inspection by the Assessors; and any information we can get, so we might raise any one of those companies, would be of great assistance to the Assessor. And I will make a motion to leave it with the Assessors, with the understanding that we get this data from the Railroad Commission.

Governor Oddie—Mr. Shaughnessy has stated that he will send that data to the various Assessors.

Mr. Bartine—It is more properly before the Public Service Commission, the data which will be furnished to the Assessors.

Governor Oddie—A motion has been made to leave it to the various Assessors.

Mr. Lemaire—I second that motion.

Governor Oddie—It has been moved and seconded that this matter be left to the various Assessors; are there any further remarks? Not hearing any, I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

#### CONTRACT, PATENTED, AND OTHER LANDS:

Governor Oddie—The next item is contract, patented and other lands. Now this is a big question and we wish a discussion on it. I would like to state that you all know there has been a citizens' taxation and

economy commission working in this State for a number of weeks; you know how it was formed, and the purpose has been to assist the State, to assist the Assessors, and to assist the Legislature. It is not formed for the purpose of trampling on the toes of any body, or usurping the rights of any public official in the State; it was formed for the purpose of being of assistance; and the gentlemen on the commission have been working particularly hard, I happen to know. They have studied the tax laws of all the other States, and their operation; they have studied the conditions in this State, and they have secured data which would have been impossible for any single Assessor to have secured. And I want you to understand the operation, the workings, of this commission. It was not formed, and it has not been working with any idea of usurping any of the powers of the Board of Assessors, simply that it might be an assistance to them. You know what assistance the Railroad Commission and the Public Utility Commission has been to this board in getting scientific data on questions that come before the board; and this question of lands has been one that has puzzled this commission a good deal. They—the commission referred to—have found grave inconsistencies throughout the State on the question of real estate assessments. This is not a question that is troubling the State of Nevada alone; every State has this problem to solve; and the best talent in every State is working on it, and it is impossible to get too much light or information on the subject—we cannot get enough.

Mr. Ingalls—Mr. Chairman, the land has always been left to the various Assessors in the different counties of the State; and in regard to the state contract land, the Legislature passed a law, which is in existence, under which state contract land should not be assessed less than \$1.25 an acre. There is not a great deal of land to assess in Esmeralda County, and some land I assess at \$1.25 an acre—state contract land, unimproved, wild sagebrush land—\$1.25 an acre. Other land, agricultural land, I think about \$10 an acre. What the Assessors in other counties are doing I don't know, and we might hear from them, and get a little discussion on this data, and see how near we are even, one county with the other, and what we are doing; but I don't see how this board could hardly place a fixed valuation on land.

Governor Oddie—I think it was brought out pretty clearly at last year's meeting that the sense of the board was not that \$1.25 should be the maximum, because the law had made that the minimum, but rather that contract lands should be assessed on the same basis as other lands, and that the amount due the State on the contracts would operate the same as a mortgage. This minimum of \$1.25 per acre should not be the basis for determining the value of the land for assessment purposes.

Mr. Miles—Mr. Chairman, I would like to ask if any of the economy taxation committee are present, and if so, I would like to hear from them.

Governor Oddie—There is one member present, Mr. Hugh Brown. We would like very much to hear from you on this, Mr. Brown.

Mr. Brown—The work of the general committee was divided into subcommittees. There was one committee appointed to make a comparative study of the tax systems of other States, with a view to borrowing from their systems any features that might be deemed advisable in this State. Another subcommittee was appointed to investigate the actual

operation of the tax laws of this State. Another subcommittee to investigate the expenditure of public funds, with a view to ascertaining whether or no there was any extravagance in the expenditure of public funds, and to make such recommendations along that line as might seem proper. I was appointed a member of the first subcommittee to study the tax systems of the other States; and the question that is now under discussion here comes under the work of the second subcommittee, namely, the actual operations of the tax laws in this State. Not being a member of that subcommittee I have no knowledge, and cannot respond to Mr. Miles's invitation. The general committee met on Saturday and Sunday last in Reno, and received the reports of the several subcommittees. Those reports are all to be published and distributed. I am sorry at this time, Mr. Chairman, that I cannot throw more light on the subject.

Governor Oddie—We thank you, Mr. Brown. I will state that this committee we have just mentioned has been working without salary, and doing it for the best interests of the State. Each member who has been appointed on this committee has been requested to act and to give his services, and I happen to know they have worked very hard.

State Controller Eggers—You have got a committee out collecting money to defray the expenses, I think.

Governor Oddie—There is no salary attached to it at all.

State Controller Eggers—I have not contributed yet myself, and I don't intend to.

Governor Oddie—Well, gentlemen, we would like to have some discussion on land values in the State.

Mr. Miles—Mr. Chairman, I would like to ask Mr. Brown if it is a fact that his committee has discovered that in all counties in the State there is property which has escaped taxation, and I would like to know what property it is, if he knows?

Governor Oddie—I can say that Mr. Brown was not present at the meeting on Saturday, and I was. I can give you some facts that were brought out by one of the subcommittees—some particular instances that I remember. They reported on quite a large number of various properties in the State, dwellings and ranch properties, and I happen to remember a few that struck me very forcibly. One was, in one county they reported there was something like 600,000 acres of land, privately owned, that were not on the assessment roll—I don't know what county it was in. And in another case there was a ranch valued at something over \$600,000, or around \$600,000, that was assessed at something like \$30,000. And in another case, a band of sheep was assessed at 500 sheep, and \$23,000 worth of sheep were sold from that band that year. It was not brought out that those sheep were actually the increase from that band, because the owner might have bought other sheep and sold some of them, and not all from his original flock. There were a great number of instances cited, showing a tremendous inconsistency in the assessments of real estate in this State. Ranch lands are the hardest things to assess.

In bringing this up, gentlemen, I want you to understand that I consider it one of the most difficult matters for an Assessor, and every State has found the same difficulty. What we want is a new law, if we can get it, which will be of assistance to the Assessor. And this is not brought out for the purpose of casting any reflection on any Assessor

at all, because everybody realizes his path is a hard one. What the State wants to do is to render assistance to the Assessors, and make their way easier, and make it possible for them to get a more equal valuation of property throughout the State; and the great sticking point is the land. We must raise more revenue. It is not much when you consider the condition of the State. The State is in magnificent financial condition. The whole trouble is a matter of adjusting our finances, and adjusting our taxation system. It is a matter among ourselves. I don't think any other State can compare with us, when you consider there is almost a hundred million dollars on the assessment roll, and the State only owes \$230,000, in round numbers, and owes that to itself, and owns over one and a half million dollars of bonds in outside States and Government bonds.

State Controller Eggers—The indebtedness of the State is not \$230,000 now; it is less now.

Governor Oddie—It is something over two hundred thousand.

State Controller Eggers—No, sir, still better.

Governor Oddie—So much the better. A fraction of 1 per cent of the assessed value of the State. The condition is magnificent, and it is simply a matter of adjusting the State's finances, which we must do, having the assessments made more equal, and increasing the assessment roll all over the State. We must get the tax rate down, and in order to do it we must get the assessment roll up.

Mr. Ingalls—Do I understand the state rate will have to be raised to do this, the state rate of 60 cents; or is the idea to get a higher valuation, a more equal valuation?

Governor Oddie—To get a more equal valuation, so as to increase the assessment roll, and thereby raise more money, in order to meet the current expenses. The General Fund is running behind about \$150,000 a year; it has been doing that for over three years, and it is simply a matter of having to raise more money to meet our running expenses. If the next Legislature can reduce expenses advantageously, it will do it; it is going to work hard along that line, but I don't see how they can cut off that much, the amount the State is running behind, without injuring the State's institutions—or anything like that much.

Mr. Bartine—Mr. Chairman, perhaps I might make a suggestion that would be interesting, if not of any particular value. It is generally understood that the State is in somewhat straitened circumstances financially, not because the State is poor, but, as the Governor has said, and it has been emphasized by our Controller, the State is really in magnificent condition; but for some reason or another the money is not where we want it, it is not in the proper fund; and perhaps, upon the whole, we are not getting quite enough.

Now there are two propositions quite prominently before the people of this State; one is that we should reduce the expenses of the state government; the other is that we should increase property values for taxation, so as to raise an adequate revenue. It may be, as the Governor has remarked, that there can be some reduction of expenses, but I don't see where there is going to be a very great deal of reduction in the expenses of the state government without crippling it, and without discrediting it in the eyes of our sister States. We have never had any trouble in a financial way until quite recently, and just exactly

what the trouble is I don't know. Mr. Eggers is more familiar with the finances of the State than I am, and probably the Governor is, too, because it has not been in my line of studies. But I can look back some twelve or fifteen years, and find myself face to face with the period in the history of this State when it only had about twenty-three or twenty-four millions of dollars on the assessment roll. At the present time we have approximately a hundred million dollars on the assessment roll.

State Controller Eggers—A hundred is a little strong; I would say ninety-one.

Mr. Bartine—Ninety-one million, almost four times as much as we had, say, fourteen or fifteen years ago. Now without going into details, I am very confident that the expenses of the state government have not increased four-fold, and that is not the principal trouble—the trouble lies somewhere else. Of course we have lost revenue in various ways; we have lost the revenue which was derived from the gambling interests throughout the State; and I understand we have lost something in the way of poll-tax receipts, that have been assigned to the counties for various purposes—for some particular purpose. But there is this thing that you should all bear in mind, that you cannot cut the expenses of your state government very much without crippling it; and we have all taken pride in our State; we have all felt that our State was quite able to take care of itself; and years ago when I had the honor of representing you in the lower house of Congress, and the State of Nevada was characterized as the "Rotten Borough," it was my pleasure and pride at all times to call attention to the fact that no State in this Union stood on a better financial basis than Nevada did, that with only a population of from forty to fifty thousand people, we were absolutely out of debt, and a long way ahead; that our school system was without a superior in the whole United States, and I don't think that the people of this State will look with very much favor upon a trimming down that is going to seriously militate against the efficiency of our state government; and under no circumstances do I see where you can save a very great deal. The remedy in the main, it seems to me, must be an increase of valuations.

Not in any spirit of boasting, but for the purpose of general information, I want to call attention to the fact that through the data which has been furnished by the Nevada Railroad Commission, railroad and other public service corporation values for the purpose of taxation during the last three years have been increased twelve millions of dollars in the State of Nevada—just about twelve millions of dollars. Now on the basis of 60 cents on the one hundred dollars of valuation, that means \$72,000, which is  $3\frac{1}{2}$  times the total expense of maintaining your Railroad Commission. So I don't think there can be any very great grievance against the Railroad Commission as a business proposition, considering that one little item alone.

There are people in this State who fancy that the railroads and other public service corporations, should come pretty near bearing all the burdens of taxation, or at all events, if there is to be an increase, it should be leveled at them. Now the fact is, the railroads and the public service corporations are not by any means the greatest tax-dodgers. There is a vast amount of property all over this State that undoubtedly is either escaping taxation entirely, or else it is assessed at a wholly

inadequate value—at a value that is out of all proportion to its real value.

I was strongly impressed by a little colloquy which took place between our honored Governor and one of the gentlemen who represented one of the counties of this State last year. In the course of the colloquy, the Governor brought out the fact that alfalfa lands in portions of this State were assessed at from \$25 to \$35 an acre, while the selling price of those lands was \$150 an acre, according to the admission of the gentleman; and, according to the knowledge of some of us, two or three times \$150. Now there is not a railroad in the State of Nevada that is not coming nearer paying upon the fair value of its property than the valuation of those lands—that is, the assessed valuation that those lands bore to the real value of the lands. And it seems to me that while it is not a practicable and feasible thing for this Board of Assessors to enter upon a general system of land valuations, and to undertake to place any valuation upon lands in general, because they vary so much, nevertheless you might possibly take action that would be productive of some good, and which in a measure would relieve you of the unpleasant necessity of raising values in your respective counties. It has been shown pretty clearly that it is necessary to raise more money. I have shown you how the railroad valuations have been raised during the last three years. Now I suggest—simply submit as a tentative proposition for your consideration—something like this: Suppose you were to adopt a resolution that there should be a general advance of land values throughout the State of say from 10 to 20 per cent over and above the present values; that would be a very substantial increase in the valuation of property of this State for the purposes of taxation, and it would not bear hard upon anybody, and it would produce a good substantial increase in the revenues of this State. I throw this out as a suggestion. Let us see what that would amount to. Suppose here is a piece of good alfalfa land assessed at the rate of \$25 an acre, and suppose it is worth \$150—putting it at the minimum, and we all know good alfalfa lands are worth more than \$150 an acre; supposing you add 20 per cent to that \$25, which would be \$5—instead of assessing the land at \$25 you assess it at \$30. Now carry that principle all along the line in all counties in this State, and it is going to amount to a very substantial increase in the assessed valuation of the property in this State. Of course land is not the only thing, but that is the one particular thing that is under consideration now, and when I make this suggestion I don't want you to think I am presuming, or that I am trying to force my ideas on you in any way, but I throw out the suggestion for your benefit, and for you to consider for what it is worth.

Governor Oddie—I would like to state in connection with what Judge Bartine has just said, the Assessor of the county whom he mentioned, went to work good and hard, and raised the assessment on certain classes of lands in his county—no, I am mistaken; one of the other Assessors who was mentioned by me at the last session in connection with some land, went to work and raised his land there considerably, and the County Board of Equalization cut down a good part of the raise, so it is not always the fault of the Assessor.

Mr. Bartine—That is true, Governor Oddie.

Governor Oddie—I know the Assessors want to do the best they can; they want to do their duty; but the more you look into this question the more you will see that they need assistance, and the State should be in a position to render them assistance. I agree with what Judge Bartine has said in regard to raising alfalfa lands, and other valuable farm lands in the State, but I think it can go further. If every Assessor would do that there would be such a substantial increase over the State that the tax rate would be reduced, and it would not fall very heavily on any one man.

State Controller Eggers—Mr. Chairman, while I partly agree with Mr. Bartine, as long as he has mentioned my name, I will explain a little of the State's finances, and where the money went to begin with; and then probably some of you will know what became of it. Since I came into office in 1907, there has been one office after another created—new offices, remember. The first was the State Police with an appropriation of \$150,000, which has come out of the General Fund. That is where you Assessors get off at. We also passed a law for a Railroad Commission, and added to it a Public Service Commission. All of that is since I came into office, when the treasury was full. I will admit that I am only a State Controller, and only a bookkeeper, but I am acting according to law, and I am in the Supreme Court half of the time.

You have also a Mining Inspector's office, created since; you have a State Engineer's office—everything has been created since I have been State Controller, which is true according to law. There is where your money went, in all these other offices; and it is true, as the Governor says, we have either got to raise more revenue or we have got to hang up our hats, we cannot run this state government without money. Governor Oddie cannot do it; Governor Dickerson could not do it; neither can the State Controller assist them in their efforts. Now this is true. At least two or three hundred thousand dollars has been for offices newly created since 1907, according to your Legislature's laws. As far as I can see, there is where your money went. Our General Fund is busted, and busted today; and before the Legislature gets through, they will have to bond the State for more money to pay themselves. That is also true. When my report is out in a day or so—as soon as I can get it out—I will present it to the Governor, and let him be the judge. There is where part of our money went, Governor; it is not your fault, it is not my fault, or anybody else's fault; I don't mean it in that way—that is true, why should we not go behind? It may be true that we have raised in valuations from some years ago, from twenty million dollars, but it is also true our state tax rate has come down from one dollar to sixty cents, which gives still less. The people of the State cry for lower taxation: the rate has been reduced, and yet we are still in debt, we are still groaning. We are not as a State, in debt, virtually speaking, but our General Fund is in a rather bad condition today. We are owed by the State of Massachusetts, roughly speaking, \$1,375,000, that we have loaned out at three and three and one-half per cent, according to our laws—and they had a right to loan it. We have loaned some to the State of Idaho at four per cent, which is also under the law. I have no criticism against any board, or any one else; but our borrowing capacity under the Constitution of this State—and I don't know sometimes but what it is a good thing that we

cannot borrow but \$300,000, under certain conditions—happens to be a little slow for the needs that we have. But, bringing it back, it has got to be either one thing or the other. This tax commission is a very good thing, but they have got to show us where we are going to get the money, or else we have got to do less business. That is all there is to the game. We have got either to have more money—if we are going to keep the state government running under present conditions, we will have to have money to do it, or else they will have to tell us to shut up shop—one of the two. We cannot run the government without money. Governor Oddie cannot do it; Governor Dickerson could not do it; and I cannot assist them or help them do it; that is true. Now as far as the Assessors are concerned, I will speak a kind word for them all. The majority of the Assessors turned in splendid assessment rolls, more of an increase really than I expected, although I did expect pretty close to it; but there are some that didn't come up to my expectations; they didn't gain a nickel, in fact, they lost in their valuations in 1912, according to 1911. Now I don't wish to mention any names. As soon as my report is out everyone can see it. I have not got it out yet; I have been handicapped during my settlements with the County Auditors and Treasurers, and I am trying now to get my report before the Governor, and will have it there as soon as possible. But one thing is sure, whether it is a committee, or whether it is the Assessors, or whether it is your humble State Controller, we have got to get the money, or we have got to close up shop in some quarters. That is all there is to the game.

Mr. Ingalls—Mr. Chairman, as far as Esmeralda County is concerned we have a very high rate of taxation, and a very high valuation, and it is going to be a hard proposition whether, in order to keep up what little revenue the State gets from our county, I will be enabled to hold up the valuation this year with 1912. I don't think I can hold up the same valuation as for 1912. It may not be any material or great falling off. We haven't any field to work in to increase valuations in our county.

Governor Oddie—Let me ask you, Mr. Ingalls, what proportion of the total assessed valuation of the property of your county is farming property?

Mr. Ingalls—A very small per cent is farming; it is principally the mining industry in Esmeralda; very little farming, a few ranches, that is all.

Governor Oddie—I would like to hear from some of the other Assessors on this matter—it as a great big question—some of the Assessors of the agricultural counties.

Mr. Whitehead—We have not very much farming land, but I would just like to say a word, I don't know whether it would apply in all counties, as it would in mine or not; but Judge Bartine's suggestion of a horizontal raise would not apply in my county. I have contract lands assessed there at \$10 an acre that you can buy for \$10, and some of it for a little less, I guess; but I worked on the proposition that it is nearly all held for speculation, and I make those fellows that are outside holding the land for speculation come through with their share of the tax, because they don't pay anything besides that, and the board of commissioners have upheld the proposition. But, on the other hand, I will say that when I went into office the highest agricultural land

was assessed as farming land, at \$6 an acre, and perhaps the average selling price would be about \$70 or \$75. There are cases—and I wish to say that I would have to have a whole lot more information given to me than this economy commission has given, for me to change my views, because I believe they have taken an exceptional case here and there, and in nearly every instance the cases are exceptional, because you can go in any State where they have Tax Commissions or State Boards of Equalization, and find the same conditions existing, where certain properties are not assessed over 15 per cent, and other properties are assessed up to 60 per cent—cases can be cited in California, Utah, and other States where they have these different boards; and I think nearly all the Assessors meet with the same proposition. Now the same lands that were assessed at \$6 an acre are today assessed from \$10 to \$30 an acre in my county; and I believe the Assessors are all working along the same lines, and trying to bring those things up, and to equalize where they have found things unequal. I know it has been my idea, and I have, as I say, in two years made those increases, from \$6 to \$20 and \$30 an acre; and while there may be exceptional cases, as cited by this economy commission, or taxation committee, where land has sold in my county for more than what I term the average price of \$75 an acre, yet if you were to go there, you could buy lots of the best land for \$75. On the other hand, you might have to pay \$150, or more than that, for some of the best—a few of the best pieces—but taking on the average, on the whole, I figure that that would be about the average price; and I have tried to come nearer to what it should be. Now, if I should jump those lands to \$50 or \$60 an acre, in line with the suggestions of this committee, I would not stay in office any longer than the commission that would be created to do the same thing would. The first Legislature that met would do away with the tax commission, or a commissioner, that would do the same thing; and we are up against the proposition as a State Board of Assessors. We have been making our assessments uniform, as near as we could tell, with what we had other property assessed, and if the Legislature jumps in, and creates a tax commission, and they act in line with the suggestion of this committee, and raise the property to its full cash selling value, then the corporations and utility companies are not paying anything like the other people are, and your tax commission would be knocked in the head by the next Legislature. I believe a tax commissioner, or somebody even in the counties to help us get this information, and weed out those exceptional cases, and bring them to the attention of the Assessor, would do lots of good. And in line with that thought, I wish to say that the time that is given to the Assessors in which to prepare their rolls and get out their tax lists is not long enough between the time the roll is closed and the time the Board of Equalization meets, as explained before this committee. The newspapers in Clark County, in particular, haven't type enough to print our tax list and we have to send it to Los Angeles or Salt Lake, as the case may be, and in the two weeks between the first Monday in September when the roll is closed, and the third Monday in September, when the Board of Equalization meets, my tax list is sometimes in the printer's hands, and the Board of Equalization has met and I haven't even mailed it, because I didn't have it to mail. Now this is likely one of the faults or reasons why things are not equalized as well as they should be, because the

things are not brought before the Commissioners; they don't know what their taxes are, only judging from what they were the year before; and if they had more time, and there was more publicity given to the assessments I believe this would help matters a great deal, along with the suggestions of this committee. And I think Mr. Brown has drafted a bill to remedy the condition, doing away with the Board of Assessors and the State License and Bullion Tax Agent as state officers. This may be all right, and it may not, I don't know; but, as I said a while ago, I would have to have more information on the subject to convince me that it is.

Governor Oddie—In referring to state tax commissions, of course a great deal can be said on that question. The object of having a commission of that kind will be to assist the Assessor. The conditions in Wyoming were very similar to the conditions in this State up to three years ago when they established a State Tax Commission. At that time the assessment roll was sixty-seven and one-half million dollars. In one year that was brought up from sixty-seven and one-half million dollars to one hundred eighty-seven million, and the state tax rate was cut from 65 cents to 25 cents, so the whole State benefited. And if our Assessors could get busy, and make a heroic effort to increase land values to the level of other properties in the State, the total assessment roll would be increased greatly, and the tax rate would come down.

Mr. Bartine—It would not be all increase, because they would get a portion of it back.

Governor Oddie—Oh, yes, the counties would get a portion of it back, the largest portion: they could cut down the county rate, which would help every way. It is a big question, and is puzzling the authorities in every State.

State Controller Eggers—Governor, that does not solve the question, the question is: How are we to get more revenue to run the State as it is today? We must have the money or we must close up shop, as I said before. That is the question. That might remedy it in time, but it would not remedy it this year. How are we going to get the immediate money?

Governor Oddie—That is a question for the Legislature.

State Controller Eggers—I know, but that is in connection with the tax commission. That is what I want them to tell us, how we are going to get that.

Governor Oddie—They cannot tell the impossible.

State Controller Eggers—They have got to tell us how to get the money now with the officers we have.

Mr. Bartine—I suppose they will do as we said a while ago, they will give you the advice for what it is worth.

State Controller Eggers—What is bothering the State Controller is how to get the immediate money.

Governor Oddie—That is a question to come before the Legislature. This commission has worked hard and faithfully for weeks. I know it, and they are going to make recommendations in their report, and I would like to have every Assessor here have a copy of that report. It is such a big question we cannot get too much light on it and on what other States are doing, so if we can pick up an idea here and there to help us, we should welcome it.

Mr. Whitehead—Mr. Chairman, just one more word from Clark

County. This question of raising more money is a serious question. Now in 1911 Clark County's assessment roll was about \$2,300,000, and in 1912, \$3,600,000. If all counties in the State have increased in proportion, we should get the same proportion more in the State for taxes, because the state tax rate was not lowered. This question of raising more money it seems to me is a pretty serious one, because we are getting it every year, I know ever since I have been on this board, we have raised valuations, and it has been done in each county, and it has kept coming up—"we need more money" all the time.

Governor Oddie—It is safe to say the other counties have not raised more money in proportion than Clark County.

Mr. Whitehead—I don't know about that, but the question with me is, do I have to keep that up forever?

Mr. Sitton—I would like to say this in regard to Churchill County, there has been a raise of 35 per cent in two years.

Mr. Weathers—I will say for Elko County, we have raised over 50 per cent in the last six years in valuation.

Mr. Leonard—I will speak for Humboldt County and say we have raised about 40 per cent in five years.

Mr. Lemaire—For Lander County I will say the valuations have been raised from a million and a quarter to over three million since I have been there; the tax rate was something like \$3.25 or \$3.75, and now it is down to \$2.65. The county had an indebtedness of something like \$45,000, and today it is out of debt.

Mr. Hayes—I want to say for Washoe County, our city property was over assessed, and I have reduced the city property half a million dollars in two years, and I think my roll has gained close on to \$900,000.

Governor Oddie—There is another question: How much has the actual value of the farm lands increased in these various counties? Of course we want to keep hammering on, and how much of the increase in the last five or six years is caused by the increase in the railroads?

Mr. Pohe—Mr. Chairman, the assessment roll of Lyon County was a million—over a million—and I don't know that I can promise much of a raise this year; it will depend on what this board does. We have raised two items already against the ranchers, cattle—both beef and stock cattle—and milch cows. We have passed over telegraph lines—left those as they were. Now the telegraph lines are not a bit nearer to the 55 per cent valuation than those beef cattle were at \$30, and we raised them to \$40; and it looks to me as though it was going to be a case all the way through this session of raising the rancher and letting the other fellow go. If they do that, Lyon County is not going to promise a bit more.

Governor Oddie—Speaking of beef cattle, Mr. Pohe—or of cattle in general—is not it a conceded fact that a great many cattle cannot be gotten on the roll, it is impossible to get at them; and that there is always a large percentage that escapes which no Assessor can find?

Mr. Pohe—True enough, Governor; I recognize all that; but I believe in one of Mr. Shaughnessy's reports he said it was not complete as to all of the earnings that should be considered, and that those figures could not be given at this time; and I don't think we are getting any closer to them than we are to the beef cattle. Now for Lyon County we haven't got a piece of land in Lyon County that it is possible to get water on—if there is water to be had for it—that is assessed for less

than \$5; the other counties are assessing it for \$1.25. Now the assessed value on the pasture lands—and that is nothing more than the river bottoms, including the river—is \$10 an acre; and I don't know how you can raise that any more. I don't know how you are going to raise sagebrush land from \$5 up, when the balance of the counties have it down to \$1.25. And when I get through what I am asking this board, which won't be unreasonable, is not going to harm the people, that if I don't get it Lyon County won't raise its valuation. That is not a threat, Governor, because I have not got it to raise on.

Governor Oddie—Oh, I understand, it is up to the Assessor every time.

Mr. McTerney—Eureka County has more than doubled in its assessment in the last five years, and we have very little farming land—we haven't got much of a chance to cinch the farmer.

Governor Oddie—What is the value of good farming land in your county—cultivated land?

Mr. McTerney—We average it. For instance, a man has 160 acres or so, he has got six or eight acres in alfalfa, and I assess him \$5 on this tract, \$5 an acre all through, and it will bring his alfalfa land up to probably \$15 an acre.

Governor Oddie—What is the alfalfa land worth?

Mr. McTerney—I really don't know.

Mr. Bartine—Mr. Chairman, just one word more. It does not seem to me that these suggestions, that values have been increased in this county and that county and the other county 50 per cent or 40 per cent quite meet the point. I have already directed attention to the fact that during the last twelve or fourteen years the aggregate of values in this State has been increased from about \$23,000,000 to about \$91,000,000. That aggregate could not have been increased without increases in the various counties, because it takes the various counties to make the State. It goes without saying that the aggregate of valuations has been increased, but that does not quite meet the point. There has been a great deal more property created in the State during the last twelve or fourteen years, and of course that new property has added to the aggregate of value. So with regard to lands, which lands when they are first reclaimed are not worth near so much as they are after they are splendidly improved. You take a piece of new land at \$1.25 an acre from the Government, and in the course of five or ten years you have a piece of land worth \$50 or \$100 or \$150 an acre. Naturally, there ought to be a considerable, and there is, a very considerable increase. But the point is, what has the increase been upon a particular piece of property, the value of which has remained practically constant, but which was assessed too low at the beginning?

Now, we started in some three years ago and made a general effort to increase the valuations of the railroads; and, as I have suggested, the aggregate of the increase upon that species of property alone has been about \$12,000,000; there is that much more railroad property valuation in the State of Nevada. Of course there has been some increase of mileage. The San Pedro has been constructed during that period of time, and the Western Pacific has been constructed during that period of time; but take the Central Pacific, for example, we only have to go back three or four years to find a time when that road was assessed at \$18,000 a mile; and go back three or four years prior to that time,

and it was not assessed over \$10,000 to \$14,000, or \$15,000 a mile; but within the last three or four years the valuation of the Central Pacific has been practically doubled; and yet the road is not twice as good as it was three years ago; it is some better, but not materially; they are not making any more net profit this year than last—I have not those figures in mind—they have not increased their business in anything like the proportion that their assessment has been raised. Let me suggest, if you take the physical value of that road, it has been demonstrated in some cases that the Railroad Commission of Nevada has had, that the entire Central Pacific system can be reproduced for from \$80,000 to \$90,000 per mile; now the aggregate tax upon that property is about \$40,000 a mile—\$35,000 on the main track, and the assessment on the sidetrack and on the stations and other property, and rolling stock, all of which brings it up to approximately \$40,000 a mile, which is one-half of what it would cost to reproduce the road. It seems to me proper for the Assessors to look around over their respective counties, and see what property they have got that is not assessed up to say 50 per cent of its actual value, and see if they cannot help out a little in that way. And I want to say to you, gentlemen, although I am a state official, and although I am a member of one of these Commissions that Mr. Eggers has spoken of as adding to the expenses of the State of Nevada, I cannot help feeling during the years I have been a member of this Commission that I have given the State of Nevada full value in return for what I have received.

State Controller Eggers—I don't dispute that.

Mr. Bartine—it is not necessary to reply. I am not criticizing what you said at all; but the very moment the State of Nevada doesn't want my services any longer, it doesn't have to have my services; I can hang out my shingle and make more money in the practice of my profession than the salary amounts to which I receive as a member of the Railroad Commission.

State Controller Eggers—I stated to Mr. Bartine and I state now that the different Commissions, from the State Police on down to the Bureau of Industry, or whatever you call it, that have been created in the last six years, have cost hundreds of thousands of dollars, and the gentleman will have to bear me out in that: it has cost hundreds of thousands of dollars to keep them up, and there is where part of our money went.

Mr. Malley—Mr. Chairman, and brother Assessors across the way here, you take pride in stating that you have increased your assessment rolls and so on, and I wish to say if poor Nye County and Mineral and Esmeralda had the cream they are getting from those \$30,000 a mile roads, instead of the roads we have, we might be able to double ours, instead of running in debt every year; but in face of that, Nye County has had a little increase this last year, and we have kept up the valuations. In the town lots, they are perhaps assessed higher than the cash value—and Judge Brown will bear me out in this—that there are houses and lots you can buy for \$500, and they are assessed at \$750; and the land the same way; and I will say if this new commission is to be created, I don't think it will get a higher assessed valuation in the county than we have now, which is over \$4,000,000; and I think we are doing well to keep it over \$4,000,000; and with due respect to the

Assessors over there, if they would lend us their big roads we would double our assessment rolls.

Mr. Weathers—I want to say it was not the railroads altogether in Elko that raised the valuation. I think some five million of it was railroads, but four and a half million was other property. On top of that, we have deteriorated in live stock a great deal; live stock in my county has fallen off wonderfully in the last two years; where we had something like a hundred thousand head of cattle assessed two years ago, this year we have something like seventy-four thousand head; in sheep and horses, so in proportion our land valuations have been going up steadily.

Governor Oddie—Let me ask you, Mr. Weathers, what you consider the proportion of the actual value of the lands in your county to the assessed value?

Mr. Weathers—Well, I don't know, I am sure. Some of it is down possibly 25 or 30 per cent, and may be higher; but I have heard of property being sold there that was assessed within one-sixth of it.

Governor Oddie—Take the productive land, the cultivated land as an average, how does the assessed value compare with the actual value?

Mr. Weathers—Oh, I should judge along about 30 per cent.

Governor Oddie—Well, gentlemen, is there any further discussion on this matter?

Mr. Miles—Mr. Chairman, and gentlemen of the board, with reference to the taxation of lands, I want to say that in White Pine County there is a wide variation in the value of lands; some particular lands are almost entirely valueless, and some particular land perhaps is worth \$50 or \$75 per acre; while I don't believe any of it is assessed for over \$15 per acre, and from that down to \$1.25. But I want to call the attention of the board to the fact that the lands in White Pine County lie in small bodies—little spots here and there, and little strips across the country, perhaps a hundred yards wide, or possibly half a mile wide, or whatever it may be, but anyway, in arriving at those values, \$15 per acre, in I think nearly every case where a man owns land of a higher value, he also owns land that is almost worthless, and in nearly every case the higher valued land laps upon lands that are of little value; and therefore we cannot assess those small plots for the greater value of the land; we would have to have a surveyor with us for every foot of it, and stake it, and describe it by metes and bounds, in order to do it; we have got to estimate it, and value it to compare with other valuations that are placed upon property in the State and in our county.

Now with reference to the economy committee that we have heard of, I want to say that I believe the Assessors of this State have been unduly criticized, whether it has come from that committee or whether it has come from the newspapers directly, I don't know; but some of us have been unduly criticized, and I don't like it. I read an account in the paper a few days ago, wherein it stated that the committee found it to be a fact—or something to that effect—that various properties had escaped taxation, and went on to mention the properties; among those properties were ranches—now, in every county in the State, mind you. I want to say that is wrong—entirely wrong. In White Pine County there has not been a single ranch escape taxation since I have been in the Assessor's office, which is four years. There may have been

some land, no doubt there was—in fact, I know there was, prior to the time that we established a plat system, by which we do and can assess every foot of land in White Pine County; and I think if the Commissioners of all the counties would see that a system was furnished the Assessors, whereby they could check up their lands, that we would get a big increase in the valuations of land throughout the State, without any trouble at all.

Governor Oddie—I would like to ask a question. In case land values are increased on the assessment roll, don't you think that the raising of the valuation on a great deal of good land with water rights, that is not producing as much as it should produce if it were properly farmed, would have a tendency to compel some of the large land owners to farm it themselves properly, or subdivide it, and let small farmers come in and make it productive?

Mr. Miles—Possibly it would. I want to say to the board that all of our valuable land has water rights. Without a water right land has but little value. We have some natural meadow that is very good land, but we must have water, as Mr. McTerney said a while ago, though there are other lands of less value adjoining them, and lapping on the forties where they are situated. All of our valuable land has water rights; without it, it is worth but little. We have some what we call natural meadow which has grass growing on it; it is only fit for pasture, perhaps you might call it meadow, because it has natural grass, but it is not worth much. Perhaps it is alkali, and would not produce any crop except a little scattering wild grass. And in assessing those lands, and all other property in White Pine County, I have tried to equalize them to conform with the values placed by this board, and in future I will do the same.

Governor Oddie—I would like to state in connection with this citizens' economy and taxation commission, I don't like the idea to go abroad that that commission is criticizing the Assessors, or casting any reflection on them. I heard the deliberations of the commission Saturday, and the idea all through was to be of assistance to the Assessors. We all recognize that the Assessor in every county has a tremendously difficult job, one of the hardest pieces of work in the county; and if this commission by studying the operation of the laws in other States can make suggestions which will be of benefit to the State and the various Assessors, I think they should be welcome; and I think you all feel that way about it. Nobody likes unjust criticism, and sometimes things get in the newspapers that are not very pleasant, but the more light that can be thrown on this whole thing the better.

Mr. Brown—Mr. Chairman, will you allow me? The work of my subcommittee, Mr. Miles, in drafting and submitting for consideration a tax commission bill, was not even remotely intended to be a criticism leveled at the Assessors. When I was appointed on that committee I had my hands full of other work, and I owed duties to other people, and there was no warrant for my undertaking the additional labors involved in serving upon that committee; but I felt that I could not back away from the job, so I accepted the appointment; and under my appointment upon that particular subcommittee, I studied the laws of other States. I wrote to the Secretaries of State of all the western States, and many of the other States, and asked them to furnish us with copies of their revenue laws. Our subcommittee received that

data, and for six weeks we dug into it. We received the reports of a number of State Tax Commissions; and, briefly, I found that during the last ten years practically every State in this country has been up against the same problems that you are wrestling with here today—every one. There is not a State in the country that had an up-to-date, scientific tax system. Every State recognized that its system was behind the times, so they started to work in one way or another on the tax problems, and have been working on them along those lines. I found, however, that a majority of the States had sought a solution through the creation of a tax commission. Now the duties of the tax commission, gentlemen, were not primarily to fix values; that was one of their duties, and one of their biggest duties, but it was not all. It was made their duty, and it was contemplated that they being students and experts on questions of taxation, would make a study of all phases of the tax question, the inheritance law, the taxation of corporations, the taxation of the banks, income tax—all along the line—any system that might seem adaptable to the particular needs of a particular State, or that might be up to date. And when I found that a majority of the States in this country had decided to try that system, it operated very persuasively on my mind that we might at least give the people of this State a chance to consider whether or no we wanted to try the same system. I found that in most of the States those commissions, while they had not accomplished everything that they set out to do, still they had accomplished a great deal, and they had taken some pretty long steps forward, and in most cases they had increased the revenues of the State. And so I took those several tax commission statutes, which seemed to me to be the best, to represent the best thought and experience of certain of the States, and I borrowed from those systems sundry sections, and drafted the bill, which I sent to our general committee last Saturday. I was not able to be there in person. My purpose was this, to submit it to you; we may need it, we may not. Simply because some other States have found it good is not conclusive that it is what we want here. But I knew that it would evoke criticism, and I intended and hoped that it would. I knew that whatever defects or omissions there might be in the bill would be called out by criticism, and that if, upon the whole, it was not suitable for this State, we would find that out.

That, in brief, gentlemen, is the motive which actuated me to my labors, and my fellow members of the subcommittee in theirs; and for all the other members of the general committee I bespeak the same.

Governor Oddie—Is there any further discussion on this question, gentlemen?

Mr. Malley—Mr. Chairman, if that commission goes into effect, if you get good men on it, like we have on the Railroad Commission, I think it will be of benefit to the State. As far as I have looked into the matter, I am heartily in favor of it, and if it is not satisfactory we will find it out in a year's time, and the Legislature can amend it. But we might as well get off this land question before somebody moves to adjourn; we don't want to stay on it all night. I move that it be left to the various Assessors.

Mr. Grutt—I second the motion.

Governor Oddie—You have heard the motion, gentlemen; are there any further remarks? Not hearing any, I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The motion is carried. Before we leave this subject, gentlemen, I would like to say one word. You know the Legislature will meet next week; they will have this difficult problem to wrestle with, and I will have to wrestle with it with them, because we want to come to a mutual understanding on some good law, if there is a law passed, and I want to get all the suggestions possible. You gentlemen have been, and are, in close touch with conditions in your own counties, and I am open to conviction in this matter. I want suggestions, I want to hear arguments, I feel that is proper. We have had some mighty good ideas this afternoon; and you cannot go into this question properly unless you bring out ideas and discuss them; there are a hundred ways of looking at this question, and the more ideas we have, the better; and I would like you, gentlemen, to discuss this question with the various members of the Legislature in your counties.

Mr. Pohe—Before we leave, I would like to have the law on assessing banks in relation to the mortgages that they are liable to pay taxes on. I think that is a part of the revenue that the Legislature has been overlooking, and it has a chance to get some more revenue.

Governor Oddie—Mr. Pohe, would it be satisfactory to have that matter brought up in the morning?

Mr. Pohe—At any time. I would like to have it discussed. This question has come up, or did come up last September, when one bank had a right according to the individual taxpayers, to pay taxes on a fifty or sixty thousand dollar mortgage, and they hid under their right, as paying taxes on the capital stock that was paid in. We lost the balance. You will find, I think, that that has been done in a great many places, and it is a chance for some revenue, where it should be paid, because it is due the county and the State.

Governor Oddie—Judge Bartine says he will study that matter up, and have something to say about it in the morning, Mr. Pohe. It is a question that will bear investigation.

Mr. Pohe—It certainly will; because I was looking over the assessment rolls of other counties, and I noticed there they were up against about the same thing we were. I would like to be put right on the matter.

Governor Oddie—I think it would be interesting for the various members to be prepared to discuss that in the morning. It is an interesting question.

Mr. Malley—Mr. Chairman, I move we adjourn until tomorrow morning at 11 o'clock.

Mr. Grutt—I second the motion.

The question was put and the motion carried, and at 4 p. m. a recess was taken until 11 o'clock a. m. Wednesday, January 15, 1913.

### THIRD DAY

The board resumed its session at 11 a. m., January 15, 1913.

Upon roll-call all members of the State Board of Revenue and State Board of Assessors answered present, with the exception of Attorney-General Thatcher, and Mr. Miles.

#### MORTGAGES:

Governor Oddie—Mr. Pohe requested yesterday that we take up the question of taxation of mortgages.

Mr. Pohe—The bank part of it; it is a question of the banks, our right to assess the mortgages held by the banks.

Governor Oddie—That is, mortgages on property in this State?

Mr. Pohe—Yes, in this State.

Governor Oddie—We would like to hear from you on that and have your views.

Mr. Pohe—I have no views at all, that is the reason I am asking for the information as to the rights of the Assessors to assess the mortgages held by the banks, relative to the capital stock—the capital stock as paid in.

Governor Oddie—I will ask Judge Bartine to give you the law on that.

Mr. Bartine—I will answer the question as best I can. There is no difference between a mortgage held by a bank and a mortgage held by anybody else; and, under the law of this State, mortgages are taxable. The original provision of the Constitution reads as follows: (Reads.)

Article X. 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, excepting mines and mining claims, the proceeds of which alone shall be taxed, and also excepting such property as may be exempted by law for municipal, educational, literary, scientific, religious or charitable purposes.

That was the original provision. It was amended later on, and finally approved in 1905, and approved and ratified by the people at the general election of 1906. It now reads as follows: (Reads.)

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, except when one hundred dollars in labor has been actually performed on such patented mine during the year, in addition to the tax upon the net proceeds; and, also—

This is the clause to which I desire to direct your attention particularly—

and, also excepting such property as may be exempted by law for municipal, educational, literary, scientific or other charitable purposes.

Those are the exceptions. The principle is well established in law that exemptions from taxation are strictly construed; they are never extended by implication; and you will see at a glance that mortgages are not included in the list of exceptions; therefore, a mortgage, if it is property at all, and if it does not involve double taxation within the meaning of the law, is taxable; and it matters not, as I have said, whether the mortgage is held by a bank or held by a private individual. There cannot be any possible difference upon that point.

The Supreme Court of this State has passed upon that question. When I was young and callow, I was District Attorney of Ormsby County, and the first really important case that I had involved the taxation of moneys at interest, secured by mortgage, which is practically the same thing. I think that during my practice I have probably made out at least two hundred and fifty mortgages, and I have never made out one that wasn't security for money loaned, or money to be paid. A mortgage standing by itself does not amount to much, under the operations of the law and business, as we conduct it at the present time.

The Carson City Savings Bank, it was then—later the State Bank and Trust Company—held a large amount of deposits, and they sought to escape taxation upon the plea that it was double taxation, and they also held many mortgages which were given as security for money loaned. As District Attorney it became my duty to prosecute the case, first in the District Court, and then take it up on appeal—or rather the other parties took it up on appeal to the Supreme Court, because the county won the case in the District Court. That case is reported in the 17th Nevada, beginning at page 146. It is not necessary for me to read the whole of this, because it would take too much time, and you have other matters of much importance to deal with, but just to make it clear, I will read a few excerpts from the opinion of Judge Leonard. He says on page 151: (Reading.)

We deem it unnecessary to decide whether the Legislature, by exempting "mortgages" in terms, intended to exempt money at interest secured thereby, for these reasons: If money at interest, secured by mortgage, is not taxable, for the reasons claimed, to wit, that such taxation is double, and that credits are not properly subject to taxation within the meaning of section 1 of article X of the Constitution, then this tax, to the extent claimed, is invalid under the Constitution, regardless of the statutes exempting mortgages from taxation; and if, under the Constitution and laws, it is subject to taxation, then the laws exempting it are void.

In 1877 an Act was passed, which in terms exempted mortgages from taxation. The Supreme Court in the course of this decision holds that mortgages do not come within the exemption or the exceptions named in the Constitution, and therefore, that they are taxable, unless they involve the principle of double taxation within the meaning of the law. The decision goes on then and quotes article X of the Constitution, just as I have read it to you—the original article—and Judge Leonard proceeds: (Reads.)

Since the Constitution declares that all property shall be taxed except mines and other property for certain enumerated purposes, the Legislature cannot exempt any taxable property, except for the purpose stated. It is also said that under the statute to provide revenue, etc., bank deposits must be taxed to depositors—

And so forth, that does not touch the point we have here.

On page 155 the Judge says:

We must ascertain, then, whether the Legislature, in providing for the taxation of money at interest secured by mortgage, followed the constitutional command that it should "provide, by law, for a uniform and equal rate of assessment and taxation," and should "prescribe such regulation as shall secure a just valuation for taxation of all property, real, personal and possessory," with certain exceptions that do not touch this case. In order to solve this question in favor of the validity of the law, we must find that the word "property," as it is used in the Constitution, includes, and was intended to include, money at interest secured by mortgage; and in order to so find, we must also

be convinced that its taxation is not in any proper sense double taxation of the property mortgaged.

Every member of this board understands that the objection which has been raised to the taxation of mortgages is, that it is double taxation; that the property is taxed, and then the mortgage upon the property is likewise taxed; and, inasmuch as the property is the whole thing, it involves the idea of double taxation. But the court in this case, and the great majority of the courts throughout the United States, have held, under constitutions similar to ours, that it is not double taxation within the obnoxious sense; in other words, the farm itself, if mortgaged, is property, and as property it is taxable, regardless of any incumbrance that may be upon it—it is property in the hands of the man who owns it. On the other hand, the mortgage is likewise property in the hands of the mortgagee, and is of value to him. And the principle as laid down by the court in this case is, that the double taxation which is obnoxious to the law, and a violation of the constitutional provision for equality, is double taxation upon the same property—where the same individual is required to pay a double tax on the same property; and it is held in this decision that mortgages do not present a case of that kind. All the way through, moneys at interest secured by mortgage, are treated as being the same thing as the mortgage itself, which, in substance, they are.

The Court goes on: (Reads.)

After a careful reading of the constitutional debates, we are driven to the conclusion either that the taxation of secured demands, and also the property securing them, is not double taxation, or that the framers were, in fact, ignorant of the law upon the subject, because, that there was no intention of imposing double burdens upon any species of property we have no doubt, and we feel confident that the framers did intend to tax both money and security, if both are property. They intended to tax *all* property once each year. From 1861 until the adoption of the Constitution, "all property of every kind whatsoever" was taxable, with certain exceptions, which did not include money at interest secured by mortgage; and the term "personal property" was declared to mean and include, for the purpose of taxation, \* \* \* "all money at interest secured by mortgage." That was the law in force when the Constitution was adopted, and, too, so far as we are able to ascertain the facts, such was then the law in all or nearly all of the sister States, and it was universally upheld by the courts.

Then at another point further on, Judge Leonard says: (Reads.)

The proposition that a secured demand is property is too self-evident to require argument or authority. It is thus considered and treated by every writer upon political economy, by all law writers, by all courts, by the whole commercial world. Credits are everywhere subjects of garnishment and execution, of purchase and sale.

I might explain to you that at common law the mortgagee of a piece of property was the owner, and the real owner merely held an equity in it; that is, the right to redeem it, and if it were not redeemed at the time named, the property became absolutely that of the mortgagee. But under the modern decisions it is held that a mortgage is simply a lien upon the property; it is of no higher dignity than an attachment would be; that the person who gives the mortgage remains the owner, and that the mortgagee cannot, perforce, because of his mortgage take possession of the property, but he must bring his action for foreclosure, and even then he does not bring it as an action in ejectment to recover possession of the property, but merely to subject it to foreclosure and sale, in order that he may recover the money which he advanced upon it.

Just one more word in this regard. The Judge in speaking of the difficulty of securing uniformity in taxation. I think it is recognized by every person who has been in any way connected with the work of making laws, that the subject of taxation is one of the most difficult, if not the most difficult of all the different branches of the law. It is difficult because of the natural complexity of the subject. Its absolute uniformity is impossible. There is not any method of taxation by which you can prevent to some little per cent some property being taxed a second time, and perhaps some property escaping; and upon that point Judge Leonard in this decision says: (Reads.)

But we are aware, also, that absolute uniformity and equality of taxation in the practical operation of a revenue law can never be attained, and it was not intended by the framers of the Constitution. "It is never within the scope of human law to embrace distant and contingent consequences. The connection between cause and *ultimate* effect is an endless chain." Citing a Connecticut case. "If a law could be declared unconstitutional because its *ultimate* effect is, in some or many instances, unequal or not uniform, revenues would not be collected and governments could not exist.

It is not necessary to pursue that further. It is the settled law in this State that mortgages are taxable. In 1911, a supplementary Act was passed; that is to say, an Act supplementary to the general revenue law, which provided, in substance, that where a mortgage was imposed upon a piece of property, the owner of the property was taxable for the value of the property—we will call it a farm—over and above the amount of the mortgage, while the mortgagee was taxable upon the value of the mortgage. This was undoubtedly intended to meet the objection to the taxation of mortgages upon the ground that it was double taxation. But in 1912, at the special session of the Legislature, that new statute was repealed, and it leaves the law just exactly where it was when Judge Leonard rendered this decision away back in the eighties. So, to make a long story short, and to bring my remarks to an end, I wish simply to say that mortgages are taxable the same as any other property; a mortgage held by a bank occupies precisely the same legal status that a mortgage does which is held by a private individual; and if they are not levied upon, if they are not placed upon the assessment roll, then the Assessor is either derelict in his duty, or he is not informed with regard to the mortgages, and it seems as if he ought to be informed, because if they are mortgages in form, the law requires them to be placed on record, and he has access to the records, and can ascertain what mortgages there are existing in his county, and held by residents of his county.

Governor Oddie—I would like to state, gentlemen, that the law that was passed in 1911, to which Judge Bartine just referred, was not a law that I liked, and it was the only one that passed the Legislature and became a law without my signature in that session. In 1912 I recommended its repeal. I heard various complaints from different parts of the State, especially from Washoe County, and the Commissioners there were particularly glad to see that law repealed, because it meant a loss of revenue to them.

Now I recommended to the Legislature in the tax bill that was introduced but not passed, this action in regard to mortgages, which I would like to read to you: (Reading.)

Every chose in action, expressed in the terms of a mortgage, wherein is described and acknowledged as the security for the indebtedness stated, property subject to taxation in this State and actually returned for assessment at

a valuation equal to or greater than said indebtedness, shall be held as assessed inclusive in the taxation of such property and shall not be separately assessed, in order to prevent double taxation; *provided*, that in all other cases moneys at interest shall be subject to taxation in accordance with existing law.

I felt that would have met the situation, but it was not passed.

Mr. Ingalls—I want to ask Judge Bartine, this law you are speaking of that was passed in 1911, repealed at the last special session of the Legislature, just repealed that part of the law; it didn't repeal the mortgage tax law, just repealed that section that was passed in 1911?

Mr. Bartine—If you will allow me to explain: In 1877 a statute was passed which exempted certain classes of property from taxation, and among them was mentioned mortgages. In the case which I have read the Supreme Court holds that unless a tax on a mortgage is what is known in law as double taxation—not as double taxation in fact, but as legal double taxation—then it was invalid, as being a violation of the Constitution, because the Constitution does not provide for the exemption of mortgages, or moneys at interest secured by mortgages, which are held to be the same thing. That was the only law that was on the statute books, that Act of 1877, and this decision by the Supreme Court of the State was rendered long after the year 1877, and it held all moneys at interest secured by mortgage or otherwise, to be the subject of taxation. Now the Act of 1911 was intended to meet the more or less general claim that the taxation of mortgages involved double taxation, by providing that the holder of the mortgage should be assessed upon the value of the mortgage, while the owner of the property should be assessed upon the value of the property, over and above the mortgage; but that was wiped from the statute books, and leaves the law just as it was before. Do you understand?

Mr. Ingalls—I understand.

Governor Oddie—I requested Mr. Patrick, the Deputy Attorney-General, to come down this morning, and if at any time during this session any question comes up that you would like to ask him about, I know that he will be glad to come and render assistance. I thought it might be well to have him say something to you about the taxation of mortgages.

Mr. Patrick—It seems to me that Mr. Bartine, from what I heard of his concluding remarks, has covered the subject very fully. There is no doubt whatever that a mortgage is taxable, and has been so declared. It has been our law ever since the Constitution was adopted, and was so declared in the case that Judge Bartine read from the Supreme Court Reports. There is a further provision, however, with which some of you gentlemen may not be familiar; that is where a mortgage—a man seeks to release a mortgage he has given, he has to make affidavit that the tax on that mortgage has been paid, or else the County Recorder cannot release. That is another way of securing the payment of the tax on the mortgage. That provision has been on the statute books for I have forgotten how many years, but certainly twelve or fifteen years; and in view of that enactment, after the rendition of this opinion Judge Bartine has read, it is certain that the mortgage is taxable in the present state of the law in this State.

Mr. Pohe—Mr. Chairman, I don't think that quite covers yet what I asked. The question came up something like this: For instance a bank has a capitalization of \$50,000, \$25,000 being paid in, and it holds a hundred thousand dollar mortgage. Now they have presented a law

that is found in the Revised Statutes of 1912, dealing especially with mortgages of banks, relative to the paid-in capital stock of that bank; and that is the law I would like to have read to us and interpreted.

Mr. Bartine—I have simply to say on that point there can be no law pertaining to banking which in any way affects the principle I laid down with regard to the taxation of mortgages; it don't make any difference what the capital stock of a bank may be, if it holds a mortgage upon somebody's property, that mortgage is taxable.

Mr. Shaughnessy—Mr. Pohe wants the bank stock law explained.

Mr. Bartine—Oh, the bank stock law. I want to look that over a little bit.

Mr. Pohe—Yes. They come to the Board of Equalization and they say we are taxable for only the moneys invested in real estate deducted from our paid in capital, and the balance of it shall be taxed as capital stock, regardless of the amount of mortgages this bank holds. That is the question as it came up, and I would like to know whether that position is right or wrong.

Mr. Bartine—I don't quite understand. Do you mean to say they claim, when they are assessed upon that capital stock that covers everything?

Mr. Pohe—That covers everything, the paid-in capital stock—not the capital stock, but the amount that is paid in.

Mr. Bartine—It does not cover everything, under this very decision I have read from; because, among other things in that case, the point was raised that deposits in banks were assessed to the depositors, and if they were assessed again to the bank it would be double taxation, and it is a fundamental principle of the law of banking when a general deposit is made in a bank, that deposit at once becomes the property of the bank, and the bank is taxable for what it owns, and not upon its capital stock alone. A bank may have a capital of only \$50,000 paid in, and yet may be the owner of a million dollars worth of property, and it is taxable on what it owns.

Mr. Pohe—Regardless of real estate and mortgages?

Mr. Bartine—Well, the real estate and mortgages are part of what it owns.

Mr. Pohe—That is what I want to know.

Mr. Bartine—You can see if it were not so, a million dollars worth of property might escape taxation from the simple fact of its being in a bank.

Mr. Pohe—I think it has.

Governor Oddie—Is there anything more to be said on this subject?

Mr. Grutt—Down through the southern country there are several bands of sheep running, and they are mortgaged and the mortgages are recorded in different counties; would the different Assessors assess those? If they did, they would have a pretty steep assessment.

Mr. Patrick—There is a decision by the Supreme Court that live stock of that kind is taxable at the home of the owner.

Mr. Shaughnessy—And the mortgage likewise.

Mr. Patrick—And the mortgage the same way.

Mr. Grutt—The most of the mortgages are held by the bank in Washoe County. We could not tax them, could we?

Mr. Patrick—It seems to me it would be the same thing, Judge—could tax the mortgages and tax the property, too.

Mr. Bartine—Without a question. A mortgage on personal property occupies exactly the same status as a mortgage on real property.

Mr. Grutt—They go from one county to the other.

Mr. Bartine—They can only be taxed once, simply pay the tax once for the year; they could not be taxed a second time in another county.

Mr. Grutt—What I am getting at is whether I could assess that mortgage in my county, and Mr. Malley in his county, because they run over in Nye County.

Mr. Bartine—If the mortgage is on record in your county, and the owner of the mortgage is there, yes; but a mortgage is a chose in action, and follows a person. If a mortgage is owned by a nonresident you cannot tax it.

Mr. Grutt—These mortgages are mostly held by the owners of the bands in Washoe County.

Mr. Bartine—That mortgage would be taxable in Washoe County. That is my idea.

Mr. Patrick—The mortgage would be taxable in the county in which the holder of the mortgage resided; so if the sheep were owned by a man in Washoe County, they would be taxable there; and if the mortgage was held by a resident of Washoe County, the mortgage would be taxable in Washoe County. You see there are two separate liens on those sheep, one for the taxes on the sheep themselves, and one for the mortgage, and the place of taxation is determined by the residence of the owner, respectively, of the sheep and of the mortgage.

Mr. Grutt—The band of sheep runs from one county to the other, and we assess them as we catch them going through.

Mr. Bartine—As property in transit, like sheep moving from county to county. The general rule with regard to physical, tangible property, like a band of sheep or horses, is that it is taxable where it exists. Property which has a physical existence, which is tangible in contradistinction to intangible—a wagon, for example, is taxable where the wagon is. But the intangible property, which is explained in the law as a chose in action, right of action, debts and demands, and the like, and mortgages, follows the person and is taxable where the person resides. The result of that rule is that a good deal of property of that kind escapes taxation. Now a person may live in some other State, and he holds a mortgage upon property in Nevada; there is literally nothing in the record, say of California, to show that the California man owns a mortgage in the State of Nevada, consequently there is no basis on which the Assessor can get at him, unless he chooses to put it in voluntarily, and says, "I own so much land that is out on mortgage"; but if he does not do that, there is no way of getting at him unless you can prove it in some other way.

Mr. Hayes—The law passed in 1907 clears everything in regard to that bank mortgage—regarding restricting the bank mortgage.

Mr. Bartine—I don't understand you.

Mr. Hayes—It is all made clear in the Act of 1907.

Mr. Bartine—I don't understand you. I will look into this very carefully, and say later in the day what bearing it has on the question under discussion here. I am very confident there cannot be anything in the statute of 1907 which affects the principle which I have stated today, the principle is basic, and has been settled by the Supreme Court of the State.

Mr. Hayes—That law passed was something regarding national banks.

Mr. Bartine—I understand; but a mortgage held by a bank is just the same as a mortgage held by anybody else; it must be, otherwise there would be a departure from that uniformity prescribed by the Constitution.

Governor Oddie—Is there anything further on this subject? If not, we will take up the Pullman Company?

Mr. Sitton—Mr. Chairman, I believe one Assessor is not here, Mr. Miles.

Mr. Jackson—Mr. Miles told me last evening he was not feeling well. I will telephone down to the hotel.

(Mr. Miles comes in at this time.)

Governor Oddie—Mr. Miles, we are just going to take up the Pullman Company. We have had an informal discussion of mortgages.

#### THE PULLMAN COMPANY:

Governor Oddie—With the permission of the board, I will ask Mr. Shaughnessy to give us some data with regard to the Pullman Company.

[A pamphlet containing tabulated data relating to all corporations, compiled by the Railroad Commission and printed at the State Printing Office, had been distributed to all present at the meeting of the State Board of Assessors. The matter contained in this pamphlet will be found in the "Appendix" at the end of this report.]

Mr. Shaughnessy—The Pullman Company operated in Nevada a mileage of 1,484 miles last year. The gross earnings assignable to Nevada last year were \$276,919.98. Operating expenses, \$203,001.43. Net revenue from operation, \$73,918.55. Taxes paid in Nevada, \$3,355.79. The taxes that would accrue if the valuation of the property was established on the basis of 4 per cent of the gross earnings would be \$11,076.80; and the value of the property on this basis—4 per cent basis—assuming that the average state, county and town tax rate was 2.4 per cent, would be \$461,533.33. The average tax rate of 2.4 per cent to the Pullman property has been arrived at by comparison with what the Western Union Telegraph Company paid throughout the State on a property value of \$405,400 last year. The Western Union operates in every section of Nevada, and comparing the valuation and the taxes paid, the average tax rate levied was 2.3 per cent. The Pullman Company operates regularly on the Nevada mileage 50.65 cars. That is the way they have it figured. The cost of reproducing these cars, that is, the commercial value thereof, would be for standard cars, \$20,000 each, and for tourist cars about \$12,000. It is possible that the Pullman Company which owns its own car works, and engages in the manufacture of cars, can produce these cars at a somewhat less figure; but a railroad company or other company, who may purchase sleeping cars, cannot do much, if any better, than the figures I have quoted, \$20,000 for the standard Pullman cars of today, and \$12,000 for the tourist cars. The 50 cars are subdivided as follows: There were 32 standard cars operated—to be exact, 32.41—and 18.23 tourist cars. Applying the valuation which I have given the standard Pullman cars, the value of the standard Pullman cars operated in Nevada would be \$648,200, and the value of the tourist cars would be \$218,834; and the aggregate replacement value new of the 50.65 cars would be

\$967,034. Assuming that 60 per cent ad valorem valuation was applied to this property value, it would leave for assessment \$580,220.40, as compared to a valuation arrived at by capitalizing the gross earnings on a 4 per cent basis of \$461,533.33, or an increase of substantially \$120,000 on the replacement value of the property basis. Now if we assume that the average tax rate, state, county, town and all purposes, is 2.3 per cent, the same as the Western Union paid last year, the tax accruing on the above physical property value would be \$13,345, instead of \$3,261.89, which they report as having paid last year. The tax which should have accrued last year, however, ought to be about \$10,000, I should judge.

Mr. Patrick—It was \$12,000 and one cent; was exact for last year.

Mr. Shaughnessy—Well, \$12,000 would be the amount which should accrue on the basis of the levy as made by the board last year—on the basis of \$300 per mile; but the taxes have only been paid, as I understand, in a few of the counties, and the company has brought a proceeding in the Federal Court of this State to test the constitutionality of that assessment, alleging that the tax is excessive, and challenging the right of this board to levy such an assessment. In that connection, I presume some of you are aware of the fact that this company is also challenging the right of the State of California to assess their property upon a valuation that is established by capitalizing gross earnings, notwithstanding the fact that all of the railroads and other utilities in the State of California are complying with the law, and state that it is the best and most equitable law or method of arriving at valuations that has ever been adopted.

I think, in view of the fact, that the matter must be determined, not only in this State, but in California, that the board should do less at this time than to put on the same valuation that it put on last year, a valuation of \$300 per mile. Or, if it is preferable, the value of the property within Nevada might be assessed in a lump sum, and then prorated to the various counties on the basis of the mileage operated in each county. That might be less objectionable from a legal standpoint, although I am not entirely certain on that. There is a representative of the Pullman Company present, Governor.

Governor Oddie—We would like to hear from Mr. Ferguson, with the permission of the board.

Mr. Ferguson—Mr. Chairman and gentlemen, I am necessarily forced to take my text, as it were, from Mr. Shaughnessy's figures. Most of the figures Mr. Shaughnessy has given you are correct, as reported to the Railroad Commission by the Pullman Company; but if they were taken as a true basis, as a basis upon which to fix an assessment of our property in Nevada, the assessment would be greatly out of proportion, if figured on the basis he has given. The Pullman Company makes a report to the Railroad Commission of its business done during the year ending June 30 each year; and it reported this year the amount of taxes it had paid during that fiscal year, not the amount of 1912 taxes paid by the company, but the amount that has been paid up to June 30; other amounts were paid after June 30. The total amount of taxes paid by the company was \$5,931.80. The total amount due on last year's assessment, some of which is not disputed, was \$9,439.80. Mr. Shaughnessy's figures would lead you to believe that the company—the total tax of the company, would be

\$3,355.79 against \$9,439.80. The same is shown in his tabulated statement furnished the board. The same error appears as to the 1911 taxes. It is shown that we have paid \$3,261.89 for 1911. That also was the amount of 1911 taxes paid before June 30. We paid all our taxes that year, some of it after June 30, and the total was, roughly, \$5,400 and some odd. He has figured out the percentage of taxes to gross operating revenue as 1.2118 per cent. The proper percentage is 1.9. This is also true of this year's taxes; the 1912 tax would be 43.6 per cent on the gross earnings of the company from local business in the State of Nevada. Before I get away from the subject, and before I forget it, I want also to call attention to the fact that Mr. Shaughnessy is mistaken in some of the other assertions he made; where he got his information, I don't know. As a matter of fact, other railroad companies who operate sleeping cars do get their cars cheaper than the Pullman Company make their own cars; it depends altogether on their specifications. The Pullman Company is in the business of manufacturing cars.

Mr. Shaughnessy—I spoke of standard cars, Mr. Ferguson.

Mr. Ferguson—The Pullman Company is in the business of manufacturing standard cars for other railroad companies; it goes out into the market like any other car-manufacturing concern, and when we don't get contracts to build cars for other people, it is because someone outbids us. There is nothing about a Pullman car which makes it impossible for any other manufacturing concern to duplicate. That should also be taken into consideration in the question of valuation. There are no patents on Pullman cars, except one or two smaller ones that are not material to the comfort and convenience of passengers.

Now on the basis of \$300 a mile, as we were assessed last year—and, by the way, it seems to me that the Pullman Company should be assessed on its property—it has no miles of anything. It is rather an indefinite way to get at it; but on that basis of \$300 a mile, the total assessment of the Pullman Company in Nevada was \$445,000; the property could not exceed the value of \$365,000. Now I don't know just how the figures are worked out, but from the minutes of last year's proceedings, it seemed that the idea was to raise \$12,000 in taxes; and it was figured—computed—that to raise this amount an assessment of \$418,000 should be made. And I say, as a matter of fact, the assessment worked out \$445,000, and the taxes \$9,300.

Now I would assume that the same figures this year may work out an inequality. There is no law in the State of Nevada specifically taxing sleeping cars. The only law, it seems to me, that would apply to a sleeping car is the law governing railroad rolling stock. If the Pullman Company is assessed on that basis, it would give the State of Nevada on the track-mileage proposition basis, a total of 29,857 cars; that is to say, 18,342 standard wooden cars, 2,639 standard steel cars, and 8,876 tourist cars. The number of cars reported to the Railroad Commission, as stated by Mr. Shaughnessy, is 50 and a fraction cars; that is arrived at on an entirely different basis, which would have no relation whatever to taxation. It will be conceded by everyone that in making a report to a Railroad Commission, you must include all your property upon which you base your property valuation and your earnings, and included in this 50 cars are a great many cars running on lines which lay over 60 hours in California and other terminals; so

those cars are put in because the capital is invested in those idle cars. But so far as a fair percentage for the State of Nevada, or any other State is concerned, we think that a proportion worked out on the basis of the actual miles run by all of the cars is a fair system, and on the basis of miles run the proportion due Nevada is 46,569 cars.

Mr. Shaughnessy—That is the mileage proportion of the cars operating on the Nevada mileage?

Mr. Ferguson—That is the miles run, proportion of all the cars that touch Nevada on lines entering or passing through Nevada. Now the Pullman Company thinks that it would be fair in computing the valuation of property, to take the cost of construction, and depreciate that cost at the rate of 5 per cent per annum during the life of the car, or up to the present time. We have made a statement covering the cost of these cars, and depreciation up until January 1, 1912. That statement shows the value of the steel standard cars to be \$21,091.65 each; the value of the wooden standard cars to be \$7,356.05; the value of the tourist cars to be \$5,504.91. On this basis, and on the basis of the miles run by all of the cars, the State of Nevada would be entitled to \$365,204.20—that is the actual value of the property. I don't think it can be reasonably contended that a company operating cars as the Pullman Company does, should not be entitled to a depreciation of at least 5 per cent per annum; and especially is that true of this wooden equipment, in view of the fact that the railroads are constantly demanding steel cars, and the fact that there are several bills pending in Congress prohibiting the use of wooden cars in interstate commerce, the life of the wooden cars is going to be reduced to something like 14 years, whereas formerly they should have lasted 20 years. The Pullman Company is therefore confronted with the prospect of enormous loss in its wooden cars, and 5 per cent depreciation would really not replace the equipment.

Now as to the method of assessment and the manner of apportioning it out to the counties, I wish to say one thing; that on the basis of \$300 per mile, there are very many inequalities. Some counties will receive on that basis, and did last year—or rather, their assessments amount to \$73,500 a car; some other counties \$17,200 a car, ranging on down as far as \$8,900 a car. If I understand it correctly, it is the purpose of the board to fix a uniform valuation on property, and it seems to me that it will not be arrived at by apportioning cars in this manner; that possibly the board could and should fix a value on cars, and then have them apportioned out on a basis of the miles run, or some other correct basis, each county then getting its share of the actual running in its county. I can't see the difference, so far as taxation is concerned, between cars and sheep and cattle; it depends altogether on the location, and if only one car is running through one county, and ten running through another county, over practically the same number of miles of track, it seems to me that is grossly unfair, not only to some of the counties, but to the Pullman Company. It has been suggested it does not make a great deal of difference to us, because the total amount of the taxes would be about the same, but it is not the right way, in our estimation, to assess property. It is the duty of the Assessors to assess property in their counties, and, as I take it, it is the duty of this board to suggest a valuation, or agree upon a valuation.

and the assessment is actually made and done by the different individual County Assessors; and for that reason I think that the property in each county should be assessed by the Assessor upon a uniform valuation fixed by the board. If there is any information I can give the board that I have not thought of, I would be very glad to do so if asked.

Governor Oddie—Mr. Shaughnessy, there are several discrepancies between the figures that you gave and the figures that Mr. Ferguson gives; I think the board would like to be clear on this matter.

Mr. Shaughnessy—There would necessarily be a discrepancy in our figures on property value. Mr. Ferguson takes his property and subtracts the depreciation of the cars that have been in service a certain number of years, on a basis of 5 per cent of their value, per annum. Assuming, for example, a car runs half its life, it is only worth half its value. Now that is not the fact. The fact is with reference to the Pullman Company, and other transcontinental railroads, in the upkeep of their equipment, that they are maintained to within 90 per cent, I should imagine, of full valuation efficiency at all times; and they keep them there until the style of the car has outworn its use, and they wish to replace it with more modern equipment, at which time the car is discarded and replaced by something of more modern specifications.

Governor Oddie—How is the expense of keeping up cars charged? Is it charged against the running expenses?

Mr. Shaughnessy—Operating expenses. And they are entitled to no consideration from that standpoint, because that is taken out year by year. But it seems to me eminently unjust and unfair for any company to come here—that is, any company that is making a fair net earning per annum, to come here and insist upon a depreciation or invoice value of their property. That is all well and good when a company is down and out, figuratively speaking, such as the Tonopah and Tidewater, and Las Vegas and Tonopah, and properties of that kind, there is a reason for it, and it is justified by the decisions of our courts in this State; but I don't apprehend there is any justification for the adoption of any such basis in valuing the property of a prosperous company. Further, in taking the fair reproduction value of the property, what it would cost to reproduce it new, and applying to that 60 per cent, is certainly a very moderate assessment for a company doing a business such as the Pullman Company is doing, because that only reaches the full valuation of the property, and does not take into consideration its intangible value, or what it is really worth for the purpose of earning revenue, which may lawfully be considered in reaching the fair value of property for taxation. Mr. Ferguson, after you had computed the cost of the cars, did that total \$865,000 as a total property value?

Mr. Ferguson—On the basis of the value per car that I gave?

Mr. Shaughnessy—Yes.

Mr. Ferguson—No, \$365,000.

Mr. Shaughnessy—Oh, yes, I was in error. Well, I have estimated that the full cost value of the cars, new, would be \$967,034; and applying 60 per cent ad valorem, it would be \$580,220.40. Mr. Ferguson, by applying the method of depreciation, has brought his property down to a total of \$365,000 within the State.

Mr. Ferguson—I would like to state here that the working cars of the company now in service cost on an average \$16,000, and that their average life is something over ten and one-half years.

Mr. Shaughnessy—That is, it cost your plant that?

Mr. Ferguson—It cost that much to build them.

Mr. Shaughnessy—What do the railroads pay your plant for a similar car?

Mr. Ferguson—That is entirely a matter of contract, and a matter of specification as to the kind of car. The company would build a car for a railroad company at about the same price they would for themselves, if the railroad company would place an order with them.

Mr. Shaughnessy—In other words, your company does not aim to make any profit on a contract they take for the building of a car for a railroad company?

Mr. Ferguson—Well, it does, and it charges itself a reasonable amount in the way of expenses to cover the manufacturing profit; and when I gave you the value, it is based on the cost of construction, material and labor, and plus a reasonable profit for manufacturing the cars, as they would for anyone else; and a car to any other railroad company, a similar car, would probably be the same price; it might be lower, it depends altogether on the exigencies of the business, like anything else.

Mr. Shaughnessy—What would be the price on steel construction, a car of steel construction?

Mr. Ferguson—At the present time, about \$19,500. The first steel cars of the company cost over \$23,000, but that was when our plant was not adapted to turning out steel cars entirely, and we had to depend on outside manufacturers for steel plates.

Mr. Shaughnessy—What are your figures on the cost of constructing tourist cars at the present time—improved specifications?

Mr. Ferguson—Close to \$11,000 at present. Some of our tourist cars don't cost over \$8,000—they will average about \$8,000. And there are no wooden standard cars being made today, and have been none in the last two years; on account of the demands of the public for steel cars it is forcing out the wooden standard.

Mr. Shaughnessy—What proportion of the cars used in the Nevada lines are of steel construction?

Mr. Ferguson—There are 19.44 cars running in lines touching the State, and Nevada's proportion on the miles-run basis is 3.841.

Mr. Shaughnessy—That is on a car mileage basis?

Mr. Ferguson—Yes, on a car mileage basis.

Mr. Shaughnessy—The actual number of cars is 19.41?

Mr. Ferguson—Yes.

Governor Oddie—Does this include all interstate business, Mr. Shaughnessy.

Mr. Shaughnessy—Yes, all business, the local business and our proportion of the interstate business.

Governor Oddie—I would like to ask you about the discrepancy between your statement of the amount of taxes paid in 1911 and Mr. Ferguson's statement?

Mr. Shaughnessy—Well, of course that will come about largely in all the companies that we treat from now on. The tax agent naturally will show all the taxes they have paid up to this time—Mr. Ferguson

has done so—while the Commission is only in possession of the taxes that were paid at the close of the last fiscal year, ending June 30, 1910. That is the best information and the latest we have to work upon before the board.

Governor Oddie—In other words, this statement of \$3,261.89 is for a half year?

Mr. Shaughnessy—It might include a half year, or might be for two-thirds, or the whole of the previous year—the assessment levied in 1911. It will work out largely that way with the railroads. The assessment levied in 1911 will in large part be included in their report to us for the fiscal year, ending June 30, 1912; and the taxes levied by the board in 1912, will likewise be reported largely to us, if not in whole, for the current fiscal year ending June 30, 1913—this year. So we are a little bit behind them in the actual taxes they have paid. For example, the assessment levied last January by this board—1912—the first installment of those taxes was due and paid in December; the second installment will be paid in June, on or before the first Monday in June, 1913—this year. This will account for the discrepancy in the statements of taxes paid, which will doubtless be shown by the various tax agents, as compared with those reported by the Commission.

Mr. Bartine—The real point, Mr. Shaughnessy, is not the actual amount of tax which they have paid, but the amount of tax which they ought to pay. Is not that the question to be considered by the board?

Mr. Shaughnessy—Yes, that is the question to be considered.

Mr. Lemaire—As I understand it, in these reports we have here, all the valuations placed were made by this Board of Assessors a year ago last January, and are not included in these reports, for the reason that the taxes do not come in until the first Monday in December. Am I not right?

Mr. Shaughnessy—That is true with reference to all of those companies that have tangible property. Companies like the Western Union, Postal Telegraph, and others that consist of intangible property, which is treated as personal property, comes in as soon as you can levy on it thereafter; but as to the railroads, your understanding is correct.

Mr. Lemaire—According to that, from the reports we have, you really cannot tell what the 1912 taxes or percentages are, then. Is that true?

Mr. Shaughnessy—I will tell you, Mr. Lemaire, if you base your conclusion entirely upon the report you hold there, it would not be a complete index, for the reason that the figures are for the year ending June 30, 1912; but by following the statements that will be made here by the Commission, and by the various tax agents throughout the meeting, you will get the total taxes that have been paid up to and including December, 1912, also what should have been paid in case the taxes are being contested.

Mr. Ingalls—Mr. Chairman, I would like to ask how many counties in the State of Nevada the company have paid their taxes in, and how many different counties has the company not paid them in?

Mr. Shaughnessy—Mr. Ferguson, can you supply that information?

Mr. Patrick—I can answer that question partly, I don't know whether completely or not. In White Pine County the Assessor seized a car, and the tax was paid under protest, and the Pullman Company

now has a suit pending to get that money back. In Elko, Mineral, Nye and Esmeralda, an assessment was levied on a basis of \$300 per mile, and a suit is now pending in the United States Federal Court here to restrain the Assessors from seizing and selling the personal property of the Pullman Company to collect that tax at the rate of \$300 a mile. As far as I know, those are the only counties in which the tax has been contested.

Mr. Ferguson—Pardon me, I would like to say in that connection, that the Pullman Company was hoping to get some adjustment of their taxes, and in order to prevent seizure of the cars they were compelled to seek the courts, and get restraining orders. And that is not the only reason, on account of the peculiarity of the law which makes it necessary for the Assessor to seize the property, the company had simply for the time being, to tie up proceedings; it was not so much an effort to get back the taxes, as it was to get on a basis so that the company knows what is has to do.

Governor Oddie—Judge Bartine, we would like to hear from you on this.

Mr. Bartine—I should not say anything about this particular matter, gentlemen, were it not for the fact that I have been associated with the Attorney-General in the defense of the suit which has been brought by the Pullman Company in the United States Court, and naturally I feel some interest in the matter on that account, over and beyond what I would otherwise feel. I wish to say that the points brought out by Mr. Ferguson are all involved in the equity proceedings which has been brought in Judge Farrington's court. Every point which he has made here, as I got it, during the progress of his remarks—

Mr. Patrick—And the same figures, too, Judge.

Mr. Bartine—And practically the same figures, are set up in their bill of complaint; and the suit there will involve the legality of this method of assessment. And I wish the members of this board to distinctly understand that the Pullman Company has not been assessed on the basis of the actual value of the cars employed in the service; neither the value at the factory, what it costs the company to produce them, nor the commercial value, which would be the selling price of the car to other railroads. The rule has been very generally established throughout the United States, that companies situated like the Pullman Company and the express companies, which do an enormous business upon the basis of a small amount of tangible property, may be assessed upon their business, and not upon the mere value of the cars, or the physical property which they use in transacting their business. The case of the express companies is a little more glaring than that of the Pullman Company, because the express companies have an almost infinitesimal amount of real and personal property, compared with the business which they do. That is true of the Pullman Company also, but not in so great a degree. Moreover, in taxing these companies upon the basis of their business, rather than upon the selling value of the tangible property, the Supreme Court of the United States has given its full sanction to the principle of including the interstate as well as the intrastate business in making up the aggregate.

Business is business, and value is value. It is just the same in principle as it would be if the Assessor of Churchill County were to levy

an assessment upon the sugar factory in his county, and be confronted by the proposition on the part of the owners that they don't sell any sugar in Nevada, they sell it all in some other State, and for that reason the property should not be assessed in this State at anything more than just what the bricks and the mortar and the machinery would sell for, if they were pulled down and disposed of in that way. Now, as I understand it, last year the policy adopted by this board, or the method adopted by the board I should say, was that of assessing the Pullman Company upon the basis of \$300 per mile for the mileage over which they operate their cars in the State of Nevada. All of the legal questions involved in that assessment are before the court at the present time, and it seems to me that the Board of Assessors, to be consistent with itself and to strengthen the hands of the law officers of the State, should pursue the same course now. If it be ultimately decided that is not the proper method, or if it be decided that the tax is excessive, and it is only upheld to the amount of what is reasonable and just, and the excess portion held invalid—because that is the principle which governs in courts—that will be determined in these cases; and then the Board of Assessors can adjust itself to that condition in the future. But I do not see how the board can do anything else at this time than to pursue the same course they did last year. As I say, every one of these questions involved is before the court now, one case here and one in White Pine County, and the legal principles will all be threshed out, and when these cases are decided we will know exactly where we are.

Mr. Lemaire—Mr. Chairman, I move the valuation of the Pullman Company in Nevada for assessment purposes be placed at \$300 per mile.

Mr. Pohe—I second that motion.

Governor Oddie—You have heard the motion, gentlemen, that the valuation of the Pullman Company be placed at \$300 per mile: are there any remarks?

Mr. Whitehead—Mr. Chairman, there is one point that might be cleared up, about that discrepancy in the taxes paid. I can easily see how the figures would not be the same with companies like the Pullman Company; that is, they may pay part of their 1911 taxes and part of their 1912 taxes in the same fiscal year, because one Assessor may place the Pullman Company's property on the roll to be collected the same as other property, the first installment due November 1, and the second June 1; while another Assessor may collect it as personal property at the first of the year; so that they might pay part of both year's taxes, or all or both year's taxes in one year, and so report to the Commission, while they might not. Our county collected the 1912 taxes in the fore part of the year, and the report of the Pullman Company might show the taxes for Clark County paid before June 30, 1912, the fiscal year reported.

Governor Oddie—That is, you reported yours as personal property?

Mr. Whitehead—As personal property. The Assessor collected the Pullman Company's taxes as personal property, and did not place it on the roll with the other properties as real estate; so that there might be a discrepancy in those figures in that way, and it would not be so with the other companies, most of whom pay in two installments. But in those cases taxes reported in the report for the fiscal year ending June 30, 1912, would actually be taxes for 1911, because the first installment

is due in November, and the next installment in June, and all taxes paid would be the actual 1911 taxes.

Mr. Waters—Perhaps I could give you a little light on that. The Interstate Commerce Commission's classification of railroad companies don't credit all moneys paid to taxes immediately they are paid; that is, they are not put directly under the accounts, but these accounts are kept from month to month as an accrued tax, and are based on estimates when the tax rates are made up. All the 1911 taxes accrued to the State of Nevada are credited on the accrued tax account. I think that is right, is it not?

Mr. Bartine—That is right.

Governor Oddie—It seems to me there should be some uniformity among the counties in assessing the Pullman Company, either as personalty or as realty; and I should think that this board could take steps—

Mr. Sitton—I think all the counties assess the Pullman Company as personal property, speaking of the difference in railroads as compared with the Pullman Company.

Mr. Ingalls—Mr. Chairman, I would like some light on this subject: We are assessing Wells Fargo on the mileage basis, and I would like to know if we haven't a right to assess the Pullman Company as realty on the roll, or whether our duty as Assessors is to collect it as personal property?

Mr. Shaughnessy—It would be personal property.

Mr. Bartine—A railroad car is personal property.

Mr. Ingalls—That is what I understand, on a mileage basis.

Governor Oddie—Then it should appear on all the county assessment rolls in the same way.

Mr. Whitehead—The reason I made the statement, Mr. Chairman, was, I found that in our county the Assessor formerly had always put it on the roll, but had not collected it as personal property; that is, he had placed it with the real estate assessment, and had not collected it as personal property; and I didn't know but what other counties might have done the same thing.

Governor Oddie—Are there any further remarks on this question?

Mr. Sitton—I would like to have the motion read.

The Clerk—It is moved by Mr. Lemaire, seconded by Mr. Pohe, that the Pullman Company be assessed at \$300 per mile.

Mr. Sitton—I don't think that motion is properly worded.

Governor Oddie—It seems to me it ought to be a little more explicit.

Mr. Sitton—Furthermore, I don't consider it a just assessment to the several counties. I think it should be so arranged that the mileage in some counties where they operate quite a number of cars, should get more tax than they do; and on a straight mileage basis I don't think it is just.

Mr. Shaughnessy—That is a question of apportionment. It is only the question of apportionment, of course. On the line of the suggestion made by Mr. Sitton, the Central Pacific would carry a valuation of perhaps a thousand dollars or more a mile; the Western Pacific perhaps \$300 a mile; the San Pedro three or four hundred a mile, and the small lines \$25 or \$50 or \$75. You would have to make a classification in order to reach it, that is all. It has been put on the basis of \$300 a mile largely for convenience. It is purely a question of apportionment, not

a question of unfairness. I don't think Mr. Ferguson's point is well taken when he bases the value of a car that operates in a county that has only two miles of railroad at \$73,000. I think the idea is far-fetched; it has not in any sense such a valuation as that, and is brought about only by reason of the method of apportionment applied.

If the fair value of the property creditable to Nevada is reached by a per mile assessment, it does not occur to me that any injustice is done, nor that, as a matter of law, one mile should be treated as more valuable than another. To do so is equivalent to saying that a per mile of line assessment placed against railroad property operates unjustly because certain portions of the line are much more valuable, both from a physical and a business standpoint, than other portions of the line which carry the same assessed valuation per mile.

Mr. Sitton—We placed those valuations on the railroads on account of the value in the several counties. Take the main line of the Central Pacific; they operate ten times as many cars over that as they do over a small line, and for that reason I think the value per mile on those roads should be greater than over the small roads.

Mr. Shaughnessy—As between different railroad systems, that is true, but no attempt has ever been made to classify the valuation of a particular system of property, according to its value and business in different localities, by this board. The assessed value has always been uniform. You seem to have in mind the question of classifying the value of the property.

Mr. Sitton—No, it is the apportionment I have reference to.

Mr. Lemaire—Mr. Chairman, then the motion should be on a basis of \$300 per mile.

The Clerk—This is the way it read last year: That the valuation of the Pullman Company for assessment purposes be on the basis of \$300 a mile.

Mr. Lemaire—On the basis of \$300 per mile would be better.

Mr. Shaughnessy—It might be on the basis of \$300 per mile according to the railroad mileage over which they operated.

Mr. Lemaire—Then I will make it that way.

Governor Oddie—I will ask the Clerk to read the motion.

The Clerk—Moved by Mr. Lemaire, seconded by Mr. Pohe, that the Pullman Company tax be fixed at \$300 per mile, according to the railroad mileage over which they operate in Nevada.

Governor Oddie—Is that motion satisfactory?

Mr. Miles—Mr. Chairman, do I understand that to mean for each car, \$300 for each car?

Mr. Shaughnessy—No, that is the total tax; the total, whether one car or fifty cars in a given county.

Governor Oddie—Mr. Lemaire, is that corrected motion satisfactory to you?

Mr. Lemaire—Yes.

Mr. Bartine—I don't think the word "according" should be in there, "\$300 per mile for the mileage."

Mr. Lemaire—The motion for last year read this way: "I move a valuation of \$300 per mile be placed"—this comes in with the Wells, Fargo—"for the number of miles of railroad over which they operate in the State of Nevada." That would be the form.

Governor Oddie—Do you make that motion for this?

Mr. Lemaire—I do, yes. I move that a valuation of \$300 per mile be placed on the Pullman Company for the number of miles of railroad over which they operate in the State of Nevada.

Governor Oddie—You make that as your motion?

Mr. Lemaire—Yes.

Governor Oddie—Do you second that motion, Mr. Pohe?

Mr. Pohe—I do.

Upon roll-call the vote was as follows:

Yeas—Messrs. Whitehead, Arrild, Weathers, Ingalls, McTerney, Leonard, Lemaire, Romow, Pohe, Grutt, Malley, Stern, Seeman, Hayes, and Miles.

Nays—Mr. Sitton.

Mr. Lemaire—I move we adjourn until 2 o'clock.

Mr. McTerney—Second the motion.

Upon the question being put, the motion carried, and a recess was taken until 2 p. m.

#### Afternoon Session

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

Governor Oddie—Will the meeting 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 the State Board of Assessors answered present, with the exception of Attorney-General Thatcher.

Governor Oddie—Do you think it is necessary, gentlemen, to have a resolution in regard to the manner of placing the assessment of the Pullman Company on the assessment rolls, in order that there may be no confusion? That question came up this morning.

Mr. Shaughnessy—Designating it as personal property?

Governor Oddie—Between personal and real property.

Mr. Sitton—I don't think there is any necessity for it, because the statute plainly designates it as personal property.

Governor Oddie—Well, if all the Assessors understand it, that is all that is necessary.

#### WELLS, FARGO & COMPANY:

Governor Oddie—The next item is Wells, Fargo & Company. I will ask Mr. Shaughnessy to give us some data on that, with the permission of the board.

Mr. Shaughnessy—The assessment of \$300 per mile which has been placed on Wells, Fargo & Company during the past three years is still being contested in the courts. I think perhaps we will have a determination of the matter in the near future. The case was tried before Judge Ducker in Humboldt County in October, at which time Attorney-General Baker and I appeared, and it was stipulated at that time between counsel that the case would be a test case for the entire State; and that, following the decision of the District Court, the matter would be carried to our Supreme Court here for final adjudication. The case will be fully submitted before Judge Ducker this month on briefs, so I am informed.

In line with the statutory enactment by the Legislature of 1911, a method was provided for assessing the property and franchises of express companies; it directs that 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 upon which the net profit of the company for the year previous to the

assessment or levy of the tax will pay interest at the rate of 8 per cent per annum.

The law further provides as to how the net shall be arrived at, as follows: "This net profit shall be the difference between the average gross earnings per mile on the mileage operated in this State on local and through business, including receipts for the transportation of property and parcels carried into, out of, or through this State, and the necessary average expense per mile on such mileage operated in this State in such transportation, carrying and operation of the express company under reasonable, economical and prudent management, estimated for the last year previous to the levy."

Now in compliance therewith, the following results are shown, and placed before the board for their information and consideration. The railroad mileage operated in Nevada is 1,365; the steamboat mileage is 20.25; the stage line mileage operated in Nevada is 40, making a total mileage operated within the State of 1,425.25. The gross earnings in Nevada for the year 1911 were \$572,805.75. The gross earnings in Nevada for the year 1912 are \$580,755.33, or a small increase. These earnings, as above shown, for 1912 are estimated in part and include interstate forwarded business; that is, business from within to without the State, for the year 1911 of \$146,834; and this is for the reason that the company failed to make any report of earnings under this head for 1912, simply explaining that they had made a change in their system of invoicing, notwithstanding that the classification of the Commission required that they should report in this detail. We have taken the matter up with the company, and they are now engaged in making up a report of all earnings, in and out, and local, and our mileage prorate of the through earnings. On the basis of that estimate it is assumed that there cannot be much, if any change in the amount of business transacted as between the two years, for the reason that the other items they did report compared favorably with the earnings for the year previous. The operating expenses figured on the basis of the ratio of the express privileges and expenses as a whole, which is 81.2 per cent bring a total of \$471,573.32; this taken from the above gross earnings leaves net earnings of \$109,182.01. This, capitalized on the basis of 8 per cent, in conformity with the law, gives a property valuation of \$1,348,785.12; and in order to arrive at this amount of property it will be necessary to place a per mile valuation of \$950 per mile.

In order to make sure that the above earnings are no more than that which should be properly credited to the Nevada mileage—because the gross earnings I have given heretofore do include earnings made on some of the mileage outside of Nevada, on in and out business, and it does not include the mileage prorate of earnings made on through business—we are able to check those earnings from another standpoint. The railroad companies report to us in detail as to their earnings made upon the Nevada mileage, and those earnings are classified as between the earnings accruing from freight business, passenger business, express business, mail business, etc. Now under the head of "Revenues accruing to the Southern Pacific company from express business for the year ending June 30, 1912," they show that they made on the Nevada mileage \$218,288.26, upon the basis of 40 per cent; that is, the express company pays to the railroad company, the Southern Pacific Company, 40

per cent of its gross earnings for railroad privileges. As this amount represents 40 per cent of the gross earnings, the amount from which it was taken, on a 100 per cent basis, would be \$545,720.65. This, therefore, represents the total gross express earnings that were made upon the Southern Pacific mileage in Nevada. We estimate that the earnings accruing from the business transacted on the Virginia and Truckee Railway, Tonopah and Tidewater Railroad, the Nevada Central Railroad, the Nevada Northern Railway, Nevada-California-Oregon Railway, and the Nevada Copper Belt Railroad, would bring the total gross earnings within the State up to approximately \$625,462; and that is, of course, to be compared with the amount that I have used there, which is \$580,775.33. This proves, in the absence of the actual figures contemplated by the law, that the above estimated earnings used in establishing the value of the property are conservative. The application of an assessment on the basis of the law to which I have directed your attention, in order to bring the proper amount of value, would have to be on a basis of \$950 a mile, instead of \$300 a mile, as levied last year.

Mr. McTerney—What did you say it would be this year, I didn't quite catch that?

Mr. Shaughnessy—Nine hundred fifty dollars.

Mr. Whitehead—Mr. Chairman, I don't think we can make any lower assessment under the law, considering the statement which has been submitted, and I move that we assess Wells, Fargo & Company—I make the motion similar to last year, only making the amount \$950.

Mr. Stern—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. Are there any remarks? Is there a representative of Wells, Fargo here?

Mr. Shaughnessy—No. In that connection, the local counsel for Wells, Fargo & Company, in conference with me some time ago advised that he would not appear before the board, for the reason that he was challenging the constitutionality of the Act creating this board, and their right to levy any assessment, such as they have been levying, and until that matter was determined, Wells, Fargo would not be represented before this board.

Governor Oddie—Are there any further remarks, gentlemen? There is a motion. Are you ready for the question?

Mr. Sitton—I would like to hear the exact wording of the motion.

Mr. Shaughnessy—The motion as made last year was: "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."

Governor Oddie—And you make the motion in that form? (Addressing Mr. Whitehead.)

Mr. Whitehead—Only with the increased amount of \$950.

Mr. Sitton—I would like to ask one thing. How about that twenty miles of steamboating?

Mr. Shaughnessy—That is on Lake Tahoe.

Mr. Sitton—Should that show?

Mr. Shaughnessy—Well, the members of the board considered that, I believe, at the first session when they assessed Wells, Fargo & Company, and they arrived at the conclusion that it would be well to eliminate and leave to the various County Assessors for assessment purposes

and taxation, the mileage of stage lines and steamboat lines, feeling that perhaps the taxation of some of the stage lines would put them out of business. I think if you make this valuation on the basis of the railroad mileage that it will reach it.

Mr. McTerney—That is the way it was before?

Mr. Shaughnessy—Yes.

Governor Oddie—Are you ready for the question?

Mr. Sitton—Question.

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

Upon roll-call the motion carried unanimously.

#### AMERICAN EXPRESS COMPANY:

Governor Oddie—The next is the American Express Company. With the permission of the board, I will ask Mr. Shaughnessy to give us some data on that company.

Mr. Shaughnessy—Proceeding in like manner to value the property of the American Express Company within Nevada on the basis of the law, I would say that the mileage operated in Nevada is 433.60, which is over the mileage of the San Pedro, and the Las Vegas and Tonopah Railroads, in southern Nevada. The gross earnings in Nevada for the year 1912 were \$79,478.61. These earnings were arrived at in the manner that I have explained the earnings of Wells, Fargo were checked up, by taking the earnings which this company paid to the San Pedro, and Las Vegas and Tonopah for express privileges, which was on the basis of 55 per cent of gross express earnings. The amount reported on this basis by the San Pedro, and Las Vegas and Tonopah for the year ending June 30, 1912, aggregates \$45,713.30. As this amount represents 55 per cent of the gross express revenue, the amount from which it was taken would be \$79,478.61, and this, therefore, represents the total gross earnings made upon the Nevada mileage operated by the American Express Company. The operating expenses were determined in the same manner that Wells, Fargo & Company's operating expenses were, by taking the ratio of the express privileges paid the railroad, and the express expenses for the system as a whole to the gross earnings for the system as a whole, which is 96 per cent. This gives operating expenses of \$76,299.47, and leaves net earnings of \$3,179.14. Three thousand, one hundred seventy-nine dollars, fourteen cents is 8 per cent on a property value of \$59,739.25; and this prorated on the mileage operated in southern Nevada, would be \$89.58, or substantially \$90, the same as the board made it last year.

Governor Oddie—Is there a representative of the American Express Company here?

Mr. Shaughnessy—Mr. Whittemore here represents the American.

Governor Oddie—Mr. Whittemore, would you like to be heard?

Mr. Whittemore—Mr. Chairman, with the consent of the members of the board, I would like to have Mr. Rogers, who is the superintendent of the company, make a brief statement of the conditions under which the American Express Company is operating, into and out of and through Nevada, as preliminary to a statement with which I shall follow:

Governor Oddie—We would like to hear from Mr. Rogers.

Mr. Rogers—Mr. Chairman, about all I can say is that in a general way, as compared to our business in the State of Nevada, our operating

expense—Nevada expense—is much higher than it is anywhere else in the territory over which I have supervision, which comprises our lines in some five States. We have three principal offices, Goldfield, Las Vegas and Caliente; and our 1912 business at those offices showed a very decided reduction; that is, our intrastate business, practically 50 per cent, and we have not been able to reduce our cost at those offices a dollar. I think we have no office in Nevada in which our Nevada expense is less than 10 per cent. In Idaho, Utah, Montana, and States such as that, I have a great many offices that the terminal expense is from 5 to 6 per cent. The three principal offices in Nevada average considerably more than that. I merely mention that as an illustration of the difference in the territory. The three principal offices are on a salary basis, and we cannot maintain them for any less and do any business. The reduction of our intrastate business for 1912 was mostly at Las Vegas and Caliente, and some part of it at Goldfield; the Goldfield reduction owing to the decrease in bullion shipments; the Las Vegas and Caliente offices owing to the discontinuance of reconstruction work on the San Pedro line, and a reduction in intrastate shipments. I think that was about a 40 per cent reduction in intrastate business, and a slight increase in interstate.

Governor Oddie—What does that amount to, as applied to Nevada?

Mr. Rogers—The decrease in intrastate was \$2,619, and an increase in interstate of \$1,378, leaving a net decrease of \$1,240.

Mr. Whittemore—Mr. Chairman, and gentlemen: The question arises in my mind in connection with the assessment, collection and payment of taxes in Nevada, does it pay to pay your taxes in Nevada? And your action in the matter of fixing this assessment is going to answer that question. Heretofore the companies that I have represented have appeared regularly before this board; we have fairly and fully stated our condition, and I will say we have been met with such consideration as you people felt we were entitled to, and that you have always acted, so far as your judgment goes and your feelings go, fairly and impartially; but the fact remains that compared with other assessments, with the tax paid by others, we have always gotten decidedly the worst of it. The discussion now relates to the assessment of the American Express Company. I have a statement prepared by the traffic department of the company, which I desire to read, and then will file with the secretary as part of the record of these proceedings. This is a statement of the earnings and profits for the year ending November 30, 1912. It is not possible to get the December earnings in time to compile them, and we take the month of December of the preceding year, so that it gives the statement for a year, but it is the month of December of 1911, to complete that period.

(The report is as follows:)

*Statement of Earnings and Profits of the American Express Company  
in Nevada for the year ending November 30, 1912:*

Intrastate earnings—Transportation.....	\$3,219.87	6.71%
Interstate earnings—Transportation.....	44,784.78	93.29%
Total earnings.....	\$48,004.65	
Terminal expenses.....	\$5,197.84	
Rate per cent of terminal expenses to earnings.....		10.15%

Ratio of expenses on all lines:	
Terminal expenses.....	29.56%
General expenses.....	18.31%
Taxes.....	
Paid railroads in Nevada.....	55.00%
Total Nevada terminal expense, period covered by report....	\$5,197.84
29.56%	
10.15%	
19.41% of \$44,784.78 equals the terminal expense on inter-	
state earnings beyond Nevada.....	8,692.72
Total terminal expense on all Nevada earnings, both state	
and interstate.....	\$13,890.56
Expense chargeable to Nevada—State business:	
Terminal.....	6.71% of \$13,890.56..... \$932.05
General.....	18.31% of \$3,219.87..... 589.55
Taxes*.....	6.71% of \$1,544.28..... 103.62
Transportation.....	55.00% of \$3,219.87..... 1,770.92
Total expenses.....	\$3,396.14
Earnings.....	3,219.87
Loss.....	\$176.27

The report shows the earnings intrastate of \$3,219.87. Intrastate business on transportation \$44,784.78, or a total of \$48,004.65. The terminal expenses in Nevada, \$5,197.84. The ratio of expenses on all lines for the year, the percentage is 29.56. The expense of the terminals throughout the entire system of the American Express Company with which the traffic originates, or to which the traffic goes from points in Nevada, general expenses are 18.31 per cent; and the amount paid to the railroads in Nevada is 55 per cent. The total terminal expense—repeating that amount again—is \$5,197.84, which is 10.15 per cent of the 29.56, which is the expense of the entire system, which originally included that, so that amount is deducted, leaving 19.41 per cent of the \$44,784.78. The expense on interstate beyond Nevada was \$8,692.72. The total terminal expenses on all Nevada earnings, state and interstate, \$13,890.56. Expenses chargeable to Nevada on state business are:

Terminal.....	6.71% of \$13,890.56.....	\$932.05
General.....	18.31% of \$3,219.87.....	589.55
Taxes.....	6.71% of \$1,544.28.....	103.62
Transportation.....	55.00% of \$3,219.87.....	1,770.92
Total expenses.....		\$3,396.14
Earnings.....		3,219.87
Loss.....		\$176.27

This is on the business for that period, both interstate and intrastate, for Nevada—that is the loss on the intrastate business.

Mr. Shaughnessy—What is your total net?

Mr. Whittemore—\$176.27 is the loss. That is on intrastate business, as stated by Mr. Shaughnessy.

Mr. Shaughnessy—Have you any net earnings at all there?

Mr. Whittemore—Not on interstate. This is the intrastate business.

Mr. Shaughnessy—How much net do you show on interstate?

Mr. Whittemore—The memorandum made by Mr. Rogers relating to

\* Charging to State only the proportion of total tax paid that state earnings bear to total earnings.

interstate business; that is, the total business which includes intrastate and interstate, is as follows:

The Nevada terminal expense is \$5,197.84. The system average terminal expense is 29.56 per cent, less the Nevada rate of 10.15 per cent, which is the portion chargeable to Nevada, would leave 19.41 per cent; and 19.41 per cent of \$44,784.78, which is the interstate business, would be \$8,692.72. Transportation, 55 per cent of the \$48,004.65, is \$26,402.75. The general expense of 18.31 per cent of the \$48,004.65 is \$8,789.95. The taxes of \$1,544.28, making a total of \$50,627.54, as against earnings of \$48,004.65, showing a loss of \$2,622.89 on all business.

Mr. Shaughnessy—I would like to ask Mr. Rogers just what that \$48,004.65 total earnings includes?

Mr. Rogers—That includes all of our Nevada business, interstate and intrastate.

Mr. Shaughnessy—That is, all the local business between points in Nevada, and business from within to without, and from without to within?

Mr. Rogers—Yes.

Mr. Shaughnessy—But it does not include any of the earnings on business passing through the State?

Mr. Rogers—No, sir.

Mr. Whittemore—Mr. Shaughnessy quoted from and referred to the statute of 1911, which fixes the method to be followed in assessing express companies, so that we have a law to follow and to be governed by in this matter. And, judging from the expressions made by the members of this board, I am satisfied that it is the desire and purpose of the board, so far as their judgment and interpretation of the law goes, to follow the law in respect to making these assessments, and that is all that we ask for, so far as the American Express Company is concerned. That law fixes the net earnings as the basis upon which the valuation shall be arrived at, capitalized at 8 per cent. Now there is another well-recognized rule of law which we have stated and restated; that is, that assessments and payment of taxes must be uniform and equal. And here we have, fortunately, an example in which that can be directly and almost to an absolute certainty demonstrated. You have discussed the question of the assessment of lands, and the method by which those assessments should be reached; the varying differences of conditions and situation, all of which must be taken into consideration in arriving at what uniformity means. As illustrated by one of the Assessors, a man who has a field of alfalfa at a point near a railroad where he can get \$12 or \$15 a ton for the alfalfa on his place, has property which is much more valuable than the ranch of a man who raises just as much alfalfa sixty miles away from that railroad, who has absolutely no market for his product; so that uniformity there would not mean that each of those fields or tracts of land should be assessed the same. Uniformity means the comparison or striking a balance or an average in comparing the different conditions; so here we have an opportunity to strike that balance almost to a draw. We have two companies engaged in the same line of business in the State of Nevada, operating upon substantially the same conditions; you have before you a statement of their earnings and expenses, and you have a basis upon which you should fix your valuation. And in doing that

you can answer the question which I have propounded, whether it pays to pay your taxes in Nevada? And that question arises because the express company, the other express company here, has not paid its taxes, and has not for several years. The American Express came in last year, made a statement to you, and an assessment was fixed, which was out of proportion to the assessment of Wells, Fargo & Company, and yet we paid our taxes.

Now I am going to take the figures submitted to you by Mr. Shaughnessy; I am going to disregard our statement, on the theory that you may say, well, figures don't lie, but bright manipulators of figures can make them look very different, one person can make the results look very different from another; so we are going to take the figures submitted by Mr. Shaughnessy. As I caught the memorandum, the result of his calculations was that the net earnings of Wells, Fargo & Company for the year 1912, which would be the year preceding the assessment, were \$109,182.01, which was 8 per cent of \$1,348,785, which necessitated fixing a valuation of \$946, I believed he fixed it at \$950, as stated by Mr. Whitehead. Those were the figures and they must be followed.

Now let us turn over onto the other side of this page, and see what we get. The statement of Mr. Shaughnessy shows that the gross earnings of the American Express Company in Nevada for the same period were \$79,478.61, that their expenses were \$76,229.47; that their earnings were \$3,179.14, which is practically 3 per cent—2.9 per cent—of the earnings of Wells, Fargo & Company—and, gentlemen, we want you to follow that law. We want you to follow that rule, and we want you to fix our valuation on a basis of 2.9 per cent of what you have fixed the valuation of Wells, Fargo & Company. And on that basis we will be satisfied. About \$29.50, or in round numbers, about \$30 a mile.

Now that illustrates that you cannot always be governed by the question of mileage; and in this matter the question of mileage has no figure whatever; it is a question of earnings, and we respectfully submit that the person who comes in and voluntarily appears before you, and makes the showing, and offers to pay his taxes, ought to be treated equally as fair as the fellow who simply tells you you can go to a warmer climate if you please. I thank you very much for your consideration.

Governor Oddie—Mr. Shaughnessy, there is a little discrepancy as to the net earnings between your statement and Mr. Whittemore's statement; will you explain that?

Mr. Shaughnessy—Mr. Whittemore draws a comparison with the assessment made on Wells, Fargo & Company, as compared to the amount recommended for his company; and in doing so he contrasts the taxes that would accrue on a basis of this \$1,348,785 of property value, which was reached on the earnings of Wells, Fargo & Company to the taxes that should be paid by his company. He said, among other things, that it would amount to about 2.9 per cent of the assessment placed against Wells, Fargo & Company. I might say for the information of the board, that we have figured the taxes accruing on a value of \$950 per mile, assuming that the average levy only amounts to 2 per cent; perhaps it will average more than that throughout the State on Wells, Fargo's property; but assuming that the rate is 2 per

cent, the amount paid in taxes on the above valuation will be \$26,975.70, or, in fact, 4.64 per cent of the gross earnings.

Now, the Wells, Fargo & Company may be a dollar or two, or a few dollars one way or the other, out of the way on that \$950 per mile valuation; it cannot be over \$10 out of the way, to be entirely accurate. The valuation as made on the American Express Company is just exactly the same as it was made last year, and it is supported by the earnings. The earnings given by Mr. Rogers, and which Mr. Whittemore used, \$48,000, comprise the earnings made between points within Nevada, and on business moving in and out of the State, and there is not anything included for the business, or the mileage prorate of business moving across the State, which the law says we shall take in arriving at this net earnings basis. Now the aggregate amount of gross, instead of being \$48,000, as given by Mr. Rogers, is \$79,478, and taking the expenses out of that, leaves a net of \$3,179, which will be 8 per cent on a property value of \$39,739, or a per mile valuation of \$90. And that, by the way, happens to be the same assessment it was last year. That should be the assessment placed against the American Express Company, if you follow the law.

Governor Oddie—Mr. Whittemore, I would like to say that the fact that Wells, Fargo & Company has not paid its taxes does not mean, as you know, it will not have to pay them later, because if decided in favor of the State—

Mr. Whittemore—I understand. I did not mean that they will be allowed to escape, but thus far they have not paid them.

Governor Oddie—This State is taking every step it possibly can.

Mr. Whittemore—I understand that.

Governor Oddie—And, as you have seen all the way through here, it is the intention of this board to do everything it possibly can to equalize assessments. The Assessors have difficulties in their way, which may be remedied by improved laws and possibly by a change in our Constitution, which will enable them to make the assessments more equal; but we are going to take that up at the next session of the Legislature, and try and overcome the situation, and improve conditions.

Mr. Whittemore—Well, so far as the interests I represent are concerned, we are ready, and have been ready, and our record in the past is that we have stood ready to pay our full proportion of the burden of taxation in this State; and we have always heretofore accepted the result of the deliberations of this board, believing you have the desire to act fairly and reasonably; there is no reflection on the officials of this board, or the officials of the State that the other companies have escaped thus far paying their taxes. I understand proceedings are pending, but the fact still remains that for three years they have not paid any taxes.

Mr. Ingalls—Mr. Shaughnessy, according to your figures, I presume the statement is about the same as it was the year before?

Mr. Shaughnessy—Practically the same.

Mr. Ingalls—I would like to ask the representative of the company a question. It seems to me there is a law on the statute books which requires common carriers and such companies, to pay a license, and they have refused and neglected to pay any license in Esmeralda County; they have paid their taxes all right, but have not paid any

license. Ought not that to have reduced the expenses some? If there is any reason I would like to know why they have refused and failed to pay their license?

Mr. Whittimore—I am very willing to answer that question. The license tax which an old statute of this State imposed upon carriers who are engaged in the transportation of bullion from points in the State to points outside of the State, is, in our opinion, supplemented and superseded by the provisions of this law which requires a tax upon a basis of all earnings. In other words, the entire tax that the express company pays is in the nature of a license to do business in the State; it is a tax arrived at on the basis of its business; and, as expressed before, it has no tangible property of any amount, so that the entire tax paid is in the nature of a license, and having paid our general taxes, our position is that that should cover all of the license that we ought to be required to pay, and for that reason we have declined to pay this license of \$37.50 a quarter in the several counties, and which question is now before one of the courts—before the District Court of Lincoln County; and when that matter has been determined, if the courts hold we should pay that in addition to these other taxes, why, we shall pay it. Our position, it seems to me, should strike anybody as reasonable and fair, that the whole tax being somewhat in the nature of a license, when we pay general taxes, which include earnings for handling bullion, that ought to cover the entire payment to be made by the express company.

Mr. Ingalls—I was not aware that the matter had been brought in court. I submitted the matter to our District Attorney, and he was not aware that the matter had been brought up; and that is the reason I asked you for information.

Mr. Whittimore—Yes, I had the matter up with the District Attorney of that county, also the District Attorney of Nye County, explaining the situation, and giving our reasons; and stating we were using this as a test case, and if it was decided against us, we would then pay taxes in the other counties for the license.

Governor Oddie—Are there any further remarks on this subject? There is no motion yet. We are ready for the motion fixing the value.

Mr. Ingalls—I make a motion that the American Express Company be assessed at \$90 per mile, the same as last year, to be apportioned to the several counties of the State—the same as last year.

Mr. Malley—I second the motion.

Governor Oddie—I think the motion had better be a little clearer than “the same as last year.”

Mr. Shaughnessy—If you make it the same as Wells, Fargo & Company, it would be uniform—\$90 per mile on the basis of the railroad mileage over which they operate in Nevada.

Governor Oddie—Do you make it in that form: \$90 per mile on the basis of the railroad mileage over which they operate in Nevada?

Mr. Ingalls—Yes, I make the motion in that form.

Governor Oddie—Mr. Malley, do you accept that as a second?

Mr. Malley—Yes.

Governor Oddie—The motion is 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.

## GLOBE EXPRESS COMPANY:

Governor Oddie—The next is the Globe Express Company. I will ask Mr. Shaughnessy, with the permission of the board, to make a statement in regard to that.

Mr. Shaughnessy—In making the report on the Globe Express Company I have pursued the same method I did with reference to Wells, Fargo & Company and the American Express Company. The gross earnings made upon the Nevada mileage for the year 1912 on the basis of the earnings reported by the Western Pacific Railway Company, are \$53,720. The operating expenses assignable to the Nevada mileage, on the ratio of express privileges and expenses to gross earnings for the system as a whole, are 96 per cent of the gross earnings. Applying the ratio 96 per cent as operating expenses within Nevada, there is left in net earnings \$2,148.80, and this amount will pay 8 per cent on a property value of \$26,860. The per mile valuation necessary to bring this amount would be \$65 per mile, instead of \$50 per mile, as levied last year. Mr. Caine is here representing the Globe Express Company.

Mr. Caine—There is nothing I could add to the statement that has been made. We accept it. I might say something as to the conditions under which we are operating, but I don't consider it pertinent under the view of the law.

Governor Oddie—Are there any further remarks?

Mr. Pohe—I think you have reported \$56 in last year's report.

Mr. Shaughnessy—I reported \$56, Mr. Pohe, but the board placed a valuation of \$50.

Mr. Pohe—You only report \$55 now.

Mr. Shaughnessy—\$65 now.

Mr. Pohe—\$65? I beg your pardon, I understood \$55.

Mr. Lemaire—Mr. Chairman, I make a motion that a valuation of \$60 per mile be placed on the Globe Express Company for the number of miles of railroad under which it operates in Nevada.

Mr. Shaughnessy—If I might suggest, that would not be in conformity with the assessments you have put on the other two express companies. \$60 would be less than the largest amount on which 8 per cent will pay interest, as provided by law.

Mr. Lemaire—I will change my motion to \$65 per mile.

Mr. Ingalls—I second the motion.

Governor Oddie—The motion is made and seconded, placing the valuation at \$65 per mile. Are there any further remarks? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

## CENTRAL PACIFIC RAILWAY:

Governor Oddie—The next is the Central Pacific Railway, and side-tracks of same. With the permission of the board, I will ask Mr. Shaughnessy to give us some facts and figures.

Mr. Shaughnessy—Since the last meeting of the board the Central Pacific Railway Company has taken the ownership of the Nevada and California Railway, and while the classification remains the same and they will be treated separately by the board for assessment purposes, I will first treat the Central Pacific, including the Nevada and California, as one system.

The Central Pacific Railway mileage in Nevada, main line, is 442.96; branch lines, Derby to Wadsworth, 5.96 miles; Telaseo to Metropolis, 7.89 miles; Hazen to Churchill, 27.85 miles; Hazen to Fallon, 15.92 miles; Mound House to Tonopah Junction, 136.4 miles; Tonopah Junction to Nevada-California state line, narrow-gage, 42.90 miles. Total mileage operated in Nevada 679.26.

The gross earnings assignable to the entire Nevada mileage, including the Nevada and California Railway, for the year 1912, are \$9,723,405.07. The total taxes paid in Nevada for the year 1911—this also includes the taxes paid by the Nevada and California—are \$402,951.87. The total taxes paid in Nevada for 1912 are \$460,530.73. The ratio of taxes to gross earnings paid on the basis of the report ending June 30, 1912, is 4.18 per cent. The reproduction values of the property and equipment of the main line is substantially \$80,000 a mile. The reproduction value of the property and equipment of the branches is substantially \$30,000 a mile. The average reproduction value of the equipment and property of the narrow-gage would be approximately \$12,000 or \$15,000 a mile. The assessed valuation per mile, main line, as levied last year is \$35,000. The assessed valuation per mile, sidetracks, \$6,000. Assessed valuation per mile of sidetracks and rolling stock returned, will approximate \$42,400, I think, as given in. The total assessed valuation per mile on the main line would therefore be \$42,400, or 52½ per cent of the fair cost of reproducing the road and equipment. That is on the main line of the Central Pacific.

The assessed valuation per mile of the Nevada and California Railway branch line over the broad-gage is \$14,000 a mile main track, and \$3,200 a mile sidetrack. The assessed valuation per mile of the Nevada and California narrow-gage main track is \$2,800 a mile, and \$800 a mile sidetrack. The assessed valuation of all branch lines, sidetracks, rolling stock, per mile, as returned for this year, the current year, will average \$3,000 a mile. The assessed valuation per mile of the line running from Hazen to Fallon is \$8,000 a mile main track, and \$1,000 a mile sidetrack. The aggregate of the above assessments on the Central Pacific Railway, including the main and branch lines, rolling stock and equipment, is approximately \$22,156,000. This is the property value given in on the basis of the assessment levied by this board last year. The total reproduction value of the property, the main line on the basis of \$80,000 and the branch line \$30,000 a mile, will produce an average value of approximately \$63,000 a mile.

The average assessed value of main and branch lines, rolling stock and equipment, on the basis of the property rendered for taxation last year, is \$32,600 a mile, or 52½ per cent of the reproduction value of the property. As to the cost of reproduction, the figures given are as near as we can estimate, and they are the values that the Railroad Commission is using for the purpose of basing rates.

Governor Oddie—May I ask, Mr. Shaughnessy, does the railroad company use those same figures in making rates?

Mr. Shaughnessy—Well, it is usual for a railroad company to contend for the highest valuation they can get away with when it comes to making rates, and it is often necessary to make a physical valuation of the property in order to settle a dispute. However, we have not

had any trouble of that nature heretofore with the Southern Pacific people; they have not contended for any unreasonable valuation.

In the case in the Federal Court, testing the constitutionality of the Railroad Commission law, they put in the total cost valuation of their property, which totaled \$146,000 a mile in this State; but that was absurd upon its face, because the total cost valuation is not determinative of the fair value, for the reason that it not only includes the cost of the original construction, but it includes the expenditure that has been made from time to time, from that time on to the present.

Governor Oddie—And those expenditures have been deducted from the earnings, have they not, in computing dividends?

Mr. Shaughnessy—Prior to the effective regulation of railroad accounting by the Interstate Commerce Commission, that was practiced, but it has not been allowed in recent years.

Governor Oddie—Are there any figures showing what per cent of the original cost has been deducted for depreciation and up-keep?

Mr. Shaughnessy—No. From the figures reported at this time the railroad company themselves would be unable to give an inventory—an actual inventory valuation of the property. The only way that could be accomplished is by having it made by a corps of competent engineers; and in that connection I may say that the Southern Pacific Company is now having that done, and I think the valuation will be forthcoming sometime in the near future. We have been in communication with the president of the company, and have asked him to furnish us with a copy of that physical valuation as soon as it is completed, and he has advised us it will be done.

Now on the basis of the amount of property returned, this \$22,156,000, I am informed by the agents of the company, upon inquiry, that they will pay in taxes for the current year, ending June 30, 1913, to the State and the counties of Nevada, \$447,800.29. On the basis of the present earnings, as shown above, this will be a tax amounting to 4.6 per cent. This includes my report on the Central Pacific and Nevada and California treated as one system within Nevada. Treating these properties separately, I have the following data to offer: The Central Pacific main-line mileage operated in Nevada is 448 miles. The gross earnings assignable to Nevada for the year ending June 30, 1912, were \$9,144,910. The taxes paid in Nevada for the year 1912 were \$351,610.38; and the ratio of taxes to the gross earnings is 3.85 per cent.

Mr. Cowden—Those are last year's taxes, are they not; they are taxes on the basis of assessments placed in 1911?

Mr. Shaughnessy—Yes. This statement of the Central Pacific main line embraces the assessment as made by the board in 1911, and is reported to us for the fiscal year ending June 30, 1912. On the taxes levied by this board in 1911 they paid their first installment in December, 1911; that was in the forepart of the fiscal year ending June 30, 1912; and the second installment was paid in June; therefore, the taxes I have reported do not represent the true per cent of gross that the Central Pacific has paid for the calendar year ending December 31, 1912.

Treating the Nevada and California Railway separately, the mileage operated in Nevada, broad-gage mileage, is 179.82 miles; the narrow-gage mileage operated is 43 miles, making a total mileage oper-

ated of 222.82. The gross earnings assignable to Nevada on the mileage basis for the year ending June 30, 1912, is \$578,495.07; and the taxes paid in Nevada, as reported for the year ending June 30, 1912—that is, upon the assessment levied in 1911—are \$54,920.35; and this is a ratio of taxes to gross earnings of 9.49 per cent, substantially 9½ per cent.

Mr. Cowden—Excuse me, Mr. Shaughnessy, while on that subject would you mind giving the taxes for 1912?

Mr. Shaughnessy—I have a memorandum here, I think. The taxes that will be paid by the Central Pacific Railway Company on the property rendered for the current year ending June 30, 1913, will be \$377,829.46; and the taxes paid by the Nevada and California Railway for the same period will be \$69,970.83, as against \$54,920.35 paid last year. Now the ratio of taxes paid for the year ending June 30, 1913, to the gross earnings made as of January 30, 1912, will be for the Central Pacific Railway, main line, 4.12 per cent; and for the Nevada and California Railway branch line, over 12 per cent.

In further connection with the total taxes paid by this system, I may say the assessed value of the Central Pacific Railway operating property in Nevada, including the Nevada and California Railway, which it now owns, constitutes approximately 25 per cent of the total assessed value of all property in the State that was taxed for the year 1912; and 30 per cent if the lands owned by the Central Pacific are included.

In view of this showing, I don't believe any differences should be made in the assessment of either the Central Pacific Railway or the Nevada and California at this time, with the exception, perhaps, of some adjustments in branch-line assessments. There is some branch-line mileage, put in operation during the past year, that has not yet been taxed. For instance that piece of road running from Telasco to Metropolis, 7.90 miles, I think it is.

Mr. Bartine—Mr. Chairman, and gentlemen: In justice to myself, as this is a matter of public record, I want it distinctly understood that I don't attach the slightest importance to the conveyance of the Nevada and California to the Central Pacific; the Southern Pacific owns both of those lines, and has ever since the Railroad Commission has been in existence. Upon the point suggested by Mr. Shaughnessy, there is a radical difference of opinion in the Nevada Commission, and I don't want to be put on record as stating a proposition before this Board of Assessors that the mere fact that one company owned by the Southern Pacific has been transferred to another company owned by the Southern Pacific makes any difference whatever in the aggregate value. Value is value, and is not affected by the ownership. I don't care to go into any argument on the matter, but I simply want to make my position clear. The two roads are separate parts of the Southern Pacific system, and they have always been parts of the Southern Pacific system. I don't think you would be justified in raising the rate, for instance, on the Nevada and California because it has been transferred to the Central Pacific; you are not dealing with the Central Pacific, you are dealing with the Southern Pacific. It is just the same in principle as if you took money out of one pocket and put it into the other.

Mr. Shaughnessy—I did not say, in fact, there should be any reduction made on the Central Pacific, and an increase made on the Nevada and California because it had become the property of the Central

Pacific. What I tried to convey was this: Considering the Southern Pacific property, which is made up of the Central Pacific and the Nevada and California Railways, as Judge Bartine has suggested to you, considering the property as a whole, and in view of the fact that the company is paying at this time on all of its property, substantially, 52 per cent of the reproduction value thereof, based on the best evidences of comparative value we can get in the country and which we use for the purpose of rate-making, the present assessments should be sufficient at this time, until other property values are equalized to something near the same percentage. Now other property values throughout the State will not average 52 per cent; and until you do reach that ratio, you are treading on dangerous ground to go any further; and that is why I caution the board not to go any further at this time.

Mr. Bartine—You understand, gentlemen, I of course presented simply a cold question of law, that is all there is to it. I want my position to be clear on the record.

Governor Oddie—With the permission of the board, I will ask Mr. Cowden to make a statement with regard to his company.

Mr. Cowden—Mr. Chairman, gentlemen and Board of Assessors: As far as the figures presented by Mr. Shaughnessy to you are concerned, I think they are correct; I checked them over as he gave them, and found them, with the exception of a few slight differences, maybe a dollar or so here and there, to be correct. I think at this time it might be well to make some explanation of what seems to have caused some confusion here in regard to the relations of the Nevada and California and the Central Pacific Company. I think it was about six months ago that the Southern Pacific Company, for the purpose of eliminating, I believe, a good many smaller corporations which had a corporate existence for no particular purpose, at least throughout California, transferred their properties to the Central Pacific Railway Company. The property of the Central Pacific Company is leased by the Southern Pacific Company, the operating company; the Central Pacific Railway Company itself does not operate, but is operated by the Southern Pacific Company. The Nevada and California was operated also by the Southern Pacific Company; I don't know whether it was owned by the Southern Pacific Company, at any rate it was sold to the Central Pacific Railway Company, either by the Southern Pacific Company or by its own stockholders; but the conditions of the two roads are exactly the same as they were last year, it seems to me, for the purposes of taxation. The Central Pacific Railway Company main line is the through trunk line, and the Nevada and California Railroad is in the nature of a branch or a feeder.

Our assessments in the State of Nevada have occasioned a good deal of comment from different sources, because of the very substantial increase that has been put upon our properties in the last three or four years. Mr. Shaughnessy in considering the two roads, considered them together. I assume at the present time the question is as to the assessment on the main line; that is, on the Central Pacific Railway Company itself. Is that the matter that is before the board at the present time?

Mr. Shaughnessy—I considered them as a whole, and then separately.

Mr. Cowden—I noticed you had discussed the whole subject, and I thought it might be well at this time to dwell only on the Central Pacific Railway Company, because that is the matter that is before the

board for assessment at this time. However, if the board wishes, I will go into the whole matter.

Since the year 1910, when the first substantial increase was made upon our property of \$4,460,000, it has been steadily increased; \$1,600,000 for the year 1911, and \$1,990,000 in the year 1912, last year. The total assessment upon the property at the present time, including the rolling stock, personal property, station grounds, and so on, is \$19,500,012, upon which we will pay a tax when the second installment of this year is finally paid, of \$377,829.10. That represents an increase in our taxes of \$44,259, and represents 4.13 per cent of the gross receipts of the Central Pacific Railway Company. It further represents an assessment of \$42,421 per mile. That represents 53 per cent of the cost of reproduction, as stated by Mr. Shaughnessy, and around 48 or 49 per cent of the full going value of that property. When I speak of its full going value, I speak of its earning capacity. The valuation upon that basis is the highest possible basis that can be taken for taxation purposes. That represents, as I say, 48 or 49 per cent of the full going value of the property, and valuing it in that way you are taking into consideration its franchises, which, as I understand the law of your State, are not assessable in this State. A total assessment upon that property represents 24 per cent of your total assessment roll, as shown here by Mr. Eggers yesterday to be \$91,000,000. I don't think any of you would be willing to state to the outside world that the value of the property of the Central Pacific trunk line across the State represented one-fourth of the entire taxable resources of the State.

You have received these substantial increases in our taxes, and we have been, I think, extremely patient in the matter. We have realized substantially the ratio upon which other properties are assessed, and we have realized that our property was assessed at a higher ratio. We have further appreciated the difficulties that the State of Nevada is laboring under, and for that reason have up to this time made no complaint, made no protest, upon the assessments that have heretofore been levied; and while I feel at the present time that the assessment is much higher than it should be, I feel also that conditions here are on the mend, that other property values will be brought up, and in view of the condition of the State's finances at the present, I have not asked and am not asking for any reduction. We have tried to be fair with you in all respects in regard to these taxes; and we simply ask you as a board to show us the same consideration in return, in placing the assessment upon our property this year. I thank you for your consideration.

Governor Oddie—Are there any further remarks?

Mr. Miles—Mr. Chairman, I would like to ask Mr. Shaughnessy if he includes in the estimated value of this road any of the rolling stock, or any of the property except the road itself?

Mr. Shaughnessy—The figures that I have given you cover the entire property used; the road, equipment, and everything of that nature.

Mr. Miles—Rolling stock?

Mr. Shaughnessy—Yes, rolling stock.

Mr. Miles—Does it include the lands?

Mr. Shaughnessy—No, the lands are assessed separately.

Mr. Miles—Another question I would like to ask. Have you found that the net operating revenue of that road was less in 1912 than in 1911?

Mr. Shaughnessy—Yes, that is true. I don't make a segregation of the net earning for the two periods, believing that the gross earnings would be sufficient for our purposes here; but take, for example, on the Central Pacific main line, there is a loss in gross earnings that shows as follows: For the year 1911, there were gross earnings of \$9,614,481, while the gross earnings for 1912 are \$9,144,910, or a loss of \$469,571 in gross earnings.

Mr. Miles—I would like to ask if that loss is due to improvements or reconstruction, or a lack of business?

Mr. Shaughnessy—Well, that would be due to a lack of business, Mr. Miles, because the gross earnings, you understand, do not take into account any expenditures. The gross revenues, I think, were segregated and apportioned to Nevada upon identically the same basis in 1912 that they were in 1911.

Mr. Whitehead—Mr. Chairman, might I ask if that might be on account of the reduced rates?

Mr. Shaughnessy—Well, yes, it is in part due to the reduced rates. That covers a portion of the loss. I could not say that it would all be due to that, a part of it might be due to a reduction in the amount of business moving this way, because a substantial amount of business may have been sent around the other way, by the southern route. The Southern Pacific Company operates two lines, and a variation in the movement of the traffic may easily occur. This is especially true with reference to the deciduous fruit traffic: some years the Nevada line may have the larger portion of this traffic, while other years the southern route and the Santa Fe and the San Pedro may cut into the business heavily, and the earnings therefore may fluctuate several hundred thousand dollars a year because of the diversion of this and other forms of traffic.

Mr. McTerney—Mr. Chairman, I move that a valuation be placed on the Central Pacific main line of \$35,000 a mile.

Mr. Weathers—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. I will ask the Clerk to read the motion.

The Clerk—Moved by Mr. McTerney, seconded by Mr. Weathers, that a valuation of \$35,000 per mile be placed on the main line of the Central Pacific Railway in Nevada.

Governor Oddie—You have heard the motion; are you ready for the question?

Mr. Miles—Mr. Chairman, I would like to understand if this motion is meant to include rolling stock, or any other property?

Mr. McTerney—I will state, Mr. Chairman, it includes the track and right of way only, as it has always been assessed.

Governor Oddie—The same as last year?

Mr. Shaughnessy—The same as last year.

Upon the question being put the roll was called, and the motion carried unanimously.

*Central Pacific Railway Company Sidetracks:*

Governor Oddie—The next is on the sidetracks.

Mr. McTerney—I move that a valuation of \$6,000 a mile be placed on the sidetracks.

Mr. Lemaire—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. Are there any further remarks?

Mr. Shaughnessy—Would it be well to designate that as sidetrack or second track?

Mr. McTerney—That goes in as sidetrack.

Mr. Shaughnessy—It does, yes. It is properly designated as second track. The designation "sidetrack" would cover the second track, that portion of the double track, you know. There are portions of double track being constructed by the Central Pacific throughout Nevada, and the \$6,000 a mile would be applicable to that second track.

Governor Oddie—You think that would be a fair valuation for the second track?

Mr. Shaughnessy—Yes, I do, Governor, at this time, in view of all the conditions.

Mr. McTerney—I understand that included the second track. Last year what double track they had was included in the sidetrack.

Governor Oddie—It was not stated in the motion last year.

Mr. McTerney—It simply was as sidetrack.

Governor Oddie—Had they gotten into the State last year?

Mr. McTerney—I think so.

Governor Oddie—It is simply a question of getting it right. Should the motion read "including second track"?

Mr. Shaughnessy—If all the Assessors understand it, it is all right.

Governor Oddie—The Assessors all understand that the sidetrack includes second track?

Mr. Pohe—Mr. Chairman, how many miles of second track or double track have they over last year?

Mr. Shaughnessy—Can you give those figures, Mr. Cowden?

Mr. Cowden—No, I cannot. There is some track under construction. When we turn in our next assessment, we will find out how much that is from the engineering department.

Mr. Ingalls—My understanding is it is being constructed; they are working on the double tracks now.

Mr. Shaughnessy—Yes, that is true. In view of the fact that it is under construction, it is not fully reported to the Commission either, and we have no accurate information as to the amount of second track now in operation. There are little stretches here and there that are being operated, a few miles here and a few miles there, on the line between Reno and Ogden.

Mr. Pohe—With the intention of connecting them?

Mr. Shaughnessy—Yes, the intention is to completely double-track the line within the next two years.

Mr. Pohe—I thought they had some sections double-tracked and intended to stop at that?

Mr. Shaughnessy—No, the intention is to double-track the line completely between San Francisco and Omaha, and they are working at various points to accomplish that.

Governor Oddie—Are there any further remarks? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Mr. Pohe—Just a word. Can the Railroad Commission give us that double track, or that part included in the sidetracks, before the next tax statement?

Mr. Shaughnessy—Yes, we will be very glad to do that for you.

*Nevada and California Railway Company (broad-gage):*

Governor Oddie—The next is the Nevada and California, broad-gage. I will ask Mr. Shaughnessy to make a statement, with the permission of the board.

Mr. Shaughnessy—I have already given you the operating details on the Nevada and California, and I have recommended that you place the same valuation per mile that you did last year, which, I think, was \$14,000 a mile, main track, and \$3,200 a mile sidetracks.

Mr. Grutt—I move that a valuation of \$14,000 per mile be placed on the broad-gage main line of the Nevada and California Railway in Nevada.

Mr. Bartine—Just one word before you take the vote. I want to say, putting the matter before the Assessors that way, there is no issue between myself and my associate at all. It was merely grouping the two that I objected to, and I wanted to make it clear how I felt.

Mr. Malley—I second the motion.

Governor Oddie—Are there any remarks?

Mr. Pohe—Mr. Chairman, I would like to know what the net earnings of the Nevada and California Company were for 1912 and 1911?

Mr. Shaughnessy—There has been a falling off on the Nevada and California earnings during the past year Mr. Pohe. I have not the net earnings with me at this time; I can secure them for you, however, but I can give you an idea by referring to the gross earnings. The gross earnings for the year 1911 of the Nevada and California Railway were \$636,700. The gross earnings for 1912 were \$578,495.07, or a decrease of \$58,204.93.

Mr. Bartine—While the expenses would remain very much the same, would they not?

Mr. Shaughnessy—The expenses would be practically the same; I should think they would; and there perhaps would be a substantial falling off in net earnings.

Governor Oddie—Mr. Cowden, would you like to make any further remarks about that?

Mr. Cowden—I think the ground, Mr. Chairman, has been pretty well covered. The gross receipts on that road for the last year were about \$578,000; the year before they were \$636,000, in round numbers, and the decrease is about \$58,000. That represents on the basis of the assessment made last year, a tax paid of \$69,970, 12.9 per cent of the gross receipts on that particular road. The assessment on the road was increased last year \$98,772, and the tax increased \$1,600. There is the increased assessment, not put on by the board, as I remember it, but an increase in the rolling stock and personal property—that increase there was really my own fault, as far as that part of it was concerned; in other words, the valuation on the track—the valuation on the rolling stock, is sometimes disproportionate. I think the conditions concerning the general situation on the Nevada and California are similar to those on the Central Pacific main line, and for that reason I don't think the assessment should be increased.

Governor Oddie—Are there any further remarks? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

*Nevada and California Railway Sidetracks:*

Governor Oddie—The next is the sidetracks of the Nevada and California Railway.

Mr. Grutt—I move that a valuation of \$3,200 a mile be placed on the sidetracks of the broad-gage of the Nevada and California Railway in Nevada.

Mr. Malley—I second the motion.

Governor Oddie—You have heard the motion. Are there any remarks?

Upon roll-call the motion carried unanimously.

*Nevada and California (narrow-gage):*

Governor Oddie—The next is the Nevada and California Railway, narrow-gage.

Mr. Grutt—I make a motion that a valuation of \$2,800 per mile be placed on the narrow-gage main line of the Nevada and California Railway in Nevada.

Mr. Pohe—I second the motion.

Governor—Are there any remarks?

Mr. Cowden—I think that is covered in the general subject, Governor. There is a total assessment there that is arrived at by placing a certain valuation on the main track and a certain valuation of the sidetracks; and if the valuation is to remain the same, as I trust it will, I think the same valuation should be placed on main and sidetracks as you did last year—I believe that is last year's figure.

Governor Oddie—Yes. Are you ready for the question. I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

*Nevada and California (narrow-gage) Sidetracks:*

Governor Oddie—The next is the sidetracks of same.

Mr. Grutt—I make a motion that a valuation of \$800 per mile be placed on the sidetracks of the narrow-gage main line of the Nevada and California Railway Company.

Mr. Pohe—I second the motion.

Governor Oddie—Are you ready for the question? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

*Hazen and Fallon Railroad:*

Governor Oddie—The next is the Hazen and Fallon Railroad. We might save time if the main and sidetracks were included in one motion. I think we did it last year.

Mr. Sitton—I would like to ask Mr. Shaughnessy if he has any report on this line? Does it go in with the Nevada and California Railway?

Mr. Shaughnessy—It goes in with the Nevada and California Railway, and the earnings are included therein. I have nothing segregated as to that branch, Mr. Sitton.

Governor Oddie—Is there anything you can say on that, Mr. Shaughnessy?

Mr. Shaughnessy—The assessed value of that branch is \$8,000 a mile.

Governor Oddie—And what are the sidetracks?

Mr. Shaughnessy—One thousand. Of course considering that by itself, it is a little bit low; but when the property is treated as a whole.

as has been done, I don't know but what it is just and equitable. Some apportionment of the assessments might have been made that would distribute it more accurately, but not more in line with the necessities of the counties served by the Central Pacific Company. Mineral County, and other southern counties served by the Nevada and California, need that revenue, based upon an assessment of \$14,000 a mile, and need it very badly. If there is an equalization made of other property values in other sections of the State, it would be necessary to reduce the valuation to some extent on the Nevada and California main line, which serves Lyon, Mineral, and Esmeralda Counties. I think you have a very fair proportion of the value of that branch for assessment purposes, and that the board can well afford to adopt the valuations that were put on last year.

Governor Oddie—Mr. Cowden, would you like to say anything on that?

Mr. Cowden—My remarks went to the road as a whole. I have no data as to that separate branch; I don't know myself how much business it does as compared with the rest of the road, whether that is properly a proportion of the other properties. I know about what the general total is on all the properties, but as far as that particular branch is concerned, I am not familiar with the details of its operation.

Governor Oddie—We are ready for a motion, gentlemen, on this line.

Mr. Sitton—Mr. Chairman, I move that a valuation of \$9,000 per mile be placed on the main line of the Hazen-Fallon branch.

Mr. Leonard—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. Are there any further remarks?

Mr. Miles—I understand this is a raise of \$1,000 on last year's valuation?

Mr. Shaughnessy—That is correct.

Mr. Ingalls—How many miles are there of that road?

Mr. Sitton—Fifteen.

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

Upon roll-call the motion carried unanimously.

*Hazen and Fallon Railroad Sidetracks:*

Governor Oddie—The next is the Hazen and Fallon, sidetracks of same.

Mr. Sitton—Mr. Chairman, I move that the sidetracks of the Hazen and Fallon branch be placed at \$1,000 per mile.

Mr. Lemaire—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. Are there any further remarks? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

*Tonopah and Goldfield Railroad Company:*

Governor Oddie—The next is the Tonopah and Goldfield Railroad Company. I will ask Mr. Shaughnessy, with the permission of the board, to give us some figures on that.

Mr. Shaughnessy—The Tonopah and Goldfield mileage operated in Nevada, as rendered for the purposes of taxation, is 96.78 miles. The gross earnings for the year 1911 were \$788,976.05; for 1912, \$760,442.34.

a decrease of \$28,533 in gross earnings. The net earnings for the year 1911 were \$228,041.74; for 1912 they were \$299,772.06, or an increase of \$71,730.32 in net earnings. The taxes paid in 1911 were \$27,662.25; in 1912, \$28,420.77. The ratio of taxes paid for 1912 to gross earnings is 3.95 per cent. These taxes may show some increase; I am unable to say about that, for the reason, as before explained, this covers the assessment made by the board in 1911, in large part; and Mr. Brown may be able to show some increase in taxes paid for the actual period. A 4 per cent of gross earnings tax on the basis of earnings for 1912, would be \$30,417.69. Upon the estimated cost of reproduction of the road and equipment, I believe that it would be about \$25,000 a mile. The assessed valuation per mile of main track is \$10,000 a mile, as levied last year by this board; sidetracks, \$2,500 a mile; the ratio of assessed to the physical property value on the reproduction basis is 40 per cent, and when sidetracks and equipment are included therein, the total amount of property rendered for taxation would perhaps bring it up pretty close to 50 per cent.

The Tonopah and Goldfield Railroad is at this time showing excellent operating efficiency. For the year which closed June 30, 1912, their ratio of operating expenses to earnings was substantially 60.5 per cent, as compared to a ratio of over 70 per cent the year previous. That of course shows the increase in the net earnings; it shows an increase in the operating efficiency; and while the gross earnings, as reported above, are less this year than last, the net earnings are in fact greater by \$71,730.32.

The Nevada and California Railway is assessed on the basis of \$14,000 per mile, and the Nevada Northern on the basis of \$17,500 a mile main track, and both of these companies at \$3,200 per mile on sidetrack. These two lines compare favorably with the Tonopah and Goldfield in the matter of their physical valuation, and both are paying very substantially in excess of the 4 per cent of gross earnings basis of valuation.

Governor Oddie—Both of which?

Mr. Shaughnessy—Both the Nevada Northern and the Nevada and California. The Nevada and California is paying about 12 per cent on gross earnings, and the Nevada Northern about 6 per cent.

Governor Oddie—If you estimate those three on the basis of a physical valuation, how do they compare?

Mr. Shaughnessy—On the basis of physical valuation of the Nevada and California, which is about \$30,000 a mile; and they are assessed at \$17,000 a mile for main track, sidetrack and equipment, the ratio of assessed value to the physical value would be 56 per cent. Now I am unable to say just what the total amount of property rendered by the Tonopah and Goldfield is, but I should judge it would approximate 45 per cent; and there might be room for some increase in the per mile of line valuation by this board.

In view of the fine financial condition of the company, I don't think a main track valuation of \$12,000 per mile would be any too great.

Governor Oddie—With the permission of the board, I will ask Mr. Brown to make a statement.

Mr. Brown—Mr. Chairman, and gentlemen of the board: The assessed valuation in 1911 was \$10,000 a mile, and in 1912, \$10,000 a mile. The general situation now is about the same as it was when I

presented it to you a year ago. In some respects the condition is better than it was then; in some other respects the condition is worse. I have a statement here that I showed to Mr. Ingalls and Mr. Malley and Mr. Grutt, summarizing the situation. It shows our gross revenues, as stated by Mr. Shaughnessy. During the last year our total business fell off \$28,000. Now it would have fallen off a considerable amount above that if it had not been for the fact that we enjoyed the Belmont ore for a longer period than we contemplated. I reported to you a year ago that the construction of the Belmont mill would deprive us of the hauling of that big tonnage to Millers; but the Belmont mill was delayed in its final completion, and did not commence operation until July, 1911; so we had the Belmont haul through our last fiscal year, and under that condition our total revenues fell off only \$28,000. If we had not had that haul, our revenues would have fallen off considerably more.

I have here the figures showing our whole business for the first four months of the present fiscal year. During those four months we did not have the Belmont ore, and the decrease in business, which has characterized our road every year since it was constructed, is still going on; and during these last four months our total business fell off \$31,000, and if it should continue during the fiscal year, it would be a falling off of \$93,000 in our business for the present fiscal year.

Now, just to show you that in our territory railroad traffic is continually shrinking, it is drawing up, there is no check or no turn for the better, I want to put before you a few figures. In 1907, which was the boom year, our whole business was \$2,300,000—that was the boom year, boom conditions. The next year, 1908, it fell down to \$1,900,000; the next year it fell down to \$900,000; the next year to \$792,000; and the next year, 1911, to \$788,000, and in 1912 to \$760,000. And I have already given you the figures for the first four months of the present fiscal year, showing that it is falling off this year at the rate of \$31,000 for four months, which, if continued, would be \$93,000 for the whole year.

Most of the matters that I presented to you a year ago have since been fulfilled, with one or two exceptions. I told you a year ago that our only concern was to keep out of the red ink, that we didn't have any expectation of getting any return for our stockholders; but during this last year we declared a dividend. Now I am going to tell you how that dividend arose; and Mr. Shaughnessy has already laid the foundation for it, for he indicated where the figures came from. It is right here. The operating expense of 1911 was \$1,260,000; our operating expense for 1912 was \$460,000. In other words, there is a saving of \$1,264,000.07. That represents retrenchment; it represents rigid economy. Now our last fiscal year was ushered in with the controversy in the Federal Court with the Railroad Commission; it was a fight over the Verdi lumber rate. The Railroad Commission chopped down our rates on lumber, particularly on mining timbers, and we contested it; and at that lawsuit put in evidence all our books, opened up the whole history of that revenue, and from first to last in that controversy Judge Bartine and Mr. Shaughnessy urged upon the court that we were operating at too high a cost, and insisted that we had to economize and retrench. Well, we have been doing it, and we have cut our operating expenses right down to the bone. We have cut down as far as we can

go without touching wages, and without impairing the service. And during that fiscal year, in that way, although our whole business fell off \$28,000, still we saved by economy a little over \$100,000. And that is where the dividend came from. In the face of present and continuous shrinkage in our whole business, and in view of the fact that there is no further room for economy and retrenchment, I see no future prospect for a dividend. Still I don't want to make that as a prophecy, because I made the same prophecy a year ago, and we cannot come back here and take it back.

A railroad company in a mining community operates under conditions not fixed and static and consistent; they fluctuate. Still there is a condition here, the main condition surrounding us, that does not fluctuate, but seems to be constant, and that is the continuous shrinkage of our business.

I ask you to take that fact into consideration in fixing our assessment. This very sheet of paper I hold is a copy of a sheet I handed to all of you a year ago, and it is taken from the testimony in the lumber-rate case, and shows the actual physical valuation of our tracks at \$9,600. Mr. Shaughnessy has stated that the cost of reproduction of our line would be about \$25,000 a mile. It only cost us \$15,000 a mile to build it, and that \$15,000 cost was back in 1905 and 1906, when the cost of construction was much higher than it would be now. And taking what would now be the cost of reproduction, and considering our road is now six or seven years old with the attendant depreciation, I believe it is fair to assume that as these were the sworn figures in the Federal Court, the present actual physical valuation is \$9,600.

Now the dividend of the past year was \$85,000. We declared a dividend of \$85,000 out of \$100,000 saving; and I don't believe that dividend is a sufficiently high percentage to raise the actual valuation of the track over and above \$10,000. In other words, I believe that under the facts, and the application of the law, if you were inquiring into the question of what is the value—cash value, I am talking now about our statutory definition of cash value—if you were asking the question, what is the value, cash value, of this trackage, I believe that the value, cash value, would be \$10,000 and I believe in your past assessments you have assessed within the law at a hundred per cent.

Now there is one other feature, I don't know that you will attach much importance to it, but it throws a fear into our hearts; it is the survey of the line from Palisade, down through the Smoky Valley, and across our line, and to connect on through to Southern California. Some of you Assessors know that surveying parties have been in the field. I don't know that it is improper for me to refer to it here, because it is public news. Now that survey line crosses our line about 34 miles south of Mina, and without my elaborating that, you can readily see what that will do to us. Now your answer to that proposition probably is, well, that line has not been constructed, and may never be constructed. It is true that it has not been constructed; it may also be true that it never will be constructed, but great corporate enterprises do not spend a considerable sum of money, necessary to make a survey, unless they have a serious purpose. And it is my guess—I hazard the opinion—that that line will be constructed. You can readily see the great tactical advantage of constructing that line, a short line route to Southern California. The citrus haul now goes up over the Sierra

Nevada mountains; with a short line route from Southern California, that haul would be abolished. Now you can see what that connection of the main line on the north, crossing our little hundred-mile track pretty nearly in the middle, would do to us—it would just about leave us in the junk heap. I submit to you as a business proposition, if we gentlemen here constituted a syndicate, which considered buying the T. & G. line tomorrow, that survey would affect the actual cash value of the T. & G. line. We would pay less for the T. & G. road with that survey line in existence than if it were not in existence.

There are few other points here, I don't know whether it is necessary to refer to them or not. That states our situation in general. Our line was built as an ore-hauling railroad; the men who built it expected to make their money in that way—hauling ore. The ore traffic has pretty much dried up, there are now five mills operating in Tonopah, the Belmont, the Montana, the West End, the Tonopah Extension and the Midway.

Mr. Malley—There are six mills.

Mr. Brown—Six mills. Now Tonopah of course is a prosperous community. We all know that. I like to say it is the best town in the State, I say it because I live there, and because I believe that is the fact; and that prosperity is the ore prosperity entirely; there is not another thing in the world to constitute prosperity in Tonopah, except the reduction of ore; and if our line hauled that product out to Millers or out to Mina, where we connect with the other line, and if we enjoyed that traffic, if we enjoyed the Tonopah product, we would be way up, but we don't. What was intended as an ore-hauling road is now a little commercial line, which supplies the people of Manhattan, Tonopah and Goldfield with their local necessities. There is enough general prosperity in Tonopah to keep us alive; if it were not for that we would not live; and that prosperity, such as it is, and that commercial business, such as it is, keeps us in the condition we are in today; and we hope it is going to be better.

I submit under all these conditions, as you can see, our line is operating under hazardous conditions; our traffic is gradually shrinking, and what the year may have in store for us we cannot definitely figure or contemplate. Seemingly, the very definite proposition this year will show a big shrinkage in our general business, just as every year has done for some time.

In view of all the conditions, I came here to present a request to you that you reduce our assessment to \$9,000 a mile; but I have listened to the statements made by the various representatives of the different companies; and I have also been impressed by my conferences with Mr. Malley and Mr. Grutt and Mr. Ingalls. I know what Mr. Ingalls is up against in Esmeralda County; I realize the situation of our railroad. He told me there wasn't a ghost of a chance for him to make a reduction; if he could, he would; but under the conditions he cannot; and under the conditions I am not going to ask it; and I submit to the board that they permit our assessment to rest where it is at this time.

Mr. Bartine—Before you sit down, Mr. Brown, permit me to ask you a question or two. Don't you remember that at the time of the trial of the lumber case, of which you have spoken, we all agreed, and proceeded to the trial of that case, and argued it on the basis of Mr. Catter-

mole's figures, which showed the reproduction value of the road was about \$2,000,000, or about \$20,000 a mile?

Mr. Brown—That was the whole property, Judge, everything; it included the rolling stock, buildings, lands, shops—everything.

Mr. Bartine—It included the whole thing?

Mr. Brown—Yes, the whole thing.

Mr. Bartine—Do you know what percentage of the whole the rolling stock and shops were?

Mr. Brown—No, I do not. I remember your apportionment of it.

Mr. Bartine—I don't either; but I asked the question because the figures did not conform to my recollection, as you gave them here. I have not in mind that \$9,600 a mile. If you say it was, of course I will not dispute you, but I don't recollect it.

Mr. Brown—My recollection is that you took the position that \$1,900,000 would be ample for all purposes.

Mr. Bartine—I said a little below two million, because in your figures you included that portion of the road which you leased from Tonopah Junction to Mina.

Mr. Brown—That is correct.

Mr. Bartine—And inasmuch as you were playing a lease for it, I didn't think it was right for you also to include it in your capitalization. That is all.

Mr. Whitehead—Mr. Brown, were the figures you gave \$96,000?

Mr. Brown—It is \$9,600 plus. All the figures I have used here are round numbers per mile. Mr. Cattermole's figure is 96.8 miles, at \$9,647.26 per mile.

Mr. Whitehead—Ninety-six miles and \$9,000 per mile, approximately?

Mr. Brown—Approximately \$9,600; that is the present actual value.

Mr. Whitehead—I am not quite straight on that yet. I understood in the argument that the total value of your hundred miles was approximately \$96,000.

Mr. Bartine—Oh, no.

Mr. Whitehead—I thought maybe I might be mistaken.

Mr. Shaughnessy—He said the property, at its present value, would be worth \$9,600 per mile.

Mr. Brown—We were figuring roundly on a hundred miles—that is the total track at a hundred miles, and at \$10,000 per mile; that would make a total of a million, in round numbers. That is the figure we used in the Federal Court for figuring the actual value of the track.

Governor Oddie—Are there any further remarks? Mr. Shaughnessy, have you anything further to say?

Mr. Shaughnessy—I have been checking the Controller's report since Mr. Brown has been talking, and I notice that the mileage on which the property is assessed and taxed is reported as 96.78 miles; that the total property value returned for assessment is \$1,175,837.95, of which the main track comprises \$967,800; and there is something over \$208,000 assessed against sidetracks and equipment. The reproduction figure of \$25,000 a mile may be a little bit too high, but it covers the entire property—main track, sidetracks, rolling stock and equipment.

In view of the showing that was made in court, as referred to by Judge Brown, at which time they put in a valuation of approximately \$2,000,000 on the property, or an average of \$20,000 a mile, and it is

always fair to assume that a railroad company will put their property values at the maximum that can be sustained in a rate case, it is evident that \$25,000 a mile is too high. The ratio of the present assessed value to the physical valuation of \$20,000 a mile is substantially 65 per cent; and if the board desires to stand on that, it is perhaps about as far as you can go in the valuation of that property. I make this corrected statement in justice to Mr. Brown.

Governor Oddie—Are there any further remarks?

Mr. Ingalls—Mr. Chairman, I make the motion that a valuation of \$10,000 a mile be placed on the main line of the Tonopah and Goldfield Railroad.

Mr. Hayes—I second the motion.

Governor Oddie—You have heard the motion gentlemen; are there any further remarks?

Mr. Miles—We have passed upon several items of railroads here today, which have been losing for the year 1912 below the year 1911, and we have placed valuations about the same as last year, and the State is now calling for revenue, and we want to know where it is coming from, how it is coming, and why it is coming; and I think that these items of property that are increasing in their net earnings, and are paying dividends of \$80,000 a year, are the properties that we should look to for the increase in our valuations. I want to say to this board you will find nowhere in this State ranch property, that is talked of all over this State, that is paying \$80,000 dividends on the same valuation; and for that reason, I move to amend the original motion by placing a valuation on this road of \$12,000 a mile.

Mr. Whitehead—I second the motion.

Governor Oddie—You have heard the motion. Are there any further remarks?

Mr. Ingalls—Mr. Chairman, of course it has been very well explained by Mr. Brown, and I know these things to be facts. I live out there, and this road is in my county. If I thought it justified a valuation of \$12,000 a mile or \$20,000 a mile, I would certainly stand for it, if the road would justify it; but I don't think this road will justify such a valuation under existing conditions this year. I remember a year ago they asked a reduction of \$3,000 a mile; they placed this road at \$7,000, and the prospects didn't look very bright, and we assessed it at \$10,000 a mile. I don't see now where they are going to get off to pay any more than that; if I did, I would certainly stand for the raise, and be anxious for the increase in the valuation. But I know the conditions, and I don't see, and cannot foresee, how they are going to increase their business. If they could get the business this year they had last year, and could get the revenue this year, if I could see where it would come in, I would certainly be anxious to increase the valuation; but under existing circumstances, I don't see how it would be fair to vote a raise from last year on this road.

Mr. Whitehead—Mr. Chairman, the same talk might be made with regard to any property. The conditions might change, and they might not; but we cannot assess a property on the basis of what will be. And even if the surveys should go through, and a new road built, it will not be built this year, and hurt that road. And in view of the fact that the representative of the road came here and asked for a reduction from \$10,000 to \$7,000, feeling that they were not in condition to be assessed

as high as they were a year before, and in connection with that we find that they can pay an \$85,000 dividend; now if there were conditions existing then that would allow them to pay \$85,000 in dividends, and they wanted to be reduced \$3,000 a mile, may there not be conditions existing now to justify us in saying we had them too low last year, in view of the fact that they paid \$85,000 in dividends, when they said they could not afford to stand where they were before, but should be reduced? And as they are one of the dividend-paying properties, and one of the kind that for present purposes are worth more than those that are not, I think that a \$12,000 a mile valuation is very fair.

Governor Oddie—Are there any further remarks?

Mr. Sitton—Question.

Governor Oddie—The question now is on the amendment to the original motion. The original motion was to place the valuation at \$10,000 a mile, and the amendment making it \$12,000. I will ask the Clerk to call the roll on the amendment.

Upon roll-call the following vote was had:

Yeas—Messrs. Whitehead, Arrild, and Miles.

Nays—Messrs. Sitton, Weathers, Ingalls, McTerney, Leonard, Lemaire, Row, Pohe, Grutt, Malley, Stern, Seeman, and Hayes.

Governor Oddie—The amendment is lost. Now the question is on the original motion. I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

*Tonopah and Goldfield Railroad Sidetracks*

Governor Oddie—The next is the sidetracks.

Mr. Ingalls—Mr. Chairman, I make a motion that a valuation be placed on the sidetracks the same as last year, of \$2,500 per mile.

Mr. Weathers—I second the motion.

Governor Oddie—It has been moved and seconded that a valuation of \$2,500 a mile be placed on the sidetracks of the Tonopah and Goldfield Railroad. Are you ready for the question? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Mr. McTerney—I move we adjourn until tomorrow morning at 11 o'clock.

Mr. Leonard—I second the motion.

Upon the question being put the motion carried unanimously.

Accordingly the board took a recess until 11 a. m., January 16, 1913.

## FOURTH DAY

The board resumed its session, pursuant to recess, on Thursday, January 16, 1913, at 11 a. m.

Governor Oddie—I ask that the meeting come to order, and the Clerk will 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 Attorney-General Thatcher.

### NEVADA NORTHERN RAILWAY COMPANY:

Governor Oddie—The first order of business is the Nevada Northern Railway and its sidetracks. With the permission of the board, I will ask Mr. Shaughnessy to make a statement regarding this road.

Mr. Shaughnessy—The mileage operated for the year is 165.8. The gross earnings for 1912 were \$1,509,862. The net earnings for the same period, \$799,200; and the taxes paid as of June 30, 1912, were \$62,505.10, as against \$43,523 paid the year before. The ratio of taxes paid in 1912 to gross earnings is 4.53 per cent. The assessed valuation per mile of main track as levied by this board last year is \$17,500 a mile; and on sidetracks, \$3,200 per mile. In view of the financial and the operating efficiency shown by this company, I think this is a fair assessment, and that it might be made the same as last year. There is a representative of the company present, Mr. Chandler.

Governor Oddie—With the permission of the board, I will ask Mr. Chandler to make a statement.

Mr. Chandler—Mr. Chairman, and members of the Board of Assessors: I was so carried away by the enthusiasm which followed my remarks last year, that I don't dare this year to talk as well as I can.

Mr. Bartine—Experience is a great teacher.

Mr. Chandler—It is very seldom that what might be termed a dirt road, built to a single mine, has the honor of being taxed for the munificent sum of \$17,500 per mile. But we have found, like a good many other honors, this honor costs something; and, in the words of the political platform builder, "We point with pride to the honor, but we deprecate the cost."

In my remarks last year I tried to show that our assessment was too high by any scientific system that had been proposed, either the system of 4 per cent of the gross earnings, or a capitalization of the net income on the basis of the cost of reproduction. All I said then is, I think, still true, and I shall not repeat it. We are the only road in the State which is valued for taxation purposes, not only for more than 4 per cent of the gross earnings, but also at more than 100 per cent of the total cost of the road, of the tracks, right of way, machine shops, rolling stock, and everything that we own. Mr. Shaughnessy's figures show that total cost, I believe, to be about \$16,000. We are taxed, according to the figures of the Railway Commission, 104 per cent of that total cost. The cost of reproducing the road would be under \$10,000 and we are taxed on a valuation of more than 175 per cent of the cost of reproducing the road.

Of course the only argument that I did not meet last year is the fact that you need the money; and the only answer I have to that argument

is, that the statute of Nevada says that the assessment shall be fixed with reference to the cash value of the property, and not with reference to the fact that you need the money. Under these circumstances I feel that we are assessed too high, and that we ought to be reduced. I know this board intends to be fair; it is true that you have some difficulty in determining what is fair, as any one would have, but I know that each member exercises his best judgment on these subjects, and therefore I am not going to make any specific suggestions, but will leave the matter to your own best judgment, and to your sense of justice.

Governor Oddie—Gentlemen, we are open for suggestions and remarks.

Mr. Miles—Mr. Chairman, as has been stated here quite often, it is difficult to arrive at the correct valuations of these properties. We have figured upon the basis of gross earnings; we have figured upon the basis of net earnings; we have figured upon the basis of cost, and everything else that can be thought of; and the only thing I see that we can do is to arrive at the value from the existing circumstances. And I want to say that the Nevada Northern Railroad is the only one, with the exception of one small line, I presume, at Goldfield, which has a net income greater than the total operating expenses. It is certainly a flattering report for the Nevada Northern, and that other little road. The Nevada Northern Railroad shows nearly as much net income for the year 1912 as the big line, the Southern Pacific. It shows an increase over 1911, while the Central Pacific, and roads connected with it, shows a decrease in that respect. Now it may look to the board, it may look to the people, that the Nevada Northern Railroad is assessed high, and it would be assessed high on a basis of cost only, but there are other things to take into consideration. It was assessed last year for \$17,500, and shown by the Railroad Commission's report to be greater than its cost. I believe under these circumstances that \$17,500 a mile is a fair valuation, and while some of this board may see fit to raise that valuation, I believe that we should let it stand at \$17,500, though possibly some may see fit to reduce it.

In regard to the taxation of other properties in the State—other classes of property—we are guided principally by the conditions; and this road should be assessed under the same circumstances. I move that a valuation of \$17,500 a mile be placed upon the main line of the Nevada Northern Railway, including the ore line running from the switch east of East Ely to the Steptoe Valley Smelting and Mining Company's concentrator.

Mr. Lemaire—I second the motion.

Governor Oddie—Are there any further remarks?

Mr. Whitehead—Mr. Chairman, if it were not for the action of the board last night, and being turned down as I have, I would suggest a little raise, because of the fact that we have a good big howl for more money; and also the fact that we have some roads in this State that are not only paying their portion of the taxes, but a little more than their portion. Roads that are assessed perhaps on what we term the "junk basis," yet are not making enough net earnings to pay their taxes; they even have to dig the taxes up out of their pockets after they have paid out all their earnings; and it is very certain we will not get any raise on those roads; and I am still of the opinion I was last night, the road that we passed over should have been raised along with

this one, because the conditions in both of them are very flattering; and if we are going to get any raises anywhere, those are the properties we ought to touch.

Governor Oddie—Are there any further remarks?

Mr. Miles—Mr. Chairman, I don't know as I stated the name of the railroad correctly; I would like to have it correct. The Nevada Northern Railway, is it not?

Governor Oddie—Are you ready for the question?

Mr. Pohe—Mr. Chairman, I would like to say one thing in regard to Mr. Whitehead's remarks with regard to myself, as a member of this board, and my action on the Tonopah Railroad; I don't want him to put it down that I can't change my mind.

Governor Oddie—Are you ready for the question? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

*Nevada Northern Railway Sidetracks*

Governor Oddie—The next is the sidetracks of same. They were \$3,200 last year, Mr. Shaughnessy?

Mr. Shaughnessy—Yes.

Mr. Miles—I would like to ask, if you have it handy, what was the valuation of the sidetracks last year?

Mr. Shaughnessy—For the sidetracks, \$3,200 a mile.

Mr. Miles—I move that the valuation on the sidetracks of the Nevada Northern Railway be placed at \$3,200 a mile.

Mr. Whitehead—I second the motion.

Governor Oddie—It has been moved and seconded that a valuation of \$3,200 per mile be placed on the sidetracks. Are you ready for the question? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Mr. Bartine—Mr. Chairman, and gentlemen: Just a word, I didn't have anything to say prior to the taking of the vote. Mr. Shaughnessy's figures covered the matter perfectly, and I agreed with him that it would be a just and proper thing to leave the assessment of this road at the figures placed upon it last year, notwithstanding the fact that it is a prosperous road; but there are two little circumstances that it is proper for me to bring to your attention, in order to emphasize the fact that you have done just about the right thing with respect to this road. First, there has been a very sharp and heavy cut into the business of the road during the last few months because of the strike at Ely, and that will manifest itself in the coming year's earnings. There is another thing, in which I think you will all perhaps feel interested. The Railroad Commission has recently taken up the matter of fares and freights upon the Nevada Northern Railway, and we have made an order reducing fares and freights upon that road to such an extent that it will amount to a reduction and saving to the patrons of the road of \$65,000 a year, basing the percentage of reduction upon last year's earnings. We have made this order with respect to this road, and the road is obeying it without driving us to the necessity of going into court to enforce the order, and I think it reflects credit upon the road and its management. Notwithstanding all of these things, I think your action of placing the valuation at \$17,500 is right, because the property is fairly worth that much. It is not a question of what it cost to build

it; but, as Mr. Miles said, you must take everything into consideration. A road is frequently worth a great deal more than it costs to build it, because the business amounts to a great deal.

Mr. Miles—Mr. Chairman, in addition to Judge Bartine's remarks, I would like to state it was talked around the county during the strike, and after the strike, that the Nevada Northern Railroad had made all kinds of money through shipping men out and shipping new ones back. No doubt they did make a lot of money in that one particular respect, but those people that told me those things possibly had another view of it when I explained my views. I answered them by saying that while the Nevada Northern Railroad had made money shipping men out and shipping others in, they had perhaps lost more in one day on the shipment of ore, than they had gained in all the passenger traffic. And I think the Nevada Northern Railroad, like every other piece of property, is entitled to due consideration; and I believe it has received proper consideration here.

Mr. Bartine—Mr. Miles took an argument out of my mouth that I would have made if the question had been raised. The railroad made some money on the transportation of passengers in and out, but they lost a very great deal in the transportation of ores, as Mr. Miles has said. In the aggregate their losses were heavy because of the strike.

Mr. Malley—The remarks of Mr. Whitehead have gotten on my nerves, when he stated he was inclined to raise them a little bit, if he wasn't turned down like he was last night. I think that all the majority of this board want is a little show to get at these big corporations, to give them a raise, and if I thought the T. & G. Railroad was entitled to a raise I would be the first to give it to them, although I have only got one mile of that road. Take, for instance, the rolling stock, the only way we can get at them to make them pay their just tax, is to raise the personal property and the rolling stock, or the rolling stock alone; they have got only five engines, and I hold them for more than any other Assessor. And I don't like the remark of Mr. Whitehead, when he said he would raise the road if he thought he wouldn't be turned down by the board.

Mr. Hayes—I object to remarks after a bill has once passed.

Mr. Ingalls—So far as the T. & G. Railroad is concerned, I didn't think about this yesterday, but I would much rather have that road continue—try and hold up the valuation; for instance, I would much rather have that road assessed at \$10,000 a mile this year and next year, than to have the valuation placed at \$12,000 this year, and drop down to \$8,000 next year; so we will have a basis to figure on. In my county we have tried to keep up the values for two years; as near as possible, I am trying to do it this year; and if it is possible to do so, I want to try to keep up the valuation to know what to figure on for two years.

#### SAN PEDRO, LOS ANGELES AND SALT LAKE RAILROAD.

Governor Oddie—The next order of business will be the San Pedro, Los Angeles and Salt Lake Railroad, and sidetracks of same. Mr. Shaughnessy, I will ask you to give a statement of this road, with the permission of the board.

Mr. Shaughnessy—The mileage operated by the San Pedro, Los Angeles and Salt Lake Railroad for the entire system is 1,134.61 miles. The mileage operated in Nevada is as follows: Main line, Calada to

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Uvada, 212.58 miles; Caliente to Pioche, branch line, 32.90 miles; from Moapa to St. Thomas, 21.60 miles, which is a new branch mileage that is available for assessment by the board at this time; it was put in operation beginning May 1, 1912, after the session of the board last year. The Nevada percentage of the total mileage is 23.55. The gross earnings made upon the Nevada mileage for 1912 were \$1,584,010.74. The taxes paid in Nevada for 1911, as reported by the tax agent, was \$80,000; but as reported to the Railroad Commission for the year ending June 30, 1911, it is \$67,404.

Mr. Waters—That was \$76,000, was it not, Mr. Shaughnessy, instead of \$67,000?

Mr. Shaughnessy—Yes, that is correct. It is \$76,065.21. I am unable to explain that discrepancy in the facts as reported; perhaps the tax agent can do so. The ratio of taxes paid to gross earnings, as reported to the Commission for the year 1912, is 4.82 per cent. The reproduction value of the road and equipment, main line, is \$40,000 per mile. This is arrived at by a comparison with the cost of what other properties have cost of like standard, and is not upon the basis of an actual physical valuation. The reproduction value for the branch-line mileage is, as I have figured it here, substantially \$15,000 a mile. The total reproductive value of the property on this basis would be \$9,308,000.

The total expenditures made by the road are very much greater than this, as they average about \$61,000 per mile, and approximate \$80,000 a mile on the main line, and very much less than that on the branch lines. The value of the main-track property rendered for assessment on the basis of 1911, was \$2,379,958; and the amount rendered for sidetracks and rolling stock was \$482,758. The ratio of the assessed to the reproduction value is 25½ per cent. The assessed valuation of the main line on the basis of \$20,000 a mile, would be \$4,240,000; and assuming that sidetracks and equipment are about the same as given above, there would be a total property value of \$4,722,758, or about 51 per cent of the physical or reproduction value of the property. I think that an assessment of \$20,000 a mile, main line, would be just and reasonable for this property, in order to get it up to the same ratio that we have been assessing other railroad property at in the State. The fact that this road is operated through counties that have very high tax rates is something that this board has no control over, and it seems to me to be the duty of the board in equalizing the value of all property, to try and place a uniform valuation on all property of the same class. The valuation on this basis of 51 per cent will be increased somewhat when the assessed value of the branch lines is included, and the total assessed value will probably be about 55 per cent of the full value. The assessment of the branch lines last year was made on an invoice valuation basis, because of the fact that the branch serving the mines at Pioche was shown not to be making any money whatever; it was really a question of service, and it was put in on the same basis as the Tonopah and Tidewater and the Las Vegas and Tonopah and assessed \$3,000 per mile. As to the new branch-line mileage between Moapa and St. Thomas, it is difficult at this time to arrive at a valuation; that is, arrive at a figure which would be fair as an assessed valuation for that property, as it is just beginning operations, and the Commission is not informed as to what the business of that line is at

this time. I think a fair valuation for the San Pedro, in view of the valuations you have placed upon other railroad property, would be \$20,000 a mile for the main line, and \$3,000 or \$3,200 a mile for side-tracks. Mr. Waters, the tax agent, is present.

Mr. Waters—Mr. Chairman, I heard some very gratifying news this morning in regard to the snowstorm and the heavy rainfall over California, and yet I have not heard any report from the Meadow Valley Wash; and I don't know whether I will receive any reports in time to do me any good or not; so I will have to submit the figures in lieu of the washout argument.

Mr. Shaughnessy has stated that we reported \$76,000 in round figures, as the taxes paid by our company, in our report for the year ending June 30, 1912. That is correct. Those taxes are taken from the accrued account; and I will state there is not a railroad I know of that is carrying from month to month the actual amount of taxes that is equal to the time that they are keeping their accounts for the month when they are making their entries. In December of each year an adjustment is made; we know then what our tax rate is; we know what our taxes are, and we make an adjustment of our accounts; and then we have the final account for the year in actual figures. I personally paid all of the taxes for the San Pedro Railroad in Nevada, and the other States, and I can state positively to the board here, that the amount of taxes that we paid for 1912 was \$88,960.65.

Mr. Shaughnessy—Now just explain that further. That will include the second installment that you will pay next June.

Mr. Waters—That is the actual tax we paid for the tax year 1912, which ended December 31, 1912.

Mr. Shaughnessy—That is the calendar year, then?

Mr. Waters—Of the calendar year, and the tax year for Nevada, if you please. In 1911 we paid \$80,634.45. Now by no combination can the actual taxes be fixed at \$76,000 for any period. Taking these figures and the earnings as Mr. Shaughnessy has given them for the State of Nevada, one million and a half, approximately, and we have paid into the State of Nevada 5.62 per cent of our gross earnings for taxes in 1912. And I submit we must take the 1912 taxes, for the reason that you are fixing the assessment for 1913 on the basis of last year's assessment; and we should go to the last year's taxes for a comparison of what the road should pay.

The mileage, as shown in Mr. Shaughnessy's report, where he figures the amount of taxes per mile, is given as 267 and some odd—it is on page 5—267.10 miles, for the mileage in Nevada. That includes the branch lines as well as the main line; and he gives the total taxes per mile, paid, as \$284.78. Now there were low assessments, comparatively, on the branch lines. The St. Thomas branch was assessed last year at \$1,000 per mile, and the Pioche branch at three. In using this total mileage, and applying, together with the San Pedro mileage, the total taxes, you will see necessarily it would draw down the taxes per mile. The actual taxes per mile on the main line, and I exclude the taxes paid on the branch lines, for Nevada, was \$401.22; in California it was \$227.26; in Utah we paid \$330; so you see we paid over \$70 more than we did in Utah, which was higher than California.

Now I submit, Mr. Shaughnessy, that the method of 4 per cent of the gross earnings tax is the fairest and most equitable method of arriv-

ing at the valuation of the road. This is not the last year that the road is to be assessed. It will be assessed next year, I presume, unless we have another washout; and at that time if our earnings are increased, we will naturally pay more taxes. We are laboring under peculiar conditions every way, and we are paying over 4 per cent rate now—over 5 per cent, and I will ask that our road be left where it is this year.

Mr. Whittemore—Mr. Chairman, I am not directly connected with the Salt Lake road; and my remarks will be more as an outside party, but also one who was identified with the road in its original organization and construction. I believe that it might be well just now to tell you something of the early history of that road, its struggles, and something of what it has done for the State of Nevada, in order that you may consider that in connection with the suggestion of Mr. Shaughnessy about this assessment.

When the Salt Lake road was contemplated, its construction, I made two trips by wagon down through that country, with a view of determining the route and securing a right-of-way; and we found nothing there but a howling wilderness, absolutely no development—practically none—one or two little towns, and that was all. The project of building that road was to reach California, and incidentally to develop the southern part of the State. At that time there was a law on the statute books of Nevada offering a bonus, which would practically exempt the road for ten years from taxation, the road that was built through Lincoln County—the first 200 miles of road. When that road was started and was under construction, a petition was started by the taxpayers to apply that law, but the men who were behind that project said, no, we will not ask any bonus from the people of Nevada, we will meet and bear our share of the burdens of taxation; so that for ten years, or practically ten years now, they have been paying their taxes, the same as any other property owner in the State. They have paid as much, if not more, in proportion to the value of their property and their earnings, than any other railroad or any other property owner; and in the face of misfortune and adversities, that would almost swamp anyone else.

Now the honorable Railroad Commissioner, in his fixing of taxes, and the basis on which he presents these matters, reminds me a great deal of a story that my grandfather used to tell of one Halloween, when the boys in mischief, changing gates and things of that kind, took down from over a turning shop a sign, and put it up over a lawyer's office, and the next morning over this door read "All sorts of turning done here." He presents to you in one way a basis of earnings, and then when that does not fit, he presents to you a basis of ad valorem; and I now he is asking you to raise this assessment to \$20,000 a mile on a basis of ad valorem. The other doesn't seem to apply. And I want to say to you, gentlemen, in all fairness, that that sort of an assessment, under existing conditions, will be little less than an outrage, because you have just passed upon other assessments; you have left assessments of railroads here, where it is shown, and who have admitted that they are paying dividends; you have left assessments of railroads who admit that they are earning enormous profits; and today the San Pedro Railroad is not earning interest on its bonded indebtedness, and never has.

and probably it will be some time before it does. That road, and the people behind it, have poured millions and millions of dollars for the last ten years into that great enterprise, and up to today they never have received in return one dollar from their investment. So that I think the question of ad valorem, the question of reproduction value is not the fair one to apply. I think that you should consider this road on the same basis that you have considered some of these other roads—the Nevada and California, the Tonopah and Goldfield—some of those roads where you have left them where they are. And until this road gets in a position where it is at least paying interest on its investment, its assessment should be left on a fair and reasonable basis; and from the statement made by Mr. Waters it is shown that this 1912 tax is 5 per cent—over 5 per cent—of their gross earnings. Now that is a greater per centage of gross earnings than many of the roads that you have left the assessment where it is; so that in fairness to that road, I don't believe you should now switch to an entirely different basis, and disregard the condition of the earnings of that road as compared with others, and tax it double its assessment, and require it to pay over 10 per cent of its gross.

There is one other matter that I think it is but fair to call your attention to, and that is that the Salt Lake road never has received practically one dollar's benefit from the State of Nevada. Its entire business, its entire profits, are the result of business we do as carriers through this State. Nevada has no points upon this road where there is any considerable tonnage; it only has two or three small towns, the little town of Las Vegas, the town of Moapa, the little town of Caliente, representing its entire stations of any importance; and you know from your own experience that these little stations furnish practically nothing. The only business we do get out of this State is an ore haul out of Pioche and that country; and what is the road doing there? It is making a rate so low that it is enabling those people to handle some of the old dumps, and some of the very low grade fluxing ores to send on to the smelters at Salt Lake. So that should be taken into consideration when Nevada says I am going to levy a certain tribute on you. Nevada should consider, what do I give you in return? and up to now the only thing that Nevada has ever given the Salt Lake road in return is the privilege of building and operating its road over the southern part of the State. And you will find now as you go down through there a prosperous community, farming communities building up; and the road has built a little branch line down through Moapa Valley to enable those farmers to get out their products; and it has built a road into Pioche for the same purpose; it has been helping to develop the southern end of this State as nothing else has ever done, and no other people have ever done, and it looks to me as though you are not going to encourage other people to come in and do what Senator Clerk and his associates have been doing in Nevada, by taking any such action as is suggested to you by your honorable commissioner.

So I want you to take all those matters into consideration, and particularly do I want to impress upon you that we are asking no favors here; we are not coming pleading poverty, or anything of that kind; we are simply asking for fair and reasonable consideration, in view of all the other assessments you have placed upon other property.

Governor Oddie—Mr. Shaughnessy, I would like to ask you on behalf of the board, to clear up the inconsistency in the various statements in regard to the percentage of gross earnings.

Mr. Shaughnessy—Gentlemen, I want to say that this board has never adopted directly a 4 per cent basis in taxation, such as they have in California. The board has merely used a 4 per cent gross earnings basis as a method of measuring the fair value of the property, the fair physical value of the property, including the intangible, where there was intangible, in companies that would not on physical valuation bring a fair tax, such as express companies, and some of the railroad companies that have little value but large earnings. It has been used and placed before this board simply as a matter of evidence, in order to show you about what a reasonable valuation would be, all things considered. Following that evidence which has been placed before you, you have adopted a physical valuation assessment in every instance; there has been no assessment made here on a 4 per cent basis. Neither has there been adopted by the board other and varying methods of valuing railroad property.

Now speaking to Mr. Waters' remarks in regard to paying taxes for the last calendar and tax year of \$88,000, I find that this would be, according to his report—a copy of which he handed me—a total property value rendered last year for taxation upon which this \$88,000 was paid, \$3,307,168. Now this is only 35 per cent of the estimated cost of reproduction of the property within Nevada, as given in my former remarks, and which amounts to \$9,308,000.

In response to the remarks made by Mr. Whittemore, wherein he made a comparison upon a 4 per cent basis, and showed the San Pedro actually paid 5.6 per cent on their gross earnings, it might be well to direct your attention to what other companies are paying on that basis. The Bullfrog and Goldfield, 8 per cent of their gross earnings; L. V. & T., 10 per cent; Nevada and California, 12 per cent; V. & T., 7.85 per cent, as against the San Pedro's 5.6 per cent.

When we refer to the taxes paid per mile you will notice the San Pedro by comparison with some of the other properties is low; the amount they actually paid in taxes on the basis of that \$88,000 paid on a per mile basis, is \$325; by comparison the Nevada and California paid \$378; the V. & T., this little railroad running in and out of Carson City, paid \$350 a mile; and the Central Pacific, of course the biggest of them all, paid \$770 a mile last year in taxes.

Mr. Whittemore—What is the percentage of the Southern Pacific in proportion?

Mr. Shaughnessy—If I recall, 4.18 per cent. Is that the figure, Mr. Cowden?

Mr. Cowden—4.13 per cent.

Mr. Shaughnessy—Further considering the question, I showed you gentlemen when you had the Central Pacific under consideration, and the Nevada and California also under consideration, that those properties are assessed on the basis of 52.6 per cent of the cost of reproduction, new.

Governor Oddie—Let me ask you, Mr. Shaughnessy, on the basis of the value you recommended placing on this road for this year, what percentage would that be of the physical value?

Mr. Shaughnessy—On the basis of the figures recommended it would be about 55 per cent.

Governor Oddie—The percentage of the reproduction value?

Mr. Shaughnessy—Yes, that would be 55 per cent. And I submit, gentlemen, it is no more than fair to place upon the San Pedro a 50 or 55 per cent ad valorem, such as you have been placing on other railroad properties. The fact that local rates down there may be high is not a matter this board can take account of. This board is here for the purpose of valuing property on an equitable and uniform basis; and it seems to me that covers the situation completely.

Mr. Whitehead—Mr. Chairman, I would like to ask Mr. Shaughnessy if he knows what the average state and county rates are?

Mr. Shaughnessy—No, I could not say, because the Controller's report is not yet out, and it is difficult to say.

State Controller Eggers—It would not be in my report, anyway.

Mr. Shaughnessy—The only way we could do would be to get the total assessed property values, and the total revenues accruing, and then dividing the revenue by the value would give the average rate.

State Controller Eggers—I have no county rates in my office.

Mr. Shaughnessy—I understand, but I mean that it can be ascertained by taking the total assessed valuation of all property in the State, and the total revenue accruing therefrom, and dividing one by the other will give you the average tax rate applied for all purposes. Last year it was somewhere close to 2 per cent, approximately 2 per cent.

Governor Oddie—Are the rates in Clark and Lincoln Counties about the same as in the other counties?

Mr. Shaughnessy—The rate will perhaps average higher there. Mr. Waters shows an average tax rate paid by his company in Clark and Lincoln Counties of 2.65 per cent, or \$2.65 on the \$100 of value. That is the average rate, state and county, that was applied to the San Pedro property rendered for taxation.

Mr. Waters—Mr. Chairman, just one reply I wish to make to Mr. Shaughnessy's first argument, which I overlooked before. He called attention to the classification, that he said was an assessed classification in the different parts of the State. I wish to state it is not a question of classification; the assessment means nothing without you consider in concomity with it the tax rate and tax levy; and the first rule of taxation as laid down in the earliest history of it, is that every person shall pay such proportion of taxes as he is able to, according to his ability to pay. That is the first recognized rule; therefore it is what a man pays in taxes, and not the assessment that is to be taken into consideration.

Mr. Miles—Mr. Chairman, I would like to ask the Assessor of Lincoln County if the taxes have been levied?

Mr. Ronnow—No, sir.

Mr. Miles—Also the Assessor from Clark County?

Mr. Whitehead—No, not until the first Monday in March.

Mr. Miles—Mr. Chairman and gentlemen, I will say in all my experience the valuation or prospective valuation of properties throughout this State, has been a basis for the rate of taxation; and if this railroad is placed at a higher valuation, and also other properties corre-

spond, then there is no reason why the taxes could not be reduced. If it is placed at a less valuation, and other properties to correspond, it would be necessary, of course, to have a higher rate of taxation. Therefore, I cannot see what difference it makes to the railroad, except in regard to the state taxes.

Mr. Waters—Just to reply to Mr. Miles, I will state while our assessment was greatly increased last year, by virtue of the \$3,000 added, per mile, our taxes did not reduce materially, as theoretically they should do. We paid approximately \$89,000 more taxes last year for 1912, than we did for 1911, in spite of the increase in the assessment roll; so that the tax rate does not go down with the raise in the assessment.

Mr. Ronnow—Mr. Chairman, one reason for that is, I think, that patented mines were not assessed in our county last year, and also the year before there were a good many contracting parties in there rebuilding the line of the San Pedro Railroad, and these were taken out. This left a shortage in the personal property tax.

Mr. Miles—Mr. Chairman, in regard to the taxation of the San Pedro, Los Angeles and Salt Lake road running across the State, and greatly benefiting the State. I would like to ask if it is not a fact that the route that they adopted is not the most feasible route from Salt Lake City to the coast, and if it is not as great a benefit to the railroad as it is to the State?

Mr. Waters—Mr. Chairman, I will agree with Mr. Miles that the road is a very favorable road, probably the best and shortest route from Salt Lake City to Los Angeles, and we are trying to make it the most popular route for travel, but until we do, we ask for help from Nevada; and when we get all the people running down that way, and the Central Pacific up here is torn up, then we will stand for an increase in the assessment accordingly.

Governor Oddie—Are there any further remarks, gentlemen? We are ready for a motion.

Mr. Arrild—I have listened a good deal to this railroad talk, Mr. Chairman; and in fact I am not in a county where they have much railroad, but it seems to me on this road, talking principally of what they have done, we have the honorable Board of Railroad Commissioners here. Mr. Shaughnessy gave us the figures of what they are doing, and I should think that it would be proper for any one of the board that is familiar with the road to listen to Mr. Shaughnessy's report.

Mr. Ronnow—Mr. Chairman, in regard to this \$20,000 per mile suggested by Mr. Shaughnessy, which he said he thought would be a fair valuation; I wish to say that while a big raise in the railroad company's valuation would help me out considerably in my county in raising the other valuations, I think that \$20,000 per mile is way out of proportion to the other properties in that county. In view of that fact, I would move that we place a valuation for assessment purposes of \$17,000 per mile on the main line of the San Pedro, Los Angeles and Salt Lake Railroad in Nevada.

Mr. Lemaire—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. Are there any further remarks? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

*San Pedro, Los Angeles and Salt Lake Sidetracks*

Governor Oddie—The next is the sidetracks of same.

Mr. Ronnow—Mr. Chairman, I move we place a valuation of \$3,200 on the sidetracks of the San Pedro, Los Angeles and Salt Lake Railroad in Nevada for assessment purposes.

Mr. Pohe—I second the motion.

Mr. Lemaire—I would like to ask if that is the same valuation as placed last year?

Mr. Ronnow—It is \$200 greater.

State Controller Eggers—You have put that in “for assessment purposes.” Leave that out, please; it might make trouble.

Mr. Ronnow—All right, I am a new member here, and am not familiar with it. I will leave it out.

Governor Oddie—Are you ready for the question? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

Governor Oddie—The next is the Tonopah and Tidewater.

Mr. Pohe—I move we take a recess until 2 o'clock.

Mr. Weathers—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 p. m.

Governor Oddie—Let the meeting 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 Attorney-General Thatcher.

**TONOPAH AND TIDEWATER RAILROAD:**

Governor Oddie—The next order of business is the Tonopah and Tidewater Railroad and sidetracks of same. With the permission of the board, I will ask Mr. Shaughnessy to give us some facts and figures for that company.

Mr. Shaughnessy—The Tonopah and Tidewater Railroad operates 180.85 miles for the entire system. The Nevada mileage is 36.25. The gross earnings of the system for the year ending June 30, 1912, were \$291,390.69; and the net earnings for the same period were \$94,061, or \$520 per mile. The gross earnings creditable to the Nevada mileage for the same period are \$33,538.83. Taxes paid in Nevada for the year 1911 were \$5,006, while for the year 1912 there was paid \$3,754, or a decrease of \$1,300. The ratio of taxes paid in 1912 to gross earnings is 11.19 per cent. The assessed value per mile of main track, levied by this board last year, was \$4,000; sidetracks, \$1,000 per mile. This is substantially an invoice valuation basis of the property; and it would seem that the valuation is just and fair, and should be replaced by the board at this time. Mr. Jenifer represents the company.

Governor Oddie—I will ask Mr. Jenifer to make some remarks.

Mr. Jenifer—Mr. Chairman and Gentlemen of the Board: There are a number of discrepancies between the figures Mr. Shaughnessy has given and mine; but mine are furnished by the auditor, and I presume the difference is occasioned by the different period that is

involved, so I won't bore you, or burden the minutes with a rehash of our figures. However, the T. and T. mileage in Nevada is only 28.46; and Mr. Shaughnessy has shown something over 36 miles. This is due to the fact that the T. and T. for operating purposes leased a portion of the B. and G. mileage, which I understand comes under the \$3,000 mile basis, under which the B. and G. is assessed.

Mr. Shaughnessy—Your auditing department reports 36.25 miles operated in Nevada.

Mr. Jenifer—Now I want to explain there are no earnings where we show a net for the T. and T., it is all in California, but a part of the line in Nevada is a continuation of the B. and G., and there is about one pump man and six section men on this part of the road; so you can readily appreciate there is very little traffic; and the only revenue that is attributable to that part of the system is a mileage prorate of the business that is handled through; and consequently, I don't think that the earnings for that part of the T. and T. could be shown any greater than the B. and G. mileage. Now the taxes we paid for the past year, according to our figures on the B. and G., were about \$89.94 per mile.

Mr. Bartine—What is the B. and G.?

Mr. Jenifer—That is the Bullfrog and Goldfield Railroad. The taxes paid on the T. and T. mileage in Nye County, based on 28.46 miles, is \$126.10. Now, we think, considering the fact that the T. and T. is located the same as the B. and G., and its earning capacity is no greater than the B. and G., that the valuation should be placed the same as the Bullfrog and Goldfield, which is \$3,000 per mile; and I would like to have the board consider giving us that figure of assessment valuation on the Tonopah and Tidewater.

Mr. Malley—Mr. Chairman, I think that 28 miles of railroad operated in Nevada is in Nye County, and I think what Mr. Jenifer has said is entitled to our consideration in many respects, and owing to the fact that the revenue derived in net earnings is due to the hauling of borax on the California line.

I don't think we could in fairness to ourselves take that into consideration in arriving at a fair valuation. The conditions in Nye County are such that we cannot afford to make a reduction at this time; and the conditions in Rhyolite district at this time; a year ago the assessed valuation in Rhyolite alone was \$1,500,000; today it is less than \$225,000. So we were compelled to raise all the property throughout Nye County; and in fairness to the small taxpayers, and others, I cannot see where I could concede a reduction at this time. So I make a motion that we place a valuation of \$4,000 per mile on the Tonopah and Tidewater Railroad.

Governor Oddie—Do you want to include the sidetracks in that motion?

Mr. Malley—It went in a separate motion last year.

Governor Oddie—You have heard the motion. Are there any further remarks?

Mr. Whitehead—Mr. Chairman, I would like to say a word. As I understand it, this road is a continuation, practically, of the B. and G., and is in practically the same shape; and I cannot see how we can make an assessment of \$4,000 a mile on one road and \$3,000 on another

almost exactly in the same circumstances. It seems to me there should be no difference made, if we regard uniformity as the basis of our figures; and I feel like offering an amendment to the motion, making the valuation \$3,000 per mile.

Governor Oddie—Do you make that as an amendment?

Mr. Whitehead—An amendment to the motion, making it \$3,000 instead of \$4,000.

Governor Oddie—Is there a second to that amendment?

Mr. Sitton—I second the amendment.

Governor Oddie—Are there any further remarks?

Mr. Miles—Mr. Chairman, taking the net earnings of the two roads into consideration, I would say that the difference as made last year would be quite fair this year. You will notice going over the net earnings of the road, that the Bullfrog and Goldfield road has but very little net earnings, while the other has several hundred.

Governor Oddie—Are there any further remarks?

Mr. Whitehead—I understand, Mr. Chairman, that those earnings are mostly accrued from California business, and from the system as a whole?

Mr. Shaughnessy—True.

Mr. Pohe—I would like to ask Mr. Whitehead, what road did you compare it with?

Mr. Shaughnessy—The Bullfrog and Goldfield.

Mr. Pohe—We have not passed on that yet.

Mr. Shaughnessy—The net earnings shown for the Tonopah and Tidewater are for the system as a whole, and accrue largely from the transportation of borax, which is owned by the same people who own the Tonopah and Tidewater. I think, however, for the purposes of taxation that the railroad should be considered as a whole, and not chopped up piecemeal, according to the portion of the mileage on which earnings are made. In the matter of fixing rates and fares, they urge it is necessary to make uniform rates, and do not give consideration to a matter of that kind.

Mr. Ingalls—Mr. Chairman, for information I would like to know what the road is assessed for in California? I understand the business is derived from California.

Mr. Jenifer—I have a statement of the taxes paid in California for 1912, the same period embraced in Mr. Shaughnessy's statement of the Nevada mileage. Our earnings in California, gross, are \$257,851; taxes paid in California were \$10,723.49. The ratio of the taxes to gross earnings was 4.16 per cent; that is on a basis of gross earnings, and that applies on about 150 miles of railroad. The excess over 4 per cent is due to the special tax for the Panama-Pacific; and I think they use the calendar year, while our figures are based on the fiscal year figures; so our taxes paid in California are a great deal less than those paid per mile on the Bullfrog and Goldfield. Our basis in California was about \$74 per mile taxes paid; on the Bullfrog and Goldfield Railroad we paid about \$86.94; and on the Tonopah and Tidewater mileage in Nevada in Nye County we paid \$126 per mile.

Mr. Whitehead—Mr. Chairman, I understand they operate part of the Bullfrog and Goldfield Railroad?

Mr. Jenifer—We operate it all, the Bullfrog and Goldfield.

Mr. Whitehead—And one is assessed at \$3,000 and the other at \$4,000?

Mr. Jenifer—Yes.

Mr. Whitehead—On the same line and same business?

Mr. Jenifer—Yes.

Mr. Whitehead—I cannot see why there should be any difference made in the two.

Governor Oddie—Well, you have heard the amendment to the motion, gentlemen. Are there any further remarks? The amendment has been made and seconded, changing the \$4,000 per mile valuation to \$3,000. Are you ready for the question on the amendment? I will ask the Clerk to call the roll.

Upon roll-call the vote was as follows:

Yeas—Messrs. Sitton, Whitehead, Arrild, Ingalls, McTerney, and Ronnow.

Nays—Messrs. Weathers, Leonard, Lemaire, Pohe, Grutt, Malley, Stern, Seeman, Hayes, and Miles.

Governor Oddie—The motion is lost, ten to six. Now the question is on the original motion, placing the value at \$4,000 per mile. Are there any further remarks on the original motion? I will ask the Clerk to call the roll.

Upon roll-call the vote was as follows:

Yeas—Messrs. Sitton, Arrild, Weathers, Ingall, McTerney, Leonard, Lemaire, Ronnow, Pohe, Grutt, Malley, Stern, Seeman, Hayes, and Miles.

Nays—Mr. Whitehead.

*Tonopah and Tidewater Railroad Sidetracks*

Governor Oddie—The question now is on the sidetracks of same.

Mr. Malley—Mr. Chairman, I move the sidetracks be placed at \$1,000 a mile, the same as last year.

Mr. Pohe—I second the motion.

Governor Oddie—You have heard the motion. Are there any remarks? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

**BULLFROG AND GOLDFIELD RAILROAD:**

Governor Oddie—The next is the Bullfrog and Goldfield Railroad. With the permission of the board, I will ask Mr. Shaughnessy to give us some figures on that.

Mr. Shaughnessy—The Bullfrog and Goldfield Railroad operates 83.1 miles in Nevada. The gross earnings for 1911 were \$99,678.93; and for 1912 they were \$100,163.42, or an increase of \$484. The net earnings, however, are in the red, there is a deficit. In 1911 there was a deficit of \$324.05, while for 1912, it is \$71.63. The taxes paid in 1911 were \$10,962, while for 1912 they were \$7,959; or a decrease of substantially \$3,000 in taxes paid. The ratio of taxes paid in 1912 to gross earnings is 7.94 per cent. This property was put in by the board last year on an invoice valuation basis of \$3,000 main track, and \$1,000 side-track. I think in view of the showing that those assessments should be replaced.

Governor Oddie—Mr. Jenifer, do you represent that road—with the permission of the board, I will ask you to make a statement.

Mr. Jenifer—I don't know that there is anything further I can say. I don't think the joke is worth any more than it was last year, or possibly as much. However, if you are satisfied that is the best the

board can do, considering the conditions, we are agreeable to letting it stand at that mark.

Governor Oddie—Are there any remarks on this question?

Mr. Malley—Mr. Chairman, I move that we place a valuation of \$3,000 per mile on the main line.

Mr. Ingalls—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. Are there any further remarks? Are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

*Bullfrog and Goldfield Railroad Sidetracks*

Governor Oddie—The next is the sidetracks of same.

Mr. Ingalls—Mr. Chairman, I make a motion that the sidetracks be placed the same as last year, at \$1,000 per mile.

Mr. Malley—I second the motion.

Governor Oddie—You have heard the motion. Are there any remarks? Are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

LAS VEGAS AND TONOPAH RAILROAD:

Governor Oddie—The next is the Las Vegas and Tonopah Railroad. With the permission of the board, I will ask Mr. Shaughnessy to make a statement.

Mr. Shaughnessy—The Las Vegas and Tonopah Railroad operates a mileage of 200 in Nevada. Gross earnings for 1911 were \$148,017; for 1912, \$194,549, or an increase of \$46,532. The net earnings, however, for 1911 were in the red, and the deficit amounted to \$37,714.89. For 1912 there are some net earnings amounting to \$10,186.07. When the taxes paid for 1912 are deducted, and which are \$19,375.29, there is a loss in net income of \$9,189.22. They did not make sufficient net earnings to pay their taxes. The taxes paid in 1911 were \$23,699, while for 1912 they are \$19,375, or a reduction of about \$4,300. The ratio of taxes paid in 1912 to the gross earnings is 9.95 per cent. This is another one of the properties that the board put in on an invoice valuation of \$3,000 per mile main track and \$1,000 per mile sidetrack, last year; and in view of the showing made herewith, it would not be fair to place any different valuation at this time, no higher valuation, I mean.

Governor Oddie—Mr. Whittemore, would you like to make a statement on this?

Mr. Whittemore—Mr. Chairman, and Gentlemen: I am not here for my health, nor to be amused, because if this weather keeps up it looks as though my health might be seriously impaired, and up to this time I have had no amusement, except to hear myself talk.

Mr. Bartine—Has it not been a pleasure to listen to the rest of us?

Mr. Whittemore—That has been very much of a pleasure. The figures as presented by Mr. Shaughnessy, and as shown in his statement tell their own story. This road last year did not make even its taxes, within \$9,189.22. In other words, the people who operate that road and have their money invested in it, had to dig down in their pockets and make up that deficit in taxes. And if any of you ever had that experience, that your business or your enterprise does not keep

even, and to keep it going you have to dig down into your pockets, you will probably appreciate the situation we are in in that respect, although I am not asking for your sympathy. I will simply ask you to consider the statement there, run down the ratio percentage of taxes paid in proportion to the gross operating revenue, which seems to be the basis used, although Mr. Shaughnessy seems to differ with me in that respect, but at any rate, it comes back to that. You will find even though we are not making enough to pay our taxes, we are still paying, with one exception, the highest ratio of taxes in the State; and while it is true that the assessment is placed on what is called the invoice value, the value which the material in the track if taken up and sold would represent; yet, if that rule is used, and it is the proper one, no other property is being assessed on any basis over 60 per cent of that value; and I see no reason why we should not have applied the same ratio that you apply to every other property that you consider. You all know in your assessments on other properties you never assess a man's stock of goods for its full value, and \$3,000 a mile represents the full value. If you give us the benefit of the same proportionate decrease, it would represent a valuation of probably \$1,800 or \$2,000 a mile. Even then we would be paying a greater proportion of taxes to our gross earnings than any of the other roads in the State, with one exception.

I don't think there is anything further that I can add. The figures are as stated, and the facts show for themselves; and we ask that you simply use the same rule you have been applying to other citizens, and taking the actual value of \$3,000 that you give us the benefit of 60 per cent reduction, and make this assessment about \$1,800 or \$2,000 a mile.

Governor Oddie—Are there any further remarks on this, gentlemen?

Mr. Malley—Mr. Chairman, I am sorry that such a condition exists; that this road is running at a deficit. But, owing to the conditions, as I stated before, and as Mr. Eggers stated the other day, if I gave the reductions, as some people think we should, we would have to close up shop; and I move we place a valuation of \$3,000 per mile on the Las Vegas and Tonopah main track.

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

Governor Oddie—You have heard the motion. Are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

*Las Vegas and Tonopah Railroad Sidetracks*

Governor Oddie—The next is sidetracks of same.

Mr. Malley—I move that a valuation be placed on the sidetracks the same as last year, \$1,000 per mile.

Mr. Ingalls—I second the motion.

Governor Oddie—You have heard the motion. Are there any further remarks? I will ask the Clerk to call the roll.

On roll-call the motion carried unanimously.

GARDNERVILLE RAILROAD.

Governor Oddie—The next is the Gardnerville Railroad, and with the permission of the board, I will ask Mr. Shaughnessy to give us a statement in regard to that company.

Mr. Shaughnessy—The Gardnerville Railroad, gentlemen, I will have to treat the system as a whole, which is the Virginia and Truckee Railway, at this time, in order to give you any information on the Gardnerville Railroad, which is the little branch line running from Carson City up to Gardnerville.

The Virginia and Truckee Railway mileage is as follows: Reno to Virginia City, 52.20 miles; Carson to Minden, 15.28 miles; total mileage operated, 67.48. The gross earnings for 1911 for the Virginia and Truckee Railway included the earnings of the Gardnerville Railroad, and were \$301,323.06; for 1912, \$309,972.66, or an increase of \$8,649 in gross earnings. The net earnings for 1911 were \$93,240.81; for 1912, \$91,185.22, or a decrease in net earnings of \$2,155.59. Now the taxes paid for 1911 are \$19,488.45, while for 1912 they were \$23,633.42, or an increase in taxes paid of \$4,144.97. The ratio of taxes paid for 1912 to gross earnings was 7.62 per cent. The average reproduction—

Governor Oddie—Just a second, Mr. Shaughnessy, what was the ratio in 1911?

Mr. Shaughnessy—The ratio in 1911, as I recall it, was very close to 7 per cent; I have not that ratio with me, but it was very close to 7 per cent.

The average reproduction value of the railroad, including road and equipment for such a line as the V. and T., small equipment and light rails and ties, would be \$20,000 per mile. That would give a total property value of \$1,349,600. The total assessed value of the property as rendered for the year 1912 was \$753,390, or an average assessed value of \$11,200 a mile.

Governor Oddie—What percentage is that?

Mr. Shaughnessy—The percentage of assessed value to the physical value is 55.7. Now the assessed value per mile of main track is \$8,750, and the sidetracks \$2,500, while for the Gardnerville branch line the assessed value per mile main track is \$5,750, and for sidetracks \$1,000 per mile. You will note, notwithstanding the fact that these valuations seem to be moderate, that they have, by reason of a large assessment being placed upon their rolling stock equipment, buildings, and so forth, actually paid on the basis of an assessed valuation of \$11,200 per mile, on all of their mileage. There is no warrant, on the basis upon which you have been proceeding with reference to other properties, for any increase in these valuations at this time; and to be consistent, I am forced to recommend that these valuations be left as they were made last year by the board.

Governor Oddie—Mr. Murphy is here representing the road, and I will ask him to make a statement.

Mr. Shaughnessy—I wish to say with reference to the earnings of the Gardnerville road by itself, they have not been segregated and reported to us for that line; we have only the earnings and expenses of the system as a whole.

Mr. Pohe—Were they included last year as a part of the V. & T.? I don't see any report of it.

Mr. Shaughnessy—It was treated separately in the order of business last year also.

Mr. Bartine—The figures are in an entirety.

Mr. Shaughnessy—You refer to the figures that are reported there? (Referring to statements of earnings and expenses held by the Assessors.)

Mr. Pohe—I cannot find them.

Mr. Shaughnessy—We were unable to report segregated earnings for the branch line, for the reason I have explained. We have not required them to report separately for that little branch line; instead we treat the system as a whole, and require total earnings and expenses.

Mr. Pohe—You treated it as a whole last year, and separately, also?

Mr. Shaughnessy—No, not separately last year as to earnings and expenses. They were assessed separately, that is what I intended to convey to you.

Mr. Pohe—Is the increase in earnings or in revenue on the Gardnerville branch any greater than it is on the V. & T. main line?

Mr. Shaughnessy—That is a thing I cannot explain to you, for the reason I have just stated, that we do not require them to segregate. Mr. Murphy, however, may have some segregation of those earnings as to the branch line to Gardnerville, and also on the main line; he may have them segregated. We have not found it necessary to have them segregated for our particular use in rate making. Of course for the purposes of this board it would be convenient to have them segregated, and reported by the classification as made in this order of business.

Mr. Pohe—I thought probably in that way I could get to one of the reasons Mr. Murphy's road did not earn as much, according to the records this year, as it did the year before, on the main line.

Mr. Shaughnessy—You will notice the total earnings were increased by \$8,649 on the whole property—the Gardnerville and main line together; while you will notice they show a falling off in net earnings of \$2,155 this year as against last year.

Mr. Murphy—Mr. Chairman, and gentlemen: I presume having heretofore used some definite basis of assessment, you are going to use it this time, 6 per cent or 8 per cent basis, on fixing valuations on the road, that the Railroad Commission has used there, and I have assured the Assessors that they probably would show here today \$66,831.77 as the net income last year. Capitalized at 8 per cent that would show \$835,397; and 60 per cent of that valuation would be \$501,238, as against an assessable valuation this year in the counties through which we pass, of \$753,000, showing an over assessment of some \$223,000. I merely mention this as I have called it to the attention of several Assessors. Now, the Commission's figures are based on June 30, 1912. The board assessing for this year has thought proper to quote the figures that are placed with the Commission, the sworn reports that go in to them for every month, up to November 30, 1912, a comparative basis with the same period ending November 30, 1911. It shows a falling off in our gross earnings of \$14,281.05, and in our net earnings of \$23,679.59. Now, capitalized at 8 per cent the total valuation of the road would be \$693,148. That would be the actual cash value of the road capitalized at 8 per cent. Mr. Pohe has asked for the earnings of the Minden branch. I am sorry I did not know this was coming up, or I should have had the figures definitely. The other day we figured up approximately what those earnings were on the Minden branch, and that would be \$31,041.50.

Mr. Bartine—Gross or net?

Mr. Murphy—That is gross for the year. That is approximately correct, probably it will vary a couple of thousand dollars, but it is approximately correct. It is figured on the mileage basis, and it is almost impossible to segregate those earnings, as the Commission should wish, unless some definite basis could be arrived at for doing so. The operating expense of the Minden branch is exceedingly heavy, as much so as on our main line where we have heavy grades, light engines, and heavy curves to contend with.

I will not take up any more of your time. While this shows we are over-assessed, I will simply ask that you leave our assessment as it was last year, \$5,750 on the Minden branch, and \$8,750 on the main line. I thank you.

Mr. Hayes—Mr. Chairman, it strikes me that these roads ought to be assessed separately. It don't look exactly like a fair valuation between the two lines. Take this road going from here south, it is simply a branch line, while the other goes clear through from Reno to Virginia City. The valuation is high enough on the whole, but it strikes me it is not a fair division for those two roads.

Mr. Bartine—What point are you making?

Mr. Hayes—I am making the point that this little branch out here is getting more benefit than it would be entitled to compared with the main line.

Mr. Bartine—You mean it is being over-assessed according to the other?

Mr. Hayes—Yes, I mean over-assessed compared with the other.

Mr. Bartine—I thought that was what you meant.

Mr. Hayes—Yes, sir, over-assessed, and the other under-assessed.

Mr. Shaughnessy—Do you take the position that it should be reapportioned?

Mr. Hayes—I think so, yes.

Mr. Shaughnessy—Increase on the main line and decrease on the branch line?

Mr. Hayes—Well, I am not positive about that. It strikes me your figures should show that, whether it is necessary to do that or not.

Mr. Bartine—It is a pretty hard matter to get at exactly, Mr. Hayes.

Mr. Pohe—In explanation of what I was getting at when I asked if they had been segregated, I notice the gross operating revenue in 1911 was \$301,000, in round figures, and the total operating expense was 208,000 and some odd dollars; in 1912 they had but \$8,000 more gross revenue, and it cost them over \$10,000 to produce that extra \$8,000, according to the figures as submitted to us; and I was wondering if they kept that up, how much it would cost them if they kept doubling it each year.

Mr. Bartine—Perhaps Mr. Murphy can explain that to you.

Mr. Pohe—It may be a local difference, but that was the reason I asked that. I thought probably there was a greater revenue in other years from the Minden branch, that had been put in with the other road.

Mr. Murphy—I think I can explain that, though I would like very much to bring down our operating expense account and go into detail with you. During 1911, a great part of our traffic was handled to Virginia City; from here to Virginia City the grades are exceedingly heavy; it required sometimes special service, and most times double-

headers from Carson; and you can readily understand the extra cost of fuel and employees in that service is what brought it up. Mr. Seeman will agree with me when I say of the \$23,000 falling off, that 85 per cent of it is in Virginia City in the last year; that is for the period ending November 30, 1911.

Mr. Pohe—But the discrepancy comes in in 1911.

Mr. Murphy—That is where the extra cost is; and besides that, there is a personal injury claim which was paid.

Mr. Pohe—It cost you more in 1912 than it did in 1911?

Mr. Murphy—That is the idea I am talking about; the personal injury claim was paid in 1912. In order to go through these details, I would have to bring the books down here. The Railroad Commission and the Interstate Commerce Commission, if they consider anything inadequate or overcharged in our operating expenses, would certainly find it in a very short time, but to go into details as to how that few thousand dollars was made up, would take some time.

Mr. Pohe—I thought maybe the Minden branch for other years had been put in as the V. & T., and would change the operating expense.

Mr. Murphy—No; I will show how impossible it is to segregate it. For instance, in the morning we run a train from here to Minden, then the motor leaves here in the morning and goes to Reno, then comes back to Carson from Reno, then on to Minden, and from Minden back to Carson. Now you would have to take either a mileage basis, or wheel basis, or car basis, in order to figure the expense as applied to the Minden branch. The proportion of expense, I guess is higher on the Minden branch than it is on the V. & T., but not so much so that it would make any extraordinary change.

Governor Oddie—Are there any further remarks on this question?

Mr. Arrild—Mr. Chairman, I understand we are working under the head of Minden or Gardnerville road, or whatever you call it?

Governor Oddie—Yes.

Mr. Arrild—I have listened to all the railroad talks, and all these things. I am not familiar with the railroads in other parts of the State; but we have this little railroad out in Douglas County, and I will say this much, that the last year I have been familiar with the traffic and freighting, they have not had the business the last year that they had two years ago; and in that way I should think that the V. & T. Company would be willing to leave well enough alone, and I will therefore make a motion that the valuation be placed at \$5,750 on the main line from Carson to Minden, and \$1,200 on the sidetracks, the same as it was last year.

Governor Oddie—You include both in the same motion?

Mr. Arrild—Yes.

Governor Oddie—I would like to call the attention of the board to the correction made last year in the name. Minden Extension of the Virginia and Truckee Railroad is the correct title.

Mr. Leonard—I second the motion.

Governor Oddie—You have heard the motion, are there any remarks?

Mr. Ingalls—I wish to know if this is the same valuation as was placed on this property last year?

Governor Oddie—Yes. The motion is making the valuation \$5,750 on the main line and \$1,200 on the sidetracks. Are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

NEVADA, CALIFORNIA AND OREGON RAILWAY.

Governor Oddie—The next is the Nevada, California and Oregon Railway, and sidetracks of the same.

Mr. Miles—I understand there has been no valuation placed on the Virginia and Truckee Railroad.

Governor Oddie—That comes after the Nevada, California and Oregon.

Mr. Miles—Oh, we have not passed on that yet?

Governor Oddie—No, not on the main line. With the permission of the board, I will ask Mr. Shaughnessy to make a statement.

Mr. Shaughnessy—The Nevada, California and Oregon Railway is operating mileage as follows: A total mileage, entire system, is 238.58. Nevada mileage is 27.75. The gross earnings for the year 1911 were \$338,967, and for 1912, \$388,811, or an increase of \$49,844. The net earnings for the year 1911 for the entire system were \$95,975; for 1912, \$125,984, or an increase of \$30,009. The gross earnings in Nevada for the year 1912 were \$53,221.28; and the net earnings were \$19,142. The taxes paid in Nevada in 1911 were—

Governor Oddie—Just a minute. Let me interrupt you. Have you the net and gross for the Nevada mileage for 1911?

Mr. Shaughnessy—Not for 1911, no. We just required them this year to make a segregation to the Nevada mileage. They operate in California and Oregon, and we required them to make a mileage pro-rate of gross and net, which they have done for 1912. We will have the comparison from now on, in succeeding years. Taxes paid in Nevada for 1911, \$3,397.39; taxes paid in 1912, \$4,030.82. The ratio of taxes paid in 1912 to gross earnings is 7.57 per cent; so you can see that the assessed valuation we have on that property at the present time is a very good one—is about all the narrow-gage should be assessed at. The board assessed that property at \$4,000 a mile, main track, and \$1,000 a mile sidetrack last year, and I think that would be a just and fair valuation to place on it at this time.

Governor Oddie—Is there a representative of the company here?

Mr. Shaughnessy—There is nobody here.

Mr. Hayes—I will say, Mr. Chairman, they never have a representative—never speak to anybody about it. And I accept Mr. Shaughnessy's statement, and will make a motion that the main line of the Nevada, California and Oregon Railway be placed at \$4,000 per mile.

Governor Oddie—Do you want to include the sidetracks in the motion?

Mr. Hayes—I include the sidetracks, at whatever they were last year, \$1,000.

Mr. Lemaire—I second the motion.

Governor Oddie—You have heard the motion. Are there any further remarks? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

VIRGINIA AND TRUCKEE RAILROAD.

Governor Oddie—The next is the Virginia and Truckee Railroad with sidetracks of same. With the permission of the board, I will ask

Mr. Shaughnessy to make a statement. I think it is already covered, but he might have something more to say.

Mr. Shaughnessy—The operating detail of the Virginia and Truckee Railroad has been covered fully in my previous remarks; and I would recommend that the same valuation be placed this year that was placed last year, namely, \$8,750 a mile main track, and \$2,500 a mile sidetrack.

Mr. Seeman—I make a motion that the Virginia and Truckee Railroad be assessed at \$8,750 a mile main track, and the sidetracks at \$2,500 a mile.

Mr. Stern—I second the motion.

Governor Oddie—You have heard the motion. Are there any further remarks? Mr. Murphy, have you anything to say?

Mr. Murphy—No.

Governor Oddie—Are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

#### EUREKA-NEVADA RAILWAY.

Governor Oddie—The next is the Eureka-Nevada—by the way, is that the old Eureka and Palisade; is that the new name for it?

Mr. Shaughnessy—Yes; that is the reorganized name.

Governor Oddie—With the permission of the board, I will ask Mr. Shaughnessy to make a statement.

Mr. Shaughnessy—The Eureka-Nevada Railway operates 88 miles. The gross earnings for the period ending June 30, 1913, estimated on the basis of the first three months operation, will be \$71,651; and the operating expenses estimated on the same basis will be \$56,026. The net earnings will therefore be \$15,624.68. The taxes estimated upon the same basis of the monthly reports, which we require the railroads to render, will be \$1,095. The company has been washed out during the past two years, and just resumed operation sometime during 1912. The taxes paid in 1910, the last year that they operated prior to the destruction of their property, were \$4,347. The assessment of the property was left to the Eureka County Assessor last year. I think in view of the fact that this property and the Nevada Central are substantially similar in every detail, construction and otherwise, and both being narrow-gage properties, that they should be assessed on the same basis. The Nevada Central Railroad assessment for last year was \$1,250 main track, and \$300 sidetrack, which I have estimated will be fair for this year's assessment; and I would therefore recommend that a similar assessment be placed against the Eureka-Nevada Railway—\$1,250 main track and \$300 sidetrack.

Governor Oddie—Is there a representative of either of those companies here?

Mr. Shaughnessy—I think not.

Mr. McTerney—Mr. Sykes is interested in the Eureka and Nevada.

Mr. Sykes—Gentlemen, I just happened here by accident. I was snowed out from where I was, and saw in the paper that the Board of Assessors was to meet here; and, as far as I am concerned, I am perfectly willing to leave the taxation of our road in the hands of the board. All we want to do is to have you assist us as much as you can in repioneering; that is what we are doing now. I feel that we will be dealt with fairly and justly, and am willing to abide by your decision in this matter. I thank you.

Mr. McTerney—I think Mr. Shaughnessy's figures based on the first three months, will be excessive for the year; I hardly think they will come up to that; they had to reduce their service. I was talking with the manager of the company in Palisade, and I think we realize their needs as well as our own, and I move that a valuation of \$1,250 a mile be placed on the main track, and \$250 a mile on the sidetracks.

Mr. Leonard—I second the motion.

Governor Oddie—You have heard the motion. Are there any further remarks?

Mr. Ingalls—Is this a narrow-gage road?

Mr. Shaughnessy—Narrow-gage, yes.

Governor Oddie—Are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

#### NEVADA CENTRAL RAILROAD.

Governor Oddie—The next is the Nevada Central and sidetracks of the same. With the permission of the board, I will ask Mr. Shaughnessy to make a statement.

Mr. Shaughnessy—The mileage operated by the Nevada Central is \$93.30. The gross earnings for 1911 were \$84,614; for 1912, \$59,785, or a decrease of \$24,829. Net earnings for 1911, \$36,809; net earnings for 1912, \$12,591, or a decrease of \$24,217. Taxes paid 1911, were \$4,207.50; for 1912 they were \$3,953.05. The ratio of taxes paid for 1912 to gross earnings is 6.60 per cent. The assessed value last year, main track, \$1,250; sidetrack, \$300 a mile. I would recommend, in view of the assessment levied on the Eureka and Nevada, that the assessment be made \$1,250, main track, and \$250 sidetrack.

Governor Oddie—Is there a representative of the company here?

Mr. Shaughnessy—I think not, Governor.

Mr. Lemaire—Mr. Chairman, I make a motion that the valuation on the Nevada Central Railroad be placed at \$1,250 per mile on the main line, and \$300 per mile on the sidetracks, the same as last year.

Mr. Sitton—I second the motion.

Governor Oddie—You have heard the motion. Are there any further remarks? Are you ready for the question?

The question was called for, and on roll-call the motion carried unanimously.

#### SILVER PEAK RAILROAD.

Governor Oddie—The next is the Silver Peak Railroad and sidetracks of the same. With the permission of the board, I will ask Mr. Shaughnessy to make a statement.

Mr. Shaughnessy—The Silver Peak Railroad operates 17.50 miles. Gross earnings for 1911 were \$14,833, while for 1912, they were \$14,853, an increase of \$19.80. The net earnings for 1911 were \$1,135, while for 1912 they show a deficit of \$756. The taxes paid in 1911 were \$833, while for 1912, they were \$887. This property was left with the County Assessor of Esmeralda County last year, and he seems to have placed a very equitable assessment upon the property, in view of its poor earning condition, as the ratio of taxes paid in 1912 to gross earnings is 5.97 per cent.

Governor Oddie—Is there a representative of the company here?

Mr. Shaughnessy—There is no representative here.

Mr. Stern—Mr. Chairman, owing to the fact that the Railroad Commission thinks that the Assessor of Esmeralda County made a fair and just assessment last year, I move that it be left to the Assessor of Esmeralda County.

Mr. Whitehead—I second the motion.

Mr. Ingalls—It is a little branch line running from the T. & G. over to Blair, about 17 miles, a kind of an accommodation road; and I am willing it be left to myself, as Assessor of Esmeralda County, if you see fit to do so, or for the board to place a valuation on it, it don't make any difference to me. You can't place a very high valuation, any more than I have before, as conditions exist.

Governor Oddie—The motion is to leave the assessment to the Assessor of Esmeralda County. Are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

#### CALIENTE AND PIOCHE RAILROAD.

Governor Oddie—The next is the Caliente and Pioche Railroad and sidetracks of same. With the permission of the board, I will ask Mr. Shaughnessy to make a statement.

Mr. Shaughnessy—The Caliente and Pioche Railway is included in the operating detail that I placed before you for the San Pedro, Los Angeles and Salt Lake Railroad. It runs from Caliente to Pioche, and serves the mining district at Pioche. I understand that the operations have not been very great, due to the fact that mining has not been very successful; and in view of those circumstances the board placed an invoice valuation upon that branch line property last year of \$3,000 a mile, the same as was placed on the Las Vegas and Tonopah and the Tonopah and Tidewater Railroads; and unless the Assessor of Lincoln County knows something to the contrary, I know of no reason why there should be any increase made in that valuation at this time.

Governor Oddie—Is there a representative of the road here?

Mr. Shaughnessy—Yes, Mr. Waters.

Mr. Waters—Mr. Chairman, I believe a valuation placed the same as last year would be fair, and agreeable to us. The condition has changed very little; there is some low-grade ore shipped out, but very little, and I believe \$3,000 a mile assessment would be very fair.

Mr. Ronnow—Mr. Chairman, I would like to state for the past year they have been doing considerable more business than they have heretofore; they have been shipping tailings up from the old smelter site; also shipping considerable ore from Pioche in the Bristol district.

Mr. Waters—I would like to answer that statement by saying we have shipped a few cars, I believe it was five cars a day, shipped from Pioche.

Mr. Ronnow—It has been averaging the same as that for the last six months.

Mr. Waters—This is mostly low-grade stuff, mostly tailings from Panaca, in fact, they all are—this Jack Rabbit stuff, shipped from Pioche from the Jack Rabbit mine, to be used as flux. I have not the figures with me, I could have got them, but I didn't think it was necessary to have them; but I am very confident that the gross earnings—while the business may have increased, the gross earnings have not increased materially, or in proportion.

Governor Oddie—We are ready for a motion.

Mr. Ronnow—I would like to ask Mr. Waters if he considers the valuation placed on it last year was a fair valuation—\$3,000 a mile?

Mr. Waters—With respect to the valuation last year, I believe it was, compared with the earnings of the road and its financial condition; but as we have said, it has been understood and stated a number of times here, it is what is called the “junk basis” value, the same as some of the other roads here not up to the standard of the earnings.

Mr. Ronnow—I have not any figures, and as Mr. Shaughnessy has not any segregated from the main line, and as Mr. Waters thinks they have not been making any more money, I move we place a valuation on the main line of the Caliente and Pioche Railroad of \$3,000 per mile, and sidetracks \$1,000, the same as last year.

Mr. Stern—I second the motion.

Governor Oddie—You have heard the motion. Are there any further remarks? I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

#### ATCHISON, TOPEKA AND SANTA FE RAILROAD.

Governor Oddie—The next is the Atchison, Topeka and Santa Fé Railroad and sidetracks of same. With the permission of the board, I will ask Mr. Shaughnessy to make a statement.

Mr. Shaughnessy—The Atchison, Topeka and Santa Fé Railway, so-called, covers the operation of the little road known as the Barnwell and Searchlight Railway, which operates in the extreme southern end of Nevada, and serves Searchlight. They operate in Nevada 13 miles. The gross earnings in Nevada for 1912 were \$2,838.34. The operating expenses in Nevada for 1912 were \$6,670.76, or an excess over the earnings of \$3,782.42. The taxes paid in 1911 were \$1,051, while for 1912 they were \$830. This property was assessed last year on the basis of \$2,500 a mile, main track, and \$800 a mile, sidetrack. In view of the financial showing made, I don't see very much justification for any increase in the valuation; however, the County Assessor may know more about the proposition that I do; he may be more familiar with it. On the basis of the earnings, it don't look as if there should be much increase.

Mr. Ronnow—I believe Mr. Waters is the representative of that road.

Governor Oddie—I will ask Mr. Waters to make a statement, with the permission of the board.

Mr. Waters—I am a sort of an ex officio representative. I talked with Mr. Jewett, the tax agent for the Santa Fé, in Los Angeles, and he expressed himself as agreeable to the assessment made last year. He thought it would be proper to have the same assessment this year, in view of the circumstances and the road's condition.

Mr. Whitehead—Mr. Chairman, I don't know of any reason why it should be raised. I know that the town of Searchlight is nearly off the map; I think in another year they will be off the map, if they keep going; and I move that a valuation of \$3,000 a mile be placed on the main track, and \$1,000 on the sidetracks.

Mr. Ronnow—I second the motion.

Governor Oddie—You have heard the motion, gentlemen; are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

## GLASGOW AND WESTERN EXPLORATION COMPANY :

Governor Oddie—The next is the Glasgow and Western Exploration Railroad Company, and sidetracks of same. Mr. Shaughnessy, with the permission of the board, will you make a statement?

Mr. Shaughnessy—This is a small private narrow-gage railroad running between the Exploration Company's smelter, located at Golconda, and its mines, about 12 miles from Golconda; it handles no commercial business, is not a common carrier, and therefore does not report to the Commission. Last year it was left to Mr. Leonard, the Assessor of Humboldt County, and I should think that would be the proper procedure at this time with reference to that property.

Governor Oddie—We are ready for a motion, gentlemen.

Mr. Leonard—I move that the Glasgow and Western Exploration Railway Company be left to the Assessor of Humboldt County, the same as last year, including the sidetracks.

Mr. Lemaire—I second the motion.

Governor Oddie—You have heard the motion; are you ready for the question?

The question was called for, and on roll-call the motion carried unanimously.

## PIOCHE AND PACIFIC TRANSPORTATION COMPANY :

Governor Oddie—The next is the Pioche and Pacific Transportation Company Railroad and sidetracks of same. I will ask Mr. Shaughnessy, with the permission of the board, to make a statement.

Mr. Shaughnessy—This is a small railroad running from Pioche to the mines, a few miles; it transacts no commercial business, and does not report to the Commission. It was left to the Assessor of Lincoln County last year, and I should think that would be the course to follow at this time with reference to that property.

Governor Oddie—We are ready for a motion.

Mr. Ronnow—I move that the Pioche and Pacific Transportation Company Railroad, including the sidetracks of same, be left to the Assessor of Lincoln County.

Mr. Whitehead—I second that motion.

Governor Oddie—You have heard the motion. Are you ready for the question?

The question was called for, and on roll-call the motion carried unanimously.

## NEVADA COPPER BELT RAILROAD :

Governor Oddie—The next is the Nevada Copper Belt Railroad and sidetracks of same. Mr. Shaughnessy, will you make a statement?

Mr. Shaughnessy—The Nevada Copper Belt Railroad operates a total of 41.47 miles, subdivided as follows: Between Wabuska and Ludwig, 38.97 miles; between Wabuska and Thompson, 2.50 miles. The gross earnings of this company in 1911 were \$33,666, in 1912 they were \$131,144. The net earnings in 1911 were \$252.79, while for 1912 they were \$51,004.91, an increase in net earnings of \$50,752. Taxes paid in 1911, \$1,094; taxes paid in 1912, \$3,195. The ratio of taxes paid in 1912 to gross earnings was 2.43 per cent. The taxes that would accrue on the basis of 4 per cent would be \$5,245.78, as compared with \$3,195, the amount paid, as reported to the Commission June 30, 1912. The reproduction value of this property, including road and equipment, will

not be less than \$20,000 per mile. The amount reported at this time for cost of construction and improvements, including road and equipment, is substantially \$25,000 per mile; but that sum perhaps includes some extraordinary amounts that went into the financing of the road; and I would say that the reproduction value of the property at this time would be on the basis of \$20,000 per mile. The total amount of property rendered to the Assessor of Lyon County for taxation last year, on the basis of an assessment of \$5,750 per mile, main track, and \$1,000 per mile sidetrack, plus the assessments on rolling stock and equipment, amounts to \$338,803. This is an average assessed value per mile of \$8,170. The value of the property on a reproduction basis, at \$20,000 a mile would be \$820,194. The ratio of the reproduction value to the assessed value as given above, would be 40.8 per cent. This is the proportion of the total property that they were assessed upon, on the basis of the amount returned last year. An assessed value of \$9,000 per mile, main track, plus approximately \$2,200, which they rendered last year for sidetracks and rolling stock and equipment, will make a total value of \$11,200 per mile, or 56 per cent of the reproduction value of the property.

I believe, in view of the figures I have here on this road, and the great increase that they have made in earnings during the period since the board met last year, that an assessed valuation of \$9,000 per mile on that property would be none too great. Nine thousand dollars per mile main track and \$1,000 per mile sidetrack. I have every reason to believe that that property will show a very substantial increase in earnings during the forthcoming period. They were in very poor condition a year ago, and for that reason they were let off with an assessed valuation of \$5,750 per mile. Mr. Moore represents the road.

Governor Oddie—We would like to hear from Mr. Moore.

Mr. Moore—I dislike very much to come before the Board constantly, and take up as much of your time as I have usually been compelled to take up in a discussion of what would be a fair tax value upon our road. If the gentlemen who compose this board are to exercise their own judgment as to what is fair and right in dealing with the roads that they have to deal with—as I understand the law contemplated they should do—then I will feel the time is neither wasted to me nor to the Board of Assessors. I take it that if the question of what should be the tax value upon a road of this character is to be left to Mr. Shaughnessy, or any other individual, independent of the question of whether it is a fair value as compared with other roads, then I should not have anything to say, and my time is wasted in talking to the board, and I am wasting the time of the board. However, I believe the board agrees with me, that had the Legislature or the people of this State intended that the board itself should not pass upon these questions, and analyze every question that is brought before it, and finally use each man his own best judgment as to what he should do, and as to what is fair and equal justice to the roads and the different properties he is called to act upon, then I believe the Legislature and the people of the State, would not have wasted their time in passing an Act which provided for the meeting of the Board of Assessors. They could have passed that matter up to any one individual at that time, and not put the State to either the expense or the trouble of having you gentlemen come here from all over the State to pass upon a question of this kind.

I know that I labor under one disadvantage, as I have stated to some members of the board, that is, that I have not usually been able to come here with any agreement even with the Assessor of my own county; and I don't know that the Assessor of Lyon County—and our road is all in Lyon County—and I now agree upon what would be a fair valuation upon this road. But I do know that I echo the sentiment of Mr. Pohe when I say that I know—whatever he may have to say here, I believe he will back me up in saying that he expects every man upon this board to analyze the facts and figures that are put before him, and to exercise his own best judgment, and not to accept his, Pohe's idea, as to what would be a fair value, or necessarily my idea as to what should be a fair value, or that of any other individual.

Now the figures that have been introduced here—in the first place, I have been coming before the board for several years, and I want to say that as far as our valuation, fixed last year at \$5,750 a mile, is concerned—and which is now used as a basis, as an additional boost upon the road—that valuation was fixed, as you gentlemen will remember at the same value that was fixed upon the Minden branch of the V. and T., and a comparison at the time was made between the two. The Minden branch, as I remember today, passed at that same figure, and it showed a gross earning for the year of between \$30,000 and \$40,000. I am not objecting or seeking to cast any reflections, or make any objection to the action of this board as to the value of any other road, or as to what it should do relative to any other road; but I simply cite this matter because I expect to use it; and I ask you, gentlemen, to use it as a matter of comparison in arriving at your final decision. At the time we were assessed \$5,750 a mile upon our road, and a comparison was made between us and the Minden branch of the V. & T. Railroad, the reports in the hands of Mr. Shaughnessy showed that our road had a net earning of \$8 a mile; it showed at that time that the Minden branch had a net earning of \$1,500 and some odd a mile. The assessment as fixed at that time, I can show—it is history with us—and I am sure that the Assessor of our county will bear me out in it, that the assessment even as fixed at that time by the people in the county, the Board of Equalization, by Mr. Pohe himself, was considered higher than our road should have been assessed, and as an unfair valuation of the mileage of the road at that time. Now take the report that is in the hands of the Commission, and that they have given you gentlemen the benefit of, it is, to say the least, rather adroitly constructed. In the first place, when we first began coming before the board for taxation, the total reproduction cost of our road was only a little over \$15,000 a mile; since then, every dollar that the road has been able to get hold of, and every dollar it has been able to wring from its stockholders, it has put into betterments, equipment, and into improving the service conditions of the road itself. The net earnings, as you will notice, are charged against the road for the purpose of fixing its tax valuation. They are returned into the betterments of the road, and then Mr. Shaughnessy comes back at us with the proposition that the road's ad valorem value is worth that much more; in other words, the profits are first charged against us for taxing purposes, and then put back into the road and doubly charged against us, because they are again added to the ad valorem value of the road in order to raise that.

Now there has been some talk here of comparative values, and I have made some figures myself. We have gone pretty carefully into the conditions of that road, and into its earnings; and its earnings for the past year, taking the calendar year itself; and I contend, as I think some gentleman contended before the board this morning, that the calendar year is the tax year. The calendar year is the year we have a right to look to see what the road is worth; and the calendar year is what we look to, and what we figure upon in figuring our taxes. The calendar year is what we have to pay the taxes upon. And last year—for the year 1912—our gross income showed about \$140,000—I am speaking now of the calendar year itself—with a net receipt of a little less than \$55,000, practically the same figures that have been given you as the net and the gross for the first six months of the year, including the last six months of the year before. But in fixing and in giving to this board the taxes that are to be taken from that, we are simply given credit for the payment of taxes for last year. Now our property was turned in for \$338,000 last year, and our taxes for the year were a little bit under \$7,000. I don't remember, Mr. Pohe has probably the exact figures, but they were in the neighborhood of \$7,000. But it don't make any difference whether all of those taxes have been paid or not, it is a system that has been adopted by the State, as we all know, to make a payment of half of the taxes in December and half in June. But the system works out just the same; and that \$7,000 is the tax charged against that property for the year 1912. Upon that basis, taking into consideration the fact that the Commission, or Mr. Shaughnessy, in figuring for this board, adopts three or four different methods; if the method of 4 per cent of the gross profit does not fit, then perhaps a capitalization of the net will; if neither of those will fit and get the highest figures, then the reproduction value of the road will fit. The Supreme Court of this State has said three or four times in figuring upon the earning capacity of a railroad that has not come up to a fair earning upon its investment, the method to be adopted is a capitalization of its net earnings. Now it does not make any difference to me what one of those systems you adopt to figure out a fair valuation for us upon our gross last year. If you figure 4 per cent, which is as high as I know of any State figuring for a tax rate, our taxes should have been \$5,520 as against almost \$7,000. If you figure upon the basis of a capitalization of net income, then our total assessment value would have been less than \$300,000 upon a net income of \$55,000 for the year. We paid in the neighborhood of \$7,000 taxes for the year; and that is, as you will notice, almost 14 per cent of our net income for the year, and almost 7 per cent of our gross income for the year. Now if I have heard the discussion aright that has been made before the board, some one of these systems has been adopted, and it does not make any difference what system Mr. Shaughnessy wishes to adopt for the purpose of taxation of a road, it does not seem to me that it is fair to try to figure out any system, except what it is actually worth. I think the board has been fair with the roads throughout this session; and we are paying as the exact figures—and the figures can be verified—we are paying in the neighborhood of 13 per cent upon our net, and almost 7 per cent upon our gross, in taxes, and we are putting every dollar that the road makes into new equipment, and into betterments for the road. And in that connection, I want to say to you now that we have under contract new equipment right now, that comes into

Lyon County for taxation this year, that amounts to more than another thousand dollars a mile upon the road. Not only that, but they have been constantly putting their net into the road, and into this new equipment, and the stockholders of the road have themselves dug down into their pockets, and made loans to the company for the purpose of supplying this new equipment, for the betterment of its transportation facilities, and for the satisfaction and gratification of the people with whom it has to deal. I do not see where there could be a figure evolved out of all the figures we have, that under any circumstances or conditions on earth will justify any raise whatever; and I tell you frankly and fairly, and say it as conscientiously as any man that ever stood before you said it, if you will figure out in dollars and cents what the road should pay in taxes, you will figure that a mileage basis of \$5,000 a mile would be abundantly high, and as high in proportion as any road in the State of Nevada is paying today.

We have no reason—and neither has Mr. Shaughnessy—and you have no right to expect any particular increase—any increase at all—in the business of the road for the coming year. We have the right to try to reach out, and try to get new business, and we want to do it, and we want you gentlemen as judges between us in this and the State and county, to help us to do that by giving us a fair, square shake; and that is all we are asking at your hands; and not simply because there is a proposition or a possibility of there being additional moneys needed. Here is a road that is, as far as I know, the baby road of the State, struggling along, trying to get on its feet; that Mr. Pohe, or anybody else, will tell you has been, and is being, and promises to be in future the upbuilding of the county through which it has gone—give that road some protection; give the people who have put their money in it some protection, and give them a chance to improve the conditions and better the service of the road, and to extend it and make it worth more to the county and the State. The only way that can be done, as you gentlemen know, is to treat it fairly; and there is no combination of figures that I know of from which you can justly or satisfactorily evolve any result, in view of your practice with the other roads, and your dealings with the other roads since you have been here as a body, that would bring our mileage today over \$4,000 a mile. And, as I say to you, there is something like \$50,000 in new equipment under contract, a part of it on the way now; and this \$338,000 that we have paid, as Mr. Shaughnessy quoted to you, the tax upon our equipment last year, coupled with the railroad tax at that time, brought us above the \$8,000 mark then. We are adding an additional \$1,000 a mile in equipment now; and it certainly seems to me that we are entitled, if you take and figure the proposition out from any reasonable standpoint on earth, we are entitled to have our mileage tax at \$5,000 rather than almost double that amount.

Governor Oddie—Mr. Shaughnessy, have you anything further to say on that?

Mr. Shaughnessy—In response to the remarks made by Mr. Moore, I do not apprehend, and I do not think there is a member of this board does, that I am here dictating as to the valuations the board shall levy. I simply have been asked to come here and give for your consideration such data as the Commission has on file, which is rendered to it under the sworn statement of each of these utilities operated within the State;

and Mr. Moore's remarks are not well taken when he says I am dictating to the members of this board as to what valuation they shall levy. I am placing before the board uniform valuations, as near as I can get at them, for your consideration. If they meet with your view of what is just and fair, all things considered, you may use them; but I don't know what valuation you will adopt; and I have not in any sense told you what valuation you shall adopt. You may use any method you see fit, and nobody can say—Mr. Moore or anybody else—what particular phase of the data put before you by the Railroad Commission and the tax agents, actuates your mind in reaching the conclusion to which you come.

Now with regard to the methods used, I want to say we have not proceeded upon any different method or basis—that is, I have not—in finding a fair valuation of the Nevada Copper Belt property. For example, the amount that I placed before you for consideration is 56 per cent of the fair reproduction value of that property, what it would cost them to reproduce it. And with reference to the adoption of the gross earnings basis and net earnings basis, and other basis of which Mr. Moore complains, I disagree with him. I have not adopted any set basis; I have simply used a gross earnings basis in those properties having large intangible value, which could not be reached by any other method, and have only placed it before you as evidence. The board has in no sense adopted a 4 per cent of gross earnings basis in the taxation of property. It may have been used to some extent by me in reaching the valuation, the fair valuation of a property, where its physical property was less than 4 per cent, produced. Likewise with reference to the net earnings basis, that has not been used in my calculations except with reference to the express companies, wherein it is specifically provided by law. All things considered, I don't see any reason why these people—the Nevada Copper Belt—should not pay upon the same unit of valuation as other properties operating in that territory. They have now got into a condition where they are operating successfully, and will continue to operate successfully from this time forward. If at some succeeding period they can come forward and show that they are not successful, and that their earnings are falling off, then it will be time for this board to take those matters into consideration.

Regarding the comparison that Mr. Moore made with reference to the gross earnings, I believe he showed that the taxes that they would pay on that basis would be substantially 6 per cent. The taxes actually paid, as reported to us, are about 2.6 per cent.

Mr. Moore—Pardon me, Mr. Shaughnessy; you will admit, however, that if our assessment last year was in the neighborhood of \$7,000, our figures were fair, will you not?

Mr. Shaughnessy—I will get to that, Mr. Moore. The taxes which will accrue upon the basis of the property rendered for taxation last year, as I figure it, on the basis of the 2 per cent state and county rate in Lyon County, will amount to \$6,776.06. Now those figures were taken from the tax roll itself, and dividing that amount by the gross earnings I find the ratio 5.85 per cent paid in taxes, on the basis of the earnings for the year which ended June 30, 1912. If you gentlemen will recall, you have not in the consideration of any of the railroads, tied yourselves down to any per cent, except where the physical valuation of the property exceeded 50 per cent. The aim has been to place

the assessed value of the railroad properties between 50 and 60 per cent of full value, in order to gain uniformity throughout. And upon that basis the amounts I recommended here will make about 50 per cent of the full value of the property of the Nevada Copper Belt Railroad.

Mr. Whitehead—Mr. Chairman, I would like to say a word. And as I believe we want to take a recess, it will be just a word. Mr. Moore's insinuations seem to hit the Assessors as well as the Railroad Commission. The State Board of Assessors meet to make these valuations, and the railroad officials have their attorneys to represent them, and the State its Board of Assessors. They have as much right to take the figures of the Railroad Commission as those of the attorneys, especially when they have been submitted to the Commission by the railroad people themselves under sworn statement. And it seems to me the remarks of Mr. Moore are a little too strong. They reflect on the Assessors as well as the Commission. I have based my calculations on the figures given by the attorneys and the Commission and on my own judgment. And another thing—if a man has a farm, and he makes a net earning of \$10,000 on that farm, and turns around and puts it in a home, under Mr. Moore's reasoning we could not tax it. Because the railroad makes \$50,000 and puts it in the property, we cannot tax it. I think his ground is very badly taken, for the reason that if they did not want to put it in the property to be taxed, they could do the same as any other individual. If he makes a net earning he can put it in his pocket the same as the railroad could—or he could put it into betterments. But because he puts it in the property and makes that much more property, does not exempt it.

Mr. Moore—Mr. Whitehead, I don't imagine the Assessors have understood me as saying that you should take my figures or those of Mr. Shaughnessy, or anybody else. I simply ask that you take nobody's figures, but the figures submitted under sworn report, and figure it out for yourselves, keeping in mind the same ratios fixed on the other roads. That is all I ask. I certainly do not ask you to take my figures, or the figures of any one person at all. I simply ask that each man exercise his judgment on these figures, and give us a square deal. And I simply stated what I reiterate: If our road were paying dividends to its people it would be a different proposition, and there is not a road paying any higher rate of taxes than we are now. I don't believe there is another road where the question of ad valorem value, or reproduction value, has been brought forward. Simply because it happens in this case that it makes a higher rate than on any of the other values is no justification when it is not applied on other roads.

Mr. Shaughnessy—Mr. Moore, I will state that the reproduction value of the property of all the railroads has been placed before this board.

Mr. Moore—Your recommendations have been on the reproduction value?

Mr. Shaughnessy—Yes, sir.

Mr. Moore—It seems to me, Mr. Shaughnessy, that you made the statement different from the others. For instance, last year you gave a valuation of \$180,000 per mile for the Central Pacific Railway.

Mr. Shaughnessy—No, it was \$80,000 per mile. You have it just \$100,000 too high; \$80,000 was also used this time, and the board

placed an assessment which will amount to 52.6 per cent of that amount.

Mr. Moore—Was it in the case of the Nevada Northern?

Mr. Shaughnessy—No, their assessment exceeds the reproduction value of the property, because the board took into consideration the large intangible value of the property.

Mr. Moore—Was it in the case of the V. & T.?

Mr. Shaughnessy—Yes, it was—on the basis of 55.7 per cent of the reproduction value of the property.

Mr. Miles—Mr. Chairman, it seems to me if a railroad operating in this State makes a nice revenue and turns around and puts it into other property, that it is simply an accumulation of property, and every addition, and dollar, and additional value that goes into the property under our state laws is undoubtedly taxable. And it seems to me that the argument put up by Mr. Moore against the raise on this road is very poor, and, like Mr. Whitehead, I am not favorably impressed with the insinuations that have been offered.

Mr. Pohe—For the further enlightenment of the board I wish to say that Mr. Moore and I disagree in some of the figures submitted in this respect: The statement handed in to the Railroad Commission was a statement dated June 30, 1912, showing a net profit of over \$50,000. I am willing for Mr. Moore to deduct all of the taxes for 1912 from it, amounting to about \$7,000, and still he has a very nice profit, when you stop to consider that the year before they had but \$252 profit. Now I believe Mr. Moore is sincere and his road has done exactly as he said—put it back in the road—but we hope he don't need every year to put it back in the road, consequently reducing that. And the road must be in better shape than it was a year ago. Now, if the road's business is not going to increase, or they don't think it is going to, I don't see why they would put over \$40,000 back on 41.57 miles of road, and then order \$50,000 more in equipment. I am also willing to concede this: That Mr. Shaughnessy's figures of \$11,000 a mile, taking the physical condition of the road, I believe are a little too high, and I am willing to let the Board of Assessors do the judging of it. If I was assessing the road, knowing the conditions existing on the road, I would not assess it at \$11,000. But I certainly would make a substantial raise on the assessment of last year.

Mr. Moore—For your information, and for the information of the board, I will state that the additional equipment ordered and being put onto the road, has been put on absolutely on the complaint of the smelter not having sufficient ore cars for them to operate at proper cost, and because we are under contract with them to give them certain cars.

Mr. Pohe—They are paying rental for them.

Mr. Moore—No, sir.

Mr. Pohe—Under the contract—are you sure?

Mr. Moore—They are given—I don't remember—three days to return the cars to us. They don't pay us five cents apiece.

Mr. Pohe—I can't understand why you order \$50,000 worth of equipment, and then lend it to the smelter, without some returns.

Mr. Moore—We don't get any demurrage on the cars.

Mr. Shaughnessy—At what period did they begin operations between the mine and smelter?

Mr. Pohe—It was in 1911 they began operations with the smelter.

That is a point I was just going to bring up. In June, 1911, they had \$252 of a net profit. We are willing to grant that they may have increased that substantially for the next few months—for the months of July, August, September, and October—but I don't think their figures at that time—It doesn't seem reasonable to think they got as much as when they were keeping the smelter in operation, when they began to haul the greatest amount of tonnage on that road.

Mr. Moore—I would state the figures I gave on gross and net are for the calendar year 1912. That would be the last six months, and practically a few thousand dollars more than the figures of the Commission including the first six months.

Mr. Pohe—We had nothing before us but the report for the year 1912. Now they began to fill the ore bins somewhere in November, 1911. Consequently their great tonnage existed—giving them the benefit of the doubt—nine months. Now, with nine months tonnage I think the little increase over \$252 for twelve months certainly is a pretty nice showing. And we may add a quarter to it if we believe from the equipment they are ordering, and the amount of money they are putting in, they are going to keep up the average for the year.

Mr. Shaughnessy—I may state for the further information of you gentlemen that the monthly reports rendered by the Copper Belt for the four months of the present fiscal year, which began July 1, show an increase of \$10,000 for that period. On that basis the current year would amount to \$25,000 for the year.

Mr. Moore—Mr. Shaughnessy, have you those figures?

Mr. Shaughnessy—Yes, sir. They are on file in the Railroad Commission office.

Mr. Moore—My understanding was that the figures showed net for the four months, \$5,000.

Mr. Shaughnessy—I was speaking of the increase in gross.

Mr. Walker—On the basis of the four months for the year you show an increase of \$10,000 in the net.

Mr. Shaughnessy—What would it be in the gross?

Mr. Walker—I don't know.

Mr. Shaughnessy—Well, perhaps it will be that in the net. We will check the reports and submit corrected figures later.

Mr. Ingalls—Mr. Chairman, inasmuch as we are not going to be able to get through this afternoon and do ourselves justice, I move that we adjourn until 10:30 o'clock tomorrow morning. If we were able to get through I would be willing to go on, but we will not be able to do so.

Mr. Miles—I second the motion.

Upon motion being put it carried unanimously.

Accordingly, the board took a recess until 10:30 a. m., Friday, January 17, 1913.

## FIFTH DAY

The board resumed its session, pursuant to recess, on Friday, January 17, 1913, at 10:45 a. m.

Governor Oddie—The meeting will 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 Attorney-General Thatcher.

Governor Oddie—We were discussing the Copper Belt Railroad last night when we adjourned. I will ask Mr. Shaughnessy if he has anything further to say on that.

Mr. Shaughnessy—I have some corrected figures I wish to place before the board, in regard to the controversy that was on last night between Mr. Moore and myself. Mr. Moore has included the taxes paid for the calendar year, which ended December 31, 1912, and on this basis found that his road paid in taxes approximately \$7,000. To be exact, I find by checking the property on the tax roll, that the company paid taxes of \$6,776, or 5.16 per cent of the gross earnings for the year ending June 30, 1912. Now it is proper that the board should have for its information and consideration a statement of the gross and net earnings for the nearest year-period obtainable to the period for which the taxes were paid, as given by Mr. Moore. As the smelter at Wabuska began operation in November, 1911, and the mines commenced to ship to the smelter over the Nevada Copper Belt, I will place before the board the gross and net earnings made by the Copper Belt for the year-period from December 1, 1911 to November 30, 1912. On that basis the gross earnings made by the Nevada Copper Belt are \$201,606; the net earnings, \$88,741, instead of \$51,000 net, as we were considering here yesterday afternoon, on the basis of the year-period ending June 30, 1912. The taxes paid, as I stated before, were \$6,776, or 3.36 per cent on the above gross earnings; 3.36 per cent, instead of a ratio of 5.16 per cent, based upon the earnings ending June 30, 1912, as put before you yesterday. Now, on the basis of these gross earnings for this period, of \$201,606, if we apply a 4 per cent of gross earnings method in establishing the value of the property for taxation, the taxes would be, on the present average 2 per cent rate, state and county, which is applied in Lyon County, \$8,064, or \$1,280 more than was actually paid in taxes. I wish at this time to correct the statement that I made yesterday, on the basis of the first four months of the current fiscal year, wherein I estimated that there would be an increase in the gross earnings of \$25,000; and also wish to correct Mr. Walker's statement wherein he estimated that there would be an increase in the net earnings of \$10,000. We carry around a good many figures in our heads, and sometimes we are liable to get off to some extent; and since the meeting of yesterday afternoon I have checked up the reports, and I am now able to give you a corrected statement on the basis of the reports rendered to the Commission for the first five months of this fiscal year, which will end June 30, 1913; and on that basis the gross earnings will be \$226,979, as compared with the gross earnings for the period ending

June 30, 1912, of \$131,144, or an increase of \$95,835 in gross earnings. The net earnings will be \$106,766, as compared with \$51,005, for the year ending June 30, 1912, or an increase in net earnings of \$55,761. You will therefore observe that on the basis of these five months of this year, there will be an increase in the fiscal year gross earnings of \$95,835, and in net earnings of \$55,761 over the preceding year, which ended June 30, 1912. Now on the basis of these gross earnings, \$226,979, if we establish the value of the property by applying the 4 per cent basis, the property value which would accrue from this would be \$453,950, and the taxes on the same average tax rate of 2 per cent in Lyon County, would be \$9,079, as compared with the taxes paid for the year-period December 31, 1912, which was \$6,776, or an increase in taxes paid of \$2,323. Now, in order to reach this amount of tax it will be necessary to place upon the property of the Nevada Copper Belt, as I recommended yesterday, a valuation of \$9,000 per mile main track, and \$1,000 per mile sidetrack. The assessed valuation of the Nevada and California, which operates in the same territory, is upon the basis of 12 per cent of its gross earnings. The assessed valuation of the Virginia and Truckee is upon the basis of 7.85 per cent of its gross earnings. I am therefore unable to see why a valuation of \$9,000 per mile main track, and \$1,000 per mile sidetrack, is in any way excessive. I have with me the monthly reports of the Nevada Copper Belt from which these figures that I have just given were taken, and if any member of the board wishes to check the correctness of the figures I have given, or if the attorney for the company wishes to check them, the reports are here for that purpose.

Mr. Moore—I concede the figures are correct as a matter of course. The only thing is I think Mr. Shaughnessy is figuring the net income from the reports that they have had; when our fixed charge and our interest charge has been deducted from the income, it would leave the income about between four and five thousand dollars a month, would it not? The interest upon our total indebtedness?

Mr. Shaughnessy—After paying taxes and interest, it would reduce it substantially; I don't recall just what it would be.

Mr. Moore—That was the impression I meant to convey yesterday, and I know in the auditing, those matters are all carried ahead. The road has to pay the interest on its bonds, and those charges are deducted from the income, before we arrive at the net profit on operating the road. They don't deduct the betterments and new equipment from those. I don't think there is any difference between us upon figures, because those figures, I think, would have your checking on them, and the charge deducted would be in accord with the statement I made yesterday, that our net profit on the road for the last calendar year was between four and five thousand dollars a month. The figures that you have submitted there, showing that a tax should be paid by us upon a property valuation that would make our total tax in one instance \$8,000, and the speculative figures as to the future year's, or the coming year's business, raising the tax up to in the neighborhood of \$9,000. I will state, Mr. Shaughnessy, to you, and to the board, that our tax automatically increases this year in the neighborhood of a thousand dollars a mile on new equipment; so that that added with any increase of our present mileage, would bring our total property tax up to in the neighborhood of \$10,000 a mile.

Mr. Shaughnessy—But that is a new investment, Mr. Moore. That new equipment is not purchased for the current year; it is purchased for succeeding years as well as the current year, and it is in the nature of a new investment.

Mr. Moore—Oh, yes. My only contention in regard to that is that the county and State get that increase this year; get it every year, as far as that is concerned; but they get that increased tax this year just the same; they get an increase of a little over \$1,000 a mile upon our road upon new equipment, and the net profit to the road. I know that your figures are just as you have figured them out; but I also know if you will go over them, that you will find our net profit upon the operation of the road is a little over \$4,000. And for that reason I can only reiterate what I said yesterday, I think—in fact, the figures as submitted, show—that your contention showed that a fair tax would be a tax that would yield \$8,000, or in the neighborhood of \$8,000, total taxes. Am I not correct, Mr. Shaughnessy?

Mr. Bartine—I thought it was \$9,000?

Mr. Moore—No, that is on the future business; but I mean on the year's business. Around \$8,000, wasn't it, for this year?

Mr. Shaughnessy—No, it was around \$9,000. On the basis that I estimated it, it would amount to a tax of \$9,234.46. That is on an ad valorem basis of the physical value of the property.

Mr. Moore—That is on your estimate of the increase of the business the present year?

Mr. Shaughnessy—No, that was on the physical valuation on the cost of reproducing the property.

Mr. Moore—I see. Of course, that is the total cost and total tax.

Mr. Shaughnessy—No, sir, that is on the basis of 56 per cent of the physical value of your property.

Mr. Moore—I know, but that is the total tax we should pay in order to make it a fair valuation?

Mr. Shaughnessy—Yes.

Mr. Moore—Now, I submit to you and to the board, that if our mileage tax remains practically the same as it is, and our property tax; or if the total increase with our new equipment and all, runs our taxes up an additional—say the total property value up an additional \$1,000 or \$1,500 a mile, that we will arrive at practically exactly the same figures, without any increase in your mileage tax at all; and if it does increase, and we figure—

Mr. Shaughnessy—That would not be a fair way of computing it, for the reason this equipment you speak of is a new investment, a new property value that should be added, in addition to what is now being figured on.

Mr. Moore—That same equipment is represented in the figures you have submitted here.

Mr. Shaughnessy—No, I beg your pardon, Mr. Moore. I am estimating entirely on the road in its present condition, and the present amount of equipment you are operating with. Now, say you put in fifty new cars, for example, in order to take care of the business in the future.

Mr. Moore—If you are going to take that view of it, you should take the cost of the new equipment from our net profit for the last year to make that fair.

Mr. Shaughnessy—You can't do that. You are making the earnings which are before the board with your present equipment.

Mr. Moore—I don't think there is any difference between us on that, because I think the matter figured out, even if our mileage tax remains at \$5,700, that the betterments of the road, or the equipment and the betterments taken into consideration, will bring the State and county as much, or more even, than you have figured it was entitled to.

Governor Oddie—Are there any further remarks?

Mr. Moore—I will state just one other thing, Mr. Shaughnessy, for your information and the information of the board; and that is that the figures as to the increase in business, are not justified by the physical condition on that road, or in our district. The only two big shippers that we have, and the shippers that have brought us all the revenue, are the Mason Valley Mines Company and the Nevada-Douglas Mines Company.

Mr. Shaughnessy—The same condition obtains on the Nevada Northern Railway, practically the same condition.

Mr. Moore—No, sir, not by a good deal. The Mason Valley Mines people have a large mine, and the first year of the operation of the smelter they were compelled to ship a large tonnage to the smelter in order to keep up the tonnage in the smelter; and were also using the output of their mine for flux, to keep up the tonnage in the smelter; now they are increasing their tonnage over the main line to the smelter and every time they increase the tonnage over the other road, it detracts from our road; and I know it is their intention, and the policy of the mine and the smelter people, to ship as much away from Mason Valley as will keep the tonnage, what they require to keep, in operation at the smelter, and as much tonnage in lime from there as is required in the fluxing. So with any reasonable calculation, during the present year the Mason Valley tonnage will very materially decrease, rather than increase, because they are getting these properties ready for work.

Mr. Shaughnessy—That, Mr. Moore, I should think would be a matter for consideration by the board at its next meeting, if it results in a loss of revenue to your company.

Mr. Moore—I was only stating that, because you have figured on a probable increase in one set of your figures.

Mr. Shaughnessy—I simply did that in answer to your statement yesterday on the gross earnings basis. I did not take a gross earnings basis; I figured on an ad valorem basis of the property; and simply put this additional basis before the board for its consideration and information.

I think, in order to protect the interests of the State, and the county as well, but the State particularly at this time, that a fair valuation per mile of main track and sidetrack should be placed by the board on this property. With reference to the sources from which this revenue accrues, that is something that you are not concerned with; just so long as the revenues are there, that is all there is to it. With reference to the Nevada Northern, they make 75 per cent of their revenues from the transportation of ores and supplies of the mines and smelting company that owns the railroad.

Mr. Moore—As far as that is concerned, we make 50 per cent of the revenue from a property that owns—well, we make more than that, we

make probably 75 per cent of our revenue from a property that owns half the railroad, so that it is practically the same thing.

Governor Oddie—Is there a motion before the board?

The Clerk—No, there is no motion.

Governor Oddie—Gentlemen, we are open to further discussion, or a motion.

Mr. Sitton—Gentlemen, in view of the facts we have heard here this morning, and figuring on the physical valuation of this road, I think it should be placed at about \$8,000 per mile, and for that reason I move that the main track of this Nevada Copper Belt Railroad be placed at \$8,000 per mile.

Governor Oddie—Do you want to include the sidetracks in the motion?

Mr. Sitton—No.

Mr. Whitehead—I second the motion.

Governor Oddie—You have heard the motion. Are there any remarks?

Mr. Miles—I don't understand that that motion made a separate value for the sidetracks?

Governor Oddie—No, he didn't include the sidetracks; just the main line in the motion. Are you ready for the question?

The question is called for, and on roll-call the motion is carried unanimously.

#### *Nevada Copper Belt Railroad Sidetracks*

Governor Oddie—The next is the sidetracks of the same. We are ready for a motion on the sidetracks, gentlemen.

Mr. Sitton—Gentlemen, I move that the sidetracks of the Nevada Copper Belt Railroad be placed at \$1,000 per mile.

Mr. Leonard—I second the motion.

Governor Oddie—You have heard the motion; are you ready for the question?

Mr. Whitehead—It seems a little bit low to me, \$8,000 on the main line, and \$1,000 on the sidetracks, in comparison with other assessments made by the board.

Mr. Pohe—Mr. Chairman, I wish to do the right thing by the Nevada Copper Belt Railroad. Their sidetracks, outside of the sidetracks at the mines, are of very little use to them, there is very little shipping done. Some of the sidetracks have been run in for the ranchers to use at different times of the year; and outside of the sidetracks at the mine that are used every day for the ores, they are of very little use to the Copper Belt road.

Governor Oddie—Are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

#### WESTERN PACIFIC RAILWAY.

Governor Oddie—The next is the Western Pacific Railway and sidetracks of same. With the permission of the board I will ask Mr. Shaughnessy to make a statement.

Mr. Shaughnessy—The Western Pacific Railway operates mileage as follows: Main line, San Francisco to Salt Lake, 923.91 miles; branch line, Carbona to Tesla, California, 13.13 miles; or a total of 937.04

miles, out of which there is operated within Nevada 422 miles. The gross earnings for the entire system for the year 1912, were \$5,430,647. The gross earnings in Nevada for 1912 were \$2,057,997. The taxes paid in Nevada for the year 1911 were \$74,621.93; taxes paid in 1912, \$74,101.23, or a reduction of \$520.70 in taxes paid. The ratio of taxes paid in 1912 to gross earnings was 3.66 per cent. The assessed valuation per mile of main track by this board last year was \$10,000 per mile, and \$3,000 per mile sidetracks. The amount of property rendered on the basis of the \$10,000 a mile assessment for 1912, main track, would be \$4,273,000. The value of sidetracks, rolling stock and equipment on the basis of the 1911 assessment is \$407,800, making a total of \$4,880,800, rendered for taxation. And this is an average assessed value per mile of \$11,600. The reproduction value of the property I figure would be \$40,000 per mile, or \$16,880,000. The cost of the property as placed before the Commission in a rate case something over a year ago was \$17,205,667, or an average of \$40,800 per mile. I may say that since that time there has been included a substantial amount of betterments and improvements, and the average cost per mile creditable to Nevada at this time is something in excess of \$50,000. But on the basis of \$40,000 per mile as the cost of replacement, the ratio of assessed value given above to the reproduction value is 28.7 per cent. Now on the basis of an assessed valuation of \$20,000 per mile, or 50 per cent of the cost of reproducing the property, road and equipment would be \$844,000, which should be rendered for taxation instead of—well, I mean \$8,440,000 instead of \$4,880,000, which was rendered for taxation. If, however, the assessed value of the property is placed at \$17,000 per mile main track, the value would be \$7,174,000, and if the sidetracks are placed at \$3,200 per mile, and assuming that rolling stock and equipment would make an average for this class of property of \$3,200 a mile, there would be approximately \$1,350,000 more to be added to that, making a total of \$8,524,000, or 50.5 per cent of the reproduction value of the property. If the assessment is made on the basis of \$15,000 per mile main track, and \$3,200 a mile sidetrack, rolling stock and equipment, there would be returned for taxation a total property value of \$7,680,000, or 45.5 per cent of the reproduction value of the property.

I submit this information for your consideration.

Governor Oddie—With the permission of the board, I will ask Mr. Caine to make a statement.

Mr. Caine—Mr. Chairman and gentlemen of the board: The figures as submitted by Mr. Shaughnessy are substantially correct, in so far as figures in an accounting of this kind can be regarded as correct; and of course, being our own figures under oath, it does not become us to attack them, and I have no disposition to attack them, or to take issue particularly with any of the figures submitted by Mr. Shaughnessy, though in analyzing the general situation you will probably see where I cannot agree with the figures that he suggests would be the proper figures, or would be a basis for a proper taxation upon this road this year.

I may say that perhaps I stand before this board in a little different position than most of the tax attorneys who have come before you, in this, that I feel almost as though I were a member of the board, putting it rather strongly; but my interest in the Western Pacific is principally incidental, compared with my interest in the general situation. I am

employed by the Western Pacific today; I have no idea what my relation with that company may be tomorrow, neither from their standpoint or mine; but I am quite sure that I am going to be in Nevada for a long, long time, because I am going to have the principal thing to say about that myself. And so, as I listen to the deliberations of this board, and hear the various difficulties of the state government coming up, and the various angles of taxation, I am exceedingly interested in it, and there is no classification of property here that is voted upon, that I don't take just as much interest, and that does not affect me, or interests with which I am very closely connected, perhaps more than the railroad assessment. And so I say I think I look at this tax proposition from a little different angle, perhaps, than most of the gentlemen who have appeared before you. I realize the necessities of the State, and I realize that perhaps in this meeting we have been looking at it from just one standpoint, that we have been forgetting the general situation. We have been looking at it from the standpoint of "we need the money," without figuring from just where the money is coming. Sometimes in the earnestness of your discussion, it would look as though this were a peace conference levying a tribute upon an enemy, rather than an assemblage of representative citizens figuring on how they were going to take some money out of their own pockets to conduct their business; and we must not overlook the general situation. While raising taxes this year to meet the situation is a very vital proposition with us all, having something to raise these taxes on in the future is something we must not overlook either. You have your Publicity Commission getting out its literature, showing what a fine State Nevada is to invest in and for people to come to, and it is profusely illustrated, showing alfalfa higher than a man sitting on a horse; it has pictures of cattle on a thousand hills, and so on; it is a very attractive piece of literature, and it is doing good work. Your Governor has been a missionary, spreading the gospel of Nevada most effectively in the East during the year. Your Railroad Commission is doing good work in showing up Nevada; but, believe me, the little book that goes out of this meeting every year, with its little gray cover, and its long lists of dry figures, is the most important publication that is gotten out by the State of Nevada; I mean the book reporting the proceedings of the Assessors. And the best advertising, and the best picture that you can put up to the people that you are trying to reach, and the people you have spent \$50,000 on, perhaps, in the last two years trying to reach, is the statement that looks good to the man that wants to invest money; a statement that according to gross earnings the percentage of taxes is low. As I say, we must be careful, it seems to me, in levying these assessments, to show that we are working on a sound basis, and that this is a safe State to put the money in. And these are hard facts that go out in this book. The Publicity Commission's reports, and the reports of Chambers of Commerce, and so on, are merely say-so, but these are the things that the men who have money invested in the State, and the men who are figuring on investing money here, are interested in. And I don't think when they pick up that book and look and see—here is a big corporation, for instance, with millions of dollars deficit every year, being taxed 6, or 8, or 10 per cent upon its gross earnings, that it makes a very good picture to the investor who is here, or to the other investor who may think of coming. Now, those percentage may not be unusual

in other States, but that makes no difference; we have our own fight to fight here; and, as I say, we have got to be careful; we must not let the opinion or the impression go out that just so long as we get money in here, because we need the money, we are going after it willy-nilly—we are going to get it.

Now, in Nevada we don't need people so much as we need money; when we get money in here in the shape of industry, we will get people, and we cannot do anything with people until we do. So you want to show by this board, because it is the most representative and most vital board that has anything to do with the development of this State, that we are working on the soundest business principles. And you have got to look the general situation in the face when you get to levying these assessments. Take, for instance, the Western Pacific Railroad; take Elko, as probably the most prosperous town in the United States; and when I say that, perhaps in the world; a few years ago, I don't suppose in ten years that town gained a hundred inhabitants; I don't suppose there were twenty buildings built in ten years there. A new barber would come to town, and bring in all the latest improvements, he would stay there about six months, close up and get out. Everybody who was there was very prosperous; everybody had a bank account, and was getting along finely. A new doctor would come to town, and pretty soon would leave. It was the most prosperous community in the world, almost. There was no field for new people, and they didn't come in. The Western Pacific came in there; and eight or ten blocks on the hill that a few years ago was a howling wilderness—Governor Oddie knows it—, those blocks have now perhaps fifty houses on them, valued at from \$2,000 to \$10,000. And many hundred people have come in. The pay-roll is over \$20,000 a month, and the town is going ahead. New professional men can come in, and new business develops; and even if we didn't get a dollar's tax out of that road, we would be ahead of the game. You heard Mr. Brown speak of that new survey line. Now, do you think men who have money to invest, will be willing to put their money in without looking over the situation? I know that railroads don't build railroads because of philanthropy, and don't go through dead territory, if they can go around it. I know when they do go through a territory, they do the country good. That road running from Palisade south, the State could afford to remit the taxes for ten years; it would not, perhaps, be the right thing to do, but the State could afford to do it. I heard an Assessor say the other day he let a portion of taxable property escape taxation every year, because if he taxed it, it would not be there to tax the next year, and it was the basis of considerable prosperity in his county.

I say in levying these taxes you have to bear in mind the general situation, and take each road and class of property by itself. And I claim the Western Pacific is in a unique situation, and if you apply cold-blooded figures to it, these valuations might properly be all right; but if you take the general situation, and assess this road just like you assess other roads, we are not entitled at this time, and I believe it would be unwise, looking at it from the standpoint of the company I represent, and the general situation, to make any such raise, even if an absolute necessity, as suggested by Mr. Shaughnessy. While I realize those figures are comparative, and I don't take exception to them in the

spirit in which they were placed, but in assessing here you have taken into mind the general situation; you have by at least two assessments said that property which was intrinsically of the same value, was not worth the same for purposes of taxation. You took stock cattle, and you said the same grade of stock cattle was worth \$20 in certain counties, and only worth 90 per cent of that in other counties, while they all go to the same general market. You recognized the particular condition there. An animal worth \$20 in certain of the counties along the railroad, as a matter of fact, is not worth but 90 per cent of that in other counties, and yet, animal for animal, on the reproductive cost of them, I presume they were just the same; but you recognized a condition. Take 160 acres of Government land; you get it from the Government at \$1.25 an acre; let it have the same water right, let it have the same fertility, let it have the same soil, let every acre produce the same number of tons, the land is worth exactly the same physically; and yet if one is located one place it may be worth ten times as much as another tract located at another place. You could not possibly assess it otherwise. So, I claim that a railroad in one position under surrounding circumstances, doing thus and so, can be assessed upon one basis, and if you take another one on another basis, and in another situation, you have got to assess it differently, because that is the way you assess everything, and it is the only way to assess it. It is the way that appeals to your sense of justice; and it is the way that appeals to the sense of justice of the man who pays the freight. And, as I say, our road is unfavorably located, and it is not earning the money that would justify, as I take it, the tax that has been suggested.

Now, you have heard a lot of talk about the reproductive value of a property, and that for the money that is put into the property, you should proceed to assess it. Well, in one way, that is true, looking at it from the standpoint of the man who has got to place the tax on it; I don't know of any fairer way to arrive at it than it has been arrived at here; but looking at it from the standpoint of the man who has got to pay the tax, I can see quite a different way of looking at it. For instance, to go back to the farm again, suppose one of those farms is located at a place where the situation is such that you have got to pay more to get your stuff in there; suppose a fellow's credit is not good, and he has got to submit to different prices for material and improvements on his property, as against the fellow having the more favorable location. It is not fair to penalize him; he has gone out into a new territory and blazed a new field; and to say because you had to put so much more money into this property than your neighbor down there had to, because of the general situation, we will penalize you for that industry, we will penalize you for your enterprise. You have to make allowance for him, even though the man actually did put the money in. That is what you have got to figure, when you take up any particular property to assess it. The total money we put into a railroad does not represent what that railroad is worth by any means; and the money we turn back into betterments does not increase the value of the road, as you might suppose. For instance, on our road—a new road—the cost of maintenance of a new road is great, and the depreciation is great, the settling of the right of way, and all of those things; and it is a question of pouring money in there, not to make that road any better, but to keep

it up to par, so that the carrier can perform its duty safely and properly to the public. It is not really increasing the value of the property, it is merely holding the property up.

Again, we lost a tunnel last year; that tunnel had to be replaced; we haven't any better tunnel, not as good a tunnel as our first one, and yet that has got to show. Suppose a man has a ranch—one of these ranches again—and has a \$10,000 house on there, and it burns down; and he loses his cattle on account of a hard winter; and he turns around and borrows money and rebuilds his house; and he borrows more money from the bank and buys more cattle; and to put himself whole again, he has had to borrow \$30,000 on a \$25,000 or \$30,000 investment originally. He now is in \$50,000; the place has cost him \$50,000, but if you were buying it, would you pay him \$50,000—\$25,000 for the house that was burned, and the cattle that are dead? But, on the other hand, if he owes the bank \$50,000 can he sell for \$25,000? If he does, he is still in the red at the bank \$25,000. He has got to stick on, and make \$50,000 on that \$25,000 plant, until something happens to bring him out. So with railroads. We have to put a good deal into betterments; we have to put a good deal into improvements and replacements, and so on. Mr. Shaughnessy doesn't know what our road cost; we don't know what it cost. We know what we put in there, that is true; and I stated it to you correctly; but just how much of that is actual physical valuation of that road, nobody knows as yet, because there is a lot of it gone in like I tell you, and a lot of it that is necessary. We went behind last year something over three million dollars, therefore our road is worth three million dollars more, three million ought to be dragged out of it. It is on the Western Pacific, but not on this coast, and that has been going on for years; and if you go back far enough and long enough, you can see how valuable our road is going to be, on the proposition of what our road cost us. You can see that, and that is the situation.

Now, our road last year you figured on a basis of \$5,500,000, estimating on two months, and you assessed us on that basis. We didn't have the figures last time, and that estimation was fair, but it was in excess of our earnings, and in excess of our earnings this year, if you compare the figures on the estimated earnings, I would say that the figures of Mr. Shaughnessy show a substantial decrease in net earnings. The fact is, we didn't decrease in net earnings last year, but that estimate was too high; we did increase in net earnings, but not very much; and on the sworn statements of the Secretaries of State, I find our deficit was \$2,281,000; that is chargeable all along the line; but to the fellow making the investment, that is substantial, and he cannot understand why his taxes in Nevada should be jumped from 4 per cent, or nearly so, as it would be in figuring on the six months ahead, instead of the period he may have had to figure—our per cent is about 4 per cent. If this 70 per cent raise were made, you see where we would go next year, and our net earnings are not going up very much more next year than this year. It is not going to satisfy our stockholders, or make them feel just right; it is not going to make them feel like putting in any more money.

From the showing, we ought not to be raised at all; but I appreciate that we had to be to meet the general situation; and because our road perhaps has not been assessed up to what it should have been; but, as I say, this physical valuation from those figures is not exactly fair. That

is one proposition I make; and you can all see that there is a lot of money in there that you could not get out; that you could not charge anybody else for, if you were going to change the ownership of the property. The next thing is that we all have to recognize that different sets of property, having practically the same intrinsic value, differently situated, producing differently, have to be, and are being assessed absolutely different every time you add a name or figure an assessment on your roll. We feel in figuring our assessment that you should do the same thing. I don't care to draw any comparisons between the assessments you have made on other roads, or draw comparisons of any kind; you can do that as you see fit; you have to use some basis. But the fact is, if you were in the business of buying a railroad, and if you looked at the reports and figures, the Western Pacific Railroad is the last railroad in the State of Nevada, that is going and active, that you would buy as an investment. It may be if you were dealing in futurities, it is the best investment in the State of Nevada; but it is not at the present time. And, as Mr. Whitehead has very aptly remarked here on a good many occasions, we cannot deal in futures to any great extent.

Now, the Western Pacific Railroad has done a lot for the State. Last year we spent in wages \$494,000, and some cents. That helped create new values; that went into the channels of trade, and that was a wage in Nevada; and against that Nevada actually turned into the Western Pacific a matter of \$220,000 only, leaving a deficit. Of course that does not take into account the through business, to which Nevada is properly entitled. But we have created within the last few years \$5,000,000 worth of values, upon which we are now paying taxes, and from which we have received as yet no return, and from which we cannot hope to receive a return for a good long time. It is awfully easy to say five, or six, or seven thousand dollars a mile excess or raise, but when you come to figure that you are going to double a company's taxes, when it is not earning anything, when it had a deficit last year of nearly three million and a quarter—over three million dollars—and then to give it a 70 per cent raise on taxes, it does not look right; it unsettles business. The company hardly has the right to figure it would be so treated. Now, first, we were very kindly treated by the board, and always have been, and expect to be, because we know that you are doing just the right thing. Another thing—just one little comparison: You have taken the Nevada Northern, and you have said, there we will assess more than actual cash value, we will assess more than on any other scale, because of the peculiar situation and the vast earning powers of that road. You have assessed that road outside the law, practically, according to the figures, and I only get them here, and draw the same conclusion that the rest of you did. So it seems to me that when you arrive at a conclusion that because a property is highly remunerative, that you can assess it according to the necessities of the situation, and what they can stand, when you know that a property is not remunerative at all, that it has a large deficit every year, it seems to me that the rule ought to work backward, and a property in the situation the Western Pacific is in, should be measured by the same scale, and receive the advantage of the working of that rule.

I thank you, gentlemen. As I say, gentlemen, a raise of 70 per cent, or a raise of 50 per cent, or a raise of 25 per cent, is more than you are going to raise the other property in this State, as a general proposition.

I think and I hope that is more than you would raise mine. And, talking about this taxation situation and question, it may be there is lots of tax-dodging; we hear about Elko County dodging a lot of taxes. But I know of lots of people who are paying taxes up there, and it is a big item to them; lots of them have got to go to the bank and borrow the money to pay their taxes; and I don't think raising the valuations here cures the situation at all—it helps. As I say, a raise of 25 per cent over last year, is a raise that is vital to a company in the situation we are in. Corporations are just as hard up as individuals, and have to work as hard, and harder, to get their money; and if money has got to go overhead this way, it cannot go into betterments and the development of the company; and I say as a business proposition, the State of Nevada, now desiring enterprises to come in here, paying money to get them in here, could well afford to remit taxes here and there. We cannot do it, but as an ethical proposition we can talk about it. And while, as I say, Mr. Shaughnessy's figures are just as they are, and I don't take any exception to them, except in analyzing what the actual cash value of the road is, it does not represent all of the money that is poured in there. There is no other way to get at it, it may be said, that is the way you figure; but there is a difference in assessing the actual physical value of a property, and turning that property round to make it pay off a load that the property has incurred in some other way. And I say I feel that the raise of 25 per cent in our tax—the first year you raised us 50 per cent, which was considerable in view of our situation—last year you raised us 33 $\frac{1}{3}$  per cent—it was considerable, it met with comment and objection, but it was all right, the board did more than one could almost expect; but I say if we are raised 25 per cent this year, whilst perhaps we ought to go to 70 per cent, it is too hard on us. And I talk to you not only as representing the road, but representing the general situation. I know you are going to do what is right; and I think you appreciate my remarks and how I feel about it; but whatever you do we will have to stand it; but you have to keep in mind the tomorrows, as well as the todays, and we cannot take this all up at once, and all up at one place; and an ill-advised assessment does not look good going out to the world. My little book of the proceedings of last year's meeting of the board, I believe is in London now; I was requested from New York to send it to the general offices. They study these things; and we don't know just what effect something we do here, or something we say, may have; and it is not a light matter by any means. But I want to meet you not only as a representative of this road, but as a citizen, fairly and squarely on this proposition, and accept the worst, and be glad it is no worse; and I thank you, gentlemen, and beg your pardon for taking up so much of your time.

Governor Oddie—Mr. Shaughnessy, would you like to say anything more in this matter?

Mr. Shaughnessy—There is hardly anything further I can say. I have put the matter before the board on the basis of an ad valorem valuation of the property and the real value of the property. Much of what Mr. Caine said is true with reference to the financial condition of the road; but I imagine the Assessors can find that condition to be true with many other forms of property that they assessed; and, so far as I am concerned, in order to be consistent, I am forced to recommend that the same rate of assessment be placed against the fair physical

valuation of that property as has been placed against all other railroad properties; and that is on the basis of 50 per cent of \$40,000 a mile, or an assessed value of \$20,000 per mile. Anything under that, I hardly see how this board could afford to go lower than on the San Pedro, unless they are willing to take into consideration the financial difficulties in which the Western Pacific finds itself at this time.

Mr. Caine—Just one moment. Mr. Sitton just handed me some figures, and he wanted to know if the cost of our road, \$86,892 per mile, was correct; and I told him in one way I presume that is correct; in another way it is not correct, it could not be.

Mr. Shaughnessy—That is the total valuation of all property, through the mountains and everywhere else; and that is the total cost, or the total amount expended from the time they first began construction; it is the cumulative cost, the cost of reproducing the tunnel, and the very expensive cost of construction through the Sierra Nevada Mountains. But the figures I have placed before the board are on the basis of the cost of constructing the property segregated to the Nevada mileage.

Mr. Caine—There is one explanation I want to make in regard to that. For instance, of the money we actually put into the road. Our bond issue was \$50,000,000 on the first issue, and \$25,000,000 on the second, and everybody knows in placing a bond issue of that kind, we have to lose probably from seven and one-half to ten million. Probably the actual money we got to construct that road was not over \$65,000,000. Of course we have issued \$75,000,000 worth of bonds; those bonds have been bearing interest since 1905—some of them. The second issue came out in 1907, as I remember; but that does not represent the value of that road; it represents the money that is in it, but it does not represent what the road is worth, or what anybody else would give for it in its present condition. And you take our bonds, first mortgage bonds, selling at about 88—87 yesterday—that would bring that issue down to about \$44,000,000. Now, the second mortgage bonds held by the Rio Grande would be worth not over fifty—not on the mortgage, but the second issue of bonds taken by the Rio Grande—because they could not be floated, so the actual value as a security proposition of the road today is not over \$55,000,000. If you take off 20 per cent for betterments, you come down to something less than \$50,000,000; and take approximately a thousand miles of road—getting at the figures roughly, I am not a lightning calculator—would be \$50,000 a mile; and anybody knows that the road over in California is worth very much more than in Nevada. The cheapest road we have is in Nevada. Take the Feather River Canyon, it is probably one of the most expensive pieces of railroad construction in the world; and when you get out of the Feather River Canyon and strike Oroville, you go through the heart of the best land in California; the right of way cost a great deal of money; almost a million dollars to get a right of way through Sacramento; so I think the road in California is worth three times as much as in Nevada. If you figure what the road is worth in Nevada, it is hardly \$20,000 a mile from those figures, and I don't see what is the matter with them. Your property is really not worth any more than what people would give you for it; there is the point; and certainly the road in Nevada does not compare with the road in California; and on that bond issue our road would not be worth \$20,000 a

mile through, eliminating the sidetracks and improvements; and I cannot see, as a business proposition, how the road in Nevada which you are assessing is worth anywhere near \$40,000 a mile; you couldn't get it, nobody would give it.

Mr. Sitton—I would like to ask Mr. Shaughnessy one question, if he will look back at the San Pedro, and see what the basis was on the physical valuation of that road.

Mr. Shaughnessy—On the San Pedro I placed before the board as the average cost of reproducing the main line of that property, \$40,000 per mile, or the same as I have given for the Western Pacific. Approximately, \$15,000 a mile, as the cost of reproducing the branches, and that would be a total valuation of the main-line property within Nevada on 212 miles of \$8,480,000; and the average cost of reproducing the branch mileage, \$828,000, or a total of \$9,308,000. And I recommended that the board put upon that property an assessed valuation of \$20,000 per mile main line, or substantially 50 per cent of the reproduction value thereof. The board in its deliberations felt that that was higher than the average of other property, and voted to place an assessment of \$17,000 per mile.

Mr. Miles—Mr. Chairman, I move that we adjourn until 1:30 o'clock.

Mr. Lemaire—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 1:30 o'clock p. m.

#### Afternoon Session

The board resumed its session, pursuant to recess, at 1:30 p. m.

Governor Oddie—Let the meeting 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 Attorney-General Thatcher.

Governor Oddie—We were discussing the Western Pacific this morning. Are there any further remarks on it?

Mr. Weathers—Mr. Chairman, I move that a valuation of \$14,000 per mile be placed on the main line of the Western Pacific Railroad.

Mr. McTerney—I second the motion.

Governor Oddie—You have heard the motion. Are there any further remarks?

Mr. Whitehead—Mr. Chairman, I don't want to go on record as finding any fault with the actions of the board, or anything of that kind. We have already made one assessment, which seems to me to apply in nearly every detail with this one; and while I feel like complimenting Mr. Caine on his talk this morning, still I think every argument made applies to the San Pedro Railroad; all the conditions mentioned, as far as I can see, apply to the San Pedro, and we have assessed them at \$17,000 per mile, and while it might appear to be a big jump from \$10,000 to \$17,000 on the Western Pacific, at the same time it seems to me in all fairness they should be assessed at practically the same; the physical valuation seems to be about the same—that is, the reproduction value seems to be about the same. They are both up against the same proposition when it comes to competition, competing lines take the business that they think they ought to have, and, all features taken into consideration, I cannot see where we can consistently place one at \$14,000

and the other at \$17,000. And in view of these figures, if the board as a whole feels that the San Pedro assessment is right, and it is not too high, I would feel like offering an amendment to the motion, which I will do, making the valuation \$17,000 a mile, instead of \$14,000.

Mr. Arrild—I second the motion.

Mr. McTerney—Mr. Chairman, I don't mean to flatter the Salt Lake road, that it is any better road than the Western Pacific, but there is a considerable difference in the lines of the roads. The Western Pacific is a very new road, and I took that into consideration in seconding Mr. Weathers's motion. It has scarcely been operated; that is my view of the lower assessment.

Governor Oddie—Is there a second to your motion, Mr. Whitehead?

Mr. Arrild—I seconded the motion.

Governor Oddie—You have heard the amendment to the motion. Are there any further remarks?

Mr. Ingalls—Mr. Chairman, I believe the net operating revenue per mile of road on the San Pedro is \$1,681, and on the Western Pacific it is only \$633, a little over  $2\frac{1}{2}$  times as much difference in the two figures—\$1,680 and \$630—of the net operating revenue per mile on the roads. If you go on that basis there should be a difference in the valuation of the two roads.

Governor Oddie—Perhaps Mr. Shaughnessy might give us some light on that point.

Mr. Shaughnessy—The difference in the net earnings per mile is largely due to the greater mileage that is operated. You see the Western Pacific operates 422 miles as compared to 212 miles of main line on the San Pedro, necessarily that makes the San Pedro's earnings greater per mile, because of the lesser mileage. The aggregate gross earnings, as I recall them, made by the Western Pacific were \$2,057,000; and the gross earnings made by the San Pedro, creditable to the Nevada mileage, were \$1,500,000.

Governor Oddie—Are there any further remarks?

Mr. Ingalls—I will make a motion to amend the amended motion, to make it \$15,000 a mile.

Mr. Miles—I second the motion.

Mr. Ingalls—For the reason we raised the San Pedro \$5,000 a mile, and that will be a raise of \$5,000 a mile on this road, and give them the benefit of the doubt. Some think it should be \$17,000, and some think it ought to be \$14,000, and not to go wrong, we don't want to make it too high, and don't want to make it too low.

Mr. Lemaire—I second the motion.

Governor Oddie—Are there any further remarks on the question of the amendment?

Mr. Whitehead—Last year we assessed the Western Pacific at \$10,000 a mile and the Salt Lake road at \$12,000 a mile; we gave the Western Pacific the benefit, as I remember it, of the amount under the Salt Lake, because of the fact they were practically still under construction. In view of the fact it is a year since then, and they have been turned over to the operating department, and conditions made more equal, it seems to me, even though it is a jump, at the same time, they are not in the same condition as they were last year. They are turned over to the operating department and are in better condition to be assessed on the

same basis as the San Pedro, than they were last year, so that the argument they should be assessed, or raised \$5,000 each, would not necessarily hold good in that case.

Mr. Caine—Our net earnings, however, if our condition was better, did not increase practically anything, no matter what our condition may have been. With reference to construction, our net earnings as reported, and as they are, were really lower than the board figured on last year; and they did not increase in any particular amount, just a few thousand dollars over the year previous.

Mr. Whitehead—Mr. Chairman, there is another feature; I think that the Western Pacific has about 420 miles of road, while the San Pedro has about 200 miles of road, and they pay practically about the same amount of taxes to the State of Nevada; one claims about \$86,000, I think, and the other \$88,000. The San Pedro paid about \$2,000 more taxes to the State on 200 miles, than the Western Pacific did on 400 miles, which is due perhaps partially to the different rates in the different counties.

Mr. Shaughnessy—I might say further for the information of the board that the earnings for the current fiscal year based on the first three months show quite a substantial increase; and if it continues throughout the balance of the year, which will end June 30, 1913, the gross earnings will be \$2,526,813, or an increase of \$468,816. That shows in a general way, what the condition of the property is at the present time.

Mr. Ingalls—That is on the Western Pacific?

Mr. Shaughnessy—That is on the Western Pacific. While, of course, from a financial point of view, considering this company's bonded indebtedness, and the difficulties they had in financing their road, and the further difficulties that confront them in trying to do business in Nevada in competition with the Central Pacific Railway, which adequately covers the territory, they might, under those circumstances, be entitled to consideration; but when we come down to a consideration of the various railroad properties that are being valued throughout the State, I don't think it is unreasonable to place the same valuation upon the Western Pacific that is placed upon other properties of the same character. That is the way it would seem to me in the interest of uniformity.

Governor Oddie—Are there any further remarks? The question now is on the amendment to the amendment, making the valuation \$15,000 a mile. Are you ready for the question?

Mr. McTerney—Question.

Governor Oddie—I will ask the Clerk to call the roll. This is on the amendment to the amendment. The original motion placed the value at \$14,000; that was amended, placing it at \$17,000; and the amendment was amended, placing the value at \$15,000. The vote now is on the amendment to the amendment, placing the value at \$15,000 a mile.

Upon roll-call the vote was as follows:

Yeas—Messrs. Weathers, Ingalls, McTerney, Leonard, Lemaire, Pohe, Grutt, Stern, Seeman, Hayes, and Miles.

Nays—Messrs. Sitton, Whitehead, Arrild, Romow, and Malley.

Governor Oddie—The motion is carried on the amendment to the amendment. The original amendment is now amended to read \$15,000;

I will ask the Clerk to call the roll on the original amendment as amended.

Upon roll-call the motion carried unanimously.

Governor Oddie—The amendment as amended is carried. The question now is on the original motion as amended, making the value \$15,000 a mile. I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

*Western Pacific Railway Sidetracks*

Governor Oddie—The next is the sidetracks of the Western Pacific. We are ready for a motion, gentlemen, on the sidetracks.

Mr. Leonard—Mr. Chairman, I move the sidetracks of the Western Pacific be placed at a valuation of \$3,200 a mile.

Mr. Pohe—I second the motion.

Mr. Miles—I would like to ask if that is a higher valuation than was placed on the sidetracks last year?

Governor Oddie—What was the value last year?

Mr. Shaughnessy—\$2,500.

Governor Oddie—They were placed at \$2,500 last year, and it is now \$3,200. I will ask the Clerk to call the roll.

Upon roll-call the motion carried unanimously.

SAN PEDRO, LOS ANGELES AND SALT LAKE RAILROAD.

Mr. Waters—If I be in order, I would like to make a request at this time, and my reason for making it now is that certain facts are fresh in the minds of the members of the board. I shall not make any argument on my request, will simply ask, and further than that, will demand, as a taxpayer, or a representative of a taxpayer, that the San Pedro road valuation be reconsidered, and that the valuation be placed at \$15,000 a mile.

Governor Oddie—You have heard the statement of Mr. Waters, gentlemen. Are there any remarks to be made?

Mr. Whitehead—Mr. Chairman, in view of the fact that Mr. Waters has asked for a reconsideration, and that there may be some members of the board who consider that it has been assessed too high, as compared with the other road, I move that we reconsider the matter of the San Pedro, Los Angeles and Salt Lake Railroad.

Mr. Lemaire—I second the motion.

Governor Oddie—You have heard the motion. Are you ready for the question?

The question was called for, and on roll-call the vote was as follows:

Yeas—Messrs. Sitton, Whitehead, Arrild, Weathers, McTerney, Leonard, Lemaire, Ronnow, Grutt, Malley, and Stern.

Nays—Messrs. Ingalls, Pohe, Secman, Hayes, and Miles.

Governor Oddie—The motion is carried by a vote of 11 to 5. The matter is open to reconsideration.

Mr. McTerney—Mr. Chairman, I move the valuation be placed at \$15,000 a mile.

Mr. Sitton—I second the motion.

Governor Oddie—It has been moved and seconded that the valuation be placed at \$15,000 a mile.

Mr. Ingalls—Mr. Chairman, if we reconsider this road, we might go back and consider all these roads we went over, and everything else we went over. While there might be a question as to whether these

roads ought not to be assessed the same, and both at \$17,000 a mile, still, after getting through with a matter, and then going back and reconsidering it, it seems to me we could reconsider everything we have done. I don't think it is a good business proposition to reconsider.

Mr. Shaughnessy—On the same basis, gentlemen, the Central Pacific, and all these other properties are entitled to reconsideration, if you are going to reduce the San Pedro assessment.

Mr. Whitehead—In behalf of Mr. Waters I made the motion to reconsider. And while I think the valuation as placed by the board of \$17,000 was not out of proportion with our other assessments on the whole, I did feel it was out of proportion with the assessment made on the Western Pacific; and my object in bringing it before the board was to see if there were enough of the members who felt that it was too high at \$17,000. That does not necessarily mean I will vote for any change in the valuation.

Mr. Ronnow—Mr. Chairman, that is my idea too. If they are going to reconsider, or place a lower valuation on the road I would ask that they reconsider the branch of the San Pedro, that is that part going to Pioche, the Caliente and Pioche branch. While I have no figures on that branch, I know in my mind, they have been doing considerably more business lately than they have heretofore; but owing to the fact I thought we were giving them a good assessment on the other, and this being a branch and included in their main line, I moved to leave the valuations as they were before; but if we are going to lower the valuation on the main line, I would ask for a raise on the Caliente branch.

Mr. Waters—I just wish to say, Mr. Chairman, that two wrongs cannot make a right; and I believe we are entitled to equity in this board, as a taxpayer in the State, and one of the largest taxpayers in the State. Two wrongs will never make a right, and we are entitled to a square deal here. If all the roads had to be reconsidered, that would not change the proposition at all.

Mr. Miles—Mr. Chairman, I suggest that when we place a valuation on the road, on the Los Angeles and Salt Lake road, that we place it at the same valuation of \$17,000 per mile; then if the board sees it is not in proportion to the Western Pacific, to reconsider the Western Pacific, and put it in proportion to all other lines in the State.

Mr. Ingalls—I think this is child's play. If we go to reconsidering, we can reconsider everything we have done here for five days. If we go to reconsidering, I think the more we work at it the worse it will be, and we can put in five days more. The motion made, I understand, is to place the valuation at \$15,000 now?

Governor Oddie—Yes. That motion is made and seconded. That motion is before the board.

Mr. Ingalls—I will make an amendment to the motion, placing it at \$17,000 a mile.

Governor Oddie—I would like to get the record clear. Who made the original motion, placing it at \$15,000?

The Clerk—Mr. McTerney, seconded by Mr. Sitton.

Governor Oddie—Now, Mr. Ingalls, you make a motion to amend that by placing it at \$17,000?

Mr. Arrild—I second the motion.

Governor Oddie—The question is now on the amendment. Are you ready for the question?

Mr. Pohe—Mr. Chairman, the San Pedro road, on our order of business of railroads, stands seven. There was not a word said about the San Pedro in regard to any other road, until we reached the last road, and then the comparison was made with the action of this board on the Western Pacific. Now I think it is a great deal more in order that we go back, if any error has been made at all, and reconsider the Western Pacific; as evidently up to this time the San Pedro road must have been all right. Now if there is any error at all it must be on the Western Pacific, not on the San Pedro.

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

Mr. Miles—Mr. Chairman, while I am not an attorney, not an authority, I think the Supreme Court of this State has said that because one property escapes taxation, is no reason why the other should. If we should fail to assess the Western Pacific entirely, it is no reason why any other property should escape taxation; and if there is a just value placed upon any and all of them, it should be on all alike, of course. I think the comparison between the two lines is very similar, and I will say, that in my opinion, \$17,000 is a fair valuation.

Mr. Ingalls—I feel just the same as Mr. Pohe in this matter, and perhaps this northern road we didn't assess high enough; and to compromise and make things agreeable to the boys up there, who thought \$17,000 was too much, I made that motion of \$15,000, as a compromise proposition. But I think, as Mr. Pohe states, that we went along up to this time; and now if we haven't assessed this road high enough—this northern road—and the other is too high in comparison, we might go back down the line, and reduce all the property we went over in proportion. There is just as much reason to do so as to go to lowering this road down to the San Pedro; we could bring them all down in proportion, if we are going to consider anything of that kind. If this road has not been assessed high enough at \$15,000—my idea was to place it at \$17,000, but to give them the benefit of a doubt, I voted to place it at \$15,000.

Mr. Hayes—Has the amendment been withdrawn placing it at \$17,000?

Governor Oddie—No, there is an amendment before the board now.

Mr. Hayes—Placing it at \$17,000?

Governor Oddie—Yes.

Mr. Lemaire—Mr. Chairman, I think that a valuation of \$17,000 is too high on the San Pedro road; that is, according to what other roads have been assessed here; and I will make an amendment to the amendment placing a valuation of \$16,000 per mile on the road. I think that is nearer right than any.

Governor Oddie—Is that seconded?

Mr. Leonard—I second the motion.

Governor Oddie—Now the question is on the amendment to the amendment. Are you ready for the question?

Mr. Miles—Mr. Chairman, it appears to me that to place this value at \$15,000, would be placing it below the proportion of other properties. This road, as I understand it, has connection with eastern lines at Salt Lake City; has connection with lines from Oregon; it has connection on the west with other lines on the coast, and also with steamboat

traffic at San Pedro; and I am under the impression that to go below \$17,000 is going below the proportion of other properties. While I don't want to do them an injustice, I want to treat them and all other taxpayers alike, and with justice; but I think, taking everything into consideration, that \$17,000 is little enough.

Mr. Pohe—I think we considered that pretty thoroughly when we went over it, and voted by a unanimous vote. Before we vote on any amendment, I would like to have Mr. Shaughnessy's report re-read, so as to refresh our minds—or my mind, anyhow.

Governor Oddie—Mr. Shaughnessy, will you give a synopsis of the figures.

Mr. Shaughnessy—The San Pedro, Los Angeles, and Salt Lake operates a total of 1,134.60 miles. The Nevada mileage is 267.10, out of which 212.58 is the main line, which was assessed at \$17,000 a mile. The gross earnings creditable to Nevada mileage in 1912 were \$1,584,010.74. The taxes paid in Nevada for 1911 were \$80,000, as reported by the tax agent; but, as before stated, that figure does not show in the auditor's report, and I submit that it should be reported by this time; instead, it is shown as \$76,000, and some odd. The ratio of taxes paid to gross earnings for 1912 was 4.82 per cent. The reproduction value of the road and equipment I have put in on the basis of \$50,000 a mile. I have no actual reproduction basis upon which to base those figures, but I base them by a comparison with the cost of reproducing other standard property such as that is. The San Pedro line is in a splendid condition today, and is one of the standard transcontinental properties, or a portion of such standard road. It is practically the same standard of equipment and line as the Union Pacific and Northern Pacific, and other lines of that character; and I estimate from what it would cost to reproduce these other properties that the actual figures would show that the cost of reproducing the San Pedro road and equipment would be approximately \$50,000 per mile. I should have said that the cost of reproduction, in line with my original figures, was \$40,000 a mile. By reason of not having the actual figures, I put it in at \$40,000 a mile for reproduction of the road and equipment. To safeguard by estimate, I reduced it \$10,000 a mile, and made it \$40,000 a mile; and that was the basis on which I put the figures before you; and on that basis recommended that the assessed valuation of the main line be placed at \$20,000 a mile. That would be a reasonable and fair assessment. Including branches, sidetracks and equipment, the assessed value would aggregate about 55 per cent of the reproductive value of \$40,000 a mile. All of the valuations covering the railroads which I have placed before the board, are, I believe, conservative, just and fair.

Now, in the matter of equalizing the values. Mr. Waters, gentlemen, has taken the proper ground when he asks you to reconsider his property value. I put the same identical kind of figures before you for the cost of reproducing the Western Pacific, and while it is true the Western Pacific is just beginning operations, and is not in a good financial condition, and it will probably be some years before it is, nevertheless, the physical value of the property is practically upon the same basis as the San Pedro is. It may not be worth quite as much for the reason that the road-bed is not solidified to the same extent as the San Pedro, although the San Pedro has some 80 miles of reconstruction

in Nevada out of the 212 miles of main line. But all things considered, I don't think a valuation of \$40,000 a mile on the Western Pacific is any too great. Knowing the standard of the property is up-to-date, and practically the same as adopted by the San Pedro, by the Central Pacific, Northern Pacific, Great Northern, and other lines of similar construction, I feel that \$40,000 a mile is a fair figure for the cost of reproducing that property, road and equipment. In line with that idea, I recommend that a valuation approximating 50 per cent, or \$20,000 a mile, be placed on the property, the same as you have placed on all other railroad property you have considered heretofore. The defect lies at this time in failing to put on a valuation that will bring substantially 50 per cent of the reproduction value of the property of the Western Pacific. The only party that seems to be complaining here is Mr. Waters of the San Pedro; and in estimating the assessed valuation placed by this board against the San Pedro property on the basis of \$17,000 a mile, I figure that will be about 50 per cent of the physical valuation; that is, the total property that will be rendered on that basis, including branches, sidetracks and equipment, will closely approximate 50 per cent of the reproduction value of \$40,000 a mile.

If there is to be any reconsideration, it ought to be a reconsideration of the Western Pacific, and the Western Pacific ought to be put on the same basis as the San Pedro.

Mr. Malley—Mr. Chairman, when we left the assessment of the San Pedro, Los Angeles and Salt Lake Railroad, we thought we were placing it in conformity with the assessments levied on the other roads. Now, if it was satisfactory then, and has been satisfactory clear down the line, as Mr. Pohe said, until we came to the Western Pacific, if we made a mistake we made it on the Western Pacific, and that is the one we should have reconsidered, instead of the San Pedro, Los Angeles and Salt Lake road. Now, if this is to be classed as reduction day, the representatives of the other roads who have started home, will regret that they did not stay and ask for a reduction; it will be so easy they will think they made a mistake, and probably some will lose their jobs because they didn't stay until this board adjourned. They will think we are so easy we will give them all a reduction; so I think if we made a mistake, it was on the Western Pacific.

Governor Oddie—The question now is on the amendment to the amendment. Are you ready for the question? The original motion was to reduce the assessment from \$17,000 to \$15,000; that was amended to \$17,000 again; then the amendment was amended, placing it at \$16,000.

Mr. Hayes—I move that the amendment to the amendment be acted upon.

State Controller Eggers—There are two amendments now, you can't go any further; you have exhausted the amendments.

Governor Oddie—Are you ready for the question?

Mr. Miles—I would like to hear the motion read by the Secretary.

The Clerk—The original motion, moved by Mr. McTerney, seconded by Mr. Sitton, that the value of the San Pedro road be reduced from \$17,000 to \$15,000. Moved by Mr. Ingalls, and seconded by Mr. Arrild, to make it \$17,000 a mile main line. Then it was moved by Mr.

Lemaire, and seconded by Mr. Leonard, to make the assessment \$16,000 per mile.

Governor Oddie—Now the question is on the amendment to the amendment, placing it at \$16,000 a mile. We are voting on the amendment to the amendment. The original motion was \$15,000; the amendment was \$17,000; now the amendment to the amendment is \$16,000. We are voting on the \$16,000 now. Are you ready for the question?

Mr. Arrild—If I understand right, we are to vote on the amendment to the amendment now?

Governor Oddie—Yes.

Mr. Arrild—At \$16,000. After that is passed, we vote on the original amendment at \$17,000?

Governor Oddie—Yes, if this vote loses, it places the amendment to the original motion at \$17,000. This is on the \$16,000.

Mr. Arrild—I understand.

Mr. Lemaire—Before we vote on this, I will state, and I will make a motion to reconsider the Western Pacific, and make a motion raising the valuation to \$16,000 a mile.

Governor Oddie—I don't think that could come now.

Mr. Lemaire—No, I simply make that as a remark.

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

Upon roll-call the vote was as follows:

Yeas—Messrs. Weathers, McTerney, Leonard, and Lemaire.

Nays—Messrs. Sitton, Whitehead, Arrild, Ingalls, Ronnow, Pohe, Grutt, Malley, Stern, Seeman, Hayes, and Miles.

Governor Oddie—The motion is lost. We now vote on the amendment to the original motion, placing the value at \$17,000. Are you ready for the question?

The question is called for, and on roll-call the vote was as follows:

Yeas—Messrs. Whitehead, Arrild, Ingalls, Ronnow, Pohe, Grutt, Malley, Stern, Seeman, Hayes, and Miles.

Nays—Messrs. Sitton, Weathers, McTerney, Leonard, and Lemaire.

Governor Oddie—The motion is carried by 11 to 5. That amends the original motion placing the value at \$17,000 a mile. The question now is on the original motion placing the valuation at \$17,000 a mile. Are you ready for the question.

The question is called for, and on roll-call the motion carried unanimously.

Governor Oddie—The motion is carried. Now, Mr. Lemaire?

Mr. Lemaire—I believe I will reconsider.

Mr. Waters—I just want to thank the members of the board for the reconsideration.

Mr. Moore—I don't want to be put in the light of prolonging these proceedings, and I don't want it understood that I am demanding anything, but I do feel as though, of all the assessments that have been made, our road has probably suffered the heaviest of any of them, and not only that, but I believe from the facts that have been presented, that the major portion of the board, down in their hearts, believe we are assessed too high; and I want to ask a reconsideration only in one event, and that is, I have not discussed the matter since the vote was taken, with our local Assessor; and if he is opposed to a reconsideration of our road, and does not think it is assessed too high, then I have no further word to say; but I would like to hear from him, and would like

for the board to hear what he has to say; and if a reconsideration is thought fair, and a reduction of the mileage that was fixed for us is thought fair, we would like to have it; we would appreciate it.

Mr. Pohe—Mr. Chairman, in answer to that, I would rather wait until we are through with the last railroad, or assessing any of the railroads, as far as any new assessment is to be levied on any road, after which I will gladly answer Mr. Moore's request.

Mr. Moore—It is only a request, Mr. Pohe.

WESTERN PACIFIC RAILWAY.

Mr. Whitehead—In the light of the stand I have taken on these two roads, I ask for a reconsideration of the Western Pacific.

Mr. Malley—I second the motion.

Governor Oddie—You have heard the motion for a reconsideration of the Western Pacific. Are you ready for the question?

The question is called for, and on roll-call the vote was as follows:

Yeas—Messrs. Sitton, Whitehead, Arrild, Ingalls, Ronnow, Pohe, Grutt, Malley, Stern, Seeman, and Miles.

Nays—Messrs. Weathers, McTerney, Leonard, Lemaire, and Hayes.

Governor Oddie—The motion is carried by 11 to 5. Now the question is on the reconsideration of the Western Pacific.

Mr. Whitehead—Mr. Chairman, in order to expedite matters, I move a valuation of \$17,000 be placed on the Western Pacific main line.

Mr. Pohe—I second the motion.

Governor Oddie—You have heard the motion, gentlemen. Are there any remarks?

Mr. Caine—As I said this morning, and made very clear, I don't feel that you can compare the two roads, or any two roads; and everything I said this morning, I said in good faith. Our road occupies a unique position, and every Assessor along the road is familiar with the values there, and familiar with the values that are assessed on all sides of it. I think the assessment this morning was high, but I don't care to discuss the relative merits of the two roads. I could do it to our advantage, but I think you have assessed the road on the facts and figures you had. Mr. Shaughnessy recommended \$20,000 a mile for that road on his basis, and turned around on the same basis and recommended \$17,000 for our road—

Mr. Shaughnessy—No, \$20,000 on both roads.

Mr. Caine—As I say, that assessment is high, it is almost murderous at \$15,000, in view of our situation, and where we are. I believe you did not make any mistake when you did it, and I believe you voted your best judgment on that road, as you did every other; and I trust having done that, you will maintain the same attitude. I am perfectly sincere; if I thought it was \$17,000 I would get around it somehow, but I would not deliberately stand before you and lie about it, as I would be, if my remarks here now and this morning were not as I feel them, and I think it will be the unanimous opinion of the Assessors who are familiar with the property, and they will bear me out. Of course, I may be mistaken, I may have the zeal of the advocate, possibly I have.

Governor Oddie—Are there any further remarks, gentlemen? There is a motion before the board.

Mr. Waters—Mr. Chairman, I think I owe it to Mr. Caine, to say that when I started this thing I did not intend to bring anything down

on the Western Pacific. I believe the Western Pacific is assessed at a fair valuation now, and I trust the members of the board will leave their assessment where it was. I was actuated solely by the law of self-preservation.

Governor Oddie—Are you ready for the question?

The question is called for, and on roll-call the vote is as follows:

Yeas—Messrs. Sifton, Whitehead, Arrild, Ingalls, Ronnow, Pohe, Grutt, Malley, Stern, Seeman, and Miles.

Nays—Messrs. Weathers, McTerney, Leonard, Lemaire, and Hayes.

Governor Oddie—The motion is carried by 11 to 5.

#### PRINCE CONSOLIDATED RAILROAD.

Governor Oddie—The next is the Prince Consolidated.

Mr. Pohe—That is the last railroad, is it?

Governor Oddie—Well, it is a small railroad—what is that Prince Consolidated?

Mr. Shaughnessy—The Prince Consolidated is a small mining railroad, which operates near Pioche, some 8 or 10 miles. It is a private line, does no commercial business, and does not report to the Commission. I should imagine the proper course would be to leave it to the County Assessor.

Mr. Ronnow—I move that be left to the Assessor of Lincoln County.

Mr. McTerney—I second the motion.

Governor Oddie—You have heard the motion, are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

#### MISCELLANEOUS RAILROADS.

Mr. Whitehead—Mr. Chairman, we have a branch line in our county, the St. Thomas branch of the Salt Lake road. That might be taken up before you get through, it could come up under miscellaneous railroads, or it could be assessed and named in the order of business herein.

Governor Oddie—What railroads are included in "Miscellaneous," Mr. Shaughnessy? Any others besides that?

Mr. Shaughnessy—We have one other that I know of, the Telasco branch of the Southern Pacific, which operates about eight miles between Metropolis and Telasco, near Wells, Nevada. The only other branch is this San Pedro branch, which operates from Moapa to St. Thomas, and that is about 22 miles. They could either be assessed by the board, or left to the County Assessors. Both of those branches have just begun operations during the past year, and we have no data, no operating detail as to their earnings and expenses. It is very probable they are not making very much money at this time; and I should think it would be as well for the board to leave the branch lines to the various County Assessors at this time.

Mr. Hayes—I should like to ask Mr. Shaughnessy about the Fernley-Lassen branch of the Southern Pacific.

Mr. Shaughnessy—The Fernley-Lassen branch is still under construction; and while a line is under construction it is not customary to report to the state or interstate commissions. We have no data upon that, Mr. Hayes, nothing that would be of value to you. I don't think the board could place a per mile valuation on that branch at this time

because it is being constructed piecemeal. There is only a portion of the track laid, and it seems to me that is a matter you will have to check at the time you levy your assessment, because when that time comes, they will have more branch line in operation than they have now.

Mr. Hayes—The only reason I mentioned this is, it might be necessary to instruct that it should be left to the Assessor.

Mr. Shaughnessy—It might be understood that the Fernley-Lassen branch of the Central Pacific be so treated, if the board desires. It is a separate incorporation, and is known as the Fernley and Lassen Railway.

Mr. Pohe—Just where does that road run, Mr. Cowden?

Mr. Cowden—I don't really know where the road runs.

Mr. Pohe—It comes in at Fernley and crosses the river near Wadsworth; it don't make any difference so far as the Assessor is concerned.

Mr. Shaughnessy—There will be a little piece of it in your county.

Mr. Whitehead—I move that miscellaneous railroads, including all railroads not already assessed, be left with the various County Assessors in the counties where they are operating.

Mr. Ronnow—I second the motion.

Governor Oddie—You have heard the motion; are you ready for the question?

The question is called for, and on roll-call the motion carried unanimously.

Mr. Ingalls—Mr. Chairman, I just want to ask if the reconsideration of these roads cuts any figure as to the sidetracks of the roads. I presume, though, the valuation on the sidetracks of this San Pedro and Western Pacific, as fixed before, under reconsideration they would stand the same.

Governor Oddie—The motion for reconsideration in this case just covered the main line.

Mr. Ingalls—Just covers the main line, and the sidetracks stand as they were.

Mr. Pohe—They were the same. The sidetracks were \$3,200 on the Western Pacific, and on the San Pedro was \$3,200, so they are even now.

Mr. Miles—I would think, off-handedly, when we call for reconsideration on the railroads, it would include those sidetracks, and it would be necessary to take a vote on those sidetracks.

Mr. Bartine—No, they are assessed under a separate order of business.

State Controller Eggers—You assessed the sidetracks by themselves, without the main tracks.

Mr. Miles—Yes, that is true.

Governor Oddie—That completes the railroads. Was there something you wished to say, Mr. Pohe?

Mr. Pohe—With regard to Mr. Moore and the Copper Belt road. Mr. Moore, on the reconsideration, the Western Pacific found it was not to their advantage to have their road reconsidered, and for Mr. Moore's protection, I feel as though we had better let the Copper Belt alone. We have taken the figures given by Mr. Shaughnessy at our solicitation, and I don't feel like asking the board to go back and reconsider any more railroads.

## ROLLING STOCK OF RAILROADS.

Governor Oddie—The next is the rolling stock of all.

Mr. McTerney—I move that the rolling stock be left to the various Assessors.

Mr. Grutt—I second the motion.

Upon roll-call the motion carried unanimously.

Governor Oddie—Now for the information of the board, I would like to ask Mr. Walker of the Railroad Commission, to give us the gross amount of increase of the assessment, as the result of the board's work.

Mr. Walker—Mr. Chairman, and members of the board: The figures of increased assessment this year, and the increases from various mileage, and decreases taken into consideration, not figuring the sidetracks or equipment, the net increases on the Pullman Company, the express companies, telegraph companies, and railroads, amount to \$5,039,382.20 for the year, bringing the total assessment of these public utilities up to \$37,530,540, as against \$32,491,157.80 last year.

Mr. Miles—Mr. Chairman, I would like to ask if Mr. Walker could furnish us with an estimate of percentage of raises over last year.

Mr. Walker—Yes, I could.

Governor Oddie—I think that is a very creditable showing; it is going to help the State materially.

Mr. Walker—It is an advance of 11 per cent, and a fraction.

Mr. Bartine—Isn't it more than that? Figure that again, Mr. Walker.

Mr. Pohe—I move that the assessing of all property in the State not already assessed by the board be left to the Assessors of the counties in which it is found.

Mr. Grutt—I second the motion.

Upon the roll being called the motion carried unanimously.

Governor Oddie—The motion is carried. Mr. Walker wants to make a statement.

Mr. Walker—That percentage of increase is 15.5 per cent.

Mr. Miles—That is on the property we have passed upon?

Mr. Walker—On the public utilities property you have passed upon.

Governor Oddie—Gentlemen, that completes the business.

Mr. Miles—Mr. Chairman, there has been quite a lot of comment going over the State in regard to the taxation of private properties, real estate and other properties, other than corporations that we have just passed upon; and I think it is nothing more than proper that the Assessors should have a little discussion here on prospective values for this year on the other properties; and I would suggest that the Assessors be called upon to give an expression in regard to whether they shall raise or lower the other properties that they have jurisdiction over, in order to put us on a basis and standing that we can go back and tell the people what we are supposed to do.

Governor Oddie—I think that is an excellent idea, Mr. Miles.

Mr. Pohe—Mr. Chairman, before we start that, just one more question. We had a little discussion here before the meeting began, Mr. Eggers, Mr. Grutt and myself, as to the assessment of sheep. In counties in which the office of Sheriff and Assessor has been segregated, who becomes the assessor of the sheep, where sheep are placed on the roll as personal property, and not added to realty, whether it becomes then

a part of the real estate. My contention was, as I understood it, that it was the Assessor's duty.

State Controller Eggers—You were correct. We talked about the sheep tax entirely. You are the Assessor, and you are responsible for that personal property tax.

Mr. Pohe—Then who collects that tax?

State Controller Eggers—That sheep tax? I guess you will have to collect it.

Mr. Pohe—I understood you to say it was the Sheriff.

State Controller Eggers—The Sheriff has the license, five cents a head. That is a different thing, the State doesn't get that, so I don't pay much attention to it. You people in the counties put that in your own pockets.

Governor Oddie—The suggestion of Mr. Miles I think is an excellent one. I would like to read something that I said last year to the board just after the business was over; I think it will apply now just as well: (Reads.)

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 suggestions 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.

That applies just as well today, gentlemen. The Legislature is just about to convene, and, as you know, we have some difficult problems to solve.

Now, with regard to this Citizens' Economy and Taxation Commission, which has been discussed, I understand they have prepared a law to be shown to the members of the Legislature as a suggestion; I have not seen that law yet, I don't know what its provisions are. My mind is open. I want to get good ideas from you, and I think you are a practical body of men. You know the conditions in your various counties; you have to rub up against these hard problems, and I think you can give me some good ideas, and some good suggestions.

There is a member of the Legislature here, Mr. Frank Kinghorn, and I would like to read a letter which he has addressed to you gentlemen; I think it has an important bearing. Mr. Kinghorn has been here about a month, studying the intricate problems of finance and legislation, and he has attended all the meetings of this board. He says: (Reading:)

STATE BOARD OF ASSESSORS, *Carson City, Nevada.*

Gentlemen: During my attendance at your sessions within the past five days, I have been much impressed by the close and intimate knowledge displayed by your members touching the subject of revenue and taxation, which is now commanding so much attention.

I therefore respectfully suggest that before your final adjournment, this matter be discussed, so that the views of each member of your board may be ascertained, regarding desired changes, if any, in our existing laws.

I further suggest that the result of such discussion be placed in typewritten form, so that it can be brought to the attention of the proper legislative committee at an early date.

As a member of the ensuing legislative session, I shall be disposed to attach a very high value to the opinions of the various Assessors, believing that they are brought into more intimate contact with the actual operations of our revenue system than other members and officers of the state and county governments.

You have been informed by the Governor, State Controller and other officials that our present revenues are insufficient to meet our present requirements. I have recently examined a bill on this subject which makes special provision for a meeting of your board, to be held at a later date, for the sole purpose of discussing these matters. It would seem to be the part of wisdom and economy, while you are still in session at this time and just before the session at which these matters will be taken up, that such discussion be had now, for the benefit and information of the Legislature and its committees.

Respectfully submitted,

FRANK J. KINGHORN.

Carson City, January 17, 1913.

I think there is a great deal of food for thought in that, and I think the Legislature can get valuable suggestions from such a discussion, and I know I can; and I would like to have it considered. Mr. Miles, would you suggest that each one here give his views?

Mr. Miles—Mr. Chairman, I don't know whether it would be in order or not, but I am going to suggest that each member place on a little slip of paper, a little blank slip of paper, the percentage that he thinks he can raise upon, we will say ranch properties and lands in his county; and place that little slip of paper in somebody's hat; and that we shall turn them over and compare them, and make an estimate.

Governor Oddie—That would be a little misleading. Some counties have very little ranch property, and other counties have a large amount.

Mr. Miles—That is true.

Governor Oddie—If on that slip the Assessor could estimate the percentage of increase, also the amount in dollars that he could add to the assessment roll, I think it would be a help.

Mr. Miles—It seems to me the same percentage added to all that property would be a fair raise. Of course it might not work. Some counties may be way below in proportion to others; but I am under the impression that the counties throughout the State are fairly in proportion. Now, this board, since I have been in attendance—and this is the fifth time I have attended the meetings of the State Board of Assessors—I understand have used the valuations fixed here as a basis for valuations upon other properties. They have come here and gone over these matters, and fixed such valuation as they thought was best. They have gone back home, and if all have done as I have done, they have laid awake several nights, studying over what valuation should be placed upon the properties that have not already been fixed. And I think if each Assessor could compare the properties in his county, and put before the board his ideas of what is fair and just, we would come nearer getting a fair valuation in that way, than most any other. And I think the work this board has done in the last four years, taking into consideration the criticism and abuse that it has taken, that we have proven in our actions we were far nearer right than those that criticised us; and I believe that the basis of valuation will be founded right here, and that we should be guided by it, each and every one of us.

Governor Oddie—That is a good suggestion, Mr. Miles; and acting on that suggestion I think it would be a good idea to ask the Clerk to give each one a little slip of paper.

Mr. Whitehead—Before you pass around those slips, Mr. Chairman, I would like to make a suggestion. I think an Assessor will have to be a little more brilliant than I am to tell you just what percentage he is

going to make in his county before he leaves here, in any raise; or a little bit more so than I am to make any suggestion on the spur of the moment that would aid Mr. Kinghorn, or any of the other members of the Legislature, or the Governor, in recommending anything. I think it would be a better idea if the Assessors would go home, like they do every year, with the different bases that have to be used, to arrive at the assessment in his mind, feeling, as he always does, that he should use the same in his own county, and study over the matter after he gets there. If he thinks he has got an idea big enough and bright enough to present to the Legislature, or any member of it, let him write a letter conveying those ideas to whomsoever he wishes; and I believe, after consideration and thought, that idea would be of more service than would be one suggested on the spur of the moment here. I feel and know that all of the Assessors carry out the same thought as I do. When I have performed my duty here I go home with a determination to make other assessments come as near to these as I possibly can, taking all things into consideration. I believe all the Assessors do the same thing. And while we will be criticised, no matter what we do, perhaps it is a good thing to have it. Criticism sometimes makes us wake up and take notice, and if we have made mistakes we can overcome them, if they are called to our attention. And while I have felt at times that some of this criticism through the papers was a little strong, at the same time I have not resented it very strongly, for the reason there is not anything that will do more good than criticism; nothing in the world will do more good than to show our mistakes to us. Sometimes the criticism may be far-fetched, too far-fetched, but in the end it will do good; and I believe if we go home and think this matter over and suggest things by letter, after consideration, it will do more good than to write it here on a slip of paper.

Mr. Miles—Mr. Chairman, I agree with Mr. Whitehead almost entirely. His suggestion is first-class. Now there is one thing that I do want to bring up here before this board. In the experience in some of the counties in the State, the Assessor's office is very much lacking in the way of plats and data sufficient to enable the Assessor to get all the properties in the county. I find that some counties have a very good system. I consider that White Pine County has as good as any of them, if not the best in the State. I believe that it would be a good thing if this board would recommend, or express in some way, the desire to make it compulsory that the County Commissioners in each county in the State furnish the Assessor's office with all the necessary plats and data, by which the Assessor might check all property that is taxable in the county.

State Controller Eggers—It is already in the law.

Mr. Miles—Not compulsory, I don't think.

State Controller Eggers—Well, the Assessors have the power to do so.

Governor Oddie—I think it should be done, because the way of the Assessor is a hard one, and he should be assisted as much as possible.

Mr. Miles—When I went into the Assessor's office, I didn't have a plat or a single record in my office that I could be guided by, not one. It is a positive fact, I didn't have a thing I could be guided by. I went to the County Commissioners and told them the condition of affairs, and told them I must have something, and my Commissioners were good enough to furnish me with all that I asked for; and consequently our

office has been in possession of plats, and a system by which we can assess everything that we have in the county that is worth assessing.

Governor Oddie—Now, gentlemen, we would like to have more discussion on this matter; we would like to have suggestions. I want it understood that the idea is to assist the Assessor in every way possible. There are hard problems before us, and I think the law can be changed, and I think our Constitution can be changed in some way which will be of assistance to the Assessor. I know the problems the Assessors have in this State, and I know them pretty well in other States.

Mr. Pohe—What is the real outline and intention of the new law you refer to, Governor?

Governor Oddie—I have not seen that yet, Mr. Pohe.

Mr. Pohe—I don't see how, if you cannot give us any information on it, how we are going to make any suggestions on it. If Mr. Kinghorn, who is a member of the Assembly, is here, and can give us any information on it, I would be glad to listen to him.

Governor Oddie—I think it provides for a State Tax Commission to assist the Assessors. I don't know just how it provides as to the working of the Assessors with the Commission; but I know that my intention would be to have the Assessors assist that Commission; to have a State Tax Commission—that is what I suggested before—that would work in very much the same way that the Railroad Commission works in regard to railroads and public utilities. It could get a great deal of information that would be valuable.

Mr. Malley—Mr. Chairman, I believe the other day I committed myself with reference to the Tax Commission, and I agreed that it would be a good idea; and I believe yet it would be a good idea in certain respects; but in case we were unfortunate to get men who could be handled by any certain individual or organization or corporations, then it would be detrimental to this State. I don't like to see too much power left to a commission, especially to a commission composed of two or three men; but if we could get honest men on that commission who would have the interests of the State at large at heart, one county as well as the other, then I would be in favor of that commission; and I would not want to be on record otherwise.

Governor Oddie—That is one vitally important thing in any tax commission—to get honest men; that is something I would fight for. If we could not get honest men, it would be much better not to have it.

Mr. Pohe—What is the real intention of having a commission? What is the object? Do you intend to put the power in this commission to dictate to the various Assessors, or to work in conjunction with the County Assessors, and get information from them, or furnish them information?

Governor Oddie—To work in conjunction with them.

Mr. Pohe—Not a lone power by itself?

Governor Oddie—It would have certain powers granted by the State, but I don't see that it would take away any power of the Assessors; I think it would increase the power of the Assessors; I think it would open up new fields for effective work and be of assistance to the Assessors in that way. It would necessarily have to have certain powers, you know, of equalizing.

Mr. Miles—I would like to ask if it would take away the power of

the Boards of Equalization in the various counties, any further than this board now acting does?

Mr. Shaughnessy—Yes. Any valuation placed by a centralized tax commission would supersede the County Board of Equalization. The Tax Commissions, as operated in other States, have the power of supervision over local assessments. The various County Assessors assess the property, just as they do now, but the centralized State Tax Commission has the power of supervision. They have also the power if they find, for example, in your county a power company, or some other company, has given in a tax statement, rendered to you a valuation, as being the fair value of the property, and if the commission finds by physical valuation, or other method, that the company has grossly undervalued the property put in to you, they have a right to come down to your county and say, "Here, that property is given in at too low a figure, it should be \$500,000 instead of \$300,000," and then they have the power to order a reassessment. Under the law, you are supposed to put on an assessment, and even though that assessment is put on by you in the county, and in accordance with law, the State Tax Commission has the right in a case of that kind to come along and order a reassessment. That is the power of the state commission, in part. The study that I have given the matter shows that some very substantial results have been accomplished along those lines in other States. For example, in Wyoming, in 1908 they were assessing under the same system we now have. The County Assessors there, I think, met annually as a State Board of Assessors; but the territory was so wide up there—just as it is in Nevada—that it was difficult for the Assessor to make a personal appraisal of all of his property; and through the medium of a State Tax Commission, with a man investigating those things, and going over the State with nothing else to do but to inquire into such matters, they were enabled to raise the assessed valuation of property in that State—railroad, public utilities, lands and everything else—from \$67,500,000 in 1908 to \$187,000,000 in 1909. As an indication of the benefits accomplished thereby, it may be said that the state rate in 1908 was 65 cents on the hundred dollars, or about the same as ours, and after this increase in property valuation was brought about, in 1909, the state rate was reduced to 24 cents. The average state and county rates in 1908 were about 2 per cent, or about the same as they are in this State, and after this increase in valuation the total rate, average state and county, was reduced to 1 per cent, or one dollar on the hundred. Now, just last year they established a Tax Commission in the new State of Arizona—the baby State—prior to that time it was a territorial government, and the assessments were made in various ways, and without regard to much uniformity as between the different counties, and also as between individuals. In 1911 the assessed valuation in Arizona, as I recall it, was \$98,000,000, or about the same, I think, as ours will be this year. The commission was organized and became effective last May; and notwithstanding they had only about eight months left in which to work during the year, they increased the valuations of the corporations, and lands, and all properties, from \$98,000,000 to \$140,000,000, or 43 per cent increase.

That just shows in a general way, gentlemen, what can be accomplished by a centralized authority, without taking from the local

County Assessor his prerogative of making local assessments, or interfering with him in making assessments, except in so far as the valuations may be too low on certain classes of property, he will be enabled the secure information by which he can arrive at a fair valuation, and make a correct reassessment, which is a thing that cannot be done at the present time.

I think if we establish a State Tax Commission in this State, some very material results could be accomplished by such a Commission, in cooperation with the various County Assessors working along these lines. That is my impression of it, gentlemen.

Governor Oddie—I would like to say one thing that I mentioned the other day at another meeting, to show one way in which it would be of benefit to the Assessors. You know that in traveling through the country you will come to a ranch, and find that that ranch has increased in value; you will have to go to the owner, and tell him you have raised him; it is a matter that is right up to you, between you and the owner. It is disagreeable, it is hard to do; it is something every Assessor has to do; but take the operation of the Banking Board in this State, for example. I have watched that very closely, as I have attended the meetings regularly. The State Bank Examiner goes to a bank and finds that a certain note has not security enough, or has not endorsers enough; he tells the cashier that the State says he must get more security for that note, or must get more endorsements on it; the cashier has no option in the matter. He can go to the customer of the bank then, and tell him that the State demands it. It takes away the disagreeable feature that would otherwise exist, of the cashier of the bank having to go to his customer, who may be a personal friend, and demand more securities; in other words, the cashier can "pass the buck" up to the state authorities. I know the Assessors would be relieved of many a disagreeable duty by a State Tax Commission. I have been in the State some time, and I know how it is; I have gone around a county with an Assessor; all the Assessors know the men in their counties well, and the way of the Assessor is hard; they have many difficulties in their paths, and if something of that kind were done, it would relieve them of much embarrassment; they could simply say the State demands this, and I have no option in the matter at all. This feature has been of help to the cashiers of the banks; they have told me so; and it would work the same way with the Assessors.

Mr. Shaughnessy—In that connection, Governor, the Commissioners of Wyoming and Arizona call attention to that very thing, and state that while the local County Assessors were antagonistic to a scheme of that kind at first, after the first year's operation they were heartily in favor of it for that very reason; it relieved them from the powerful local influences in their counties—the people who make a business of tax-dodging as much as they can, who fight every increased assessment, and say that they are already assessed too high, and if there is to be a raise it should be on the other fellow, it would give the Assessor the opportunity of saying, "Here, gentlemen, this is the rule laid down by the Commission, I have no option in the matter, and I will have to treat you just the same as other people." The County Assessors in Wyoming and Arizona have found that the rules and regulations of the State Tax Commission have made it easy for them to enforce their revenue laws more uniformly and effectively.

Mr. Bartine—Gentlemen, I have not bored you a great deal during the last two or three days, but it occurred to me while the Governor and Mr. Shaughnessy have been speaking here, that there is a feature of this situation which gives peculiar emphasis to the position which the Governor has taken, and the position which Mr. Shaughnessy has taken with respect to the creation of a State Tax Commission. I have never taken any particular action in regard to the movement; I have not committed myself very strongly, although I have been inclined to think that a State Commission would be advantageous, but I have been especially impressed with the point that is made that it would relieve the Assessor of a great burden or responsibility, and in many cases it would save him from incurring the bitter hostility which would be damaging to him as a man and an officer. I could not find better illustration of the truth of that than is furnished by the action which has been taken here during the last few days by this board. Now each one of you goes home with the action of this board as your authority, and you fix certain values, or you place certain values upon the various public utilities which operate within your respective counties. The owners of those utilities have nothing in the world to say against you individually, you act with the authority of the combined board behind you, and if they object, all you have to say to them is, it is the authority of the State Board, I am acting under that authority, and I cannot do anything else.

Now, if you have a general Tax Commission, a Tax Commission which has general supervision—it must have supervision—you have that Commission behind you in every move you make.

It may not be out of place, and might be just a little interesting, if I were to give you a bit of my own personal experience. A few years ago, as you will remember, a law was placed on the statute books, popularly known as the "Newlands law," providing for a graduated reduction of the rate of assessment; and under that law a Tax Examiner was appointed, whose duty it was to go to the various counties and investigate tax conditions which involved a consideration of assessment values in the various counties. It so happened I was appointed Tax Examiner at that time, and in the performance of my duties I visited every county in the State, excepting Lincoln, which was exempted from the provisions of the statute because of the great burden of debt which it was carrying; it was not exempted by name, but the law was so framed as not to apply to any county which was carrying more than a certain amount of indebtedness, and that only applied to the one county. I went to every county in this State, with the exception of Lincoln County. I conferred with the Board of County Commissioners; I conferred with the Assessors and District Attorneys. They all held special sessions in order to hear from me, and hear my explanation of the purpose of the law, which, as many of you know, was in theory, at least, to raise the valuations and reduce rates. I want to look this entire assemblage in the face, and say with all the sincerity in the world, that I didn't find my way into one single county where it was not claimed that they had their values higher than in any other county. It was always the other county that was undervalued. Now, it is self-evident that they were not all right; and it is self-evident that nearly all of them must necessarily have been wrong, because it could not possibly be that each county was assessed upon a

higher basis of valuation than every other county. That is simply a physical impossibility, and a financial impossibility. That was my experience. And as a man who has been active in public life in this State for a great many years, I think I know the situation existing throughout the State, both in a business way and a political way. I understand the political pressure which is behind every individual Assessor; and it is no reflection upon any gentleman present when I say it is human nature to yield to it more or less. I fancy if I were an Assessor I should yield to it; I don't claim to be firmer than any of you gentlemen, and I am only saying it for the purpose of suggesting what a tremendous advantage it would be if there were a State Board with authority, which would relieve you of a considerable amount of responsibility and pressure to which you are now subjected.

One more thing before I take my seat. You will remember early in the session I made a few observations, and among other things I suggested it might be a good thing for this Board of Assessors to bear in mind that you could not expect to make all of your raises in assessed valuations upon the public utilities; that the raise should be general all along the line. We have been dealing here entirely with public utilities. It appears from the figures given, that last year the assessed valuation of all the public utilities in the State was \$32,000,000, while the total assessed valuation was about \$91,000,000; so you were getting more than one-third of all your money from the public utilities. Now you have made additions at this session, more than \$5,000,000, which, according to Mr. Walker's figuring, amounts to a fraction more than 15 per cent upon that species or that class of property. I suggested that you might adopt a resolution, which would simply be advisory in its nature, to the effect that there should be a general raise of property values over the State, of anywhere from 10 to 20 per cent; the raises made here amount to about 15 per cent. If you gentlemen don't care to adopt a resolution, if each of you would get the idea into your head, and carry it home with you, as Mr. Whitehead says he does, and I am sure he does, as he is a bright man, that you have made a raise of 15 per cent on public utilities, and to make things equal, you are in favor, as nearly as conditions will permit, to make a raise of 15 per cent on all the rest of the property in your counties, it will go a long, long way in helping the State out of the financial trouble in which it is now involved. The creation of a Tax Commission will not have any immediate effect along that line; but if you can make advances on other property to correspond, and with the advances we have made here with respect to these public utilities, you will render a very valuable service to the State in the way of relieving it from its present financial distress. In doing that, you will have to use your intelligence. In every county there is some property assessed to the maximum, but there is other property that will stand a very substantial raise; and in that way you will have to make use of your best intelligence. It will take some degree of firmness on your part to do it. If you see your way clear to do it, and if the next Legislature in its wisdom should create a Tax Commission, after that it is my opinion you will have good strong support behind you, which will enable you to do a great many things you cannot do individually now.

Just one more thought, and I am through. We find this exemplified in the work of the Railroad Commission. We have now been operating

for about six years. When we began our business officially, it was almost impossible for us to get anybody to file a complaint against a railroad in the State of Nevada. Every private individual had his grievance. Mr. Shaughnessy, in the early stages of our work, made a trip out along the line of the Southern Pacific Railroad, and conferred with the business men everywhere. They all had grievances, were all complaining of excessive freight rates, but not one of them wanted to make a complaint, and didn't want to have his name used. That is a fact, is it not, Mr. Shaughnessy?

Mr. Shaughnessy—That is right.

Mr. Bartine—There is not a man in the State of Nevada today, so poor, humble or lowly, that he is afraid to make a complaint against the Southern Pacific Company, if he thinks he has a grievance. And why is it? Because he knows the Railroad Commission is behind him, and that the Railroad Commission will assume the entire burden of responsibility, which we have done right along. That principle will apply to a Tax Commission, providing you have a Tax Commission composed of honest, able, capable men, and men who are courageous. I thank you, gentlemen.

Governor Oddie—You spoke to me before the meeting—

Mr. Sitton—I will forego any remarks regarding it, and I will send in a letter.

Governor Oddie—Do you think this board could pass any resolution that would help in that matter?

Mr. Sitton—I don't think so at the present time. I think we would have to take into consideration that bill that is being drawn.

Governor Oddie—I thought that this was something outside of that matter?

Mr. Sitton—I will send it up.

Mr. Arrild—Mr. Chairman, if we are to be in session much longer, I would like very much to be excused, so I can get off on the afternoon train to Gardnerville. I don't know as there will be anything particular for me to wait for, and I would ask if I might be excused.

Governor Oddie—With the permission of the board, Mr. Arrild, I want to thank you for the courtesy you have shown us; and at this time I want to thank all the members of the board for the courtesy shown. It has been an intensely interesting session, and a very beneficial one to the State.

(Mr. Arrild is excused.)

Mr. Pohe—I move that we thank the Chairman, the members of the Railroad Commission, and all others who have appeared before us.

Mr. Weathers—I second the motion.

Upon the question being put the motion carried unanimously.

Mr. Bartine—Gentlemen, on my own behalf, I want to thank you. I did not appear on behalf of the Railroad Commission. I always believe in giving credit where credit is due; the facts and figures and data which have been presented to you have been made up in the Railroad Commission office from the official records in that office, and by the force in the office, under the direction of Mr. Shaughnessy; and for that reason I have not attempted to discuss those figures, not being familiar with them. As a general rule, the work of making out figures does not fall to me, I being the legal member of the Commission. Sometimes it happens we have a pretty big proposition on hand, and then I

get in and hold the laboring oar. I came here at the invitation of the Governor, to assist him in regard to legal matters, providing legal matters should arise, which proved to be in a way puzzling. But there is one thing I desire to say on behalf of the office of the Attorney-General. My presence here has not been intended by the Governor as any disparagement of that office, and if I had thought it was so intended, I should have declined his invitation here. The truth is, as you know, the Attorney-General is a sick man; he is in Tonopah, and the entire work of the office has devolved upon his assistant, and I happen to know that he is an exceedingly busy man. The situation was such that I could give you three or four days of my time, and therefore, responding to the invitation, I have been with you, and I have assisted the Governor as well as I could, and whenever any question of law has arisen to which I could address myself, I have done it with such ability and with such knowledge of the law as I possessed. If it has been appreciated by you, I am more than pleased; and I shall feel very glad indeed if I have been able to render you even the smallest assistance in your considerations. It has been a pleasure to me to be with you; it has been a pleasure to witness the harmony and good feeling which has prevailed in the course of your deliberations; and I want to congratulate you, one and all, upon the manifest and unmistakable spirit of fairness which you have shown throughout the entire session.

Mr. Shaughnessy—Gentlemen, I desire to thank you for your expression of good-will and appreciation of the efforts of the Railroad Commission. In that connection, I want to say that if we can be of further service to you between this time and the next meeting of the board, we will be very glad to have you call upon us for any information we may be able to furnish.

Governor Oddie—I would like to say, gentlemen, Mr. Patrick has been very kind in his offers of assistance all during the session of the board. I have kept in touch with him, but he has a great amount of detail to attend to in his office, and he has not been able to be here all the time; but there has been an understanding between us, if any legal question should come up, he would be down here in a second. And when the legal question came up that Mr. Pohe raised, he gave us very full advice, and Mr. Bartine did the same.

Mr. Bartine—It so happened that on that particular point Mr. Patrick was better informed than I was.

Governor Oddie—So we have two able gentlemen to thank.

Mr. Miles—I don't like to get up here and spout around all the time, but there is a little matter I would like to call the attention of this board to, and that is the matter of poll taxes. The law provides that the Assessor may compel companies, corporations, or individuals who have employees, to collect the poll taxes, and turn them in to the Assessor. It does not provide that the collector of those poll taxes shall receive any compensation for his work, and there are many complaints from clerks and men who have to collect those poll taxes, that they are doing a lot of extra work and receiving nothing for it. I have talked to our representatives in the Legislature, or at least to some of them, about the matter, and they requested me to take the matter up before the board, and get an expression in regard to allowing some compensation to those men who collect those poll taxes, and I believe it

should be done. I think if the Board of Assessors will make an expression of that kind, and have it go before the Legislature, that there will be a law enacted governing it. And, single-handedly, I will say that there should be at least 5 per cent of those poll taxes allowed for collection. I don't want to bring too much revenue to my own pocket, but I must say for the Assessors, that the Assessor has all the responsibility of collecting those poll taxes, without any extra pay for it; it gives him a lot of trouble, and sometimes more worry than anything else he has to contend with; and I think of the 5 per cent the Assessor should have at least 2 per cent of it for his work; and if there is a recommendation put before the Legislature, I am satisfied that the good, sensible men of that body will see fit to make some amendments to the law, and allow those collectors, the company and their men, to have some pay for it, whether the Assessor gets anything or not.

State Controller Eggers—Mr. Chairman, as this has all gone in the minutes, not with any regard to myself, the State Board of Revenue has nothing further to do with the poll taxes. If they want any amendments, it is all right; they have a right to have the law changed; but it should not go into these minutes that the State receives revenue from poll taxes. They have taken it away from the State, and that is one of the reasons we are today partly broke—\$35,000 or \$40,000 a year. It is absolutely with you as counties, and we as revenue members have absolutely no control over the matter. Mr. Miles, excuse me, with all good intentions, but we have absolutely no control over your poll taxes. I don't furnish you with any more blanks, the State gets no more revenue; and if you want to make any new laws, go to your own representatives.

Governor Oddie—Mr. Miles, do you think such a law would increase the amount of poll taxes? Do you think you would be able to deputize certain men who would collect poll taxes that are not collected now?

Mr. Miles—I do think so. With reference to the State Controller's remarks, I will say I am well aware that the State has nothing to do with the poll taxes, so far as the State is concerned.

State Controller Eggers—They were stolen from us.

Mr. Miles—But this body comes here and acts upon many things that concerns the State, county and Assessors; the Assessors who meet here represent the State also, as they represent the counties; and if we haven't a right to speak for the counties as well as the State, I would like to know where we are going to get off at.

Governor Oddie—It is the province of this board to help the State and to help the counties in any way it can.

Mr. Miles—I am not objecting to anything the State Controller has said.

State Controller Eggers—I have a right to object; the State don't get anything out of it.

Governor Oddie—That does not cut any figure. If we can help the counties, we want to do so.

Mr. Miles—It is for the welfare and justice of those men who have the collection of the poll taxes. I think it is no more than right and just, and I think the law should be amended to give them something for their work; and I think by doing it we will collect more poll taxes for the counties than we do now.

State Controller Eggers—In response to the Honorable Governor, I



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# APPENDIX

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**OPERATING REVENUES AND EXPENSES OF CORPORATIONS**  
**YEAR ENDING JUNE 30, 1912**

Companies	Operating revenues (gross)	Total operating expenses	Net operating revenue or deficit	Taxes	Net income	Percentage of taxes to gross operating revenue
Aitchison, Topeka and Santa Fe Railway	\$89,856,346.85	\$57,666,316.02	\$32,190,030.83	\$3,556,069.40	\$28,633,961.43	3.9575
Bullfrog-Goldfield Railroad	100,163.42	99,367.84	795.58	7,959.51	7,163.93	7.9465
Central Pacific Railway <sup>a</sup>	9,723,405.66	5,228,509.99	4,494,895.67	351,610.38	4,143,285.29	3.6161
Eureka-Nevada Railway <sup>b</sup>	71,651.08	56,026.40	15,624.68	1,095.00	14,529.68	1.5282
Goldfield Consolidated M. and T. Company	91,056.39	28,918.32	62,138.07	472.68	61,665.39	0.5191
Las Vegas and Tonopah Railroad	194,549.94	184,363.87	10,186.07	19,375.29	9,189.22	9.9590
Nevada and California Railway <sup>c</sup>	1,086,880.56	649,919.04	436,961.52	98,849.52	338,112.00	9.0948
Nevada-California-Oregon Railway	388,811.60	262,826.98	125,984.62	18,841.30	107,143.32	4.8459
Nevada Central Railroad	59,785.25	47,193.76	12,591.49	4,017.24	8,574.25	6.7194
Nevada Copper Belt Railroad	131,144.52	80,139.81	51,004.91	1,597.49	49,407.31	1.2180
Nevada Northern Railway	1,509,862.70	710,662.57	799,200.13	68,365.11	730,835.02	4.5279
San Pedro, Los Angeles and Salt Lake Railroad	9,361,098.91	7,527,029.04	1,834,069.87	300,086.93	1,533,982.94	3.2057
Silver Peak Railroad	14,853.51	15,609.60	756.09	897.11	1,653.20	6.0397
Southern Pacific Company <sup>d</sup>	100,895,206.93	62,096,036.10	38,799,170.83	193,816.15	38,605,354.68	0.1921
Tonopah and Goldfield Railroad	760,442.34	460,670.28	299,772.06	29,982.65	269,789.41	3.9428
Tonopah and Tidewater Railroad	291,390.69	197,329.51	94,061.18	18,624.58	75,436.60	6.3916
Virginia and Truckee Railway	309,972.66	218,787.44	91,185.22	24,353.45	66,831.77	7.8566
Western Pacific Railway	5,430,647.56	4,438,141.21	992,506.35	185,233.84	807,272.51	3.4109
Nevada Interurban Railway	5,562.00	4,988.95	573.05		573.05	
Reno Traction Company	51,172.08	38,459.68	12,712.40	1,575.00	11,137.40	3.0778
American Express Company <sup>e</sup>	43,714,874.32	42,002,853.06	1,712,021.26	371,606.09	1,340,415.17	0.8501
Globe Express Company <sup>e</sup>	773,218.77	757,130.75	16,088.02	8,918.97	7,169.05	1.1535
Wells, Fargo & Co. <sup>e</sup>	32,693,923.49	30,062,582.65	2,541,340.84	356,764.21	2,184,576.63	1.0942
The Pullman Company <sup>e</sup>	276,919.98	203,001.43	73,918.55	3,355.79	70,562.76	1.2118
Pacific Telephone and Telegraph Company	15,995,183.00	11,815,740.00	4,079,443.00	544,005.00	3,535,438.00	3.4225
Postal Telegraph Company <sup>e</sup>	13,586.92	18,309.79	4,722.87	863.31	5,586.18	6.3540
Western Union Telegraph Company	41,661,439.48	32,639,238.70	9,022,200.78		9,022,200.78	
Western Union Telegraph Company <sup>e</sup>	59,203.39	162,844.78	103,641.39	9,305.99	112,947.38	15.7187

*Italic figures denote deficit.*

<sup>a</sup>Revenues in Nevada, on interstate and intrastate business.

<sup>b</sup>Estimated for year on basis of first three months for fiscal year ending June 30, 1913.

<sup>c</sup>Estimated for year on basis of first eight months for fiscal year ending June 30, 1912.

<sup>d</sup>The Southern Pacific Company does not pay taxes on lines which it leases.

<sup>e</sup>Amounts paid to railroads for express privileges are included as operating expenses in this statement.

## RAILROAD COMPANIES

Companies	Capitalization and debt per mile, 1912	Total cost per mile to June 30, 1912	Assessed value per mile, 1912 (main line)	Per cent of assessed value to total cost June 30		Net operating revenue per mile of road, 1912
				1911	1912	
Atchison, Topeka and Santa Fe Railway	\$59,152.00	\$13,134.27	\$3,000.00	19.03	22.841	\$326.07
Bullfrog-Goldfield Railroad	47,064.00	46,058.68	3,000.00	6.51	6.513	9.58
Central Pacific Railway <sup>a</sup>	132,785.00	121,549.87	35,000.00	20.07	28.794	5,402.10
Eureka-Nevada Railway <sup>b</sup>	5,682.00	1,688.00				
Las Vegas and Tonopah Railroad	7,528.00	15,473.74	3,000.00	19.24	19.388	60.81
Nevada and California Railway <sup>a</sup>	17,945.00	30,192.88	14,000.00	99.20	46.369	468.41
Nevada-California-Oregon Railway	15,152.00	22,222.01	4,000.00	19.89	18.000	574.29
Nevada Central Railroad	16,078.00	16,038.39	1,250.00	7.79	7.794	134.95
Nevada Copper Belt Railroad	39,112.61	25,296.60	5,750.00		22.730	1,229.02
Nevada Northern Railway	18,173.00	16,773.18	17,500.00	80.63	104.333	4,841.29
San Pedro, Los Angeles and Salt Lake Railroad	78,649.00	61,830.79	12,000.00	12.81	19.408	1,681.13
Silver Peak Railroad	11,428.00	11,745.00		15.95		43.21
Tonopah and Goldfield Railroad	31,530.00	36,517.49	10,000.00	27.03	27.384	2,715.08
Tonopah and Tidewater Railroad	24,762.00	22,009.91	4,000.00	16.54	18.174	520.11
Virginia and Truckee Railway	74,096.00	65,450.74	8,750.00	12.94	13.369	1,351.29
Western Pacific Railway	160,078.00	86,892.24	10,000.00	7.18	11.508	633.82

*Italic figures* denote deficit.

All figures on cost are for that portion of the various roads in Nevada only.

<sup>a</sup>Net earnings per mile of road, on basis of rents received for lease of road to Southern Pacific Company.

<sup>b</sup>Formerly Eureka and Palisade Railway. Cost to 1912 is cost of reconstruction of road only.

**GROSS TAXES PAID BY CARRIERS TO STATE OF NEVADA, FOR YEARS ENDING JUNE 30, 1910, 1911, 1912**

Companies	1910	1911	1912	Mileage, 1912	Per mile of road		
					1910	1911	1912
Atchison, Topeka and Santa Fe Railway <sup>a</sup> .....	\$1,103.52	\$1,051.85	\$830.12	11.80	\$95.13	\$90.67	\$71.56
Bullfrog-Goldfield Railroad.....	14,925.20	10,962.38	7,959.51	83.01	179.80	132.06	95.89
Central Pacific Railway.....	294,779.45	350,679.31	351,610.38	456.54	675.08	781.64	770.16
Eureka-Nevada Railway <sup>b</sup> .....	4,347.27	.....	.....	88.00	49.40	.....	.....
Goldfield Consolidated M. and T. Co. ....	.....	.....	.....	424.02	3.96	.....	107.07
Las Vegas and Tonopah Railroad.....	30,529.53	23,699.75	19,100.29	200.46	153.05	118.25	95.28
Nevada and California Railway.....	98,477.76	52,272.56	54,920.35	222.73	442.14	234.69	246.58
Nevada-California-Oregon Railway.....	2,263.96	3,397.39	4,030.82	27.75	80.45	120.73	145.25
Nevada Central Railroad.....	4,372.75	4,207.50	3,953.05	93.30	46.86	45.09	42.37
Nevada Copper Belt Railroad.....	586.00	1,094.64	3,195.00	41.47	41.86	34.97	77.04
Nevada Northern Railway.....	36,969.67	43,523.09	62,505.10	165.08	223.95	263.65	378.63
San Pedro, Los Angeles and Salt Lake Railroad.....	65,954.12	67,404.81	76,065.21	267.10	271.39	274.47	284.78
Silver Peak Railroad.....	1,119.93	833.80	887.11	17.50	63.15	47.64	50.69
Tonopah and Goldfield Railroad.....	34,453.74	27,662.25	28,420.77	110.41	313.61	250.40	257.41
Tonopah and Tidewater Railroad.....	5,234.84	5,066.43	3,754.08	36.25	144.41	139.77	103.56
Virginia and Truckee Railway.....	17,505.49	19,488.45	23,633.42	67.48	259.42	288.80	350.23
Western Pacific Railway.....	.....	74,621.93	74,101.23	421.37	.....	177.08	175.86
Central Pacific Railway—In California.....	734,711.75	646,457.72	908,507.09	1,139.04	980.40	862.30	797.60
San Pedro, Los Angeles and Salt Lake Railroad—In California.....	92,595.26	89,612.77	82,723.76	246.30	383.82	363.70	335.87
San Pedro, Los Angeles and Salt Lake Railroad—In Utah.....	126,566.69	130,273.56	139,847.96	498.67	253.81	261.24	280.44
Wells, Fargo & Co. (Express).....	2,543.26	2,793.16	1,279.20	1,365.37	.....	.....	.....
Postal Telegraph Company.....	.....	612.06	863.31	.....	.....	.....	.....
Pacific Telephone and Telegraph Company.....	1,434.00	1,611.00	1,206.00	.....	.....	.....	.....
Globe Express Company.....	.....	112.75	388.85	422.00	.....	.....	.....
American Express Company.....	.....	379.15	1,544.28	443.60	.....	.....	.....
The Pullman Company.....	2,944.62	3,261.89	3,355.79	1,484.07	.....	.....	.....

<sup>a</sup>Atchison, Topeka and Santa Fe Railway figures shown cover property heretofore shown as the Barnwell and Searchlight Railway.

<sup>b</sup>Eureka-Nevada Railway formerly Eureka and Palisade Railway.

## TELEPHONE AND TELEGRAPH COMPANIES

Companies	Stocks and bonds outstanding, 1912	Gross earnings, 1912	Operating expenses, 1912	Net operating revenues, 1912	Taxes paid, 1912	Ratio of taxes paid to gross earnings, per cent	Dividends paid, 1912
Bridgeport Telephone and Telegraph Company		\$360.00	\$120.00	\$240.00			
California and Oregon Telegraph Company	\$36,700.00	10,602.24	10,317.71	284.53	\$256.15	2.42	
Consolidated Power and Telephone Company	100,000.00	1,712.55	1,303.09	409.46	114.00	6.66	
Elko County Telephone and Telegraph Company	45,280.00	18,702.58	14,115.47	4,587.11	300.58	1.61	\$3,544.40
Golconda Telephone and Power Company	25,430.00	7,514.55	4,751.61	2,762.94	123.59	1.64	1,884.00
Nevada Northern Railway Telegraph Company		7,461.54	14,691.56	7,230.02			
Nevada Telephone and Telegraph Company	177,166.67	70,319.22	47,444.24	22,874.98			
Northern Nevada Telephone Company	7,650.00	1,041.23	97.80	943.43	40.82	3.92	765.00
Pacific Telephone and Telegraph Company	92,080,000.00	*58,049.00	60,412.00	2,363.00	1,206.00	2.08	1,305,750.00
Searchlight and Western Telephone Company	50,000.00	1,130.84	1,015.33	115.51	92.95	8.22	800.00
Utah, Nevada and Idaho Telephone Company	258,550.00	*14,890.01	9,232.08	5,657.93	246.43	1.65	
Yerington Electric Company		5,745.58	6,126.23	380.65			
<b>Totals</b>	\$92,780,776.67	\$197,529.34	\$169,627.12	\$27,902.22	\$2,380.52	2.09	\$1,312,743.40

*Italic figures denote deficit.*

\*Revenues and expenses are for the portion of system in Nevada only.

## ELECTRIC LIGHT, POWER, AND GAS COMPANIES

Companies	Stocks and bonds outstanding, 1912	Gross earnings, 1912	Operating expenses, 1912	Net operating revenues, 1912	Taxes paid, 1912	Ratio of taxes paid to gross earnings, per cent	Dividends paid, 1912
Consolidated Power and Telephone Company.....	\$116,500.00	\$13,913.01	\$9,156.78	\$4,756.23	\$114.00	0.82	-----
Elko Water and Light Corporation.....	150,000.00	28,443.55	21,360.25	7,083.30	222.70	0.78	\$4,400.00
Ely Light and Power Company.....	200,000.00	41,907.59	31,570.23	10,337.36	817.68	1.95	-----
Lovelock Light and Power Company.....	14,000.00	3,767.93	2,863.39	904.54	26.37	0.70	-----
Mason Water, Light and Power Company.....	11,060.00	3,048.73	2,209.16	839.57	42.21	1.38	-----
Pacific Power Company.....	1,600,033.00	48,769.72	18,043.83	30,725.89	1,625.68	3.33	-----
Reno Power, Light and Water Company.....	1,750,000.00	189,642.69	82,991.63	106,651.06	6,806.52	3.59	80,000.00
S. R. Young Electric Plant.....	-----	3,957.15	3,980.00	22.85	-----	-----	-----
Stephens Valley Smelting and Mining Company.....	-----	15,291.67	6,933.36	8,358.31	540.32	3.53	-----
The Nevada-California Power Company.....	7,818,000.00	819,358.62	157,033.48	662,325.14	21,000.00	2.56	182,660.00
The Truckee River General Electric Company.....	3,000,000.00	297,513.57	91,806.45	205,707.12	11,888.94	4.00	157,500.00
Winnemucca Water and Light Company.....	100,000.00	19,923.09	28,672.21	8,749.12	372.88	1.87	-----
Total electric.....	\$14,759,560.00	\$1,485,537.32	\$456,620.77	\$1,028,916.55	\$43,457.30	2.92	\$424,560.00
Carson City Coal Gas Company.....	\$50,000.00	\$6,499.99	\$5,911.82	\$588.17	\$713.20	10.97	-----
Nevada Gas Company.....	150,000.00	12,174.12	12,941.30	767.18	365.76	3.00	-----
Reno Power, Light and Water Company.....	-----	42,323.72	31,539.31	10,784.41	1,519.08	3.59	-----
Total gas.....	\$200,000.00	\$60,997.83	\$50,392.43	\$10,605.40	\$2,598.04	4.26	-----

Figures in *italic* 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.

Gross earnings include nonoperating revenues.

## WATER COMPANIES

Companies	Stocks and bonds outstanding, 1912	Gross earnings, 1912	Operating expenses, 1912	Net operating revenue, 1912	Taxes paid, 1912	Ratio of taxes paid to gross earnings, per cent	Dividends paid, 1912
Austin Water Company	\$25,000.00	\$3,194.50	\$3,357.90	<i>\$163.40</i>	\$200.70	6.28	-----
Carson Water Company	100,000.00	16,210.10	6,583.66	9,626.44	2,337.01	14.42	\$10,000.00
Elko Water and Light Corporation	150,000.00	19,948.81	14,327.26	5,621.55	403.06	2.02	9,900.00
Ely Water Company	755,000.00	22,299.99	10,121.09	12,178.90	951.54	4.27	-----
Eureka Water Works	-----	3,874.53	2,975.41	899.12	355.00	9.16	-----
Hawthorne Water Works	-----	2,296.70	1,096.93	1,197.77	69.00	3.00	-----
Indian Springs Water Company	200,000.00	4,989.14	4,763.50	225.64	123.81	2.48	4,115.20
Las Vegas Land and Water Company	50,000.00	6,338.54	5,630.66	707.88	260.36	4.11	-----
Manhattan Water Company	-----	4,826.49	3,396.50	1,429.99	6.50	0.13	-----
Mason Water, Light and Power Company	11,060.00	1,800.40	971.17	829.23	42.21	2.34	-----
Reno Power, Light and Water Company	-----	91,736.93	25,802.21	65,934.72	3,292.60	3.59	-----
Ruby Hill Water Works	-----	1,316.65	1,234.41	82.24	30.00	2.28	-----
The Esmeralda Water and Milling Company	100,000.00	2,094.30	6,988.80	<i>4,894.50</i>	161.64	7.72	-----
The Goldfield Consolidated Water Company	1,256,996.00	94,991.68	38,128.16	56,863.52	2,210.18	2.33	39,559.84
Tonopah Sewer and Drainage Company	223,500.00	8,882.00	5,726.84	3,155.16	568.00	6.40	-----
Tonopah United Water Company	2,200,000.00	95,721.05	35,248.58	60,472.47	2,384.01	2.49	-----
Virginia and Gold Hill Water Company	5,000,000.00	114,400.53	78,843.11	35,557.42	4,738.08	4.14	37,500.00
Virginia Ranch, Land and Cattle Company	-----	2,316.00	497.00	1,819.00	53.00	2.29	-----
Winnemucca Water and Light Company	-----	10,542.92	12,010.63	<i>1,467.71</i>	372.88	3.54	-----
Total water	\$9,071,556.00	\$507,781.26	\$257,705.82	\$250,075.44	\$18,559.58	3.65	\$101,075.04

Figures in *italic* 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.

Nonoperating revenues are included in the gross earnings.