

FIRST REPORT
OF THE
State Tax Commission
OF ARIZONA



For the Period Between
May 18, 1912 and December 31, 1912

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COMMISSIONERS

P. J. MILLER, Chairman.....Yuma
CHAS. R. HOWE, Member.....Tombstone
C. M. ZANDER, Member.....Buckeye

JESSE L. BOYCE, Secretary, Flagstaff
STELLA BENENATO, Stenographer, Phoenix

THE REPORT

State House, Phoenix, Arizona, December 31, 1912.

To the Governor of Arizona:

While Section 14, Chapter 23, Regular Session, Laws 1912, only contemplates a biennial report, the Tax Commission deems it but wise and expedient, in anticipation of another Special Session of the present legislature, to report its findings of the tax laws as they now are, and recommend such changes as it, in the limited time since its appointment and organization, has found to be weak, ineffectual, conflicting and inadequate, with the hope that they will be so amended that this Commission will not be hampered in performing its duty to the State, with a set of laws that were written years ago while a Territory, but which are not considered adequate, now that we have assumed the powers and duties of a State.

For general information, the law creating the State Tax Commission and defining its powers and duties is given herewith:

CHAPTER 23, REGULAR SESSION, LAWS OF ARIZONA, 1912.

An Act.

Creating a state board to be known as the State Tax Commission and prescribing the powers and duties of said Commission and making an appropriation therefor.

Be it enacted by the Legislature of the State of Arizona:

Sec. 1. There is hereby created a state board to be known and designated as the State Tax Commission, with such powers and duties as hereinafter provided, and composed of three members. The members of said Commission shall be such as are known to possess knowledge and experience in the subject of taxation and skill in matters pertaining thereto, and who shall have been residents of Arizona for not less than five years prior to their election or appointment.

Sec. 2. The three persons first to compose said Commission shall be appointed by the Governor, by and with the advice and consent of the Senate, before the adjournment of the first session of the first State Legislature.

They shall be so appointed that the term of one member shall expire January the first, 1913, one January the first, 1915, and one January the first, 1917, or until their successors are elected and qualified.

The successor of the first appointed member of the Commission whose term expires January the first, 1913, and all subsequent incumbents of said office, shall be elected at general elections, and shall serve for six years.

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The members of the State Tax Commission to be elected shall be elected by qualified electors of the State at large. The names of all candidates for the office of member of the State Tax Commission shall be placed on the regular ballot without partisan or other designation except the title of the office.

The member of the Commission having the shortest time to serve, and not holding his office by appointment or by election to fill a vacancy, shall be chairman of said Commission.

Sec. 3. No member shall hold any office under the Government of the United States, or of any other State. Each of said members of the said Commission shall devote his entire time to the duties of the office and shall not hold any other position of trust or profit, engage in any other occupation or business interfering with, or inconsistent with his duties, or serve on or under any committee of any political party.

Sec. 4. The members of the said Commission shall each receive an annual salary of three thousand dollars (\$3000.00) payable in the same manner as the salaries of other State officers are paid. They shall qualify by taking the oath as other State officers, and by giving bond to the State of Arizona in the sum of five thousand dollars (\$5000.00) each, conditioned that they will well and truly perform the duties to the best of their knowledge as such members of the said Commission, and will faithfully observe the laws regarding the assessment and equalization of property. The first members of the said Commission under this Act, after having qualified, shall within thirty days, meet at the Capitol in Phoenix and shall thereupon organize and elect one of their members as chairman. The majority of the members of the said Commission shall constitute a quorum for the transaction of business and the performance of the duties of the said Commission. The said Commission shall be in continuous session and open for the transaction of business every day except Sunday and legal holidays; and the session of the said Commission shall stand and be deemed adjourned from day to day without formal entry thereof upon its record. One member shall constitute a quorum for conducting an investigation at any place within the State other than at the Capitol when ordered by the Commission when deemed necessary to facilitate the performance of its duties.

Sec. 5. Said Commission shall keep an accurate record of all its official proceedings, and shall keep a seal on which shall be the impression "State Tax Commission of Arizona" (with the design of a pair of scales, representing equality). All processes or certificates issued or given by the said Commission shall be attested by said seal. Copies of the records of the said Commission, certified by the secretary and attested with the seal of said Commission, shall be received in evidence with like effect as copies of other public records. The secretary of the said Commission shall be the custodian of the seal and record and be authorized to affix said seal in all proper cases. The secretary or any member of the said Commission shall have the power to administer oaths in all matters pertaining to, or concerning, the proceedings of the State Tax Commission, or its official duties.

Sec. 6. The said Commission shall keep its office at the Capitol, and shall be provided with suitable rooms, necessary office furniture, supplies, stationery, books, copies of conveyances of titles, periodicals, and maps; and all necessary expenses shall be audited and paid as other State expenses are audited and paid. The members of the said Commission, the secretary and clerks and such experts and assistants as may be employed by the said Commission, shall be entitled to receive from the State their actual necessary expenses while traveling on the business of the said Commission; such expenditures to be sworn to by the party who incurred the expense, and approved by the chairman of the said Commission, or by a majority of the members of such Commission.

Sec. 7. Said Commission may appoint a secretary at a salary of not more than twenty-four hundred dollars (\$2400.00) per annum, and one

clerk at a salary of not more than twelve hundred dollars (\$1200.00) per annum, who shall be a stenographer. The Commission may employ such other persons as experts and assistants, as may be necessary to perform the duties that may be required of the Commission, and fix their compensation; provided, however, that the total expense for such experts and assistants shall not be more than three thousand dollars (\$3000.00) in any one year. The secretary shall keep full and correct minutes of all hearings, transactions and proceedings of said Commission, and shall perform such other duties as may be required by the said Commission.

Sec. 8. The Commissioners shall have the power and it shall be their duty:

First—To have and exercise general supervision of the system of taxation throughout the State.

Second—To exercise general supervision over assessors and County Boards of Equalization and the determination and assessment of the taxable property of the several counties, cities and towns of the State, to the end that all assessments of property of every class, kind and character, real, personal, and mixed, be made relatively just and uniform, and at its full cash value, and that all taxable property in this State shall be placed upon the assessment rolls and equalized between persons, corporations and companies in the several counties of this State, and between the different municipalities and counties therein, so that equality of taxation shall be secured according to provisions of law.

Third—To take charge of and superintend the enforcement of direct and collateral inheritance laws, and the collection of taxes provided for therein.

Fourth—To confer with, advise, and direct Assessors, and advise Boards of Equalization, and County Boards of Supervisors as to their duties under the law and statutes of the State, and to direct what proceedings, actions, or prosecutions shall be instituted to support the law relating to the penalties, liabilities, and punishment of public officers, persons, and officers or agents of corporations for failure or neglect to comply with the provisions of the statutes governing the return, assessment and taxation of property, and cause complaint to be made against Assessors in the proper county for their removal from office for official misconduct or neglect of duty. In the execution of these powers and duties, the said Commission, or any member thereof, may call upon County Attorneys or the Attorney General, who shall assist in the commencement and prosecution of actions for penalties and forfeiture, liabilities and punishments, for violation of the laws of the State in respect to the assessment and taxation of property.

Fifth—To prescribe all forms of books and blanks to be used in the assessment and collection of taxes.

Sixth—To require county, city, and town officers to report information as to assessments of property, equalization of taxes, the expenditure of the public funds for all purposes, and such other information as said Commission may request.

Seventh—To require individuals, partnerships, companies, associations, joint stock companies, and corporations to furnish information concerning their capital, funded or other debts, current assets, liabilities, value of property, earnings, operating and other expenses, taxes and other charges, and all other facts which may be needful or desirable to enable the Commission to ascertain the value and relative burdens borne by all kinds and classes of property in the State.

Eighth—To summon witnesses from any part of the State to appear and give testimony, and to compel said witnesses to produce records, books, papers, maps and documents, relating to any subject or matter which the Commission shall have the authority to investigate or determine.

Ninth—To cause the deposition of witnesses residing within or without the State, or absent therefrom, to be taken upon notice to the inter-

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ested parties, if any, in like manner that deposition of witnesses are taken in civil actions, pending in the Superior Court, in any manner which the Commission shall have authority to investigate or determine.

Tenth—To visit the counties in the State, unless prevented by the necessary official duties, for the investigation of the methods adopted by the County Assessors and County Boards of Supervisors in the assessment and equalization of taxation of real and personal property; to carefully examine into all cases where evasion of property taxation is alleged, and ascertain where existing laws are defective, or improperly or negligently administered.

Eleventh—To administer (and any member of said Commission may administer) oaths to witnesses. In case any witness shall fail to obey the summons to appear; or refuse to testify, such person shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be fined in any sum not less than fifty dollars (\$50.00), nor more than one thousand dollars (\$1000.00). Any person who shall testify falsely shall be guilty of and punished for perjury.

Twelfth—To investigate (and the said Commission shall thoroughly investigate) all complaints which may be made to it of illegal, unjust, or excessive taxation, and said Commission shall endeavor to ascertain to what extent and in what manner, if at all, the present system is unequal or oppressive.

Sec. 9. It shall be the duty of the County Assessor, on the completion of his assessment rolls each year to furnish said Tax Commission a list of corporations, companies, associations, banks, and individuals, doing business of a public character, whose assessed valuation is three thousand dollars (\$3000.00) or more, together with a statement of the property thereof, the class of said property, and the valuation placed on same for assessment purposes, or any other entry upon his assessment roll that the State Tax Commission may call for.

Sec. 10. The Commission, or any member thereof, shall examine and test work of County Assessors, during progress of the assessment or at any time when it is deemed necessary and convenient. Said Commission, or any member thereof, shall have the rights and powers of the Assessor for the examination of persons and property and for the discovery of property subject to taxation. If in the judgment of the Commission, said Assessor shall have omitted any property, or shall not have assessed any property according to law, or the Assessor has failed to assess any property at full cash value, then, in that case, the Commission may, by order in writing, direct said Assessor to correct said assessments; raise or lower the valuation on said property; and upon receipt of said order, it shall be the duty of said Assessor to correct the assessment roll to conform with the order of the said State Tax Commission.

Sec. 11. Any Assessor who shall wilfully neglect or refuse to obey any order of the State Tax Commission provided for in Sec. 10 of this Act, shall be guilty of a misdemeanor in office, and on conviction thereof, shall be punished by imprisonment in the county jail, not more than six months, or by a fine of not less than one hundred dollars (\$100.00) nor more than three hundred dollars (\$300.00), or by both such fine and imprisonment, and shall be forthwith removed from office.

Sec. 12. If such Commission shall ascertain that any property is omitted or not assessed according to law, or not assessed at its true value, the said Commission shall report the fact in writing to the Clerk of any County Board of Supervisors, who shall lay the same before the County Board of Supervisors for review and examination in said county at a meeting of the said Board held for the equalization of taxes.

Sec. 13. The members of the State Tax Commission shall be ex-officio members of the State Board of Equalization, and the secretary of the Tax Commission shall be secretary of the State Board of Equalization.

Sec. 14. The State Tax Commissioners shall make diligent investi-

gation concerning the revenue laws and systems of other states and countries, so far as the same may be known by reports and statistics, and can be ascertained by correspondence, and with the aid of information thus obtained, together with the experience and observation of the laws of Arizona and the operation thereof, recommend to the Governor, in a biennial report at least sixty days before the meeting of the Legislature, such amendments, changes, and modifications of our revenue laws as seem proper and requisite to remedy injustice and irregularities in taxation, and to facilitate the assessment and collection of public revenue in the most economical manner. All such recommendations shall be accompanied by a suitable bill or bills necessary to carry into effect such recommendations. This report shall also show in tabulated form the whole amount of taxes collected in the State for all purposes, classified as State, county, and municipal, with the sources thereof, the amount lost, the cause of the loss, and such other pertinent statistics, matter, and information, concerning revenue and taxation, as may be deemed of public interest.

Sec. 15. There shall be printed copies of said report, one copy of which shall be sent to each member of the Legislature at least twenty days prior to the assembling thereof.

Sec. 16. The State Tax Commission shall exercise and perform such further powers and duties as may be granted to, or imposed upon, the Commission by law.

Sec. 17. Said State Tax Commission shall have original power of appraisement and assessment of all express companies, sleeping car companies, and private car lines, doing business in the State of Arizona, in the manner and method as may be prescribed by law.

Sec. 18. There is hereby annually appropriated, out of the general fund in the State Treasury, a sum sufficient to carry out provisions of this Act.

Sec. 19. All Acts and parts of Acts in conflict with this Act are hereby repealed.

Sec. 20. Whereas, it is advisable and essential to create a State Tax Commission for the purpose of obtaining a more uniform method of the assessment and equalization of taxes in the State of Arizona; and whereas, this Act requires an early operation in order to preserve the public peace, health, and safety, an emergency is hereby declared to exist, and this law shall take effect and be in force from and after its passage and approval by the Governor and is hereby exempt from the provisions of the Referendum clause of the State Constitution.

Approved May 9, 1912.

ORGANIZATION OF THE STATE TAX COMMISSION.

In pursuance of the provisions of Chapter 23, Regular Session, Laws of 1912, Governor Geo. W. P. Hunt, on May 13, 1912, appointed as members of the Commission, Geo. Michelsen of Yuma, Chas. R. Howe of Tombstone and C. M. Zander of Buckeye, which appointments were approved by the Senate on the following day. Organization was effected on May 18th, 1912, by the election of C. M. Zander as chairman and appointment of Jesse L. Boyce, of Flagstaff, as secretary.

Owing, however, to the fact, that Section 3 of the Act creating the Commission provides:

"Each of said members of the said Commission shall devote his entire time to the duties of the office and shall not hold any other position of trust or profit, engage in any other occupation or business interfering with, or inconsistent with his duties,

Mr. Michelsen found it impossible to comply with the law and resigned before qualifying or taking the oath of office. This made it necessary to appoint some other person to fill the vacancy, and as the law provided a specific term for each member, the new appointee for obvious reasons taking the short term, it became necessary that the entire Commission be reappointed. Therefore, on June 1, 1912, Governor Geo. W. P. Hunt appointed Chas. R. Howe of Tombstone, for the term ending January 1, 1917, C. M. Zander of Buckeye, for the term ending January 1, 1915, and P. J. Miller of Yuma, for the term ending January 1, 1913, which appointments were confirmed by the State Senate on the same day.

On June 13, 1912, the Commission reorganized by electing P. J. Miller chairman, and appointing Jesse L. Boyce secretary and Stella Benenato, clerk.

A REVIEW OF THE WORK DURING THE FIRST YEAR.

When the Tax Commission was appointed, the taxing season was almost over, most of the assessments had been made by the assessors and but five weeks remained to the Commission in which to take such steps as would produce an equitable assessment on all classes of property, including patented producing mines, which latter class of property heretofore had been assessed on 25 per cent of their gross bullion production.

Knowing that for want of time it was practically impossible to order a new assessment in the several counties in order to bring the assessable value up to a "cash value" as required by Paragraph 3836, Revised Statutes of Arizona, 1901, and taking into consideration the fact that a number of the assessors were newly elected officers and had never made an assessment before; knowing also that the assessment for 1912 was practically completed and had been made on the same basis as heretofore,—namely, from 25 to 70 per cent, according to the local pressure brought to bear on the assessor by the property owner and the assessor's ability and disposition to fairly assess the property in his county,—the Commission concluded, that if all property in the State **for this year**, could be placed upon a fifty per cent valuation a great deal of injustice would be rectified and all counties would be assessed on an equal basis; a condition which had heretofore not obtained.

With this object in mind as a beginning of its work, the Commission ordered all property to be assessed on a basis of fifty per cent of its cash value.

Very little opposition was encountered by the Commission to its order, from the assessors. In fact, they appeared glad of the opportunity to shield themselves behind it, when locally criticized by persons who are chronic tax dodgers and who always find fault with an assessor who tries to do his duty.

With this object then in view,—of causing an equalized assessment to be made throughout the State on the basis of 50 per cent of the property's "cash value,"—the Commission ordered a horizontal raise in Apache County of 50 per cent on all sheep and cattle assessments.

For purpose of illustration we give herewith a table showing the assessable value of property in Apache County for the last three years before the Commission was appointed and the increase in property of said county for the year, 1912, after the Commission was given power and supervision over taxation:

ASSESSABLE VALUE OF PROPERTY IN APACHE COUNTY
FOR YEARS SHOWN.

Value of Property.			
1909.	1910.	1911.	1912
\$1,398,035.91	\$1,481,309.94	\$1,227,470.44	\$2,369,479.06

This shows a total net increase in all property for 1912 of \$1,142,008.62 over 1911. However, consideration must be given to the fact that this enormous increase is partly due to the fact that the assessment roll of said county for the year 1911 showed the railroad property of the county to be valued at \$288,988.79, while the same property was placed upon the 1912 rolls at a total value of \$1,209,900.00, a difference of \$920,911.21. This great difference in value of railroad property was caused by the fact that the Atchison, Topeka & Santa Fe Railroad became taxable for the first time in the year 1912 by the State Board under the new Constitution, heretofore said railroad having paid taxes on a flat rate of \$175.00 per mile.

But deducting the increase of the railroad property from the total increase, it still shows a gain on all other property of \$222,097.81.

Not content however, with the above showing, the Commission, knowing that 200,000 sheep had been dipped in said county for

the year, 1911, and but 93,610 being reported on the rolls of 1912, a hearing was arranged between the Commission, the Board of Equalization of the County and the sheep and cattle men. Said hearing and contemplated 50 per cent increase on sheep and cattle was duly advertised according to law, and on August 26th and 27th two members of the Commission were at St. Johns in joint session with the local Board.

At this two days' session, the following property was added to the roll of Apache County:

17,621 sheep @ \$2.00.....	\$35,242.00
5,148 cattle @ \$12.50.....	64,350.00
	\$99,592.00
Total addition to roll.....	\$99,592.00

Although nearly \$100,000.00 worth of property in these two classes was added to the roll, the Commission is reasonably certain that but 80 per cent of said classes of property in the county was assessed.

This is an illustration of the lax manner of assessing in vogue in some counties of the State and what can be accomplished by the Tax Commission, if given ample power to go into individual assessments in the counties, not only before the roll is turned over to the local Board of Equalization, but after that Board has completed its labors.

As the law now stands, the local Board can, by a simple motion, undo the entire work of the Commission by reducing the assessments placed on said roll by order of the Commission.

Not only were raises ordered made in the above named county, but also in most all other counties. In some the raises were made on farm lands, in others on merchandise and city property and in still others on live stock.

It appeared that in whichever county certain interests had control, those certain interests were underassessed. This proves conclusively that if the people of Arizona are ever to be justly and equitably assessed, the final equalization and valuation should be placed into hands of the Tax Commission, so that local influence or local pressure in the interests of any class of property cannot be brought to bear and that particular class of property be thereby favored and under assessed.

Herewith we give a table of the assessed value and per cent of increase of property in each county for the three years preceding the creation of the Tax Commission, and also for the year

1912, after but a few weeks of supervision and work by the Commission. These valuations are taken from the abstracts of the assessment rolls as sworn to and rendered to the State Board of Equalization by the clerks of the several County Boards of Supervisors:

Table of assessed value and of increase of property in each county for the three years preceding the creation of the Tax Commission and also for the year, 1912.

	1909.	1910.	1911.	1912.
Apache	\$ 1,398,035.91	\$ 1,481,309.94	\$ 1,227,470.44	\$ 2,369,479.06
Cochise	18,692,704.82	18,714,652.13	19,336,876.85	32,500,761.76
Coconino	4,463,174.89	3,902,889.85	4,330,203.58	6,808,956.12
Gila	5,721,392.74	6,311,355.33	6,783,401.64	10,661,644.27
Graham	8,182,337.97	8,429,520.34	2,993,019.20	3,670,178.34
Greenlee			7,221,335.00	10,568,765.52
Maricopa	15,641,411.66	17,388,067.99	21,418,734.24	27,599,785.80
Mohave	1,661,246.23	1,975,795.29	2,475,890.93	5,973,264.11
Navajo	1,467,979.97	1,902,001.36	2,541,466.00	3,094,025.46
Pima	7,737,374.74	7,754,945.33	8,117,253.05	8,955,961.01
Pinal	2,491,760.02	2,689,128.71	3,542,011.45	5,123,446.89
Santa Cruz.....	2,144,049.33	2,241,182.54	2,438,942.21	2,418,170.04
Yavapai	9,536,200.41	9,617,565.88	11,534,321.21	16,111,921.21
Yuma	3,512,328.87	3,717,811.66	4,071,782.84	4,481,831.49
	<u>\$82,649,997.56</u>	<u>\$86,126,226.35</u>	<u>\$98,032,708.64</u>	<u>\$140,338,191.08</u>

Increase in valuation 1910 over 1909 four (4) per centum;
 Increase in valuation 1911 over 1910 fourteen (14) per centum;
 Increase in valuation 1912 over 1911 forty-three (43) per centum.

The last assessment, under the old plan, that of 1911, is here shown divided among six classes of property:

Class of Property.	1911.	Value.	Per cent of total Valuation.
Land and Improvements.....		\$14,139,689.31	14.2
All Mining Property.....		19,242,331.26	19.3
City and Town Lots and Improvements....		26,476,175.66	26.5
All Live Stock.....		7,780,544.00	7.8
Railroads		19,052,313.94	19.1
All other Property.....		13,122,055.47	13.1
Total Valuation of all Property.....		\$99,813,109.64	100
Less Exemption		1,780,401.00	
Total subject to Taxation.....		\$98,032,708.64	

The assessment of 1912 was made under the supervision of the Tax Commission and resulted in the values following:

Table of assessed value for 1912 by classes of property under supervision of Tax Commission:

Class of Property	Value.	Per cent of total Valuation.
Land and Improvements.....	\$ 18,173,333.11	12.7
All Mining Property.....	45,145,084.49	31.7
City and Town Lots and Improvements....	25,871,075.55	18.2
All Live Stock.....	9,330,578.75	06.5
Railroads	28,512,434.20	20.0
All other Property.....	15,592,128.98	10.9
Total valuation of all Property.....	\$142,624,635.08	100
Less exemptions	2,286,444.00	
Total subject to Taxation.....	\$140,338,191.08	

Note: To this total must be added \$2,173,508.11; additions to the rolls after the abstracts were made; brought about for the most part through the activity of the Tax Commission.

When the values of 1911 and 1912 are compared it will be seen that the assessment of 1911 equals 69.9 per cent of that of 1912; or in other words, the assessed valuation of 1912 is 1.43 times that of 1911 and is increased 43 per cent over the valuation of 1911.

Attention is also called to the shifting around of the per cent of valuation of the different classes of property, thereby distributing the burden of taxation more equitably on all classes of property.

The above increase of 43 per cent in the assessment of 1912 over that of 1911 could have been materially increased if the Commission could have been granted power by the Legislature over the County Boards of Equalization. This was not possible, however, under the Constitution, at the time the Tax Commission was created. Realizing this defect, and in order to bring County Boards of Equalization also under the direction of the Commission the Legislature promptly passed:

SENATE BILL NO. 147

An Act.

TO AMEND SECTION 11 OF ARTICLE IX OF THE CONSTITUTION OF THE STATE OF ARIZONA, AND TO PROVIDE FOR THE SUBMISSION OF SUCH PROPOSED AMENDMENT TO THE PEOPLE OF THE STATE OF ARIZONA.

Be it Enacted by the Legislature of the State of Arizona:

Sec. 1. That it is hereby proposed that Sec. 11 of Article IX of the Constitution of the State of Arizona shall be amended so as to read as follows:

"Sec. 11. The manner, method and mode of assessing, equalizing and levying taxes in the State of Arizona shall be such as may be prescribed by law."

Sec. 2. The said proposed amendment as set forth in Sec. 1 of this Act is hereby approved, in accordance with the provisions of Sec. 1 of Article XXI of the Constitution of Arizona.

Sec. 3. When said proposed amendment shall be approved by a majority of each House of the Legislature and entered on the respective journals thereof, together with the ayes and nays thereon, the Secretary of State shall submit such proposed amendment to the vote of the people at the next regular or general election, provided that if there be no regular or general election on the first Tuesday after the first Monday in November of the year 1912, then the Secretary of State shall submit said proposed amendment to the qualified electors of the State at a special election, in lieu thereof, which is hereby called to take place upon said date for the purpose of having said proposed amendment voted upon.

Adopted by the Senate May 10, 1912.

M. G. CUNNIFF,
President of the Senate.

Adopted by the House May 16, 1912.

SAM B. BRADNER,
Speaker of the House of Representatives.

Approved May 18, 1912.

GEO. W. P. HUNT,
Governor of Arizona.

When the Legislature had passed the above Bill it had gone to the limits of authority to rectify the restrictions of the Constitution, which grants more specific power to the County Boards of Equalization than it does to the State Board of Equalization. That the Legislature acted wisely in submitting the foregoing amendment to the people, has been amply proven by the fact that they, at the late election, approved said proposed amendment by the remarkable vote of 15967 in its favor as against 2283 votes in opposition to it, the largest per cent received by any amendment submitted.

To the Tax Commission whose members in future will be nominated and elected at large by the people of the entire State and who, consequently, will not be subject to any local influence, should be given power of assessment and equalization in individual assessments and classification of property with complete and final authority to carry their judgment into execution over all Boards of levy.

All friction and opposition encountered by the Commission, during the 1912 assessment, came from the local Boards of Equalization by reason of the pressure brought to bear on them by the local and dominant interests of each locality. They appeared to be crushed between the upper and nether mill stones, of their duty to the State and the questionable duty, in this instance, they thought they owed to their constituents.

This local influence on the County Boards, appears to the Commission, to be the crux of the situation with regard to an equitable and just assessment throughout the State on the same class of property.

Each County Board attempts to favor the dominant interests in their county, thus allowing them to escape paying their just proportion of the State tax.

This naturally fosters a rivalry between the counties. Each Board tries to ascertain the contemplated action of the other Boards with regard to the same class of property, each fearing it might make its assessment too high. The result is an inequitable and unjust assessment.

Nothing could be more subversive of honor and justice in assessing property; it brings about a **classification of property holders** and this classification, inevitably results that the small property holder, in whichever walk of life he may be, is invariably forgotten and discriminated against.

The small property holder, without influence either social, political or financial, then becomes the citizen, who **proportionally**, pays the highest tax. With the common knowledge that influence with County Boards may result in a reduction of property values, every citizen with any standing in the community tries his influence on the local Board, until this practice has become so common that the man who would fight for his County will lie for a reduction of his taxes.

If the citizen knew, however, that committing perjury with regard to his property values or attempted influence with the local Board would bring him no reward, and that the final valuation would be reviewed and fixed by the State Board, there would be no incentive for him to do these things and perjury, with regard to taxes, would go out of fashion; property would be assessed as its cash or market value, the rate would be reduced and all taxpayers would pay relatively alike.

This is the consummation which this Commission has in view and in compliance with the duties imposed, it hereby earnestly recommends that the Legislature enact a law similar to that of the State of Kansas,—bill for which accompanies this report,—giving to the State Tax Commission of Arizona power to assess and equalize all property in this State between persons, firms, or corporations, of the same assessment district and between cities and towns of the same County; also power to reconvene County Boards

of Equalization at any time after their adjournment and to direct and order such County Boards of Equalization, either before or after adjournment, to raise or lower the valuation of any property, real or personal, and to raise or lower the valuation of any class or classes of property, which in the judgment of the Commission may seem just and necessary, to the end that all property shall be valued and assessed equitably.

The prevailing system of taxation in Arizona, except as to Private Car lines and Express Companies, is the general property tax. These companies are taxed a certain percentage of their gross receipts. In theory, the general property tax works to perfection, but unfortunately it, like many of the complex problems of this day and age, works better in theory than in practice. The theory of this tax is that every dollar's worth of property of one taxpayer contributes just as much toward the expenses of government as does each dollar's worth of property of his neighbor.

If its administration could be perfected, then the general property tax would be an ideal system, as it would then distribute equitably among taxpayers the cost of maintaining the government under which they live. In order to make the system fair and equitable, so that each taxpayer shall pay his exact proportion of the tax burden, it is absolutely essential that **all property in the county and State be placed on the Assessment Roll** and all at the same relative proportion of its correct cash value. It is not necessary that it be assessed at its **total** value; 75—50, 33 1-3 or any other per cent of such value will bring the same results; the vital and essential feature being that all property in the State be placed on the same basis or standard of valuation. That the system is difficult to administer is admitted on every hand, but nothing has yet been found to take its place. Wisconsin claims to have solved it in the "Income Tax" and most of the other States anxiously await a thorough trial of this law.

In the administration of the system, the grossest inequalities exist, due principally to its most serious defect, namely: the inefficiency of the local assessor. These gross inequalities impose upon the conscientious taxpayers and those possessed of easily, visible property, a large portion of the burden that should be borne by the artful and professional taxdodger, who year after year successfully evades paying his rightful share of the taxes levied. In order to accomplish the desired end, he brings to bear all the influence and pressure possible. Too frequently the weak

assessor, dominated by friends and neighbors who elected him, embarrassed by fraternal or social relations, and possibly with a campaign for re-election staring him in the face, yields and accepts the statements made to him substantially as they are handed to him. This permits the taxdodger to shoulder onto his neighbor, who may be inclined to be honest, or who may be less influential, the payment of large sums of money for the privilege of being honest or for the crime of not having a "stand in."

Next to the inefficiency of the local assessor as a defect in the administration of the system is the inefficiency of the local boards of equalization. It has often happened that the assessors have made a fairly equitable assessment of all property in their jurisdictions, only to have their good work nullified by the local board of equalization, which has yielded to the same local influences that are felt by the assessors.

The above mentioned defects in the general property tax are those experienced by practically every State in the Union and they have been the primary reason for the creation of Tax Commissions or centralized authority in nearly three-fourths of the States of the Union.

In Arizona the Tax Commission finds that these same conditions exist. There are few taxpayers who will not admit their willingness to pay their full share of the public taxes. Yet, nearly all complain that they are discriminated against in the assessment of their property. An investigation of the complaints and dissatisfactions, discloses the fact that in every county much taxable property is omitted from the tax rolls and that the property that is finally placed on the tax rolls is often unfairly and inequitably assessed.

To remedy these defects and also because the revenue laws of Arizona are sadly in need of revision, as no material change has been made in them for many years, and also because of the different conditions brought about by statehood and an increase in population, the Commission deemed it advisable to practically rewrite the entire portion of our laws dealing with taxation and revenue. It takes pleasure in submitting with this report a copy of a proposed law and trust that it will be carefully considered by the Legislature as this is the result of some weeks' deliberation by the Members of the Commission.

While the law creating the Tax Commission contemplates the regulation and supervision of City and Town taxation, the exceedingly short time at its disposal this year did not permit of

but the most perfunctory investigation. However, it is its intention during the coming year to exercise the same supervision over these assessments as are had over those of the State and County, to the end that the burden of supporting the different branches of State, County and Municipal government be borne by all classes of property relatively equal in proportion to their actual value.

The Commission has had many complaints from taxpayers, both large and small, to the effect that the different bodies entrusted with making the annual tax levies did not **decrease** the levy in proportion as the valuation of property is raised. This is regarded as one of the most important questions the Commission will have to deal with in the future. In at least two or three of the counties of the State, where the valuation of property was either doubled or increased very materially this year, the Board of Supervisors actually **increased the per cent of levy over that of last year**. The Commission believes that a provision of law, similar to that of Wyoming, limiting the different Boards entrusted with making tax levies to a total annual increase of not to exceed ten per cent over the levy of the previous year, should be passed at as early a date as possible.

Inasmuch as the actual money consideration involved in a transfer of property is one of the best evidences of value, the Commission urgently requests the enactment of a law, compelling the true consideration to be set forth in all deeds, contracts and bills of sale. This will be of material assistance to the assessors, as well as to the County Boards of Equalization, and no valid objection can be brought against it.

INSTRUCTIONS TO COUNTY ASSESSORS AND BOARDS OF EQUALIZATION.

Immediately after assuming office the Commission visited every county in the State in order to get in touch with the Assessors and local Boards.

The following letters and instructions were also sent out during the assessing and equalizing period.

“Phoenix, Arizona, May 31, 1912.

Dear Sir:

You are hereby authorized and instructed to make assessments on productive, patented mines, in the following manner:

- 1st. List the mines by name.
- 2nd. Patent number of each claim.

3rd. Acreage of each claim.

4th. Mining district in which situated.

5th. Use as a basis of valuation the sworn production statement for 1911, distributing the values over each individual claim as you find they exist from the best information obtainable. You should use your best endeavors to ascertain the relative value of every productive group of claims and distribute the total valuation as shown by the report to each individual claim, in the order as you find that they are productive or are contiguous to productive mines.

By order of the

“STATE TAX COMMISSION,
Jesse L. Boyce, Secretary.”

Phoenix, Arizona, June 5, 1912.

Dear Sir:

It is one of the purposes of the Tax Commission to back up the County Assessor in his honest endeavors to obtain just and correct valuations on all classes of property.

To this end we would request that you send us the names of property owners who have rendered assessments to you that you believe to be relatively too small, either in number or total valuation, together with your recommendation as to raise. The Commission will then issue an order to you to place the assessment on the roll as per our recommendation.

The information you furnish us along these lines will be considered strictly confidential.

By order of the

STATE TAX COMMISSION,
Jesse L. Boyce, Secretary.”

“Phoenix, Arizona, June 11, 1912.

Dear Sir:

I herewith enclose list of names of patented, producing mines in your county.

We have had Leverich & Company, of this city, secure for us the survey number of each mine as shown by the records of the U. S. Land Office. These numbers should be placed opposite the name of each mine on your Assessment Roll and designated as the survey number of that particular patented mine or mining claim.

This is done in order to make the proper segregation and designation of the claims, in accordance with the Court Decisions rendered on mine taxation in the past.

If you have not the patent numbers of these mines it would be well for you to get them from the records in the County Recorder's office where they can be obtained, and use these numbers also for the purpose of identification.

In making your valuation on these productive mines use every means in your power to obtain a just relative value of the claims in accordance with instructions heretofore given you. If possible, obtain this information from the mine superintendents or general managers, as the case may be.

This office has sent a list of questions to all of the producing mines in the State and when answers to same have been obtained, will be in position to recommend a mine taxation law for the next Legislature.

Should you desire any further information do not hesitate to call upon us at all times.

By order of the

STATE TAX COMMISSION,
Jesse L. Boyce, Secretary."

"Phoenix, Arizona, June 29, 1912.

To the County Boards of Equalization:

Gentlemen:

The Tax Commission recognizes that the County Board of Equalization is a most important link in the taxing machinery of assessment and valuation; and believing that there should be the fullest co-operation and best of feeling between the Boards and the Commission, we take this opportunity of extending greetings and becoming acquainted.

The matter of equalizing assessments which you will shortly have under consideration, is of vital importance to both your County and to the State, and we trust will not be passed over lightly by you.

The equalizing of assessments for this year will, we believe be mainly confined to personal property, though valuations of real estate, which in your opinion, are too high or too low, may be changed.

It is desirable that as much personal property should be placed on the Assessment Rolls as compares in some degree with the wealth and standing of the community. Experience has proven

that this class of property is the most difficult to assess and list for purposes of taxation that the Assessor has to deal with; for the reason that unlike the town or city lot, acreage, or buildings on either of the aforementioned, which is all subject to inspection by either the Assessor or his Deputies, not 25 per-cent of the personal property is ever actually seen by any one except the owner. This condition exists through no fault of the Assessor, but for the reason that it is a physical impossibility for him in the space of time allotted by law to personally inspect the many stocks of merchandise, herds of cattle, flocks of sheep and goats and the many other classes of property that might be mentioned in this connection.

The returns of your Assessor will be in your hands on the 1st. inst. We realize that your task is a difficult one. All that the people of the State and this Commission ask of you, is a careful performance of duty as required by your official bond and oath of office, and a just consideration and equalization of the assessments which come before you.

Respectfully yours,

“ARIZONA STATE TAX COMMISSION,
P. J. Miller, Chairman,
Jesse L. Boyce, Secretary.”

NATIONAL TAX CONFERENCE

During the early part of the year, Governor B. F. Carroll of Iowa, mailed the following letter to Gov. Geo. W. P. Hunt:
“To Governors of States:

State of Iowa, Executive Dept.,
Des Moines, February 3, 1912.

My Dear Governor:

The annual meeting of the National Tax Association to consider the question of State and Local Taxation will be held in this city September 3-5, 1912.

You are so familiar with the working of this Association that it is not necessary for me to burden your time in any unnecessary explanation. I only desire to request that you appoint three delegates and three alternates from your State to attend this Conference.

The Association has asked me to extend invitation through you to your State and you can greatly relieve me of further correspondence in reference to the matter if you will at once name

these delegates and alternates and furnish me with the list, giving the names and postoffice address of each. May I request that this receive your early attention.

Very truly yours,

B. F. CARROLL,

Governor."

On July 10th, 1912, Gov. Geo. W. P. Hunt appointed M. J. Cunningham, of Bisbee, C. M. Zander of Buckeye, Thos. E. Campbell of Prescott, W. W. Aldrich of Miami, T. J. Elliott of Globe and Carroll W. Davis of Kingman as delegates to the Sixth National Conference on State and Local Taxation held at Des Moines, Iowa, September 3-5, 1912.

Of these C. M. Zander of the Tax Commission attended, who with Henry Alfred Ernest Chandler, Professor of Economics and History of the University of Arizona, constituted Arizona's representation at the conference.

The conference proved highly interesting and instructive. A large proportion of the states was represented and revealed the fact that the tax question was a paramount issue generally throughout the United States. Those states having Tax Commissions showed the greatest progress towards an equitable and fair assessment of all classes of property. The widest range in methods of taxation, used in different states, was disclosed. From the township assessor, over whom there is practically no supervision, that obtains in a number of eastern and southern states, to the single state assessment for state and local purposes, that obtains in Delaware, there could be no greater difference. Between these extremes was discussed the separation of state and local taxation as in California; the local assessor with jurisdiction over large areas, such as counties, and under the supervision of a State Tax Commission; the said commissions having powers to reconvene local boards of equalization, to sit as a State Board of Equalization, to assess railroad, telephone, telegraph and private car lines and express companies as in Kansas; and Tax Commissions with advisory powers only, over local assessors and boards of equalization, as in Michigan and many other states.

The weight of opinion of the conference favored the Kansas plan, but pointed out the two defects apparent in it, namely: The township assessor and the constitutional restriction which prevented the State Board from equalizing between classes of property. Classification was the slogan of the conference.

The local assessor, without state supervision, was denounced. The testimony of Virginia, Louisiana and Kentucky showed that the most deplorable condition existed under this lack of system in administration. A few lines quoted from the paper read by W. O. Davis from Kentucky will serve to show the shameful inequality of taxation prevalent to a more or less degree in all states that do not have state control of the revenue machinery.

KENTUCKY'S EXPERIENCE.

"In this, as in former years, there was no occasion for reducing any county's returned assessment. Not one of them was assessed at a measure of its fair cash value. Forty-seven counties were not changed—not for the reason that the Board considered them properly assessed, but because, if they were increased, the counties that had a per cent added would have to have been raised correspondingly higher.

The law governing the Board has not been changed in any particular during your administration. The Legislature has not seen fit to make an addition or change which would enable the Board to more probably arrive at an accurate conclusion in its endeavor to equalize values among the counties.

The transfer sheets upon which we are to primarily base our decision, as they are at present returned, are in most cases almost worthless; some for the reason that the purchase price is purposely hidden under "\$1.00 and other considerations;" many have no value fixed by the county supervisors; some have no value fixed by the assessor; much is "listed with other property;" in numbers of instances the acreage is not given; in nearly all some one term is withheld, which makes a comparison between the sale value, assessed value and Supervisor's value impossible. In many cases it is a result of ignorance, carelessness or sloveness; in others, shrewdness and duplicity—done purposely to mislead. When witnesses are sent, they oftener serve to confuse than otherwise. All witnesses who appear before the Board are appointed by the County Judge after he has received notice of a tentative raise by the Board. It is seldom that the Judge will select a witness who has not formed an opinion and expressed a desire to appear in defense of his country. All the evidence before the Board is *ex parte*. The record is made up by the county officials and all witnesses selected for the purpose of testifying for the defense.

There are a few good assessors in the State—we say a "few" for the lack of a general term that expresses a lesser number.

The impression seems to be gaining ground throughout the State that we have a "single tax" system, and that personal property is exempt from taxation, and, inasmuch as real estate is compelled to bear the burden, it is the privilege of the owner and the duty of the officials to connive to list all property at a very low figure. In the matter of personal property no witness testified that the assessor claimed to have assessed it fully, or that the owners had intended to give it in at its worth. In substance, they contend that it is not given in anywhere, and excuse themselves on the ground that it is a matter of perjury or poverty, and exercise their right of choice.

The result is that after the number of lists that the assessor arbitrarily increases is added to the number that the County Board of Supervisors raise, there remains about 95 per cent. of the people in the State who fix the sum themselves upon which they are willing to pay taxes, and it is a safe assertion that 99 per cent. of that 95 per cent. are not inclined to pay a great amount.

From the testimony of the average witness who appears before this Board, there is very little good land in his section of the State, and what is there is mainly in adjoining counties; in his particular county there is a poor streak extending the length and width of the county from which all the timber has been cut and marketed; the process of erosion has carried all the fertile soil into the Gulf of Mexico; that a peculiar and unprecedented condition exists in regard to the bottom lands in his county, unlike the conditions along most streams that enrich the land, but the current of the stream changes and washes it away, and if by accident there is a deposit, it is always of sand, that destroys its future productiveness; that there is here and there an occasional oasis of small area upon which the tireless farmer can eke out an existence, and, by the addition of a small mortgage, pay his taxes.

The cities do not labor under exactly the same difficulties, but their difficulties are just as difficult. It seems that in all the cities the railroads have secured quantities of land for terminal facilities that are withheld from assessment; in addition to which, the smoke, noise and dust have destroyed the value of property for blocks on either side. Schools and churches have also acquired valuable property which is exempt from taxation; this also lessens their total. The money in banks is owned by non-residents, country banks and the federal government. The remaining few dollars left among their citizens is mainly for the purpose of street car fare. Business has been removed from the principal streets and is yet unlocated. In fact, the city would go into the hands of a receiver if there were anything to receive or anybody who would receive it.

Many counties insist that any increase in their present assessment would impoverish them; possibly this complaint has been loudest from the pauper counties that are a liability of the State—that not only expend every dollar collected for taxes in their own county, but are beneficiaries from the State of many thousand dollars each year."

It was thought the single state assessment of Delaware was perhaps the ideal method in small commonwealths where the classes of property are not many, but that it could not possibly succeed in the larger states.

The belief was expressed that the complete separation of state and local revenues would not likely prove satisfactory. Under this system the tendency seems to be that the counties and municipalities urge state expenditures because they will not bear any of the burden, which is altogether borne by the large corporations, and in turn the corporations urge the counties and municipalities, a few at a time, to local expenditures, both to get even and because of some pecuniary benefit to themselves. The result is that extravagance becomes the rule, as neither the state nor localities are subject to any retarding influence. In addition to this, large sources of revenue are abstracted from those localities whose wealth consists largely of property owned by corporations taxed by the State. Some counties in California have been almost impoverished by this system.

That state control of revenue machinery will finally be the plan adopted by all progressive states is the promises given by

the experience of all the states that have adopted it, was an assertion well received by the conference. In these states the tax rate has steadily decreased and total valuations have mounted higher and higher, due in great part to the additions of property previously escaping taxation. Of course it is not perfect, it has its defects, but that is because it is human. This Commission believes the best that can be done is to first devise a plan as nearly perfect as experience dictates and then charge the vigilance of the people to enforce it. The best plan must surely have a central authority that is responsible generally for every thing, and then the people will have no difficulty in fixing blame and acting accordingly. The local assessor should have as large a jurisdiction as he can administer efficiently, in order that he may be removed as far as possible from the influences of cliques and the strong, and he should be a resident of his jurisdiction so that he can be personally familiar with all the property he assesses. The local boards of equalization should be governed by the same conditions as the assessor. Both are needed, because of their knowledge of local property, but they should not exist because of their abuse of that knowledge. To prevent this abuse, there should be a state control. All the administrative officers in the system should be elected by the people, because in any healthy commonwealth, the people must be responsible, and if they have efficient methods of expressing that responsibility, their commonwealth will be as nearly fundamentally perfect as human science can make it.

Although the general property tax is that most in use, yet the conference acknowledged it only as a basis for raising revenue. There was a number of exceptions that occupied most of the time of the delegates. The doctrine was advanced that any exception to the general property tax must be based on the theory that every dollar of one man's property should not contribute the same as each dollar of every other taxpayer's property, as stated previously in this report. A tax should be the amount each taxpayer should pay for whatever reason. An income tax is levied in Wisconsin and is graduated according to ability to pay. The inheritance tax is levied everywhere on the right to receive and is graduated according to the amount received in excess of need. The tax on mines in Minnesota contains a royalty on a heritage, which the state holds the ore deposits to be. The head tax everywhere is levied on the privilege to live

in society. The license tax is levied on the privilege to do business. In some cities a tax is levied on the unearned increment. A very small tax on monies and credits is levied in several states because the general property tax on this class of property is confiscatory. None of these exceptions conflict with the general property tax; they exist only because of abnormal conditions calling for more protection by society, or because of unusual benefits received from society, or because the general property tax would not be equitable.

Of these exceptions, the discussion of the Income Tax of Wisconsin and the 3-mill tax on monies and credits on Minnesota were the most eagerly listened to by the delegates.

Nils P. Haugen, Chairman of the Wisconsin State Tax Commission, gave a very extended report on the first year of a state income tax. This tax takes the place of a personal property tax and yet is an attempt to collect from wealth that is not tangible. In theory it was very attractive to the conference and notwithstanding the somewhat elaborate machinery of administration and excessive expense incident thereto, all present expressed themselves as hoping that time and experience would prove this entirely new venture in state taxation an unqualified success. Since the conference, this law was an issue at the polls in the last state election in Wisconsin and was sustained by the people.

J. G. Armson, member of the State Tax Commission of Minnesota, reported his state's experience with the 3-mill tax on monies and credits. This paper impressed your Commissioner very greatly, as it will any Arizona taxpayer who will read the following abstract of it:

The average tax rate in the State of Minnesota at the time this law went into effect was three (3%) per cent. This absorbed from forty to sixty per cent of the income from this class of property. The experience of other states shows that when a tax equals ten per cent of the income, the property upon which it is levied goes into hiding. The State of Minnesota had never succeeded in having this property listed to any extent, although the law provided that it should be. Before the State Tax Commission was created, this property (monies and credits) equaled only twenty-two and five-tenths per cent of the personal property listed. The Tax Commission succeeded in forcing this up to twenty-nine per cent of the personal property listed. In

1912, or two years after the law went into effect, it equaled fifty per cent of the personal property listed and was an increase of eight hundred per cent over the amount listed previously. Although the rate is reduced from twenty-eight mills to three mills, the tax for 1912 will be almost equal to the tax under the old law, but this tax has been paid by 49,949 people as against 6,200 people who paid under the old law. In 1910, \$13,919,806.70 paid twenty-eight mills and in 1912, \$135,034,476.00 paid three mills. All of this class of property is not yet listed, but the Commission confidently expects to find nearly all of it, and believes the state will immediately receive a very large additional revenue from this source and the tax burden on this class of property will be equitably distributed.

No raise in interest charges has been noticed. This is undoubtedly due to the fact that the tax is so light, no effort is made to transfer it to the borrower. Money is defined to include all forms of currency in common use, whether in hand or on deposit. Credits include book accounts, notes, bonds, rents, annuities, mortgages upon which the registration tax has not been paid and all other claims or demands for money or other valuable thing.

The owner makes a list and the assessor fixes the value. If the owner refuses to furnish a list, the assessor makes the list, fixes the true value and adds fifty per cent as penalty. Mr. Amson concluded his paper as follows:

"We believe it is a decided improvement over the old method of taxing monies and credits, because it is more equitable and will eventually produce more revenue than the old system did. Above all, it makes for good citizenship, because it reduces the premium on dishonesty and permits men to be truthful in their tax statements without the fear of having their property confiscated in excessive tax rates."

In Arizona, the listing of monies and credits is practically nil. Any revenue received from a small special tax would be additional to that which is now received. Many people have no other class of property, but possess ample wealth of this class, yet they bear no part of the tax burden.

The question of a practical plan of forest taxation was exhaustively treated by Prof. Fred Rogers Fairchild, Yale University, member of the Connecticut Special Tax Commission. While this paper did not fit the situation in Arizona, it did point out the present crude method of taxing standing timber in this State. It will prove valuable to the Commission in its study of a scientific method of taxing this great wealth of the state.

The one disappointment of your Commissioner in the Conference was the discovery of the entire absence from the discussion, of the question of mine taxation. Through personal interviews with representatives from Michigan and Minnesota, however, he was able to get in close touch with the actual and practical levy and collection of taxes on mining properties. The substance of these interviews is perhaps best expressed in the statement "The mining companies and other large corporations will get in and play alright when they see they have it to do."

At the request of your Commissioner, a standing committee will no doubt be appointed to study the question of mine taxation.

The benefits derived from the personal contact with theorists, experts and practical administrators in taxation matters are so great, and because there is so much information that can be gleaned from these conferences that never appears in print from the very nature of things, this Commission believes that it should be represented at this conference every year. Notwithstanding Arizona is progressive, it must not be satisfied with any system of taxation it might evolve at the present time, because the general system now in use is so cumbersome that it must give way some day to something less complicated. The National Tax Association and Conference affords the best possible means of obtaining light, and therefore, these organizations should grow in strength and widen in influence until this age old and vexatious problems is solved as an enlightened nation should solve it.

On his way home from the Conference, your Commissioner stopped at Lincoln, Nebraska, and Topeka, Kansas, for the purpose of gaining what available information there was to be had in a short time. Mr. Edward B. Cowles of Lincoln, Nebraska, Commissioner of Public Lands and Buildings, and a member of the State Board of Equalization, was most courteous in his attention. Two things are done in Nebraska that are of great interest to this Commission: Range lands are classified according to the estimated number of stock a section will carry. As for instance, range lands in Cherry County, which carry an average of fifteen head to the section are assessed at \$3.79 per acre. The railroads of the state are assessed on a mileage basis, the same as in Arizona, but the local property outside of the right of way in cities and towns is taxed for local purposes the same as other

property. As for instance the U. P. Shops at Omaha are taxed by the city for the city of Omaha. No equitable assessment can be made on the railroad and other grant lands of Arizona until they are classified. The Nebraska method affords one way to classify these lands. Under the present mileage basis of valuation, the railroads in Arizona escape a large portion of local taxation, and for this reason are not paying the same proportion of taxes as other classes of property in the State.

At Topeka, Kansas, the State Tax Commission practically did nothing but answer your Commissioners questions for three days. The Chairman, Mr. Samuel T. Howe, is a veteran tax official and one of the best informed in the United States. That Commission gathered together many of its forms, literature, and much valuable information, and shipped them to this Commission, much to its appreciation. The most useful information obtained from the Kansas Commission was their method of taxing express, sleeping car and private car companies. Arizona, under the present statutes, is receiving almost nothing from these sources of revenue. Two private car lines, the Pacific Fruit Express, and the Santa Fe Refrigerator Dispatch do an annual business amounting to millions of dollars gross, yet Arizona's taxing portion amounts to a few thousand, because it can collect only on the intra state business. The information, relative to its assessment of these companies, imparted by the Kansas Commission is more or less confidential, but suffice it to say if the legislature would leave these companies to the Tax Commission, it would collect a proper tax from them. If, however, the Commission is not given the power to assess these companies without restrictions of law, the legislature should enact the Minnesota law. This law provides for the assessment of Minnesota's pro rata mileage share of the intra state, inter state and trans state valuation of all business done by these companies. Minnesota is collecting these taxes, and information received from its Tax Commission shows that the law has not been successfully assailed.

ASSESSMENT OF PRODUCING MINES.

The Legislature having repealed the Bullion Tax Law, which bill was approved by the Governor on April 30, 1912, and no other mining law having been passed to take its place, the matter of assessing the mines of the current year immediately became a matter of grave concern for the Tax Commission. No specific law

being now applicable for assessing producing mines, that class of property immediately became assessable on the ad-valorem basis like all other property in the State not classified by any special act of the Legislature. And in order that this class of property (Producing Mines) should be equitably and fairly assessed in all the several counties of the State, the Commission prepared and sent out to each of the mine managers, who had made a bullion report on production for the previous year, the following letter and list of questions:

"Phoenix, Arizona, May 31, 1912.

Gentlemen:

As you are doubtless aware, the law known as the "Bullion Tax" was repealed by the First State Legislature, and until a new tax law for mines can be devised it will become necessary for the individual county assessors to assess all producing mines on an ad-valorem basis.

In order to assist the assessor in arriving at a basis for the current year's valuation and the Tax Commission to formulate a new law, covering this important subject, we are enclosing herewith a list of questions and trust that you will give them your very early consideration, inasmuch as the present assessing season is drawing rapidly to a close.

This list of questions should have reached you at an earlier date, but owing to the lateness of the passage of the Act creating the State Tax Commission and its organization, same has been delayed.

We trust to receive your co-operation in the work.

By order of the

STATE TAX COMMISSION,
JESSE L. BOYCE,
Secretary."

OFFICE OF
THE STATE TAX COMMISSION OF ARIZONA,
Phoenix.

May 31, 1912.

In accordance with sub-division 7 of Sec. 8, Act 46 of the First Legislature of the State of Arizona the following information is required. Proper affidavit as to correctness of answers should be made before a Notary Public.

Name of the Company and officers?

1. Total number of employees, this date? (Include all classes up to General Manager).
2. What is the total sum of wages and salaries paid for each of the past five fiscal years?
3. Number of tons of rock or ore stamped, smelted or treated for each of the past five fiscal years?
4. Pounds of refined copper, ounces of gold and silver produced in each of the past five fiscal years?
5. Prices received in total dollars and per pound copper for all copper sold, and per ounce for all silver and gold in each of the past five fiscal years?
6. Cost of production in money per pound of refined copper, and per ounce gold and silver for each of the past five fiscal years and specifying the following items:—
 - a—Mining, transportation, and stamping smelting or treating

- b—Exploration (diamond or churn drilling, test pitting, shafts, tunnels, etc., looking for new ore).
 - c—Development (shaft sinking and opening work not charged directly to mining).
 - d—Stamping, smelting, treating, refining, freight and commissions.
 - e—Construction (include all amounts spent on mining, milling or transportation equipment for the use of the mines, but nothing for the purchase of lands, real estate, etc.).
 - f—General expense (taxes, insurance, interest, administration and miscellaneous items not included in above).
7. Patented mines—the name of the claim, number of acres contained, the number of the U. S. Patent and the Mining District in which same is legally located, on which mining operations are now being conducted?
 8. State how many tons of copper bearing rock and how many pounds of refined copper, gold and silver may reasonably be expected in future from each of these tracts or mining claims?
 9. Describe as above any tracts or mining claims owned by the company known to contain payable copper rock or ores, but which are not now being mined, but being contiguous to claims that are being mined?
 10. State how many tons of copper bearing rock or ores and how many pounds of refined copper, gold and silver may reasonably be expected in future from these tracts or mining claims?
 11. Describe lands owned by the Company which are situated upon recognized copper bearing formations, but which are not known to contain payable ore?
 12. State ownership of Company in other corporations connected with the mining business, such as smelting and transportation companies?

The purpose of the foregoing letter and questions was to give the Commission all the information necessary and requisite to base an opinion on the assessable value of each particular property in question, the Commission realizing full well that few producing mines have the same characteristics as to the quality of the ore, and no two as to their percentage of yield in different metals, their cost of production and reduction; and that no two have the same estimated quantities of ore, nor the same percentage of profit or loss: all of which factors must be taken into full consideration in arriving at the assessable value of such property under the ad-valorem system of valuation. Recognition must be given to the fact that the value of ores varies greatly, and that some mines are worth a great deal more than others which may produce the same kind of ore but which yield a less percentage of metal and perhaps at a greater cost.

The Commission is in duty bound to say that with but one exception all the mining companies in the State to whom the foregoing list of questions had been sent showed a commendable disposition to answer the questions propounded as nearly as practicable, considering that they did not fit all the local and individual conditions obtaining in each mine.

The notable exception to this was the attitude taken by the United Verde Copper Company in Yavapai County. This company, after a great deal of pressure by the Commission, finally submitted a partial report.

In the meantime, and shortly after the foregoing list of questions had been sent out, two members of the Commission made a hurried trip through the several counties of the State in which producing mines were situated, and instructed the local assessors to assess all such mines using as a basis of value their gross output reported for the year, 1911, with the idea in mind that the Commission itself, would, at a later date, review these assessments and recommend to the local Boards of Equalization its conclusions as to the real assessable value of these properties, after it had examined all of the sworn reports submitted by them.

Since the Legislature had granted full power to this Commission over local assessors, the above instructions were carried out by the latter and the original rolls were turned over to the Boards of Equalization with all producing mines assessed on a basis of value of their gross output for the year, 1911.

The Commission then sent instructions to the Boards not to take any action until it could have the opportunity of meeting with them in joint session and recommend its conclusions as to the value of these properties to each local Board.

Accordingly, on July 9, 1912, a joint hearing was held at Prescott, where a number of the mines were represented by their managers or attorneys, an erroneous report having been circulated to the effect that the Commission had decided to value all producing mines at the amount of the gross bullion produced by each property, as reported by them for the previous year and no cognizance was to be taken as to whether this gross production was produced at a profit or at a loss.

The above contention was, of course, denied by the Commission and when the matter was understood that each property was to be valued on its own merits all present were apparently satisfied, with the exception of the manager and the attorney of the United Verde Copper Company. The arguments, or rather excuses, offered by these gentlemen, why the United Verde Copper Company should not be valued even on a basis of its gross output of one year for assessment purposes were some of the most remarkable and astounding ever heard by the Commission at any of its hearings. Not only did they plead that any assessment above twenty-

five per cent of its gross output would be unfair, inequitable and confiscatory, but it was finally insinuated that in order to protect itself from illegal tax extortion the company would have to go into politics, also that suit would be brought in the Federal court and that the taxes would be tied up indefinitely. This line of argument did not make any great impression on the Commission, since not only they but all other citizens of the State have known for some time that the United Verde Copper Company has been in politics for the last twenty years, solely, and only for the purpose of evading the payment of its just proportion of the State and county tax. In his argument the manager went so far as to insinuate that not only should the United Verde and other producing mines of the State be exempt from **any** tax, but that the State should subsidize them, as he claimed was done by the government of Japan.

After the hearing, the Commission examined the sworn reports of the mines in Yavapai County and formulated the following letter of recommendation, as to the assessable valuation of these mines, to the County Board of Equalization:

“Prescott, Arizona, July 9th, 1912.

Hon. Board of Equalization,

Prescott, Arizona.

Gentlemen:

Acting in accordance with Section 8, Sub Senate Bill, No. 46, Laws of the First Legislature of the State of Arizona, the State Tax Commission, after having carefully examined the Reports of all Producing Patented Mines in Yavapai County, Arizona, covering the value of their production and cost of operation, would respectfully recommend and advise that the said producing mines hereinafter mentioned be equalized at the following values for purposes of taxation for the year 1912.

Consolidated Arizona Smelting Company:

Name of Mine.	Valuation.
Blue Bell	\$ 4,132.00
Blue Buck	4,132.00
Blue Coat	4,132.00
	<hr/>
	\$ 12,396.00

Lelan Gold and Copper Company:

Name of Mine.	Valuation.
Lelan	\$ 3,222.20

Swastica Development Company:

Name of Mine.	Valuation.
Silver Prince	\$ 3,934.00

Tiger Gold Company:

Name of Mine.	Valuation.
Grey Eagle	\$ 4,132.00
Oro Belle	3,616.00
Oro Bonito	4,132.00
Cleveland	3,614.00
Second N. Ext. Grey Eagle.....	882.00
	\$ 16,376.00

Yavapai Gold, Silver and Copper Co.:

Name of Mine.	Valuation.
Tiger	\$ 1,100.00
Ophir	3,988.00
California	1,560.00
Benton	1,468.00
Second Ext. Tiger.....	1,000.00
	\$ 9,116.00

United Verde Copper Company:

Name of Mine.	Valuation.
Eureka	\$1,750,000.00
Wade Hampton	1,750,000.00
Chrome, N. W.....	600,000.00
Chrome, S. E.....	500,000.00
Hermit	7,211.00
Azure, N. W.....	30,000.00
Azure, S. E.....	10,000.00
Gift	10,000.00
	\$4,657,211.21

Respectfully yours,

STATE TAX COMMISSION,

P. J. MILLER, Chairman.

C. M. ZANDER, Member.

CHAS R. HOWE, Member."

The Board of Equalization of Yavapai County, however, having been advised of the powers granted them by the Constitution of the State, found in Article IX, Sec. 11,— The duty of the County Boards of Equalization shall be to adjust and equalize the valuation of real and personal property within their respective counties —concluded not to abide by the recommendation of the State Tax Commission and proceeded to fix their own values upon the claims of the United Verde Copper Company, reducing the values placed upon said property by the Commission about 25 per cent as follows:

Name of Claim.	Valuation by Commission.	Valuation by Board.
Eureka	\$1,750,000.00	\$1,330,000.00
Wade Hampton	1,750,000.00	1,330,000.00
Chrome, Northwestern.....	600,000.00	435,000.00
Chrome, Southwestern.....	500,000.00	365,000.00
Hermit	7,211.21	5,000.00
Azure, Northwestern.....	30,000.00	20,000.00
Azure, Southwestern.....	10,000.00	7,500.00
Gift	10,000.00	7,500.00
	\$4,657,211.21	\$3,500,000.00

Apparently the United Verde Copper Company was not content with the reduction made by the local Board at its July meeting, as said Board on the first day of its August meeting, to-wit: August 19th, 1912, and after it had been notified by the State Board of Equalization that the State levy for the year 1912 had been made, again reduced the property of the United Verde Copper Company to the following:

Name of Claim	Valuation by Commission.	1st Reduction by Local Board.	2nd Reduction by Local Board.
Eureka	\$1,750,000.00	\$1,330,000.00	\$ 875,000.00
Wade Hampton.....	1,750,000.00	1,330,000.00	857,000.00
Chrome, N. W.....	600,000.00	435,000.00	300,000.00
Chrome, S. W.....	500,000.00	365,000.00	250,000.00
Hermit	7,211.21	5,000.00	3,605.60
Azure, N. W.....	30,000.00	20,000.00	15,000.00
Azure, S. W.....	10,000.00	7,500.00	5,000.00
Gift	10,000.00	7,500.00	5,000.00
	\$4,657,211.21	\$3,500,000.00	\$2,328,605.60

The second reduction, the Commission contended was made without authority of law as the Yavapai County Board of Equalization had made up its abstract of assessable property from the original roll, after its July meeting and after the first reduction had been made on above property. This sworn abstract, sent by the Clerk of the Yavapai County Board to the State Board of Equalization on July 22, 1912, gave a total valuation of assessable property in said county, after all reductions and exemptions had been made, to be \$16,111,921.21 and on this valuation, added to all other valuations sent in by other counties, the State Board made its levy of 90c for the year, 1912.

On the afternoon of August 19, 1912, the day upon which the above reduction had been made by the Yavapai County Board, the Commission was called up by long distance telephone by one of the Members of the Cochise County Board, who stated that they had received a wire from the Yavapai County Board to the effect that all Boards in mining counties had made a reduction

of 50 per cent on all producing mines and asking the Cochise Board to do likewise. Like communications were also received from other mining county Boards, requesting instructions and also as to the stand the Commission would take in case reductions were made contrary to its advice.

From the information at hand it immediately became apparent to the Commission that a conspiracy was under way to negative the labors of the Commission with regard to the valuation of the producing mines, emanating obviously from Yavapai County and in order to frustrate the scheme, the following telegram was sent to the Boards of all mining counties:

"Phoenix, Arizona, Aug. 19, 1912.

County Board of Equalization

State levy was today fixed at ninety cents, as provided by Sec. 7, Chap. 64, Special Session and Chap. 31, Regular Session, Laws 1912

This levy was made on amount shown on abstracts of all counties and such valuation for State purposes cannot be reduced by your Board.

STATE BOARD OF EQUALIZATION,

ATTEST:

JESSE L. BOYCE, Secretary.

J. C. CALLAGHAN,

President."

The following was also sent to the Board of Equalization of Cochise County:

"Phoenix, Arizona, Aug. 19, 1912.

Board of Equalization,

Tombstone, Arizona.

Board of Equalization has already passed on the valuation of mines in Cochise County and their jurisdiction is exhausted. See State vs. Central Pacific, 26 Pacific, 225; besides the State Board has already fixed the State rate upon the return of County Board. Wire if any change has been made by County Board of Equalization. Greenlee County Board refused to take any action other than that authorized by Tax Commission.

STATE BOARD OF EQUALIZATION,

ATTEST:

JESSE L. BOYCE, Secretary.

J. C. CALLAGHAN,

President."

The above action of the Commission seemed to have a steady effect on the local Boards and no reductions of mine values were made for State purposes, although they were reduced in some counties for purposes of county levy, with the exception of Yavapai County. This Board refused to recede from its position and the Commission decided to bring suit against said Board. The matter of said suit will be discussed at further length in another Chapter of this report.

In the meantime the Commission had held a joint hearing with the Board of Equalization at Kingman, Arizona, on July 11, 1912. The mining companies presented their arguments at length, asking for reductions from the assessed value as placed by the assessor. The Commission informed them that the matter would

be taken under advisement and recommend to the local Board such equalization as to the Commission seemed just and equitable.

After examining the reports of the producing mines in said County, the following recommendation was sent to the local Board:

“Phoenix, Arizona, July 13, 1912.

Hon. Board of Equalization,

Kingman, Arizona.

Gentlemen:

Acting in accordance with Sec. 8, Sub. Senate Bill No. 46. Laws of the First Legislature of the State of Arizona, the State Tax Commission, after having carefully examined the reports of all producing patented mines in Mohave County, Arizona, covering the value of their production and cost of operation, would respectfully recommend and advise that the said producing mines hereinafter mentioned, be equalized at the following values for purposes of taxation for the year, 1912:

Tom Reed Mining Co.:

Name of Mine	Valuation.
Benjamin Harrison.....	\$714,281.40
Thos. B. Reed.....	33,500 00
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	\$747,781.40

Gold Roads Mining Co.:

Name of Mine	Valuation.
Lime Road.....	\$378,248 40
Billy Bryan.....	189,124 00
Railroad.....	63,041 38
	<hr/>
	\$630,413.78

Union Basin Mining Co.:

Name of Mine	Valuation.
Golconda; Tub.....	\$ 75,292.07
Prosperity.....	75,292.00
	<hr/>
	\$150,584.07

Grand Gulch Mining Co.:

Name of Mine	Valuation.
Adams Lode.....	\$ 4,132.00

Frisco Gold Mines Co.:

Name of Mine	Valuation.
Gold Crown.....	\$ 4,000.00

Rainbow Mountain Mining Co.:

Name of Mine	Valuation.
Rainbow.....	\$ 4,000.00

Needles Mining & Smelting Co.:

Name of Mine.	Valuation.
Tennessee	\$ 8,132.00
Tennessee S. Ext.....	1,442.00
Great Lead.....	2,834.00
Empire	4,132.00
Champion	4,104.00
Star Spangled Banner.....	4,120.00
Infallible	4,132.00
	\$ 28,896.00

We would further recommend that the property of the Desert Power and Water Company be valued at the sum of \$165,000.00.

The assessment on "ice plant machinery" of Henry Lovin at \$5,000.00 appears to be too high, but that on his stock and merchandise and other property listed appears to be too low. We would therefore recommend that this assessment be readjusted so that all items therein will be assessed at a valuation in proportion to that of other property in your county.

If in your judgment, any other property in your county is not assessed on a valuation in proportion to the valuations recommended herein, and that of railroad, telegraph and telephone companies, heretofore sent you by the State Board of Equalization, we would recommend that same be adjusted on a basis of equality with other assessments.

We would advise and recommend that you assess all railroad grant lands lying within your county at \$.35 per acre.

Very truly yours,

STATE TAX COMMISSION,

JESSE L. BOYCE,

Secretary."

On July 25, 1912, the following mining men from Mohave County appeared before the Commission, asking that the County Board of Equalization of Mohave County be advised to lower the valuation on their mines sixty-six and two-thirds (66 2-3) per cent:

Chas. Grimes, President and S. S. Jones, Manager, of the Tom Reed Gold Mines Company,

D. R. Muir, Manager of the Needles Mining and Smelting Company and the Gold Roads Mines Company,

John Boyle, Jr., President and General Manager of the Union Basin Mining Company.

The above named gentlemen submitted further argument and reports of the value of their property to the Commission which

was taken under due consideration and on August 8, 1912, the following recommendation as to the assessable value of these mines was transmitted to the local Board.

“Phoenix, Arizona, August 8, 1912.

County Board of Equalization,
Kingman, Arizona.

Gentlemen:

Under date of July 25, 1912, representatives of the Tom Reed Gold Mines Company, Gold Road Mines Company and Union Basin Mining Company appeared before this Commission, at its office in Phoenix and submitted additional data with reference to the output of their respective properties, together with cost of productions and other statistical information.

After careful consideration of the aforesaid data and information, we would respectfully recommend and advise that you adjust the assessment on these properties at your August meeting as follows:

Tom Reed Gold Mines Company:

	Value.
Benjamin Harrison.....(Claim).....	\$642,853.26
Thos. B. Reed.....(Claim).....	30,150.00
	<u>\$673,003.26</u>

Gold Roads Mines Company:

	Value
Lime Road.....(Claim).....	\$283,686.30
Billy Bryan.....(Claim).....	141,843.00
Railroad.....(Claim).....	47,281.04
	<u>\$472,810.34</u>

Union Basin Mining Company:

	Value.
Golconda.....(Claim).....	\$ 70,000.00
Tub.....(Claim).....	70,000.00
Prosperity.....(Claim).....	1,584.07
	<u>\$141,584.07</u>

Very truly yours,

STATE TAX COMMISSION:

P. J. MILLER, Chairman.
CHAS. R. HOWE, Member.
C. M. ZANDER, Member.”

ATTEST:

JESSE L. BOYCE, Secretary.
(SEAL)

In accordance with law the State Tax Commission met in the office of the Board of Supervisors of Greenlee County, at Clifton, Arizona, on July 15, 1912, with all members present, and after due consideration of the argument and reports presented by the mine officials the following recommendations were submitted to the local Board:

“Clifton, Arizona, July 15, 1912.

Hon. Board of Equalization,
Clifton, Arizona.

Gentlemen:

Acting in accordance with Section 8, Sub. Senate Bill No. 46. Laws of the First Legislature of Arizona, the State Tax Commission, after having carefully considered the sworn reports and such other evidence as it has been possible to obtain, relating to amount and cost of production of the producing mines in Greenlee County, desires to recommend and advise that the following mines be valued and equalized by you for the purpose of taxation for the year, 1912, as hereinafter set forth.

STATE TAX COMMISSION,

P. J. MILLER, Chairman.
CHAS. R. HOWE, Member.
C. M. ZANDER, Member.”

“SHANNON COPPER COMPANY.

We find that the Shannon Copper Company is not in the same class with the other large producing mines of this district, owing to the fact that they have for some time been producing at an exceedingly small margin of profit. However, the present price of copper would indicate a material increase in their net earnings and consequently a correspondingly greater value for purposes of taxation, and we therefore value the property as follows:

Alaska	\$	4,000.00
Big Bend No. 1.....		2,000.00
Big Bend No. 2.....		3,000.00
Black Diamond.....		300.00
Black Hawk.....		250,000.00
Candalaria		15,000.00
Carter		3,000.00
Copper Cliff.....		2,000.00
Copper King.....		5,000.00
Dark Horse.....		3,000.00
Delta		5,000.00
Dry Jack.....		5,000.00
El Paso.....		22,987.00
Frisco		5,000.00

Garfield	5,000.00
Hector	3,000.00
Ida Belle.....	2,000.00
Jolly Liar.....	500.00
Jumbo	2,500.00
Keystone No. 7.....	500.00
Keystone No. 8.....	2,000.00
Limestone	2,000.00
Long Tom.....	10,000.00
Northern Point.....	5,000.00
San Pedro.....	2,000.00
Shannon	300,000.00
Tip Top.....	2,000.00
Tip Top.....	5,000.00
Trinidad No. 4.....	3,000.00
Trinidad No. 5.....	3,000.00
Victor	2,000.00
Virginia Queen.....	2,000.00
White Hawk.....	275,000.00
White Hawk Ext.....	25,000.00
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	\$ 976,787.00

STANDARD COPPER MINES.

This property produced for only a limited period in 1911 and their seems to be no prospect that it will resume work in the near future, its entire production having been at a considerable loss, we therefore place the following values:

Standard	\$ 2,000.00
New England.....	2,000.00
American	2,000.00
Hazel	1,000.00
Katy D.....	1,500.00
Mabel	500.00
Nellie	500.00
Martha	100.00
Florodora	200.00
Yosemite	50.00
Adrienne	50.00
Fire Fly.....	200.00
	<hr/>
	\$ 10,100.00

STANDARD CONSOLIDATED COPPER CO.

This Company is in practically the same condition as the one previously mentioned and is valued on the same basis:

San Jose.....	\$ 1,616.00
Mack & Jack.....	1,411.00
Club	1,835.00
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	\$ 4,862.00

ARIZONA COPPER COMPANY, LTD.

The report of this company to the Tax Commission shows substantial net earnings and extensive ore bodies developed. We are therefore of the opinion that a valuation on the entire property based on the total of the 1911 production is not excessive, and in accordance therewith place values as follows:

C. L.....	\$ 70,000.00
Copper Queen.....	35,000.00
Southern Cross.....	150,000.00
Little Giant.....	200,000.00
Little Annie.....	200,000.00
Oriental.....	175,000.00
King.....	22,631.00
Ida.....	25,000.00
Emelia.....	20,000.00
Mexican.....	20,000.00
Copper Queen No. 2.....	25,000.00
Copper King.....	25,000.00
Copper King No. 2.....	25,000.00
Copper Pride.....	25,000.00
Ratler.....	20,000.00
Terresses.....	20,000.00
Coronado.....	425,000.00
Seven thirty.....	25,000.00
Matilda.....	25,000.00
Horse Shoe.....	75,000.00
Crown Reef.....	104,000.00
Copper Crown.....	50,000.00
Eagle.....	375,000.00
Liverpool.....	104,000.00
Clay.....	20,000.00
Fairplay.....	350,000.00
Yavapai.....	5,000.00
Longfellow N. Ex.....	10,000.00
Rex Monte.....	25,000.00
Humbolt.....	375,000.00
Joy.....	375,000.00
Dora.....	20,000.00
Modoc.....	50,000.00
Bassett.....	12,000.00
Longfellow.....	15,000.00
Glasgow.....	8,000.00
Argyle.....	17,000.00
Waterloo.....	25,000.00
Napoleon.....	20,000.00
Petaluma.....	10,000.00
Petaluma No. 2.....	10,000.00
Free Coinage.....	10,000.00
Abbie B.....	15,000.00
Go Between.....	20,000.00
Keystone.....	25,000.00
Morning Star.....	25,000.00
Little Mammoth.....	25,000.00
Mammoth.....	75,000.00
Molinar.....	20,000.00
Stella.....	20,000.00
Trinidad No. 6.....	25,000.00
Virginia.....	10,000.00
	<u>\$3,857,631.00</u>

With reference to the patented non-producing mines belonging to this company, we would advise that the valuations as placed by the assessor be allowed to stand.

Concerning Concentrator No. 6, after a careful consideration of the evidence introduced and an inspection of the books of the company, we are of the opinion that aforesaid books show the

best evidence of the value of such properties in question, and we recommend that this procedure of arriving at the values be taken.

DETROIT COPPER MINING CO. OF ARIZONA.

This company shows a low cost of production for the past five years and we see no reason why it should not continue its good record, especially in view of the increased price now received for copper. This property would therefore appear to be in a class with the best producers in the State and we have used its gross production for the year 1911 as a basis of valuation for assessment purposes. We have deducted from the above total, the sum of \$484,422.00, same being the value represented by 90,209 tons of ore extracted from the non-patented claims. The balance \$2,286,806.00 is distributed over the patented producing claims as follows:

Arizona Central.....	\$ 500,000.00
Copper Mountain.....	25,000.00
Arthur	2,000.00
Boss	10,000.00
Buckhorn	1,500.00
Butler	200,000.00
Chalkos	15,000.00
Cobre	5,000.00
Colorado	3,000.00
Copper Cross.....	250.00
Crescent	5,000.00
Crown	3,000.00
Escentric	115,000.00
Divers	50.00
Fairbanks	1,000.00
General Miles	1,000.00
Hoodoo	10,000.00
Hudson	12,000.00
Cupper	3,000.00
Lady Washington.....	7,000.00
Lancaster	2,000.00
Last Chance.....	8,000.00
London	10,000.00
Lone Star.....	150,000.00
Micawber	5,000.00
Montezuma	25,000.00
Montana	5,000.00
Morenci	500,000.00
Nevada	15,000.00
Oneida	2,500.00
Oregon	10,000.00
Pelican	10,000.00
Producer	1,000.00
Regulas 2-3.....	1,000.00
Ryerson Annie.....	250,000.00
Thomson	15,000.00
Wellington	20,000.00
Yankee	337,000.00
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	\$2,285,800 00

We advise that the difference between the total of the assessments on the producing patented mines and the total gross production for the year 1911 of the Detroit Copper Company be distributed equitably over the producing non-patented mines of this Company.

These non-patented producing mines should be treated and assessed as personal property and the taxes on the same should be collected as taxes are collected on other classes of personal property.

CLIFTON WATER & IMPROVEMENT CO.

We recommend that the equalization of this company as made by your board on the physical valuation be rescinded and a similar value be placed upon its franchise.

Respectfully,

STATE TAX COMMISSION,

P. J. MILLER, Chairman.

CHAS. R. HOWE, Member.

C. M. ZANDER, Member."

A similar meeting was held at Tombstone on July 18, 1912, with recommendations to the local Board as follows:

"Tombstone, Arizona, July 18, 1912.

Hon. Board of Equalization,

Tombstone, Arizona.

Gentlemen:

In accordance with Section 8, Sub. Senate Bill No. 46, Laws of the First Legislature of the State of Arizona, and after having carefully considered the sworn reports and such other evidence as it has been possible to obtain, relating to the amount and cost of production of the producing mines in Cochise County, we desire to recommend and advise that the following mines be valued and equalized by you for purposes of taxation for the year 1912 as hereinafter set forth:

Leonard Copper Company:

Empire	\$	705.40	
Charlston		64,562.00	
Durand		967.60	
Durand		967.00	
Dandy		1,030.65	
Elizabeth		983.70	
Copper Belle.....		704.75	
Joe		329.20	
Oak Grove.....		853.25	
Katherine A.....		890.40	
			\$ 71,026.95

Great Western Copper Company:	
Mary	\$ 81,000.00
Mame	60,661.72
Humbot	1,906.70
Monarch	787.35
Fairview	975.90
Fraction	459.50
Starr	794.10
Chance	862.65
Chicago	964.40
Hawkeye	968.45
Esther	991.85
Climax	1,027.45
Dorethy	1,020.45
Billie	977.35
Iowa	981.55
Handy	936.95
Alice	933.55
Edith	942.80
Highland	735.90
Iron	722.70
Home	1,019.05
Sampson	1,015.55
Clinton	1,018.35
	\$ 161,704.27

COPPER QUEEN CONSOLIDATED MINING CO.

This Company shows the largest production and net income of any producer in the State, and we recommend that the assessment as made by the assessor be allowed to stand, except as to the valuation on leased lots situated on mining claims and assessed as lots and mining claims. The legality of this portion of the assessment we recommend be referred to your County Attorney.

CALUMET AND ARIZONA AND SUPERIOR AND PITTSBURG COPPER CO.

This Company has shown a very commendable spirit in assisting the Tax Commission in its researches, their report being exceedingly comprehensive and showing them to be the second largest producer in the State and also at a substantial profit. We therefore recommend that the assessment as made by the assessor be allowed to stand.

SHATTUCK ARIZONA COPPER COMPANY.

The report of this Company also shows a substantial profit and we recommend that the assessment as fixed by the assessor be allowed to stand.

Respectfully submitted,

STATE TAX COMMISSION,

P. J. MILLER, Chairman.

CHAS. R. HOWE, Member.

C. M. ZANDER, Member."

From Tombstone the Commission made a hurried trip to Globe at the request of the local board, and the following recommendations were made with regard to the assessable values of the producing mines situated in Gila County:

“Globe, Arizona, July 20th, 1912.

Hon. Board of Equalization,
Globe, Arizona.

Gentlemen:

Acting in accordance with Sec. 8 of Sub. Senate Bill 46. Laws of the First Legislature, State of Arizona, after considering the sworn statements of the producing mining companies of Gila County and all the evidence that could be obtained regarding aforesaid mines, we respectfully recommend and advise that the producing mines of Gila County be assessed as follows, to-wit:

OLD DOMINION COPPER MINING AND SMELTING COMPANY.

Investigation shows this company to have been a dividend payer for several years past. It is now producing at a very large and substantial profit. In fact, its showing at present is better than at any time in its history. The company is about to expend large sums of money, to-wit: about \$650,000.00 in the installation of new equipment and the rebuilding of old equipment.

It is controlled by the Phelps-Dodge interests, an organization that has many years' experience in Arizona ore deposits. This organization has operated the mines of the Old Dominion Copper Mining and Smelting Company for a number of years. This experience in ore deposits in general and its knowledge of this property in particular have induced the Phelps-Dodge interests to expend this large sum of money for additional equipment. It is, therefore, safe to say the property is easily worth its gross production for last year, and that the owners could not successfully maintain otherwise.

In addition to all of this, the sworn statement of the company shows that it produced at a net profit of \$671,176.68 last year and this year the evidence shows that it has already paid \$600,000.00 in dividends.

We therefore recommend that the mines be assessed as follows:

First Tax Commission Report

Alice	\$ 30,086.40	
Globe South West.....	163,154.90	
Globe Ledge.....	117,164.69	
Globe	83,967.87	
Interloper	186,765.92	
South East Globe.....	67,879.66	
Hypatia	510,202.30	
Hidden Globe.....	1,403,798.44	
Old Dominion.....	17,944.00	
Keystone	17,944.00	
		\$2,598,908.18

or as fixed by the assessor.

UNITED GLOBE MINES.

The sworn report from this company and the evidence concerning it show that the same interests owning and operating the Old Dominion Mines own and operate this property, that its ores are hoisted through the same shaft as the ores from the Old Dominion, that last year it doubled its output and produced at approximately the same net per pound of copper as the Old Dominion.

We therefore recommend that the assessment of this property be the total of its last year's production and as fixed by the assessor.

MIAMI COPPER COMPANY.

The sworn report of this company and all the evidence obtained by this Commission, shows that this property is not yet in the same class with the Old Dominion Mines, but in all likelihood it will be this year. However, as all producing mines in the state have been assessed on their last year's performance, this property should be assessed in the same manner. Last year this property produced at a small net.

We therefore recommend that the Miami be assessed as follows:

Captain	\$ 300,000.00	
Agent	300,000.00	
Red Springs.....	275,000.00	
Red Rock.....	203,000.00	
St. Johns Fraction.....	150,797.00	
St. Johns No. 1.....		12,319.60
St. Johns No. 2.....		
St. Johns No. 3.....		
Climax		14,540.00
Flat Top.....		
Clumsey John.....		
Hot Center.....		
Over Sight Fraction.....	14,540.00	
		\$1,255,656.60

BLACK WARRIOR.

This company appears to be in bad financial condition, its taxes for last year are still unpaid. While there was a large extraction of ore from this property last year, it was done without the proper development necessary to insure continuous operation. The company, to resume operations, must first expend a considerable sum of money before profits can be realized, and we would submit these facts for your consideration when making this assessment and equalization.

INSPIRATION MINING COMPANY.

After carefully considering the evidence adduced before us by the representatives of the aforesaid mining company, we are of the opinion that the assessment and adjustment of value placed on the mining claims of this company be allowed to stand as fixed by your Honorable Board of Equalization.

“STATE TAX COMMISSION,

“P. J. MILLER, Chairman,

CHAS. R. HOWE, Member,

C. M. ZANDER, Member.”

SUIT OF THE BOARD OF SUPERVISORS OF YAVAPAI COUNTY BY THE STATE TAX COMMISSION.

As heretofore set forth in this report, the County Board of Equalization of Yavapai County made a second reduction of the United Verde mines at their August meeting, thus placing their final valuation for purposes of taxation at the sum of \$2,328,605.60. After carefully considering the matter from all standpoints, the Commission came to the conclusion that an endeavor should be made to negative this latter action and to protect the interests of the State. Accordingly, after consultation with the Attorney General, suit was brought in the name of the State and at the relation of the Tax Commission, against the Board of Supervisors of Yavapai County to compel aforesaid board to replace on the assessment rolls the sum of \$1,171,394.40, the amount they had taken from the assessment of the United Verde mines.

This suit was stubbornly fought by the County Attorney of Yavapai County, and equally as stubbornly defended by the Attorney General, through both the lower court and the Supreme Court of the State, where a final decision was had, sustaining every contention of the Tax Commission.

The change in amount of valuation, ordered by the Supreme Court produced an added revenue to the State amounting to \$10,542.55. The cost of the suit, chargeable against the funds of the Tax Commission, amounted to \$180.00.

During the progress of this suit to determine whether or not the United Verde Mining Company could dictate the amount of taxes it would pay under our present inadequate revenue laws, this Commission was severely criticized by several of the leading papers of the State, and they even went so far as to advise that the powers of the Commission be restricted, or better still, that it be abolished entirely. However, when the ownership or controlling interest in the journals above referred to is taken into consideration, their action is not surprising. The old saying that "A hit bird always flutters," never was demonstrated more thoroughly.

As all facts in the case are amply reviewed by the Supreme Court, the entire decision is given herewith for the information of the people and all officials concerned:

IN THE SUPREME COURT OF THE STATE OF ARIZONA.

THE STATE OF ARIZONA,

Appellant,

Vs.

THE BOARD OF SUPERVISORS OF
YAVAPAI COUNTY, STATE OF ARIZONA,
composed of William Stephens, Alonzo Mason and
H. W. Heap, as Supervisors of Yavapai County,
State of Arizona, and E. J. Park, as Clerk of the
Board of Supervisors of Yavapai County, State of
Arizona,

Respondents.

No. 1278.

Appeal from a judgment of the Superior Court of the County of Yavapai. F. O. Smith, Judge. Reversed and remanded

Mr. G. P. Bullard, Attorney General, for Appellant.

Messrs. P. W. O'Sullivan and Joseph H. Morgan, for Respondents.

BY THE COURT:

This was an application by the State of Arizona, at the relation of the Attorney General, for a writ of mandamus against the Board of Supervisors of Yavapai County, and the Clerk thereof. An alternative writ was issued, but upon motion by defendants, was quashed and general demurrers to petition were sustained.

It appears from the petition that before the 3rd Monday of June, 1912, the United Verde Copper Company's properties were duly assessed by the assessor of Yavapai County. That on July 20th, 1912, the Board of Supervisors, while sitting as a Board of Equalization, gave a hearing to said Company and upon said hearing made an order and decision reducing its assessment about twenty-five per cent below the value fixed by the Assessor.

That immediately after the adjournment of the July meeting of the Board of Equalization, the Clerk thereof made and transmitted to the Auditor of the State and Board of Equalization, as provided in paragraph

3877, Revised Statutes of Arizona, an abstract of the assessment roll of Yavapai County for the year 1912. That between and including the 14th and 19th days of August the State Board of Equalization examined the abstracts of all the assessment rolls of all Counties of the State and became satisfied that the scale of valuations had been adjusted with reasonable uniformity throughout the State. That on the 19th day of August the State Board of Equalization fixed the rate of taxation for State purposes, based upon the abstracts of the assessment rolls as returned to them by the different County Boards of Equalization after their July meeting.

That the defendant Board of Supervisors, sitting as a Board of Equalization, on the 19th day of August, 1912, made an order that all the producing patented mines belonging to the United Verde Copper Company "be reduced to a valuation equal to 50 per cent of the gross production of mining claims."

It is the contention of the State that the Board of Equalization of Yavapai County, having granted the United Verde Copper Company a hearing on July 20th, 1912, and having at such hearing made an order and decision, fixing the valuation of said Company's properties, the Board exhausted its power to make any other or further order revoking, changing or modifying the order and decision of July 20th. The contention of the defendants is that the Board had the same powers to make the August order that it possessed to make the July order. That it could consider and reduce taxes and grant hearings and rehearings as often as it may choose and with equal effect whether at the July or August meeting.

These varying contentions grow out of the language used in paragraphs 3867, 3868, 3869 and 3870 of R. S. Arizona, 1901, and those paragraphs so far as applicable are here quoted:

"3867. (Sec. 37.) The Board of Equalization shall meet on the first day of July of each year and shall continue in session from time to time until the business of equalization is completed: **Provided, however,** that it shall not sit at its July meeting after the twentieth day of July, at which time it shall adjourn to meet on the third Monday of August following, at which meeting it shall have the same powers it possessed at its July meeting."

"3868. (Sec. 38.) Said Board shall have power to determine whether the assessed value of any property is too small or too large, and it may change and correct any valuation, either by adding thereto or deducting therefrom, if, in its judgment from the information then possessed by it, the value fixed in the assessment roll is too small or too large, whether such value was fixed by the owner or the assessor; and if the Board shall believe it to be right to add to the assessed value of any property, it shall cause this fact to be inserted in the advertised notice hereinafter provided to be given; but no assessment can be raised by the Board unless it is included in such advertised notice."

Par. 3869 (Sec. 39) provides the form of notice to be published which shall give the names of all parties the value of whose property is to be raised, a description of the property and the value at which it is assessed, etc.

"3870. (Sec. 40.) The Board shall meet on the third Monday of August following at 9 o'clock in the forenoon of said day at the office, and shall remain in session not longer than the first day of September following. It shall at once proceed with the consideration of the assessments specified in the advertised notice, and as part of their proceedings, proof of the publication of said advertised notice shall be made, as in other cases, and filed with the Board. This publication, so proven, shall be conclusive evidence in all cases that the ones named therein received due and legal notice that the property described therein would be considered by the Board at its August meeting, that it would then decide whether the assessed value thereof should or should not be raised, and that the one owning the property and all others interested therein had full opportunity to appeal and resist such increase."

It is interesting to know that paragraphs 3867, 3868 and 3870 are much in the same language as paragraph 2021 of the laws of 1877 and paragraph 2654 of the laws of 1887, Arizona. The general methods of equalizing taxes in all are the same. The laws of 1877 and 1887, *supra*, provided that the Board of Equalization shall meet the first of July "and shall continue in session, from time to time, until the business of equalization presented to them is disposed of" . . . "And if the Board of Equalization shall find it necessary to add to the assessed valuation of any property on the assessment roll, they shall direct their clerk to give notice to the persons interested by letter," etc. . . . "And any person, to the assessed value of whose property there was an amount added, not appearing before the Board of Equalization in July may appear before the Board in August," etc.

Under the laws of 1877 and 1887 the Board of Equalization was powerless to do anything at the August meeting as such Board, except to hear parties who had been legally noticed to be present at the hearing. Their power to reduce taxes was confined exclusively to the July meeting. The last sentence of Par. 3867, *supra*, "at which meeting it shall have the same power it possessed at its July meeting", is first found in the revision of the laws in 1901.

Has the language used by the Legislature in 1901 changed the rule? "The Board of Equalization shall meet on the first day of July of each year and shall continue in session from time to time, until the business of equalization is completed" (Par. 3867).

It is apparent that the Board's duty is to go over every individual assessment on the tax roll at the July meeting and consider and equalize it, "from the information then possessed by it." However, the Board may not raise valuations without giving the notice as provided in paragraphs 3868 and 3869, unless the taxpayer shall voluntarily appear and have his day to be heard, and then only in subordination to the rule that, having voluntarily appeared and acquiesced in the action of the Board in making the raise and having his day to be heard, he would thereafter on the ground of estoppel be precluded from questioning the exercise of a power, the exercise of which he consented to. The Board may at its July meeting reduce valuations on its own motion or upon application, "if, in its judgment from the information then possessed by it, the value fixed in the assessment roll is too large"—but it may not raise an assessment except upon notice or voluntary appearance. The procedure that must be followed by the Board when a raise of valuation is contemplated is: "and if the Board shall believe it to be right to add to the assessed value of any property, it shall cause this fact to be inserted in the advertised notice hereinafter provided to be given; but no assessment can be raised by the Board unless it is included in such advertised notice." (Par. 3868). Just what the Board has power to do at the August meeting is clearly and explicitly prescribed. "It shall at once proceed with the consideration of the assessments specified in the advertised notice" (Par. 3870, *supra*). Here is an express and specific limitation upon the powers of the Board at its August meeting confining it to the consideration of the assessments advertised in the notice, the general words of the statute "at which meeting it shall have the same powers it possessed at its July meeting" being limited by the special words of the statute. "General words in a statute should receive a general construction, but they must be understood as such in reference to the subject matter in the mind of the Legislature and strictly limited in their application as not to lead to injustice, oppression or an absurd consequence. So words of general import in a statute are limited by words of restricted import immediately following and relating to the same subject."

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If full import be given to the words found in Par. 3867 "at which meeting it shall have the same powers it possessed at its July meeting",

unrestricted in their application by the words of restricted import following in the statute, it may, and perhaps often would, lead to injustice as well as an absurd consequence.

At its July meeting, by the specific words of the statute, the Board has the power to give notice of a contemplated raise in the individual assessment to be considered and determined at its August meeting. If the Board has all the power at its August meeting that it has at its July meeting, then it has the power of deferring any consideration whatever in the matter of raising individual assessments to the August meeting, thus giving it the power to raise assessments at the August meeting by giving a notice thereof during the August meeting. It could issue and publish notice of proposed raises during the August meeting, notwithstanding the provision of the law that such notices shall be ordered at the July meeting and be published "at a time not later than the 5th day of August following." Under the law the August meeting cannot convene earlier than the third Monday in August following the July meeting, and so, of course, it is impossible for the Board to meet in August prior to the time fixed by law for the publication of the required notice. To limit this language to its literal meaning would rob the Board of making any raises whatever of values, for, as we have seen, no raises, except under the conditions stated, can be made except at the August meeting and upon notice.

Thus, it is seen that no raises of value can be made except at the August meeting, and that no reductions can be made at the August meeting, for the Board is limited to "the consideration of the assessments specified in the advertised notice." But the Board may make reductions of values, for it is granted that power and if it is interdicted from exercising that power at its August meeting, it indubitably follows that it may exercise the power to reduce values at its July meeting and at no other.

Boards of Equalization are quasi-judicial bodies, but inferior in their nature and in the exercise of the powers granted them by law, they must scrupulously limit their acts to doing those things that the law directly empowers them to do. They may not revoke, set aside, modify, or annul an order or decision of their own without the law grants them that right. If the Board may make two reductions, as is attempted in this case, there is no reason why it may not make many more. If it may reduce *ad libitum* it would likewise have power to make as many raises as it may please and as often as it could secure the appearance of the taxpayer. This may not be done. Having acted upon the assessments of the United Verde Copper Company at its July meeting its order at that meeting became final. If the Company was "Dissatisfied with its assessment as fixed by the Board of Equalization" at such meeting, it had the right of appeal as provided in paragraph 3875.

While the language of the Nevada Statutes (Par. 3638) is not the same as ours, the general scheme of equalization is the same. In the case of *State v. Central Pac. R. Co.*, 21 Nev. 172, 26 Pac. 225, the railroad company had been assessed upon a valuation of \$14,000 per mile for the year 1889. The company objected to the assessment as excessive, but upon a hearing on September 24th, 1889, the Board of Equalization made an order that the assessment remain as fixed by the assessor at \$14,000 per mile. On October 7, 1889, the Board met again and a motion to reconsider their former action was adopted. Thereupon another motion was made and also adopted to reduce the assessment to \$12,000 per mile. The court decided that the last order of the Board was of no validity and said:

"A Board of Equalization is of special and limited jurisdiction, and, like all inferior tribunals, has only such powers as are specially conferred upon it. It is essential to the validity of its actions that they should be authorized by some provision of the statute, otherwise they are null and void. *State v. Commissioners*, 5 Nev. 317; *State v. Commissioners*, 6 Nev. 95; *State v. Railroad Co.*, 9 Nev. 79 Gen. St. Sec. 1091, provides that the Board shall have power to determine all complaints made in regard to the assessed value of any property. Without a complaint is made, it has no

jurisdiction to act in the premises, (*People v. Goldtree*, 44 Cal. 323; *State v. Northern Belle Co.*, 12 Nev. 89;) and, after a complaint is once heard and determined, there is no provision for a new trial, a rehearing, or any further consideration of the matter. It follows from the principles already stated that the power to reconsider, not being expressly given, does not exist. This statement of the law is fully borne out by the adjudicated cases. *People v. Supervisors*, 35 Barb. 408; *Hadley v. Mayor*, 33 N. Y. 603; *People v. Ames*, 19 How. Pr. 551; *Mechem Pub. Off. Sec.* 509. In *People v. Supervisors*, 35 Barb. 408, the Board of Supervisors of Schenectady County had met and legally apportioned and equalized the assessment of property among the several towns and wards of the County. The next day they reconsidered their action, and again apportioned and equalized the assessment, but upon a different basis. It was held, upon a very full review of the authorities, that in common with all other inferior jurisdictions, they had by their first action exhausted their discretion over that subject; that such act was in fact a judgment, and they had no power to reconsider, to review, to reverse, or annul their own judicial action. In *Hadley v. Mayor*, 33 N. Y. 603, it was held that the Common Council of the City of Albany, having once legally canvassed the votes returned for the election of mayor of said city, have exhausted their power over the subject, and cannot afterwards reverse their decision by making a different determination. The same rule applies to Justices of the Peace, (*People v. Lynde*, 8 Cow. 134;) the courts established by statute, (*People v. Marine Court*, 13 Wend. 220;) and to the District Courts of this State, except in the manner authorized by law, (*State v. District Court*, 16 Nev. 372.)"

In *Renaud v. State Court of Mediation and Arbitration*, 124 Mich. 648, 83 A. S. R. 346, the powers of a special court of arbitration in labor disputes was involved, the same being a constitutional court, and that Court said:

"Has the court a right to grant a rehearing after it has once rendered its decision? From what has already been said, it is apparent that the purpose to be served by the establishment of this court is to have a speedy and inexpensive disposition of the differences submitted to it. It was not the purpose of the Legislature to create what we ordinarily understand by a court of law. The Constitution provides that these courts shall have such powers and duties as shall be prescribed by law. The law which called this court into existence is the limit of its power. The act nowhere authorizes the court to grant a rehearing. When its decision has been rendered and filed, it has exhausted its power in a given case."

Our conclusion is that the second order made at the August meeting of the Board of Equalization was made without authority of law and is, therefore, void.

The respondents insist that mandamus will not lie in this case, but this is based on the assumption that the order of the Board at its August meeting was made with full power to act, or at least, said order was only irregular. The Board, having no power to act in the premises at its August meeting and the pretended order being void and of no effect, and the July order of the Board being valid, it follows as a plain duty that the Board of Supervisors should have obeyed the July order and caused its clerk to carry on to the assessment roll the valuation as fixed by the Board of Equalization at its July meeting.

"The writ of mandamus may be issued by the Supreme or District Court (now Superior Court) to any inferior tribunal, corporation board or person, to compel the performance of an act which the law specifically enjoins as the duty resulting from an office, trust or station." (Par. 3073, R. S. 1901.)

The duty to extend or cause to be extended on the assessment roll the equalized values of all property of their county is clearly enjoined as a duty resulting from their office upon the Board of Supervisors and its Clerk.

Par. 3882 et seq. R. S. 1901;
People v. Supervisors, 35 Barb. 408;
Renaud v. State Court, etc., supra;
People v. Dunn, 59 Cal. 328.

While the contentions of the respondents were urged by their attorneys with great learning, logic and plausibility, both in brief and oral argument, we cannot agree with their construction of the law.

The lower court committed error in sustaining the motion to quash the writ, as likewise in sustaining the demurrer to the petition. The judgment and order of the court is reversed and the case remanded with directions to the lower court to issue its peremptory writ of mandamus as prayed for in the petition.

ALFRED FRANKLIN,
 Chief Justice.
 D. L. CUNNINGHAM,
 Judge.
 HENRY D. ROSS,
 Judge.

MINING CONFERENCE.

Numerous requests having been received by the Commission for a conference with the representatives from the producing mines of the State, a call was sent out for same to take place at the offices of the Commission in the Capitol on October 28, 1912. This call included county assessors and members of the boards of supervisors of all of the mining counties.

At this conference, practically every large mining company in the State was represented, and the subject of mine taxation was discussed. A sub-committee of mine owners requested to be allowed to draft a bill, covering the taxation of mines, in conjunction with the Attorney General, same to be submitted to the Tax Commission for revision, approval or rejection before presentation to the legislature. This request was cheerfully granted and the following conference was had:

Phoenix, Ariz., October 28th, 1912.

Those in attendance:

TAX COMMISSION

P. J. Miller.....Chairman.
 C. M. Zander.....Member.
 Chas. R. Howe.....Member.
 Jesse L. Boyce.....Secretary.

ASSESSORS.

E. A. Hughes.....Cochise County.
 Geo. Truman.....Pinal County.
 J. H. Kirby.....Greenlee County.
 F. L. Hunt.....Mohave County.

First Tax Commission Report

SUPERVISORS

August Hickey.....	Cochise County.
John Rock.....	Cochise County.
D. Devore.....	Gila County.
Patrick Rose.....	Gila County.
Mart McDonald.....	Gila County.
Jno. C. Potts.....	Mohave County.
J. Sam Withers.....	Mohave County.
H. W. Heap.....	Yavapai County.
W. A. Mouer.....	Maricopa County.
Frank Luke.....	Maricopa County.
Linn B. Orme.....	Maricopa County.

MINING MEN.

Norman Carmichael, General Manager, Arizona Copper Co.
 Young G. Pentland, Director, Arizona Copper Company.
 Exley Miller, Secretary, Arizona Copper Company.
 John C. Greenway, Manager, Calumet & Arizona.
 S. W. French, Manager, Copper Queen Company.
 C. E. Mills, Manager, Inspiration Copper Company.
 E. E. Ellinwood, Attorney, Copper Queen Company.
 Walter Douglas, Gen Manager, Phelps Dodge & Company.
 Dr. L. D. Ricketts, Consulting Engineer, Calumet & Arizona.
 L. H. Chalmers, Attorney, Ray Consolidated Copper Company.
 A. J. McLean, Ray Consolidated Copper Company.
 J. Q. MacDonald, Ray Consolidated Copper Company.
 D. R. Muir, General Manager, Gold Roads Mines Company.
 B. Britton Gottsberger, General Manager, Miami Copper Co.
 S. S. Jones, Gen. Superintendent, Tom Reed Gold Mines Co.
 Chas Grimes, President, Tom Reed Gold Mines Company.
 W. G. McBride, Consulting Engr., Great Western Copper Co.
 W. J. Young, President, Great Western Copper Company.
 W. L. Clark, General Manager, United Verde Copper Co.
 H. V. Young, his Secretary, United Verde Copper Company.
 LeRoy Anderson, Attorney, United Verde Copper Company.

Mr Miller: Gentlemen, on behalf of the State Tax Commission of Arizona, I take pleasure in welcoming all of you to this conference. The purpose of this meeting is to get the views of the men who are in active control and operation of the mines on this question of mine taxation. We realize that no two mines or group of mines have the same ore deposits or natural surroundings, and a law which might be considered equitable in some classes of mines would be considered inequitable in other classes and in order to do away with that defect we have called this conference, also to arrive at some basis that would be considered equitable to all.

The law creating this Commission provides that we shall not only recommend tax laws for mines, but also for all other classes of property, and this Commission is endeavoring to work along these lines and get all classes of property to pay their proper and just taxation. It was for that purpose we have called you gentlemen together.

We have no set programme for this meeting, and we will now proceed with the business before us, and if you gentlemen have appointed any particular speaker to start off with the proceedings, we will now listen to what you have to say.

Dr. Ricketts: Mr. Chairman—As a matter of fact this matter is a very important one. What we would like better at this time, is to have a little more time, and I thought if you gentlemen could adjourn this conference until tomorrow, that we would appreciate it very much. We thought, considering that it would be impossible to get through today, that it would perhaps be better to adjourn until tomorrow morning.

Now, what we would like to do—I think everybody acknowledges it—I believe we mining people all do—that we want to pay our share of the expenses of this State. It is right that we should do it, and whether we want to do it or not, we realize that we will be made to do it. We want to do what is fair and right, and I think the Tax Commission has the same opinion. Now, as far as the mines are concerned, we feel that a tax should be made on the surface rights independent of the value of the property, and establish a nominal tax on the land and a tax on the improvements of the property, such as smelters, mills and appliances. Then as far as the value of the mine is concerned—that is the thing that is the most difficult point for all of us. There are three ways of taking that: One is arbitrarily specifying that every mine no matter whether it is making cheap copper or expensive copper is to pay taxes based on its production, and that would mean that a mine that was not making as much money as another would have the same taxes to pay. Another way at arriving at valuation is that the price of the mine was based on its earning capacity, and that is a fair basis—I think anybody would acknowledge it, and the third way would be to assess the value of the mine.

Now, I talked with the Governor last winter on that subject, and I don't think a fair and equitable way of going into this is by assessing a mine by physical inspection of the property, and what we want to do this morning is to arrive at a definite recommendation on the subject, and I would like to ask the Commission if they have as yet arrived at a tentative plan as to what you want us to do. If you have, do you care to tell us about it?

Mr. Miller: The Commission, has not decided upon any particular plan—there are different ideas among the Commission, and

we do not think it would be proper to discuss it with you just now.

Dr. Ricketts: Well, that is all right; but, I asked that question because I thought it would aid us materially in arriving at some conclusion.

Mr. Miller: Now, gentlemen, we felt that there were men here representing different classes of mines, and these men had different ideas about it, and we did not suppose we could all agree upon one definite plan.

Mr. Zander: At this time, the Commission has not attempted to decide on any one plan. Possibly after the conference they might be a little more frank about the matter. At present however, they don't feel like expressing an opinion one way or the other.

Dr. Ricketts: Well, gentlemen, I understand your position exactly, and I can see very readily that you do not wish to express yourselves at this time. However, if you will let us meet you again tomorrow, after we have talked the matter over, I think possibly we will be able to make some recommendations along the lines that we think will be practical to base some system of taxation on the earning capacity of the mine.

Mr. Miller: Doctor, are you speaking for all the gentlemen that are present now?

Mr. Ricketts: All that were there last night. Some of the gentlemen here now, however, were not present last evening.

Mr. Howe: We received a letter sometime ago from Mr. Carmichael, who outlined a tentative scheme of mining tax and we did not know but what he might want to suggest something further along that line.

Mr. Miller: I think we ought to hear from Mr. Carmichael.

Dr. Ricketts: Now, the idea or concensus of opinion that I gathered was that they were not ready yet. It is a very serious subject, and we have to give it sufficient consideration, but their ideas were along the line of some fair method which would be probably in connection with the profits of the mine, and in addition to that there would be an assessment on the improvements and on the land, and what I was asked to do was to ask you gentlemen for more time, and if you gentlemen felt like speaking of it, would like to know if you had any tentative plan or views on the subjects?

Mr. Howe: The scheme suggested by Mr. Carmichael, I will say, struck us the most favorable of anything we have seen thus far. We have the letter here outlining his scheme and have gone over it quite carefully, and if a law could be gotten up along the lines suggested in his letter, I believe it would receive most favorable consideration.

Dr. Ricketts: I was wondering, Mr. Chairman, if you had an idea of what percentage of total taxation the State should receive from the mining interests?

Mr. Miller: I will read you the percentages that were paid on all properties of Arizona for 1911. We have them in six classes:

Land and improvements paid.....	14.2
All mining property paid.....	19.3
City and town lots and improvements paid.....	26.5
All live stock paid.....	07.8
Railroads paid.....	19.1
All other property paid.....	13.1

Those were the figures for last year.

Dr. Ricketts: What was the gross amount collected?

Mr. Miller: I can't tell you that. Total assessment, however,—total amount of property in the territory was \$98,032,708.64. The levy was 90 cents, 65 for state purposes and 25 for highways.

Mr. Douglas: For the year 1912, what valuation has the State fixed?

Mr. Miller: \$140,338,191.08, and the rate 90 cents. This year the percentages are as follows:

Land and improvements.....	12.7
All mining property.....	31.7
City and town lots and improvements.....	18.2
All live stock.....	06.5
Railroads.....	20.0
All other property.....	10.9

Mr. Miller: At a rough estimate we figured that the mining properties in the State amounted to one-half of the valuations in the State, judging from their reports they sent in to us.

Mr. Ellinwood: Roughly estimated, what does it cost to maintain the State for the year?

Mr. Miller: This year it was \$1,800,000.00, but there was a deficiency of \$200,000.00. There was \$500,000.00 supposed to have been raised for schools for state purposes, but on account of the

law being drawn in such a way that the Attorney General could not see how it was to be distributed, he declared that we had better not levy that tax this year, so that there was \$500,000.00 that we did not receive this year.

Mr. Ellinwood: Have you made any estimate for the year 1913?

Mr. Miller: No sir. It would be hard to make that estimate before the Legislature meets. It depends on what the Legislature does in the shape of bills.

Patrick Rose: That school tax law is a very vital, important matter to be taken into consideration.

Dr. Ricketts: Is that \$500,000.00 included in the \$1,800,000.00?

Mr. Miller: Yes it is.

Patrick Rose: Now Mr. Chairman, don't you think that the law ought to be amended so that the School Superintendent would not have the power to levy this amount?

Mr. Zander: Well, of course, that is out of the province of the Tax Commission.

Patrick Rose: Still we must admit that it does come within the question of taxation.

Mr. Zander: It seems to me that the question put by Dr Ricketts is rather a wrong way to approach the subject. The amount of taxes that any property pays is determined by its relative per cent to the total valuation of the State, and whatever that is, that is the amount it is to pay.

Dr. Ricketts: Well, as a Tax Commissioner, we thought possibly you had arrived at a conclusion of that kind, or an idea of what that should be.

Mr. Zander: Well, if we had, we would have arrived at what the mines would be actually worth.

Dr. Ricketts: It has to be done some way, in a way you can get at the results.

Mr. Zander: Of course we had hoped that the mining men would have some suggestions to make as to how to arrive at the approximate value of the mining properties in the State.

Dr. Ricketts: That is, what we have tried to do as far as we can.

Mr. Howe: I believe there are some representatives here from the Gold Mines in the State, I would like to hear from them-- what they are in favor of?

Mr. Muir: My idea is that a tax based on the gross production is unfair. I am in favor of a tax based on net proceeds—net profits—that is the only equitable tax to my knowledge. I don't think you should pass a law that is unjust with the mines. The only fair scheme of taxation I believe is that based on net proceeds.

Mr. Rose: What would be the result if a law was passed taxing net proceeds throughout the State—could you raise the amount of money you would require?

Mr. Miller: Before we would recommend any bill we would naturally have to figure about what per cent of valuation that would represent in comparison with the value of all other properties.

Mr. Howe: There is no representative from the Shannon people here, I believe?

Dr. Ricketts: I don't think there is.

Mr. Chalmers: I would suggest that so long as the Commission has granted us time to get together on this matter, that we take the adjournment until tomorrow morning.

Mr. Miller: Before we adjourn gentlemen, I would like to read a letter I have here from Mr. Bennie of the Shannon Copper Company:

“Clifton, Arizona, October 25th, 1912.

P. J. Miller, Esq., Chairman,
State Tax Commission,
Phoenix, Arizona.

Dear Sir:—

I am in receipt of your letter of the 17th inst., for which accept my thanks, and regret I will be unable to take advantage of your invitation to be in Phoenix October 28th.

This Company is very much in favor of taxing Mining Companies on the Net Proceeds derived from operations. There cannot be any logical argument against this method of taxation. I do not think the Tax Commission need have any fear that mining corporations of Arizona will endeavor to hide amount of Net Proceeds with object of evading payment of taxes. Such fears were expressed regarding corporations endeavoring to conceal amount of Bullion Produced in order to evade taxation when the Bullion Tax Law was passed, but I have never heard of a single case in which there was even such a suspicion.

The argument the wealthy mining corporations have been putting forth in support of a Bullion Tax Law, or Tax on Metals; or partial Bullion Tax, and partial Tax on Proceeds, is based, I understand on the fact that they claim every Mine producing Ore, or Bullion should pay taxes.

This Company is very much against the revival of the Bullion Tax Law, in any shape, or form. Such Tax, or any similar Tax, which endeavors to place a value on mines by assessing the value of, or on the quantities of, bullion produced is unfair, because it does not discriminate in any way between Mines that are turning out ores, or bullion, in the course of development; Mines that produce ores, or bullion, with which to pay for further development; Mines which, owing to inaccessibility, low

prices obtained for products; and high freights on materials, produced very little Net Proceeds, even on comparatively large output of ores, or bullion; and those Mines whose favorable locations, high grades of ore, etc., derive large revenues from the sale of products.

I think the Commission would more readily grant that those large corporations who have been holding their mines for years, who have abundant capital with which to develop their ground without producing ores, or bullion, are much more entitled to pay taxes than are the smaller mines that have to sell their ores, or bullion, (thus subjecting themselves to any Bullion Tax Law) in order to raise funds with which to continue developments.

This Company objects to taxation of any improvements used in connection with mining and treatment of ores, as such improvements have no value by themselves; they are simply adjuncts to the mine.

This Company favors an Acreage Tax on all Mines and mining property—patented, or unpatented, discriminating as between the two in fixing the amount that should be taxed per acre.

Yours truly,

J. W. BENNIE,

General Manager.

Shannon Copper Company."

JWB|C

Mr. Miller: These are Mr. Bennie's ideas for the Shannon Copper Company.

If there is nothing else gentlemen, we will adjourn until 9 o'clock tomorrow morning.

PROCEEDINGS OF THE SECOND DAY'S CONFERENCE.

The Conference was called to order at 9:15 o'clock a. m. by P. J. Miller, Chairman of the State Tax Commission, all Members of the Commission and the Secretary present.

Mr. Miller: Gentlemen, is there anybody that you are still waiting for that you would like to have here? if not, we will consider the conference open.

Mr. Carmichael: Mr. Chairman, since yesterday morning we have been busy working along the lines which Dr. Ricketts outlined, and as you will very readily understand, a subject such as this is not to be disposed of at one sitting or one meeting; the meeting here appointed a sub-committee and we got together yesterday and worked; put in all the time at our disposal trying to crystalize the views of the various representatives of the mining interests in the State. We have never met before, as representatives of the mining interests for the purpose of discussing this particular tax measure, or the measure to be brought forward at this time proposed, and we didn't know each other's views. It was natural that there would be a good deal of diversity of opinion with regard to many features of the proposed law and it took a very great deal of discussion to thrash these points out, but we tried to approach it from every possible angle and look at it from

all points of view, affecting all classes of property, of mining property in the State, and our object was, as far as possible to unite in enacting a recommendation to this Body, which could have the support of our entire members. That we have been able to do so, I think is greatly due to the broad-mindedness of the members, of the representatives of the mining interests, because without that spirit, the individual interests would naturally interfere with and prevent any of the properties, from coming together. We have therefore, brought together our various views and crystalized them into some kind of concrete shape, which we propose to put before you as the cardinal features to be embodied in a law.

Now, we suggest having enacted, a law drafted along the lines of these suggestions and for submission to the Tax Commission for their consideration, and after their consideration if there are any points that the Commission would like to have thrashed out or further discussed, we ask that they give us an opportunity to meet for the discussion of them. As I said, the time has been too short to get out the drafting of a law that shows our object. Our object was rather what main features the bill should contain. The representatives of the mining interests of the State now present in Phoenix, request me to present the following for your consideration. We propose that the value of mines be assessed as follows:

"Phoenix, Arizona, October 29th, 1912.

TO THE STATE TAX COMMISSION:

Gentlemen—The Representatives of the Mining interests of the State, now present in Phoenix, request me to present the following for your consideration.

WE PROPOSE that the assessed value of Mines be ascertained as follows:

FIRST: That all patented mines be assessed per acre at the price paid to the U. S. Government, therefor.

SECOND: That all improvements upon said mines be assessed by the State Tax Commission at the same value as other property.

THIRD: That the net earnings from said mines be ascertained and assessed at 100 per cent of the true value thereof.

FOURTH: That in addition thereto all producing mines be assessed upon 12½ per cent of the gross product or yield thereof in value.

(Signed) NORMAN CARMICHAEL,
Chairman."

Now, that doesn't embody the views of any one member of the representatives of the mining interest here, but it is a consolidation of views; it is a compromise; it is what we can all agree upon, and have agreed upon it, as a recommendation to the Tax Commission. The mining companies represented here and which agreed upon the proposed measure are the following:

Copper Queen Consolidated Mining Company,
Calumet & Arizona Mining Company,
United Verde Copper Company,
Arizona Copper Company,
Detroit Copper Company,
Old Dominion Copper Company,
Miami Copper Company,
Inspiration Consolidated Copper Company,
Ray Consolidated Copper Company,
Great Western Copper Company,
Consolidated Arizona Smelting Company,
Gold Roads Mining Company,
Tom Reed Mining Company,

I think that is a pretty representative majority of the mining interests of the State, and I hand you Mr. Chairman, the findings of the representatives here. (Places findings on Chairman's desk). In connection with the drafting of the bill, we are going to appoint a committee of three of ourselves, or our representatives, to draft this bill and would ask that the Attorney General be appointed a member of that committee to join us in drafting such proposed measure. When would you wish us to do that?

Mr. Miller: Why, I presume almost at any time in the next week or two.

Mr. Carmichael: Yes, now would you want to meet with the Attorney General here or some other point? That point hadn't been discussed, but I presume—how soon does the Commission expect us to present a measure?

Mr. Miller: Well, we are not exactly certain when the Governor will call the Legislature.

Mr. Carmichael: I suppose a short bill can be drafted yet which could be submitted to the Attorney General.

Mr. Ellinwood: I think that as a proper courtesy we owe the Attorney General, that we should prepare a rough draft of the mining companies and meet here at the convenience of the Attorney General and submit it to him for his suggestion and correction. I don't appreciate we will have much difficulty in framing the act, it will be much easier than any of the other plans under discussion. We have the net proceeds ourselves and we have our own gross output to work upon, and the two can be combined to the satisfaction of all, and I think the mining companies should come here and meet the Attorney General at his convenience.

Mr. Miller: The Commission is of the opinion that after you have drafted your bill that you submit it to this Commission and we can go over it and if necessary call another conference with your Committee, or with the representatives present, whichever you think best.

Mr. Ellinwood: We would prefer to come here and get together and present it to the Commission and stay here until you worked it out and it will be a pleasure to us to come to meet at this conference.

Mr. Miller: Now gentlemen, we have invited to this conference the assessors and some members of the Boards of Supervisors in the different mining counties, and if there are any of those present who have heard this proposed measure and would like to comment on it in any way, we would be pleased to give them the opportunity at this time.

Mr. Chalmers: I have had a conversation with my people and the understanding was that I was to draw a bill and submit it to the Tax Commission for their consideration. I now have that bill here which I now propose to present the Commission and at the same time state that I drafted this bill, because the fact was understood that I should draw it, and in keeping my word to the Commission I present this bill, and state that my people are heartily in favor of the report made here; I will personally inform my clients and ask the Commission to disregard this bill.

Mr. Miller: Very well Mr. Chalmers.

There were some of the members of the boards of mining counties that were not present at the time this proposition was read to the State Tax Commission, and for their benefit I will read it again (Chairman reads proposition submitted to the Commission by the representatives of the mining interests of Arizona.)

This is a proposed draft of a bill which the mining companies have submitted; I might say seventy-five per cent of the mining companies of the State.

Mr. Carmichael: More than that Mr. Chairman, of the State have—

Mr. Miller: This is a list of the mining companies represented who have signified their agreement to this proposition. I will read this list for the information of those who have come in late (Reads list of mining companies represented at conference). I have just invited all the members of the Boards of Supervisors or

assessors, who may be present, to comment on the bill proposed as just read.

I might say for the information of those who came in late that the proposition is for the mining companies to draft a bill along these lines in conjunction with the Attorney General and then submit it to the Tax Commission, and if found necessary afterwards, another conference will be called by the Commission, to thrash out any point that may be necessary.

Mr. Rose: Well as far as I am personally concerned, I think 12½ per cent is entirely too small.

Mr. Miller: The third proposition is Mr. Rose, that the net earnings from said mines be ascertained and assessed at 100 per cent of the true value thereof. Fourth, that in addition thereto all producing mines be assessed upon 12½ per cent of the gross product or yield thereof in value, besides assessing the mines per acre at the price paid to the U. S. Government, and second that all improvements on said mines be assessed by the State Tax Commission.

Mr. Rose: Five dollars? That \$5.00 per acre isn't enough. Our taxes on the patented ground was \$35.00 an acre, I think, but you want to bear in mind that when you draft a bill of this kind, that the mines of the present day are producing a great deal of copper, and are going to produce a great deal of copper, and a great many are not going to have any net proceeds, and when you find a mine of that kind that has no yearly net profits, the issue is, the taxes from that source are decreased a whole lot, and you will have to put it on other properties and 12½ per cent is entirely too low. It should not be less than twenty or twenty-five per cent, because you are not going to find but very few mines, the managers of which can make pay and the people of Arizona oughtn't to be injured by taxation by some exterior showing or the waste of some men who don't know anything about it, and I shall work in my community against 12½ per cent, because the mines are going to be played out in the future, and we may as well get a sufficient tax on this one while it is being exhausted. I intend to work against any measure of that kind. Of course, this is simply a proposed draft for a measure. I have an interest in two properties now, which I believe are going to be large propositions in the State of Arizona. We spent nearly twenty-five or twenty-six thousand dollars on the property we have, and if I should go to work and work that property soon, which I expect to do, and I

would produce \$500,000.00 worth of bullion per month and still run behind at a loss my companies would lose all right, but the people of Arizona would lose that much taxes. If I paid the taxes I would be paying only what was right for the privilege of operating. I don't think it is fair that the mines which are producing and paying dividends should pay it all. They are very few undoubtedly, who are not willing to pay their portion of this tax, but there are other mines that will spring up in the future that will not pay their just proportion, and you will be in the same condition in the future as you were in the past, paying twenty-five per cent of the bullion and net proceeds. Now, we pay \$25.00 an acre on patented claims in our county. You can very well tell what this bill would bring it down to. We lose about \$600.00 and I believe a man with a patented claim ought to be required to pay on a valuation more than a mere U. S. patent cost, because he acquired the right to hold that property and if I have a claim that is not patented I have it by doing the assessment work of \$100.00 a year, while he holds his claim for a \$15.00 of \$20.00 proposition. I have to pay what I spend per year. I think 12½ per cent of gross output is entirely too low. That is, I am speaking for myself.

Mr. Miller: Well, we want the views of the different Boards of Supervisors and the assessors that are present.

Mr. Clark: Mr. Chairman, I don't know the gentleman's name, who just spoke, but it seems to me he is a man in one thousand. The particular point we have been contending about is to put taxes on the mining men who are able to pay. I, myself pretty strongly contend that this man and others like him, should have the benefit of non-taxation, so that they could proceed with this development. The benefit to the community would be very large, so large that it would overcome the fact of his not paying a tax; it would overcome the public benefit there might be in the county or the State, having these taxes, because it adds to the wealth and business of the county. The statistics show that a mining camp, one mining camp producing a very large amount of tonnage going and coming, both ways, adds much wealth to the district. Of course, every one knows that the development of one mining camp means a whole lot to the area of the whole State. This man says his mine is in the development state, and to put the taxes more on the developing mines and not on those that are in the producing state. I hardly know that I am so altruistic as that to let him con-

tribute more to the county because he wishes to. I think he would be one in a thousand that would want to do that, and that is the point that we have had difficulty about all the time, that is, to encourage development. Now, recently I have seen in a Phoenix paper here about the Australian system, as they call it. The papers here seem to think the mines should pay all the taxes. Incidentally, within a few weeks after I read this article, I read another in an Australian mining newspaper, which said their own mining had sufficiently reached the deep loads, so that of course, it would be ridiculous to run them longer as they were not producing at a profit as they had in the past, but they supposed that they might strike another zone or level which would put them on a paying basis, so the government was seriously considering the granting of very large subsidies to the gold mining companies of Australia to enable them to continue their development. Now you see, that represents the different views about these things, and that what they want to do here in the Phoenix paper is but the opposite to what the Australian paper and its government was considering doing, that is, the granting of large sums of money to help them continue their mines. I want to modify the law, so that property in the stage of development will pay very little tax, the main tax to come on the companies that are paying. A great many of us have contended that as long as we thought there was not to be any bullion tax, the tax should all be on net production, and it appears that that might produce the revenue that would be expected from that source by the Tax Commission for the State and the matter was finally modified to 100 per cent of the net.

Mr. Rose: Mr. Chairman, I don't agree with that. I believe that a man runs a mine in the State of Arizona, whether he runs that mine at a loss or profit ought to pay his taxes, because the majority of the people of Arizona that are working farms, running business of their own, a great many of these do not make a profit, yet they pay their taxes. The merchant may carry on a business and make money, but that is no sign that he should pay a higher tax than the merchant who makes nothing on account of poor management, just because you are a better merchant than he you should pay more taxes. You can take any of our mines in Gila County and twenty-five per cent of the gross output was small—it wasn't their fault, it was the fault of the law, and when you repealed that law, you haven't substituted anything any better than that, when you substitute this law that won't raise a proper tax.

and I don't think the mining companies will kick on paying a proper tax. Our man who goes into the camps for taxes, and I don't make a success of my mines, he can come around just the same and collect my taxes. If I had the largest mine in Arizona I would be willing to pay my proportion of the taxes. We should decide upon a measure that will satisfy the people; that is the object of this meeting.

Mr. Miller: Yes, this is simply a preliminary matter.

Mr. Rose: I would not for one moment want to throw a stone in the way of mining companies and I know the difficulties that they work under, but they have no more difficulties than the man who builds a home in the State and has to pay his taxes. Homes will be one of the big paying taxable properties of Arizona; that, we have not the highest controlling interest, the 12½ per cent for gross output would be sufficient in my estimation; that is the reason I take that stand. Of course, everybody is entitled to his opinion. Twelve and one-half per cent will not be the revenue that is expected to run this State government in the future, and under the net proceeds, I don't think the small copper company would pay but very little taxes under Mr. Bennie's letter.

Mr. Ellinwood: Of course, I am of the opinion of Mr. Carmichael expressed in his statement, when he said that this proposition was the result of our conference of the mining representatives and more or less of a compromise from some of the ideas that they originally had. I suppose the system of taxation can never be scientifically correct to bear equally on all people. We know that what we are trying to arrive at is a uniform law for assessing the mines of Arizona. We realize that the production of mines derived at diverse ways, some are high and low grade and the conditions vary throughout the State, and we are trying to arrive at and establish a uniform system that will be practically just on all mining industries and the people. I think that any scheme that is finally adopted by the various mining companies who operate under such different conditions will have to be a compromise. Nearly every controversy in life comes to a compromise. I presume if hereafter I should appear at the pearly gates of heaven and get in it will be a compromise.

Mr. Anderson: No, it will be a miracle.

Mr. Miller: Mr. Kerby, would you like to express your views?

Mr. Kirby: I believe in some of Mr. Carmichael's views in regard to formulating the tax law, but uniform of course. He says

uniform on the mining system. I would like to see a tax law formed that would be uniform in all ways and I have given this taxation and assessment of property, and so on, for the last four or five years considerable study. I have come to the conclusion that a gross income tax on all the property is about the most equitable I have run across yet. It takes a great deal of work to figure out a law to meet all conditions of assessment, but I think it can be done. It is working with success in Wisconsin; I believe that is the only State in the Union that has it. Most of our difficulty lies in people believing that certain classes of property are assessed at a greater percentage than others. If you assess all on gross income, whatever subject you include, the tax would be on all of them alike. Personally, I would like to see an income, a gross income tax recommended; that is only my views.

Mr. Zander: I might say for the benefit of Mr. Clark, who is laboring under a strenuous construction of reports by the Phoenix newspapers, to the end that they proposed to tax the mines to meet the entire levy of the state, that by the same strenuous construction of reports by newspapers in the mining counties, one could conclude that these papers advocated that the mines should not pay any taxes whatsoever. If we just take a fair average of those opinions we probably will all have a better disposition towards one another.

Mr. Chalmers: Nothing more, gentlemen?

Mr. Miller: I suppose the assessors might be able to take up a little time. If there is anyone who in a general way approved of what Mr. Rose said—

Mr. Frank Luke: Mr. Chairman, by way of discussion, I will say that in a general way the remarks of the gentleman from Gila County, I think meet the approval of the majority of the taxpayers of Arizona.

Mr. Devore: I think Mr. Rose has pretty nearly represented my views in regard to this question; it would be less than 20 per cent on the gross output. If you adopt a law like that, I think you will find that all the mines will be lowered to a great deal more than what it is at the present time. That's my views.

Mr. McDonald: I heartily agree with Mr. Rose.

Mr. Miller: Now I will say these figures are simply tentative. What the Tax Commission will recommend to the legislature is something for the future. We haven't settled on these figures at all, and the Tax Commission will go over this very carefully and

if we think, in order to get the proper proportion from the mines, that these figures will have to be raised, we will raise them. What the legislature will do, this Commission has no idea. I presume they will go a great deal upon what the Tax Commission will recommend, and what the result will be is something that we can't say, but for your information, will state that we will give this very careful consideration and will try, as it is our duty, to make the mines pay their proportion of the taxes. No more, no less.

Mr. Rose: Their proportionate share of taxes, no more, no less, Mr. Miller, is 100 per cent and $12\frac{1}{2}$ per cent on the gross output; that is going to throw a burden on some large mines.

Mr. Howe: Well, this is the law that the mining people formulated themselves and they wouldn't be apt to formulate a law that would give them the worst of it.

Mr. Miller: We intend to put all property on the cash basis of 100 per cent of its value.

Mr. Rose: The mine which produces about a million tons of copper a year, or two million tons of copper a year without a net, and the mine which is producing a net profit of probably twenty-three million, do you think that will be fair to the big companies?

Mr. Miller: That will have to be looked into, Mr. Rose, and I don't see why the large company would have no net; their net should be a great deal larger—

Mr. Rose: I know, but the Old Dominion mine has been working twenty years; it is only recently that it has paid any dividends—the last two years. But what my idea is, is this, that 100 per cent on the net and $12\frac{1}{2}$ per cent on the gross output gets the big companies, but you haven't got the little companies, producing forty or fifty million pounds of copper a year without a net on $12\frac{1}{2}$ per cent of their gross, on the supposition that they are paying just as much in proportion as the big mining company who is paying on 100 per cent of its net; every time that they make their net profit, it is being penalized straightway by this tax. If a man starts a business and makes good, and is a better business man than I am and I make a loss, that is no reason why taxes should not be put on me. Because he is a better merchant than I am, is no reason why he should pay for me.

Mr. Howe: This is a proposition concerning mining companies, Mr. Rose, and they all seem to think it just.

Mr. Rose: Well, I thought the mining companies were very willing to pay their just proportion of taxes in Gila County. I

have been with the board of supervisors for the last four or five years, and a member of the board of supervisors is like a baseball umpire, damned and cursed by everybody in the county, but you will find that they will meet you half way any time there is a measure passed, so that the mines can pay their just proportion of the taxes. I might seem peculiar to you people down here, but there ase my views.

Mr. Carmichael: I was particularly pleased at some of Mr. Rose's remarks, both this noon and previously, when he said that the mining companies of this state desired to be fair. Now there is one other thing on behalf of the mining interests, it is that we do desire to be fair, honestly and earnestly. We know that the state requires money to carry on this government, and we desire to contribute our fair and full and equitable proportion to the full measure, and I think that we, as representatives of the mining interests, have confidence in the State Tax Commission that they desire to be fair towards both the mining companies and towards the rest of the tax payers in this state, and that being the case, I have no doubt whatever that we will be able to get together and decide on a law that will be satisfactory in operation and of course will not tend to the injury of any one interest or class of mines. That is our desire, and I wish to assure the Tax Commission of that, and I also wish to thank the Tax Commission for their courtesy in inviting us here, to present our views to them and have them submitted, and ask that they be given due consideration, and if the Commission desires any further information or discussion that we have in our power to give, we will only be glad to meet them for that purpose or any other favor they wish to confer upon us.

Mr. Miller: Mr. Withers, do you care to express your views on this matter?

Mr. Withers: I think not.

Mr. Miller: Mr. Heap, if he is present.

Mr. Heap: Mr. Chairman, concerning the question, about all that I desire or want is some uniform system of taxation, that will divide the burden equally among the counties and among the various mining companies. Personally, I think the bullion tax is the proper producer of taxes, the net bullion tax, the tax on the net. I just came in, and haven't heard what's gone on before, but as I understand, the proposition now is to tax on

100 per cent of the net and 12½ per cent of the gross, is that the idea?

Mr. Miller: Yes, also the acreage—

Mr. Heap: Yes.

Dr. Ricketts: Also the improvements.

Mr. Miller: And the improvements on the property.

Mr. Heap: Well, it strikes me that is as good an arrangement as you can get.

Mr. Miller: Dr. Ricketts, do you care to express your views on this matter?

Dr. Ricketts: Why, no, gentlemen, only that I think that we all feel very kind towards you gentlemen to ask us to come down here, and we have given it to you straight, and we all feel that it is fair, though I have views like Mr. Rose. My views, that is, these are not my views. This is a compromise, but it represents the average opinion of the mining companies, and we think it is the fairest way we can see out of it, and that is our recommendation, and I think it is unanimous.

Mr. Rose: Mr. Chairman, when you gentlemen come to a decision of what you are going to recommend, will you send the chairman of the board of supervisors of each county a copy, so that they can get in touch with their delegates, and if you can do it, so that they can have plenty of time to correspond with one another. The boards of supervisors will probably have a whole lot of influence in talking to their representatives here in the next legislature, and if they go over this matter with them I think you can arrive at a better understanding when they meet in this hall, because it is going to be one of the most important and most serious questions that is going to be before the legislature. Mining in Arizona is in its infancy and it is the greatest mineral country, and anything passed is going to have a great deal to do with the future of the mines, and now is the time to go to work and go into this matter thoroughly.

Mr. Ellinwood: Mr. Chairman, it seems to me that it would be a useless idea to have bills printed for and sent to the boards of supervisors and assessors of each county.

Mr. Howe: Good suggestion.

Mr. Miller: Very good suggestion, Mr. Ellinwood.

Mr. Kerby: Mr. Chairman, I believe that the assessors' meeting takes place before the next legislature commences and have the boards of supervisors can be at the meeting. I believe the Tax

Commission can send a call and have them all at the gathering at the same time; it would save a great deal of trouble for all concerned, and in the meantime we could have time to discuss this measure and then bring it up before us at the meeting.

Mr. Miller: I think the Assessors' Association's annual meeting is the first Monday in January. It is possible the legislature might convene before that time.

Mr. Kerby: I think it is well to submit this before the legislature convenes.

Mr. Rose: Mr. Chairman, if you can come to a compromise with the fourteen counties in Arizona; if you can draft a bill that will be satisfactory to all these boards of supervisors in the State of Arizona, it will be a bill which will pretty nearly go through; there are only fourteen assessors and the assessors, while they know they are only subject to the regulation of the boards of supervisors, they have a good deal of influence. If you will have the boards of supervisors present the measure at the next legislature, if they are in favor of a bill, you will put it through the legislature.

Mr. Miller: If there is nothing else, the plan is this, that the representatives of the mines will meet with the Attorney General and draft a bill which is to be submitted to the Tax Commission, and we will make such changes and alterations as we think fit and print it, or we will call another conference, if necessary, but we will see that it has sufficient publicity and if necessary, go through the state and have meetings and give the boards of supervisors and assessors, the mining superintendents and managers, an opportunity to appear before the Commission; if that is satisfactory, the conference will be adjourned.

Conference adjourns.

MINING LAW SUBMITTED BY MINING INTERESTS OF THE STATE
IN CONFORMITY WITH AFORE CONFERENCE.

An Act.

To Provide for the Taxation of Mines and Mining Claims and the ores or mineral products from the same, and the improvements thereon and used in connection therewith.

Be It Enacted by the Legislative Assembly of the State of Arizona:

SECTION 1. For the purpose of this Act all mines and mining claims of whatever kind or character, situated in the State of Arizona, shall be divided into two classes, as follows:

1. Productive mines and mining claims
2. Non-productive mines and mining claims.

A productive mine or mining claim shall be:

- (a) One whose gross yield during the twelve months preceding the first day of January, A. D. 19...., or during any year thereafter, shall exceed \$3750.00.

(b). A number of contiguous mines or mining claims under one ownership, from one, several, or all of which the gross yield during such year shall exceed an amount equal to Thirty-seven Hundred and Fifty Dollars per claim.

All other mines and mining claims shall be classed as non-productive.

SECTION 2 Every person, corporation, partnership or association, engaged in mining upon any mine or mining claim of any kind or character, shall, between the first day of January and the first Monday in in each year, make out a statement of the ores or mineral products from each mine or group of mines, owned or worked by such person, corporation, partnership or association, during the twelve months next preceding the first day of January in each year, derived from the working thereof. Such statement must be verified by the oath or affirmation of such person, or the manager, superintendent or agent of such corporation, partnership or association, and must be delivered, on or before the first Monday in, of each year, to the State Tax Commission. Said statement shall show the following:

1. The name and address of the owner or lessee.
2. The description and location of the mine, mines, or mining claim or claims, covered by said statement, giving the name, area in acres, mining district and county. If there is no mining district established, then the location with relation to the nearest established district.
3. A description of all reduction plants, mills, machinery, appliances and improvements located thereon, or used in connection therewith, and where situated.
4. The number of tons of ore or other mineral products extracted and treated, or sold from said mine or mining claims during the period covered by the statement.
5. The amount and character of such ores or mineral products, and the yield of such ores or mineral products in constituents of commercial value, that is to say; the number of ounces of gold, silver, and the number of pounds of copper, lead or other commercially valuable constituents of said ores or mineral products during the period covered by the statement.
6. The actual cost in detail of the production of such ores from the mine.
7. The actual cost of transportation to the place of reduction or sale.
8. The actual cost of treatment or reduction or sale.
9. The actual cost of marketing the metal product, including transportation, refining and selling.

SECTION 3. It shall be the duty of the State Tax Commission to determine the gross product and its value in dollars and cents of every such producing mine or mining claim for said next preceding year, and also to determine the net proceeds in dollars and cents of such producing mine or mining claim for the next preceding year. The net proceeds of such mine or mining claim shall be ascertained and determined by subtracting from the value of the gross product of such mine or mining claim the following, to-wit:

All money expended in the operation of such mine or mining claim and for the transportation, treatment and reduction of ores produced therefrom and the conversion of the products thereof into money or its equivalent. Such expenditures shall not include, however, the salaries, or any portion thereof, of any persons, agents or officers not actually and consecutively engaged in the working of the mine or in personally superintending the management thereof within the State of Arizona.

Such computation as to values shall be based upon the average market quotations of each of such products in New York City, as evidenced by some established authority or market report, such as the "Engineering and Mining Journal" of New York City, or any other standard paper giving the market reports for the next preceding year. Should it occur, however, that there are no quotations covering any particular product, then the State Tax Commission shall fix the value of said gross product in

such manner as may be equitable. The said State Tax Commission shall thereupon, for the purpose of assessment for taxation, value such producing mine or mining claim at a sum equal to one hundred per centum (100%) of said net proceeds for said next preceding year, and a sum equal to twelve and one-half per centum (12½%) of the value of said gross product for said next preceding year, the sum of which shall constitute the total amount upon which the levy of taxes upon such mine or mining claim for the current year shall be fixed and made. If such net proceeds and gross product are derived from a group of two or more mines or mining claims contiguous to each other, owned or held by the same person, company, copartnership or association, then such ascertained sum shall be equally divided among and apportioned to each of such claims, or fractional claims, and they shall be valued and taxed accordingly.

SECTION 4. On or before of each year, the State Tax Commission shall certify to the Assessor of each County in which such mines and improvements respectively are situated, the valuation and assessment on such mining claims, by said Tax Commission fixed, together with all other valuations of property, fixed by said Tax Commission for the purpose of taxation, as in this Act provided, and the said Assessors shall assess the same as directed by said Tax Commission, and enter such valuations and assessments on or before, upon an assessment roll, called "Assessment Roll of Mines and Mining Claims," alphabetically arranged, in which shall be listed all productive mines and mining claims, and non-productive patented mining claims in such county, and in which shall be specified in separate columns, and under the following heads:

1. Name and address of the owner or lessee of the mine or mining claim.
2. The description and location of such mine or mining claim, stating therein the name, area in acres, mining district and county. If there is no mining district established, then its location with relation to the nearest established district.
3. The description and location of all reduction plants, mills, machinery, appliances and improvements located on such mines or mining claims, or used in connection therewith, and the value thereof, and the amount of taxes found to be due thereon.
4. The yield of such ores or mineral products in constituents of commercial value, that is to say: the number of ounces of gold, silver, and the number of pounds of copper, lead or other commercially valuable constituents of said ores or mineral products, extracted and treated, or sold during the period covered by the statement.
5. The gross value of any such ores or mineral products in dollars and cents, extracted and treated, or sold during the period covered by the statement, to be determined as provided in Section 3 of this Act.
6. The net proceeds in dollars and cents, during the period covered by the statement, to be determined as provided by Section 3 of this Act.
7. The amount of taxes found to be due upon each mine or mining claim to be ascertained as herein provided.
8. The total amount of taxes to be ascertained as herein provided.

The form of said Assessment Roll, as well as the form of the statement provided in Section 2, shall be prepared by the State Tax Commission in conformity with the provisions of this Act, and said Commission shall furnish said form to the Assessors of each County in order that such forms may be uniform throughout the State.

SECTION 5. Every person, corporation, partnership or association, owning non-productive mines or mining claims, patented or entered for patent, shall deliver to the State Tax Commission, on or before the first day of January of each year, a statement showing the names of claims owned by such person, corporation, partnership or association, to-survey number as designated by the Surveyor General

The value of every such productive, patented mine and mining claim shall be ascertained by the State Tax Commission in the same manner as the value of other property is ascertained by County Assessors, and the same rate of taxation shall be levied thereon as is levied on other property in the same County.

SECTION 6. The value of all reduction works, mills, smelters, machinery and appliances, located on any mine or mining claim, or used in connection therewith, wherever situated, shall be ascertained by said State Tax Commission in the same manner as the value of other property is ascertained by County Assessors, and the same rate of taxation shall be levied thereon as is levied on other property in the same County.

SECTION 7. Where surface ground of any mine or mining claim is used for purposes other than mining and has a separate and independent value for such other purposes, said surface ground, or any part thereof so used for other than mining purposes, shall be valued, assessed and taxed by the County and City Taxing Officers respectively as other property is valued, assessed and taxed in said County.

SECTION 8. All non-productive, unpatented mines or mining claims shall be free from taxation.

SECTION 9. Nothing in this Act shall be taken or understood to exempt from taxation any reduction works, mills, smelters, machinery, appliances or machinery located upon any productive or non-productive, patented or unpatented mine or mining claim.

SECTION 10. If any person, corporation, partnership or association shall refuse or neglect to make and deliver, under oath, to the State Tax Commission, any statement required by this Act, or to comply with the other requirements of this Act, the State Tax Commission must cause such refusal to be noted on the Assessment Book, opposite the name of such person, corporation, partnership or association, and must make an estimate of the ores mined and treated, or sold by such person, corporation, partnership or association, and cause the same to be entered upon the Assessment Roll, and assess the same at the full value of both the net and gross proceeds thereof, for the next preceding year.

In making the estimates of values provided for in this Section, the State Tax Commission shall have power to subpoena and examine, under oath, any person in relation to the yield of ores treated or sold by such person, corporation, partnership or association.

Every person who wilfully refuses to appear and testify, when required so to do by the Tax Commission as above provided, for each and every refusal shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punishable as in cases of other misdemeanors.

SECTION 11. If any person, required by this Act to make or file any statement, or to verify under oath or affirmation, any statement, shall wilfully make such statement false in any material respect, or shall wilfully verify any false statement, under oath or affirmation, such person shall be deemed guilty of perjury, and upon conviction thereof, shall be punished as is by law provided for the punishment of perjury.

SECTION 12. The State Tax Commission at any time shall have the right and power to examine the records of any person, corporation, partnership or association specified in this Act, as the same may pertain to the yield of ore or other mineral products, in order to verify the statement made by such person, corporation, partnership or association, and if from such examination, or other information, said Commission finds such statement, or any material part thereof, wilfully false, said Commission must assess in the same manner as if no statement had been made or delivered; provided however, the State or the owner of such mine or mining claim shall have the right to appeal to the Superior Court, as provided in this Act.

SECTION 13. No other tax on mines and mining claims and the improvements thereon, or used in connection therewith, as hereinbefore mentioned, shall be levied, otherwise than as provided by this Act, and the taxes mentioned in this Act must be collected, and the payment thereof enforced, in the same manner as is provided for the collection and enforcement of other taxes, and every such tax is a lien upon the mines or mining claims from which the product or products are extracted, and upon such improvements respectively, which lien attaches on the first day of January of each year, and the sale for delinquent taxes shall be made as provided for the sale of real estate for delinquent taxes. In case the mine or mining claim shall not be patented, or entered for patent, but shall be assessable and taxable under this Act, on account of producing net or gross proceeds, then in that case the possession shall be the subject of the assessment, and if said mining property be sold for taxes levied, the sale for such taxes shall pass the title and right of possession to the purchaser, and the number of survey, or the name of the lode or claim, and the name of the mining district, if any, shall be sufficient description for purposes of taxation and assessment of mining property.

SECTION 14. In any case where the reduction plants, mills, smelters, machinery, appliances and improvements, used in connection with any mine or mining claim, are situated in a different County from that in which said mine or mining claim is situated, the State Tax Commission, in making its certification to the Assessors, required by this Act, shall certify to the Assessor of each County the valuations and assessments appertaining to the property located in such County only.

SECTION 15. The duty of the Assessor, the Board of Supervisors, and the Clerk of the Board of Supervisors, and all other Officials as to the assessment of the products of mines and improvements as herein mentioned, the statements and returns to be made, and equalization thereof, and other Official acts, shall be the same, except as herein otherwise provided, as their duties now are regarding the assessment of other property, and said Assessment Roll of the yield of mines and mining claims, shall be deemed and treated as a part of the General Assessment Roll of the County.

SECTION 16. Any person, corporation, co-partnership or association, owning or leasing any such productive mine or mining claim, may appeal from the action of the State Tax Commission, County Assessor, or County Board of Equalization, fixing the valuation of such mine or mining claim in the manner following, to-wit:

First. Such person, corporation, co-partnership or association shall pay to the County Tax Collector of the County in which such mine or mining claim is situated, the full amount of the taxes levied and assessed upon said mine or mining claim by the State Tax Commission, County Assessor or County Board of Equalization, in accordance with the valuation of the net and gross proceeds thereof, as fixed by said State Tax Commission, County Assessor or County Board of Equalization.

Second. Such payment shall be accompanied by a written protest, addressed to and filed with said County Tax Collector, setting forth the reasons why such person, corporation, co-partnership or association, making such payment, deems the amount of such assessment erroneous, excessive or otherwise illegal. The County Tax Collector, upon receipt of such payment, shall deliver to the person making the same, a receipt for the amount so paid.

Third. Such person, corporation, copartnership or association shall, within thirty days after the said assessment is delivered to the County Tax Collector for collection, cause to be served upon a member of the State Tax Commission, a written notice, stating that such person, corporation, copartnership or association appeals from such assessment, together with a copy of the above mentioned protest and receipt. Service of such notice may be made in the manner provided by the laws of this State

for the service of summons in civil actions. The proceedings upon said appeal, after service of said notice, shall be as follows: Immediately upon the service of such notice, the State Tax Commission shall transmit said notice, copy of protest and copy of receipt, together with a certified copy of the record of the proceedings of said State Tax Commission, relating to the assessment of said mine or mining claim, to the Clerk of the Superior Court of the County in which such mine or mining claim is situated. The clerk of said Court shall file said proceedings immediately upon receipt thereof and shall docket the appeal in the name of said person, corporation, co-partnership or association, as plaintiff, and the State of Arizona as defendant. The person, corporation, co-partnership or association, taking the appeal, may serve a copy of said notice, protest and receipt upon the County Assessor or County Board of Equalization, and if such service is made, it shall be the duty of the said County Assessor or County Board of Equalization to immediately transmit to the Clerk of the said Superior Court, a certified copy of the record of all proceedings had by said County Assessor or County Board of Equalization, with respect to the assessment on said mine or mining claim. The appeal shall be heard by the Court without a jury, within days after the appeal shall have been docketed and the proceedings of the State Tax Commission (and of the County Assessor and County Board of Equalization, in case a copy of said notice, protest and receipt shall have been served upon them), shall have been filed with the Clerk, unless both parties consent, in writing, to a continuance thereof. The valuation of said mine or mining claim and all matters decided on or taken into consideration by the State Tax Commission, County Assessor or County Board of Equalization, in arriving at such values, shall be subject to review on such appeal, and the court at the hearing shall admit evidence on all such matters in controversy and shall decide all such matters and questions and shall certify in its decision the amount of taxes which should have been assessed against said mine or mining claim to the County Board of Supervisors, who shall cause the assessment to be corrected according to the decision rendered.

After such correction shall have been made, the person, corporation, co-partnership or association that prosecuted the appeal, shall be entitled to a refund of such excess taxes, if any, as it shall have paid.

The State of Arizona shall have the same right of appeal as persons, corporations, co-partnerships or associations owning or leasing mines.

Appeals on behalf of the State shall be conducted by the Attorney General, and shall be prosecuted and heard in the same manner in all respects as appeals taken by persons, corporations, co-partnerships or associations, owning or leasing mines; provided, that to initiate appeals in behalf of the State, it shall be necessary only for the Attorney General to file with the State Tax Commission, and serve upon the person, corporation, co-partnership or association, owning or leasing such mine or mining claim, in the manner provided by the laws of this State for the service of summons in civil actions, a written notice of appeal, together with a written protest, setting forth the reasons why he deems the amount of said assessment erroneous, insufficient or otherwise illegal; and provided, further, that appeals on behalf of the State shall be docketed in the name of the State of Arizona, as plaintiff, and the person, corporation, co-partnership or association, owning or leasing such mine or mining claim, as defendant, and that after the correction of the Assessment Roll by the County Board of Supervisors, the County Tax Collector shall be entitled to collect from the person, corporation, co-partnership or association, owning or leasing said mine, such additional taxes, if any, as the decision of the court shall find to be due.

SECTION 17. The valuation fixed by the Assessor, as directed by the State Tax Commission, shall be equalized by the County Board of Equalization, as other valuations, and the same return made to the State Board of Equalization as is made of other property.

SECTION 18. All Acts and parts of Acts in conflict with this Act are hereby repealed.

The foregoing proposed bullion law was transmitted to the Commission by Chalmers & Kent, attorneys for the mining interests, on December 12, 1912, but on account of the pressure of business before the Commission, the following letter could not be sent out to the mine managers until December 24, 1912.

The statement of the gross and net proceeds called for in the subjoined letter was considered essential in order that the Commission could form an intelligent idea of the per cent of all taxes paid in the state which this proposed measure would raise, and this could not be done without a correct knowledge of the net of the producing mines.

"Phoenix, Arizona, December 24, 1912.

Manager of the

.....
, Arizona.

Dear Sir:

In accordance with the decision arrived at, at the mining conference, held at this office on October 28 and 29, 1912, the mining interests of the state have, under date of December 12, 1912, submitted to this Commission, the bullion tax bill drawn under the direction of their committee.

This measure is now in the hands of this Commission for approval, amendment or disapproval, and in order that the Commission may act intelligently in its recommendation to the legislature in the matter of the assessment of the mining property in the state, you are respectfully requested to furnish under oath, the gross bullion production of your company for the year 1912, also the net production for the same year.

This statement is desired to be in this office as soon after the 31st day of December, 1912, as is practicable, and is to be as follows:

GROSS PROCEEDS.

Number of tons of ore extracted during the year 1912.

Gross yield in dollars and cents for the year as shown by the average in the Engineering and Mining Journal of New York.

NET PROCEEDS.

Actual cost of extracting ore from mine.

Actual cost of transportation to place of reduction or sale.

Actual cost of reduction or sale.

Cost of construction and repairs of mine and reduction works.

Net proceeds in dollars and cents.

In making the above statement of expenditures, only the moneys expended during the year 1912, in the following items, must be charged against such net:

All moneys expended for necessary labor, machinery and supplies needed or used in mining and for improvements necessary in and about the workings of the mine; all moneys expended for transporting to place of reduction or sale; all moneys expended for reduction or sale; all moneys expended for the construction of mills and reduction works within the State of Arizona, used and operated in connection with the mine and for necessary labor, machinery and supplies needed or used in

the operation of such mills or reduction works and for improvements necessary in and about the operation thereof; all moneys expended for the construction of roads and tramways for transporting the ore from the mine and for necessary labor, machinery and supplies needed or used in the operation and improvements of such roads and tramways; all moneys paid for insurance on property used in mining, transporting and reducing the ore and all money paid to the state, or any subdivision thereof, as taxes, but money paid to persons or officers not actually engaged in the working of the mine or personally superintending the management thereof; and the money invested in the mine and interest on investment or the purchase of real estate, must not be charged against such net.

The authority for this request will be found in sub-sections seventh, eighth, ninth and eleventh of Section 8, also Section 14 of Chapter 23, Session Laws, 1912, and you are respectfully informed that upon the correctness and verity of the statement furnished by you will, in a great measure depend the action and recommendation of the Commission.

(SEAL)

Very truly yours,
STATE TAX COMMISSION,
P. J. MILLER, Chairman,
CHAS. R. HOWE, Member,
C. M. ZANDER, Member.

Attest:

JESSE L. BOYCE, Secretary."

The above measure is now the special order of business before this Commission, but owing to the fact that this report must be printed immediately, the findings of the Commission with regard to the foregoing measure will be submitted in a special report.

This commission has had under consideration the question of mine taxation since its creation. All available sources of information have been drawn upon. The laws of England, Australia, New Zealand and the different States of the Union, together with the theories of tax authorities and the experiences of tax officials, have been sought. In addition to this, the conference of mining men of this State was had and detailed reports of the producing mines of the State requested.

There can be no question but that the greatest dissatisfaction exists over the methods of taxing mines in this State.

The Commission has not yet reached any conclusion on this question, but will do so in a short time.

CONCLUSIONS.

From all sources of information at hand, from experiences gained during its incumbency in office and also because of the lack of time it has had to apply to the problems confronting it, the Commission finds and recommends as follows:

FIRST: A re-draft of the revenue laws of the State, a bill for which accompanies this report.

SECOND: That it be given powers over local Boards of Equalization; powers to equalize between classes of property; powers to assess express, sleeping car and private car companies without specific restrictions of law, or with a law similar to the Minnesota law; and powers to assess railroads, telephone and telegraph lines; a bill for which accompanies this report.

THIRD: A small special tax on monies and credits, a bill for which accompanies this report.

FOURTH: A tax limit law.

FIFTH. The true consideration in deeds.

It finds:

FIRST: It is unable at this time to submit its conclusions on the questions of mine taxation and taxation of standing timber, but will do so in a special report.

SECOND: It is necessary to classify farm lands and railroad and other grant lands.

THIRD: That railroads and other properties assessed on a mileage basis are not paying the same proportion of municipal taxation as other classes of property.

FOURTH: That the Income Tax in Wisconsin is being thoroughly tested and that Arizona will do well to await the outcome of the trial in that state before trying it.

Respectfully submitted,

P. J. MILLER,

C. M. ZANDER,

CHAS. R. HOWE,

Commissioners.

Table No. 1.

ASSESSMENT OF PRIVATE CAR LINES.

(Receipts for one year.)

Chapter 39, Regular Session, Laws of Arizona, 1912.

The American Cotton Oil Company.....	\$ 8.69
American Linseed Company.....	189.88
Cudahy Packing Company.....	236.50
Jacob Dold Packing Co. Refrigerator Line.....	30.42
Louisville Cotton Oil Company.....	24.00
Merchants Despatch Transportation Company.....	189.59
National Car Line Company.....	18.88
The Pullman Company.....	44,336.32
Santa Fe Refrigerator Despatch Company.....	110.46
Swift Refrigerator Transportation Company.....	393.55
Streets' Western Stable Car Line.....	55.15
Union Tank Line Company.....	11,982.32
	<u>\$57,575.76</u>

Table No. 2.

ASSESSMENT OF EXPRESS COMPANIES.

(Receipts for six months only.)

Chapter 70, Special Session, Laws of Arizona, 1912.

United Verde & Pacific Railway Company.....	\$ 2,568.85
Wells Fargo & Company.....	40,921.36
	<u>\$43,490.21</u>

Table No. 3

ASSESSMENT OF TELEPHONE AND TELEGRAPH COMPANIES.

Chapter 53, Regular Session, Laws of Arizona, 1912.

Names.		Rate.	Total
Adams Telephone Company.....	213.000 wire miles	\$ 20.00	\$ 4,260.00
Arizona, California and Nevada Telephone Company.....	269.000 wire miles	30.00	8,070.00
Arizona and New Mexico Tel- egraph and Telephone Co...	41.290 wire miles	30.00	1,238.70
Arizona State Telephone Co.....	76.000 wire miles	15.00	1,140.00
Arizona Southern Railroad Co...	40.000 wire miles	15.00	600.00
Arizona Telephone and Tele- graph Company.....	6,678.500 wire miles	25.00	166,962.50
Calumet and Copper Creek Min- ing Company.....	39.000 wire miles	30.00	1,170.00
Colorado River Supply Co.....	49.000 wire miles	25.00	1,225.00
Bouse-Ehrenberg Tel. Company	50.000 wire miles	20.00	1,000.00
Chiricahua Tel. & Tel. Co.....	14.000 wire miles	15.00	210.00
Courtland Telephone Company..	90.000 wire miles	20.00	1,800.00
Detroit Copper Mining Company of Arizona.....	100.000 wire miles	25.00	2,500.00
Duncan Telephone Company.....	30.000 wire miles	30.00	900.00
Duquesne & Nogales Telephone and Telegraph Company.....	18.000 wire miles	20.00	360.00
Lake Superior and Arizona Min- ing & Smelting Co.....	66.000 wire miles	20.00	1,320.00
Mountain States Telephone and Telegraph Company.....	3,032.630 wire miles	25.00	75,815.75
Northern Arizona Telephone Co.	35.000 wire miles	30.00	1,050.00
Overland Telephone & Tele- graph Company.....	6,275.000 wire miles	25.00	156,875.00
Postal Telegraph Cable Co.....	453.952 pole miles	155.00	70,362.56
Ray Consolidated Copper Co.....	353.000 wire miles	30.00	10,590.00
Riggs Tel. Company.....	160.000 wire miles	15.00	2,400.00
Twin Buttes Railroad Company	26.000 wire miles	20.00	520.00
Western Union Telegraph Co.....	6,379.200 wire miles	30.00	191,376.00
Winslow Telephone Company....	120.000 wire miles	25.00	3,000.00
United Verde and Pacific Rail- way Company.....	26.000 wire miles	30.00	780.00
Total Valuation Telephone and Telegraph Property.....	24,634.573 miles		\$705,525.51

Table No. 4.

ASSESSMENT OF RAILROADS.

Chapter 52, Regular Session, Laws of Arizona, 1912.

Names.	Miles.	Rate.	Total Valuation.
Arizona Commercial Copper Company	3.030	\$ 3,000.00	\$ 9,090.00
Arizona Copper Company, Ltd. (Coronado Railroad)	6.960	8,050.00	56,028.00
Arizona Eastern Railroad Company—			
Phoenix Division.....	82.480	10,000.00	890,784.00
Globe Division.....	139.000	12,000.00	1,668,000.00
Cochise Division.....	34.980	3,150.00	110,167.00
Hayden Division.....	22.670	9,600.00	217,632.00
Arizona & New Mexico Railroad Co....	41.290	12,000.00	495,480.00
A. T. & Santa Fe Railway Co.....	386.760	22,200.00	8,586,072.00
California, Arizona & Santa Fe Railway Company—			
Bradshaw Mountain Railroad Co.	35.650	5,500.00	196,075.00
Prescott & Eastern Railroad Co.	26.400	7,000.00	184,800.00
Santa Fe, Prescott & Phoenix Railway Company.....	195.350	12,000.00	2,344,200.00
Central Arizona Railway Co.....	31.000	2,500.00	77,500.00
Congress Consolidated Mines Company, Ltd., Congress Railroad.....	3.600	1,333.00	4,798.80
El Paso and Southwestern R. R. Co.—			
Main Line.....	139.590	14,460.00	2,018,471.40
Douglas to Courtland.....	34.700	6,500.00	196,055.00
Tombstone to Fairbanks.....	9.300	5,650.00	60,450.00
Flagstaff Lumber Manufacturing Co..	14.000	2,500.00	35,000.00
Grand Canyon Railway Company.....	63.58	8,400.00	534,072.00
Greenlaw Lumber Company.....	14.798	2,500.00	36,995.00
Johnson, Dragoon & Northern Ry. Co.	7.600	1,300.00	9,880.00
Morenci Southern Railway Company..	18.000	8,400.00	150,108.00
New Mexico and Arizona Railroad Co.	88.190	9,500.00	837,805.00
Old Dominion Copper Mining & Smelting Co.....	4.000	8,700.00	34,800.00
Phoenix & Eastern Railroad Co.....	91.810	9,600.00	881,376.00
Ray and Gila Valley Railroad Co.....	9.340	14,000.00	130,760.00
Saginaw and Manistee Lumber Co.....	10.000	2,500.00	25,000.00
Southern Pacific Railroad Company....	392.900	21,000.00	8,250,900.00
Tucson and Nogales Railroad Co.....	17.300	8,500.00	147,050.00
Twin Buttes Railroad Co.....	10.210	1,800.00	18,378.00
United Verde & Pacific Railway Co..	26.260	8,400.00	220,584.00
Western Arizona Railway Co.....	21.570	3,900.00	84,123.00
Total Valuation of Railroad Property	1,982.298		\$28,512,434.20

Table No. 5

County.	Value of Lands and Improvements.	Value of City & Town Lots and Im- provements.	Value of Mines and Im- provements.	Value of Railroads.	Value of Banks.	Value of Mdse. Stocks
Apache	\$ 437,767.35	\$ 71,269.75	\$	\$1,209,900.00	\$ 15,000.00	\$ 97,455.00
Cochise	938,435.17	4,531,681.80	17,623,150.25	4,972,263.52	381,189.95	581,610.00
Coconino	351,170.82	603,379.50	40,688.69	3,112,383.00	75,000.00	159,575.00
Gila	139,352.25	1,738,865.00	5,645,569.78	739,819.98	119,009.37	467,190.39
Graham	1,351,319.00	248,028.00	115,101.00	1,014,709.97	38,655.50	111,575.00
Greenlee	334,601.00	350,790.00	8,440,394.18	701,616.00	93,403.64	460,405.00
Maricopa	10,387,715.00	9,371,870.00	126,330.98	3,456,965.64	1,184,950.88	875,715.00
Mohave	181,036.51	204,738.00	1,999,890.58	2,440,431.00	42,500.00	122,350.53
Navajo	539,222.65	440,066.00	475.00	1,230,768.00	90,401.48	138,939.00
Pima	938,765.00	4,688,753.00	488,500.00	1,526,648.01	343,500.00	559,435.00
Pinal	419,756.00	204,736.00	1,443,062.00	2,236,126.39	5,829.00	103,425.00
Santa Cruz	238,030.50	753,785.50	246,659.07	496,374.90	41,080.00	175,182.27
Yavapai	872,634.86	1,828,463.00	6,180,808.95	3,641,297.80	360,969.40	536,228.00
Yuma	1,043,527.00	834,710.00	219,450.00	1,733,129.99	92,331.00	116,950.00

Table No. 6.

County.	Value of Horses.	Value of Mules, Asses and Jacks.	Value of Cattle.	Value of Sheep and Goats.	Value of Swine.	Value of Poultry.
Apache	\$ 53,784.00	\$ 1,283.00	\$179,701.50	\$230,025.00	\$ 357.00	\$ 460.00
Cochise	186,754.00	41,569.00	716,471.00	18,606.00	1,425.00	1,296.00
Coconino	147,735.00	7,465.00	973,417.50	526,796.00	405.00	624.00
Gila	71,695.00	4,772.00	533,084.50	2,760.00	1,630.00	.....
Graham	98,375.00	2,880.00	491,362.50	41,296.00	1,003.00	.....
Greenlee	27,565.00	5,400.00	121,272.00	2,100.00	.....	.....
Maricopa	285,090.00	59,915.00	588,055.00	14,366.00	15,243.00	.....
Mohave	59,875.00	1,161.00	278,113.50	96,657.00	1,525.00	499.95
Navajo	55,880.00	3,375.00	310,725.00	196,575.00	335.00	.....
Pima	69,190.00	3,240.00	394,739.00	5,430.00	520.00	1,515.00
Pinal	44,615.00	6,900.00	240,955.00	17,850.00	1,935.00	756.00
Santa Cruz	38,710.00	3,325.00	222,415.00	1,492.00	505.00	632.30
Yavapai	149,190.00	6,800.00	938,442.00	305,434.00	2,414.00	.....
Yuma	61,005.00	58,525.00	42,507.00	480.00	2,265.00	1,957.00

Table No. 7.

County.	Value of Bees.	Value of Automobiles and Motorcycles.	Value of Street Car Lines.	Value of Telephone and Telegraph	Value of Ostriches.	Value of All Other Property	Value of Smelters.
Apache	\$.....	\$ 892.00	\$.....	\$ 22,342.21	\$.....	\$ 49,302.25	\$
Cochise	907.00	54,955.00	54,526.00	118,464.55	.....	1,294,044.50	1,576,608.00
Coconino .....	.....	8,225.00	.....	60,636.05	.....	762,335.56	.....
Gila .....	.....	15,850.00	.....	17,547.15	.....	1,201,374.85	144,000.00
Graham	2,380.00	4,300.00	.....	17,632.25	.....	184,786.12	.....
Greenlee .....	.....	1,550.00	.....	10,638.70	.....	323,668.00	225,100.00
Maricopa	20,370.00	106,735.00	75,000.00	193,250.40	212,925.00	1,033,303.90	.....
Mohave .....	.....	16,434.00	.....	44,445.95	.....	483,606.08	.....
Navajo .....	.....	1,950.00	.....	26,139.05	.....	113,174.78	.....
Pima .....	.....	37,460.00	10,750.00	43,375.00	.....	57,966.00	33,530.00
Pinal	1,170.00	5,925.00	.....	51,439.50	.....	262,835.00	90,000.00
Santa Cruz .....	.....	3,600.00	.....	10,458.50	.....	197,765.50	41,200.00
Yavapai	1,055.00	37,225.00	5,000.00	54,858.70	.....	912,791.50	388,165.00
Yuma	5,910.00	4,935.00	.....	34,297.50	1,350.00	174,482.00	76,400.00

Table No. 8.

County Tax Levy on each \$100.00 Assessed Valuation.

Counties.	1910.	1911.	1912.
Apache	2.35	2.35	2.520
Cochise	1.80	1.85	1.450
Coconino	2.09	2.11	1.780
Gila	1.91	1.96	1.880
Graham	2.01	2.25	1.655
Greenlee .....part Graham	1.00	1.00	1.450
Maricopa	1.55	1.40	1.255
Mohave	2.65	2.32	1.950
Navajo	2.95	2.90	4.300
Pima	1.68	1.55	1.850
Pinal	1.79	1.90	1.850
Santa Cruz.....	1.95	2.00	2.470
Yavapai	1.17	.97	1.580
Yuma	2.36	2.41	2.600

Territorial and State Tax Levy on each \$100.00 Assessed Valuation.

1910.	1911.	1912.
.95	.90	.90

Table No. 9.
COUNTY EXPENDITURES, 1910 AND 1911.

County.	General and Salary Funds, 1910.	General and Salary Funds, 1911.	Road Fund, 1910.	Road Fund, 1911.	Sch'l Fund, 1910.	Sch'l Fund, 1911.
Apache	\$ 16,918.99	\$ 19,420.10	\$ 1,127.13	\$ 6,107.98	\$ 13,173.34	\$ 17,100.01
Cochise	256,938.64	210,426.48	34,514.57	21,794.82	157,005.85	166,340.66
Coconino	66,680.08	67,272.50	14,297.93	21,708.63	29,699.38	35,272.61
Gila	157,295.69	112,767.69	18,022.86	18,856.46	52,915.40	56,430.50
Graham	77,818.86	39,941.49	22,141.04	4,336.45	43,337.13	41,501.62
Greenlee		34,865.92		3,486.59		45,671.05
Maricopa	122,242.23	148,765.17	41,313.05	47,080.95	365,164.07	517,761.78
Mohave	36,701.35	44,254.43	5,851.85	8,542.00	11,971.75	12,309.55
Navajo	30,622.76	36,211.95	3,183.27	6,811.66	23,097.05	29,479.94
Pima	97,342.75	90,231.40	10,968.22	9,474.29	79,547.43	79,668.36
Pinal	44,529.66	63,112.41	2,872.34	7,234.28	19,702.83	21,290.76
Santa Cruz.....	39,363.27	34,565.04	1,927.55	9,038.19	2,367.43	22,009.06
Yavapai	101,698.64	114,175.10	40,026.27	26,209.34	88,199.98	90,298.37
Yuma	147,051.79	78,827.48	4,690.01	8,369.08	50,777.98	43,303.59

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