

MAINE STATE LEGISLATURE

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SEVENTY-FIFTH LEGISLATURE

SENATE

NO. 73

In Senate, Feb. 3, 1911.

Read and tabled for printing on motion of Mr. Staples.

W. C. HANSON. Secretary.

STATE OF MAINE

To the President of the Senate, and the Speaker of the House:

We respectfully submit the following report in compliance with an order of the Legislature dated March 15th, 1909, "That the State Assessors be instructed to ascertain the actual value of all the railroad property in the State of Maine of all kinds, including franchises, real estate, bonds and stock and report to the next Legislature for the purpose of taxation."

We have endeavored to place a reasonable construction upon the direction contained in this order, and from the discussion which preceded its passage in both branches of the Legislature, and the fact that the avowed object of the order was for the purpose of taxation, we are led to believe that the Legislature did not intend to instruct the State Assessors to undertake the impossible task of ascertaining the *actual* value of this railroad property, but rather that we should, in the light of all the information and facts that we could obtain report what we believed

to be a just and reasonable value of the property of each railroad corporation employed in the operation of its business; such a valuation as is defined by the Constitution and laws of the State as the proper basis of taxation.

The mileage and capitalization we have considered as of June 30th, 1910, and we have in subsequent portions of this report made reference to some changes that have taken place since that date.

The taxation of railroad property upon the basis of valuation is not a new method. In some form although with varying methods for securing the valuation, it exists in most of the States of the Union.

In this State the real estate of railroads comprising approximately ten per cent. of the investment has been uniformly taxed upon the value of the property. One of the early provisions of the tax laws of Maine was that "Taxes on real estate shall be assessed in the town where the estate lies," and the first provision for the taxation of railroad property in this State when the total railroad mileage was less than seventy-five miles was enacted by Chap. 165 of the Public Laws of 1845,—“That the buildings of every railroad corporation or association whether within or without the located right of way, and its land and fixtures outside of its located right of way, are subject to taxation by the cities and towns in which the same is situated, as other property is taxed therein.”

This provision has been retained in our statutes ever since and this principle is observed in the case of all corporations taxed directly by the State on a basis other than the ad valorem

method, so that their real estate shall be taxed in the municipality where situated on the same basis as other real estate is taxed.

RAILROAD VALUATIONS IN OTHER STATES.

There is little agreement as to the proper method of ascertaining the value of railroads as a basis of taxation in those States that have adopted the ad valorem system. In some of them it would seem to be little more than the merest guesswork. In others the result is apparently reached by a compromise of the varying views of the members of the Assessment Board much the same as a jury in damage cases in order to secure an agreement makes a mathematical average of the opinion of each member of the jury.

In some of the States, however, a sincere effort has been made to arrive at the proper valuation by diligent investigation with the aid of expert assistance.

The State of Michigan in 1900 in determining to change from the gross earnings to the ad valorem system of taxing its railroads, made the most elaborate and perfect attempt on record to determine what the physical property of railroads was worth on the basis of the cost of reproduction less the normal depreciation for wear and use.

But when, at a great expense, this very elaborate appraisal was made it was at once apparent that it had but little practical value for the purposes of taxation. Manifestly other factors than the cost of reproduction must be recognized in order to determine the value of the Michigan railroads. The State Tax

Commissioners readily observed this and while they did not make public the means by which their final conclusions were reached, the real valuation was determined on quite other grounds than that of the cost of reproduction, and that the most important controlling factor was that of railroad earnings. The result was that some roads were valued considerably above the cost of reproduction, while others were valued very much below it and where the valuation was much the same as that of cost of reproduction less normal depreciation it was a mere coincidence.

Where the Tax Commissioners' valuation was above the cost of reproduction appraisal, the difference was called the intangible or franchise value and where it was below, the difference was not named though more or less intangible also. The franchise value in some cases apparently was a minus quantity.

But although the experience of Michigan was obtained at a large cash outlay for securing a valuation of the physical elements of railroad property the experiment tried there has been exceedingly valuable for the other States and therefore the outlay should not be regretted.

The Cooley-Adams appraisal of the Michigan railroads has demonstrated that however serviceable a physical valuation may be in affording an independent and scientific basis for judging the cost of modern railroads under the varying conditions of that State, or as furnishing a necessary basis for the regulation of capitalization and service rates, it is quite futile as a means of ascertaining the commercial value of a railroad as a going concern, or as securing an equitable basis of taxation.

In an address before the Minnesota Academy of Social Sciences in December, 1907, the Hon. Robert H. Shields, Chairman of Michigan Tax Commission, said: "In determining the amount of tax which shall be imposed upon corporate property, the question of method must always be subordinate to the other question of the equity of the result which follows it; and other things being equal, preference should always be given to the most simple and effective method."

"No hard and fast rule, or theory, can be employed in the valuation of corporate property. In determining the true cash value of railroad property it is proper to take into consideration the cost of reproduction, its value after allowing for depreciation, its location, its gross and net earnings, or the fact that it is not earning a fair profit, the permanency and general character of its business, the par and market value of its stock and bonds, its connections and terminals, and in short every element and condition that adds to or detracts from its supposed value."

"But each railroad stands alone. And no theory yet advanced can be arbitrarily employed in fixing the value of each and every road without working the rankest kind of injustice on some of them."

In obtaining a valuation of the physical properties of the Wisconsin railroads in 1903 no such elaborate and expensive methods, for the State at least, was attempted. In fact the main expense was borne by the railroads themselves. Each of the railroad corporations in the State was asked by the State Tax Commission to make an examination of its physical proper-

ty, being furnished with blanks to be filled in under the same headings and items of cost as were enumerated in the Michigan appraisal which was made under the direction of Prof. Cooley. Prof. W. D. Taylor of the University of Wisconsin as advisory engineer of the Tax Commission, was charged with the duty of going over the appraisals of each railroad to examine and revise them.

But the physical valuation of the Wisconsin railroads even as revised was at most only one factor considered by the Tax Commissioners and as in the case of Michigan the valuation of the railroad property was determined largely on other grounds from a study of the operations of the several railroad systems covering a term of several years giving special importance to the demonstrated earning capacity of the different roads.

U. S. VALUATION OF RAILROAD PROPERTY.

In 1904 the Department of Commerce and Labor made a valuation of all the steam railroad property in the United States. The value of Pullman cars and private cars, however, were not included for want of sufficient data. This valuation was made for the Census Bureau as one step in determining the wealth of the Nation.

The work was placed under the direction of Prof. B. H. Meyer of the University of Wisconsin who represented jointly the Interstate Commerce Commission and the Bureau of the Census.

The formal report was prepared by Prof. Henry C. Adams,

“who from the beginning was held responsible for the accuracy of the method and the integrity of the result.”

This valuation was determined by a method which eliminated personal opinion and judgment, and its aim was to disclose the commercial value of railroad property as a business proposition. The value of each operating railroad was determined by a capitalization of the net operating income and in the case of interstate railroads the values were assigned to States upon the basis of gross earnings as the most practicable method.

In this report of Prof. Adams which is contained in Bulletin No. 21 of the Department of Commerce and Labor published in 1905 the Maine railroads were given as 2021.58 miles with a total value of \$80,146,000 or \$39,600 per mile. About one year ago we endeavored to secure some data from the Department of Commerce and Labor which might show the valuations which Prof. Adams assigned to Maine territory of the interstate roads which extend into this State. Our request, however, was politely refused on the ground that the Department did not deem it expedient to disclose any information regarding this valuation, other than that contained in Bulletin No. 21 referred to.

Unquestionably the earning capacity of a railroad is the most important factor to be considered in determining its value. Economists and investors alike are in agreement on this proposition. It cannot be too often stated that the value of a railroad depends upon what it can earn. In view, however, of the regulative measures which may be invoked by the Interstate Commerce Commission and Public Service Commissions in the sev-

eral States, a more correct statement would be that the value of a railroad depends upon what it is permitted to earn.

Cost of production and value as a utility are distinct propositions and quite often there is but little logical relation between them. The Courts have never held that cost is a test of value, but on the other hand have uniformly adhered to the doctrine that "the value of property results from the use to which it is put, and varies with the profitableness of that use, present and prospective, actual and anticipated."

In this report we have not undertaken to estimate the value of the stocks and bonds of the railroads doing business in this State. But comparatively few of these securities are quoted in the open market. Many of them are unknown in the open market. Another practical difficulty is that it would require a more thorough inquiry than we have been able to make in order to make a fair assignment of the stock and bonds of the interstate roads as fairly representing their property within Maine territory. We have, however, given in subsequent portions of this report some reference and description of the stock and bonds in a brief description of each operating railroad.

We present table "A" showing the name of each operating railroad, the miles of main track operated within this State, the assessed value of the real estate subject to local taxation, and our estimate of the total value of each railroad including the real estate, as property in motion, as a going concern. This valuation of course includes all rights and franchises, appurtenant to the property. It would be impossible to state the value of the

franchise of each road without first obtaining an inventory and valuation of the physical elements by competent engineers and then in so far as the earnings show a greater net amount than a fair return upon the value of the physical property a capitalization of this excess might be properly termed the intangible or franchise value.

Table "B" gives the street railroads of the State, the schedule giving the same classification as contained in schedule "A".

As will be observed the total valuation of the real estate of the steam railroads subject to local taxation is given as \$6,169,348. At the average rate of property taxation, \$21.77, this yields taxes amounting to \$134,306.70. The State taxes upon the gross earnings of these railroads for 1910 amount to \$684,268.81, making the total taxes of the steam railroads approximately \$818,575.51, which is equal to \$362.00 per mile. The real estate of the street railroads is given \$1,195,012, which at the average local rate produces taxes amounting to \$25,915.41 and with the State taxes upon gross earnings of \$35,497.53 makes the total taxes of the street railroads for 1910 approximately \$61,412.94.

Some of the street railroads are engaged in other business than the operation of their railways and the real estate given includes property employed in such business, we are unable to separate it, but the total value we have given each road is intended to be only the valuation of property used in the operation of the railway.

TABLE "A"
STEAM RAILROADS.

Name of Railroad.	Miles in Maine.	Real Estate.	Ttl. Value.
Bangor & Aroostook Railroad Co.	599.34	\$734,709	\$24,378,630
Boston & Maine Railroad	157.99	943,754	8,425,342
Bridgton & Saco River Railroad Co.	21.25	5,750	251,758
Canadian Pacific Railroad Co....	176.70	79,925	5,251,067
Georges Valley Railroad Co.....	8.50	1,500	48,173
Grand Trunk Railway Co. of Can- ada	89.51	1,409,250	3,970,788
Kennebec Central Railroad Co....	5.00	4,600	76,062
Lime Rock Railroad Co.....	12.57	0,000	511,985
Maine Central Railroad Co.....	765.53	2,634,240	37,109,066
Monson Railroad Co.....	8.16	1,275	43,090
Sandy River & Rangeley Lakes R. R.	103.40	24,475	953,853
Sebasticook & Moosehead R. R. Co.	15.00	2,500	143,442
Somerset Railway Co.....	93.99	32,950	1,879,800
Washington County Railroad Co..	133.68	86,990	2,761,636
Wiscasset, Waterville & Farming- ton Railway Co.....	57.46	8,500	114,920
York Harbor & Beach Railroad Co.	11.51	8,930	242,000
Portland Union Railway Station Co.		190,000	250,000
The Pullman Company			100,000
	2,259.59	\$6,169,348	\$86,511,612

TABLE "B"

STREET RAILROADS.

Name of Railroad.	Miles.	Real	
		Estate.	Ttl. Value.
Aroostook Valley Railroad Co...	14.16	\$3,500	\$400,000
Atlantic Shore Line Railway.....	87.517	112,332	1,739,440
Auburn & Turner Railroad Co....	8.5	6,600	40,000
Bangor Railway & Electric Co....	57.224	189,025	1,430,600
Benton & Fairfield Railway Co....	4.12	800	20,600
Biddeford & Saco Railroad Co....	7.61	12,600	316,257
Calais Street Railway Co.....	4.00	100	25,000
Fairfield & Shawmut Railway	3.1	860	37,190
Lewiston, Augusta & Waterville Street Railway	130.847	136,800	3,271,175
Norway & Paris Street Railway..	2.13	5,500	34,200
Portland Railroad Co.....	81.6	494,700	3,819,036
Portland & Brunswick Street Rail- way	15.8	39,925	112,500
Rockland, Thomaston & Camden Street Railway	21.167	104,572	587,572
Rockland, So. Thomaston & St. George Railway	3.917	950	19,585
Somerset Traction Company	12.2	7,900	71,450
Waterville & Oakland Street Rail- way	5.4	11,250	81,000
Waterville & Fairfield Railway ..	5.00	68,100	212,455
	464.392	\$1,195,012	\$12,218,060

BANGOR & AROOSTOOK RAILROAD.

The capital stock of this railroad on June 30th, 1910, was \$3,004,200 and the funded debt \$22,499,200 and the valuation we report is but little below the total capitalization. A steady growth in mileage is shown during the past decade, the line operated in 1900 being 364 miles and on June 30th, 1910, it was reported as 599.34 miles. Since that date there has been completed the line from Grand Isle to Fort Kent, a distance of 28 miles, thus making the present mileage of main line track operated 627.34 miles. There has been issued on account of this new construction additional stock amounting to \$159,600 and bonds \$804,000. Further extensions of this railroad are contemplated. The Bangor & Aroostook Railroad furnishes railway service to a territory of great natural resources. A significant item in its freight traffic as showing the importance of the lumber interests of Maine is the fact that forty-one per cent. of its freight revenue reported in 1910 was for transportation of forest products. The gross earnings per mile reported in 1910 are approximately double what they were ten years ago.

The dividend paid on the stock in 1910 was four per cent. and the average interest rate paid on the funded debt is 4.29 per cent. The stock capitalization being so small, about 12 per cent. of the total capitalizations, a slight increase in earnings would make a higher dividend rate practicable. The territory through which this road extends has shown a great development and a rapid increase in population and wealth.

BOSTON & MAINE RAILROAD.

The operations over the three lines of this road extending from Portland to the New Hampshire state line represent but a fragment of its immense transportation business which spreads over a large portion of New England territory and also some portions of the state of New York, and the Dominion of Canada.

The capital stock of the Boston & Maine is given as \$28,841,300, common stock, \$3,149,800 preferred stock, and \$42,073,000 funded debt. The stock of its leased lines amounts to \$62,239,500 and the funded debt \$44,264,000. The dividend rate on its preferred stock is 6 per cent. and on its common stock in 1910 was 6 per cent. The average rate of interest on its bonds is 4.05 per cent. The average dividends paid on the stock of its leased lines is 5.52 per cent. and the average rate of interest paid on the funded debt is 4.02 per cent. To summarize, the total outstanding stock and bonds of the Boston & Maine Railroad including its leased lines on June 30th, 1910, was \$180,567,990.70 on which dividends and interest were paid amounting to \$8,785,272, being equivalent to 4.87 per cent. How much of this immense capitalization can properly be assigned to the 157.99 miles of the lines within this State we are unable to determine. Nor is there reported separately the actual earnings and operating expenses within this State. However, we believe the valuation we report of the Boston & Main property within this State is just and reasonable. The common stock of the Boston & Maine is quoted at \$118 and the preferred stock at \$150 per share. \$1,443,600 of the capital stock of the Boston & Maine was held in the State of Maine on June 30th, 1910.

BRIDGTON & SACO RIVER RAILROAD.

This narrow gauge railroad extends from Bridgton Junction on the Mountain Division of the Maine Central Railroad to Harrison, a distance of twenty-one and one-fourth miles. The business of this road covering several years past shows permanent earning power. It serves a thrifty and prosperous territory. The capital stock is \$102,250 upon which 4 per cent. dividends were paid in 1910 and the funded debt \$163,000 with the rate of interest 4 per cent.

THE CANADIAN PACIFIC

The property of this railroad operated in this State consists of The International Railway of Maine extending from the Canadian border to Mattawamkeag, 144.5 miles; the Houlton Branch from the New Brunswick line to Houlton 3 miles, and the Aroostook River Railroad extending from the boundary of New Brunswick to Presque Isle, 29.2 miles; a total of 176.70 miles. The total capitalization of these lines is as follows: Stock \$2,273,000 and funded debt \$3,514,000, total \$5,787,000. No dividends are paid upon the stock and the average interest paid upon the funded debt is 5 per cent. The cost of these lines including equipment is given as \$5,787,000, but if we should add the amount expended for additions and improvements since 1907 it would make the total cost over \$7,500,000. The main line from the Canadian border to Mattawamkeag which constitutes the principal portion of the mileage, participates in low through freight rates from the West to the Seaboard and the local earnings are not large.

The earnings of this Canadian Pacific property as reported to the Railroad Commissioners, do not justify the valuation we have placed upon it, but we are not unmindful of the fact that this line is a part, an important link in a great and profitable railroad system, and thus possesses elements of value beyond a capitalization of the earnings assigned to it.

GEORGES VALLEY RAILROAD.

This is a railroad line of 8.50 miles extending from the town of Union to the town of Warren where it connects with the Maine Central Railroad. The stock of this railroad is reported as \$100,000 and the bonds \$50,000. No dividends are paid upon the shares and they have no quotable value. The value we have placed upon this property represents a capitalization of its average net earnings covering a period of several years.

GRAND TRUNK RAILWAY OF CANADA.

The only property operated by this Company within this State of which statistics are available relates to the Atlantic and St. Lawrence Railroad extending from the Canadian border at Island Pond, Vt., to Portland, Me., 165.22 miles, the Lewiston & Auburn Railroad from Lewiston Junction on the main line to Lewiston 5.41 miles, and the Norway Branch which extends from South Paris to Norway Village 1.50 miles, a total of 172.13 miles, of which 89.51 miles are within the State of Maine. All of this property except the Norway Branch is operated under lease and the Grand Trunk pays 6 per cent. on the bonded debt of \$3,438,000 and 6 per cent. on the common stock, amounting to \$5,484,000; also as rental 6 per cent. on the capital

stock of the Lewiston & Auburn Railroad which is \$300,000.

The earnings from operation of these lines are not sufficient to meet these obligations and as in the case of the Canadian Pacific do not justify the valuation we have reported, but this property is part of a great railroad system and the importance of the City of Portland as the most accessible point to the Seaboard certainly is an important factor in the value of this property.

KENNEBEC CENTRAL RAILROAD.

This is a narrow gauge railroad extending from the town of Randolph opposite the City of Gardiner to the National Soldiers Home at Togus, 5 miles. The capital stock is reported as \$40,000 and funded debt \$27,000. The earnings are not large but thus far seem to be amply sufficient to support the capitalization. Dividends of 6 per cent. were paid on the stock in 1910.

LIME ROCK RAILROAD.

This is a railroad operated exclusively for freight in connection with the operations of the Rockland-Rockport Lime Co. Its prosperity is entirely dependent on that of the Lime Co. The percentage of expenses is small compared with other railroads and the net earnings large.

The capital stock is \$450,000 and the funded debt \$400,000. The rate of interest on this sum is 4 per cent. and dividends of 4½ per cent. were paid on the stock in 1910. The earnings of this road apparently would justify a higher valuation than we have reported, but a considerable portion of its ways and struc-

tures are of a perishable nature and the depreciation is rapid, and so we regard our valuation reasonable.

MAINE CENTRAL RAILROAD.

The steady growth of railroad business in New England is nowhere more strikingly shown than in the comparative income figures of the Maine Central System. Ten years ago the mileage operated was given as 815.83. No material extension was reported until 1907 when the Portland & Rumford Falls Railroad and the Rumford Falls & Rangeley Lakes were leased for a term of 999 years, making the total mileage 931.40 miles. Yet with the acquisition of these lines the latter through a sparsely settled territory the gross earnings per mile of the whole Maine Central System in 1910 were nearly 40 per cent. greater than was the case in 1900. The total mileage given in 1910 is 931.94 of which 765.53 miles are within this State.

The capital stock of the Maine Central is reported as \$4,995,700 and the funded debt \$18,892,192. The dividend rate on the stock for three years past has been 8 per cent. and the average rate of interest on the funded debt is 4.89 per cent. The total stock of its leased lines is \$12,520,738 and the average dividend paid as rental is 4.31 per cent. The funded debt of its leased lines amounts to \$7,910,500 with an average interest rate of 4.23 per cent.

To summarize, the total capital stock and funded debt of the Maine Central Railroad owned and leased on June 30th, 1910, was \$44,319,130 on which dividends and interest were paid during the year past amounting to \$2,026,463.12, being an equiva-

lent to 4.95 per cent. of the capitalization. The shares of the Maine Central are fairly quotable at \$200 per share and nearly one-fourth of the stock is held in Maine or to be exact \$1,191,500.

The Maine Central controls the Somerset Railway and the Washington County Railway through stock ownership, and a recent acquisition is the short line of 15 miles of the Sebasticook & Moosehead Railroad. A measure is now pending before the Legislature looking towards the merging of these three railroads with the Maine Central System. Railroad consolidation generally means more and better service and so the bringing of these lines under one management no doubt will be a benefit to the territory through which these lines extend.

MONSON RAILROAD.

This railroad extends from Monson Junction on the Bangor & Aroostook Railroad to the slate quarries in the town of Monson, 8.16 miles. The capital stock is given as \$70,000 and the funded debt as \$70,000. No dividends are paid upon the stock and the net earnings are not sufficient to pay the interest of 6 per cent. on the bonds. The chief value of this railroad consists in the indispensable service it furnishes to the slate manufacturers in Monson.

SANDY RIVER & RANGELEY LAKES RAILROAD.

This road represents a consolidation of the Sandy River Railroad, The Franklin & Megantic Railway, the Kingfield & Dead River Railway, the Phillips & Rangeley Railroad and The

Madrid Railroad, these narrow gauge lines having a total of 103.40 miles operated. The capital stock is \$241,600 and the funded debt \$730,000. We have record of only two years' operations of these consolidations. This line or system shows thus far good earning power, under the good management which is shown in its operations. Dividends are paid of 4 per cent. on the stock and average interest of 4 per cent. on the funded debt in 1910.

SEBASTICOOK & MOOSEHEAD RAILROAD.

This railroad line extends from Pittsfield to Mainstream, a distance of 15 miles. The results of operation of this line as an independent system have not been satisfactory and it has recently been purchased by the Maine Central Railroad. Doubtless this change of management will result in more efficient service. The cost of this road including equipment is stated as \$229,117.50, but we feel justified in estimating the value much less for reasons above indicated. The capital stock is given as \$180,000.

SOMERSET RAILWAY.

This railroad extends from Oakland to Kineo Station 90.67 miles and has short branches with total length of 3.32 miles, making the total line operated 93.99 miles. The capital stock is \$736,649 and the funded debt \$2,761,500 with an average interest rate of 4.66 per cent. The stock has no quotable value. The net earnings from operation of this road are not at present sufficient to meet its interest obligations. A large amount has

been expended during the past three years for maintenance and the road is much improved. The future prosperity of this line depends upon the developments of industry along the line which runs a considerable distance through an almost unbroken forest. We believe this railroad property has a prospective value far in excess of the valuation we have reported.

WASHINGTON COUNTY RAILWAY.

This main line extends from Washington Junction on the Bar Harbor Branch of the Maine Central Railroad to Calais, a distance of 102.49 miles; from Ayers Junction on the main line to Eastport 16.48 miles; from St. Croix Junction on the main line to Princeton 17.85 miles and branch tracks of 1.96 miles, making its total length operated 138.78 miles of which 133.68 miles are within this State, 5.1 miles extending through New Brunswick. The capital stock is \$2,500,000 and the funded debt is \$2,500,000. The cost of the road and equipments to June 30th, 1910, is reported as \$5,058,212. The stock has no quotable value and the rate of interest on the funded debt is $3\frac{1}{2}$ per cent. The net earnings are more than sufficient to meet its interest obligations and we believe that this road so necessary and beneficial to the territory through which it extends will show better returns in the future.

WISCASSET, WATERVILLE & FARMINGTON RAILWAY.

This narrow guage line extends from tidewater at Wiscasset to Weeks Mills in China and branches to the town of Winslow and Albion. The capital stock consists of \$100,000 common

stock and \$200,000 preferred stock. The operations of this road have not been profitable and its future is problematical.

YORK HARBOR & BEACH RAILROAD.

This road extends from Kittery to York Beach with a branch track to the United States Navy Yard and has a total main line of 11.51 miles. This road is operated independently but is controlled by the Boston & Maine Railroad through ownership of a majority of the shares of capital stock. The stock is reported as \$300,000 and has no funded debt. The cost of the line is given as \$300,743. Its revenue is largely from passenger traffic.

PORTLAND UNION RAILWAY STATION CO.

This terminal property of the Boston & Maine and the Maine Central is owned and managed under separate corporate ownership although the capital stock of \$50,000 is owned in equal shares by the railroad corporations above named. The property consists of the Portland Union Station and some adjacent land. This property is subject to local taxation and is assessed locally at \$190,000. We feel justified, however, in reporting its just and reasonable value as \$250,000.

THE PULLMAN COMPANY.

The Pullman Company does not consider that its property comes within the provisions of the order of the Legislature. The Company's claim is that it has no property within the State of Maine in the sense in which the term is ordinarily used, and as used in the order referred to; at any rate no property which is

liable to taxation, as the Pullman Company's cars are simply instrumentalities of interstate commerce.

However, while not in any sense admitting the liability of the Company's cars to taxation, the attorney of the Company in this State has courteously furnished us information based upon the number of cars owned by the Company and the total mileage over which such cars are run, also the mileage of such cars within this State, which would justify us in estimating that on the average there are approximately twenty cars within the Maine territory and that a fair estimate of their value would be \$100,000.

Without passing upon the question of their liability to taxation we have included them in table "A" as "railroad property within the State of Maine."

STREET RAILROADS.

AROOSTOOK VALLEY RAILROAD COMPANY.

This is a new railroad 14.16 miles in length, the pioneer street railroad in Aroostook County. The line was completed and operations began on June 20th, 1910. So we have only a record of the results of ten days' operations. The capital stock is reported as \$64,800 and funded debt \$351,500. The total cost of construction is given as \$420,327. Its earning power is yet to be demonstrated. The line extends from Presque Isle and Washburn through a rich agricultural region and further extensions are contemplated.

ATLANTIC SHORE LINE RAILWAY.

This road has a total mileage of 90.41 of which 87.517 miles are within the State, the remaining mileage being in New Hampshire. The capitalization is as follows:—Common stock \$2,000,000. Preferred stock \$1,000,000 and a funded debt of \$3,265,000. The results of operation show that the earnings are not sufficient to support such a capitalization and since June 30th, 1910, the road has been reorganized in order to place the property on a more substantial basis as a business proposition. Both the gross and net earnings of this Company have shown but little variation during the past three years. This road is nearly all in York County.

AUBURN & TURNER RAILROAD.

This railroad line extends from Turner Village to Lake Auburn 8.5 miles connecting there with the Lewiston, Augusta & Waterville Street Railway. The capitalization consists of \$35,000 preferred stock, \$65,000 common stock and \$125,000 funded debt. The operations of this road have not been profitable and recently the property has been purchased by the Lewiston, Augusta & Waterville Street Railway above referred to and is now being operated in connection with that road where it logically belongs. Doubtless better results from operation will follow.

BANGOR STREET RAILWAY & ELECTRIC CO.

This road has a total main line mileage of 57.224. The capital stock is \$1,500,000 and funded debt \$2,526,000. This capitalization, however, represents a large amount of property not

connected with the operations of the railroad. The valuation we report represents only the railroad property itself. The record of gross and net earnings for the past few years shows a steady though not rapid increase. This property is destined to increase in value under its present management.

BENTON & FAIRFIELD RAILWAY.

This is a railroad extending from Benton to Fairfield 4.12 miles. The capital stock is \$20,000 and funded debt \$33,000. This road derives its chief value from the service it furnishes to the manufacturing company which is the principal owner.

BIDDEFORD & SACO RAILROAD.

This road extends through Biddeford and Saco to Old Orchard 7.611 miles. The capital stock is \$100,000 and the funded debt \$150,000. The dividend rate on the stock is 5 per cent. and 4 per cent. is the rate of interest on the funded debt. The gross and net earnings have shown but little change for several years past but are amply sufficient to meet the obligations above named and leave a moderate surplus.

CALAIS STREET RAILWAY.

This line extends through the streets of the City of Calais 4 miles and St. Stephens, N. B., 3 miles. The capital stock is \$100,000 and the funded debt \$100,000. The operations of this line have not been profitable and the earnings are manifestly insufficient to support this capitalization.

FAIRFIELD & SHAWMUT RAILWAY.

This line extends from Fairfield Village to Shawmut a distance of 3.10 miles. The capital stock is \$30,000 and funded debt \$30,000. This road has been in operation about three years and the results from operation make a good showing. The operating expenses are very low compared with gross earnings.

LEWISTON, AUGUSTA & WATERVILLE STREET RAILWAY.

This road has a total mileage of 130.847 miles of main line track and its route furnishes service to a large population. The capitalization consists of \$600,000 preferred stock, \$2,400,000 common stock and \$3,500,000 funded debt. The merging of the several independent lines which make up this total mileage under one strong management has resulted in a marked improvement in the service rendered. The gross and net earnings of this road covering a few years past have shown a steady increase.

NORWAY & PARIS STREET RAILWAY.

This is a little railroad line extending from South Paris to Norway, 2.13 miles. Capital stock \$50,000 and funded debt \$38,000. This capitalization, however, includes an electric lighting plant and we have reported a valuation only of the property used in the operation of the railroad.

PORTLAND RAILROAD.

This line embraces 81.61 miles of main line track. The capital stock is \$1,999,538 and funded debt \$2,250,000. The dividend rate reported on the stock in 1910 was 4 per cent and the

average interest rate on the funded debt is 3.94 per cent. \$1,737,800 of the capital stock is held in this State. Both gross and net earnings for the years we have examined show a steady increase. This railroad gives service to a large population.

PORTLAND & BRUNSWICK STREET RAILWAY.

This line extends from Brunswick to Yarmouth 15.80 miles and is a connecting link between the Lewiston, Augusta & Waterville road and the Portland Railroad. The capital stock is \$300,000 and the funded debt \$225,000. The operations of this road as an independent line have not been profitable and it could, we believe, be operated with better results by either one of the connecting roads above named.

ROCKLAND, SOUTH THOMASTON & ST. GEORGE RAILWAY.

This line is 3.917 miles in length. The capital stock is reported as \$122,400 and funded debt \$10,075. Its value as an earning proposition is yet to be demonstrated.

ROCKLAND, THOMASTON & CAMDEN STREET RAILWAY.

This road has a main line mileage of 21.167 miles. The capital stock is \$400,000 and funded debt \$800,000. This capitalization, however, includes gas and electric light property, but our reported valuation includes only the railroad property. The dividend rate on the shares reported in 1910 was 5 per cent and the interest rate on the bonds 4 per cent. Most of the stock is held in Maine, or, to be exact, \$394,400. The earning power of this property is fully established.

SOMERSET TRACTION COMPANY.

This line extends from Skowhegan to Madison, 12.20 miles. The capital stock is \$30,000 and the funded debt \$75,000. There is also a floating debt of \$42,118. The cost of the road and equipment is given as \$135,951. The gross earnings during the past few years have shown a moderate increase.

WATERVILLE & OAKLAND STREET RAILWAY.

This line extends from Waterville to Oakland, 5.40 miles. The capital stock is \$100,000 and the funded debt \$125,000. The earnings of this road are not sufficient to support this capitalization and doubtless some reorganization should be effected.

WATERVILLE & FAIRFIELD STREET RAILWAY.

This line extends from Waterville to Fairfield, 5 miles. The capital stock is \$200,000 and the funded debt \$237,000. This capitalization includes an electric light property, but we have reported what we consider the value of the property used in the operation of the railroad.

This is one of the good street railroad properties and the earning power is fully established, showing a steady increase during the past four years.

The average number of employees of the steam railroads in this State is approximately 12,000 and the street railroads nearly 2,000. Indirectly, no doubt, employment is given to several thousand more. The amount of the capital stock of steam railroads held in this State is \$9,146,250 and of the street railroads \$4,998,215 par value.

CONCLUSION.

It is gratifying to note that there has been constructed in this State during the past twenty years 928 miles of steam railroads and practically all of our street railroad lines have been built during this period. Maine has shown a marked increase in wealth as an inevitable consequence during these twenty years; far greater than during any like period in her history.

The development and progress of this State and every State has always been, and will be coincident with the development and improvement of its transportation facilities. A broad and liberal policy should be adhered to in order that the progress and prosperity of Maine may continue.

GEORGE POTTLE,
W. J. THOMPSON,
E. M. JOHNSTON,

Board of State Assessors.

Augusta, Feb. 2, 1911.