

MAINE STATE LEGISLATURE

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Legislative Record

OF THE

Eighty-Third Legislature

OF THE

STATE OF MAINE

1927

KENNEBEC JOURNAL COMPANY
AUGUSTA, MAINE

HOUSE

Thursday, March 24, 1927.

The House met according to adjournment and was called to order by the Speaker.

Prayer by the Rev. Mr. Dunnack of Augusta.

Journal of the previous session read and approved.

Papers from the Senate disposed of in concurrence.

Senate Bills in First Reading

S. P. 193, S. D. 77: An Act relating to teachers' pensions.

S. P. 65, S. D. 159: An act to regulate fishing in Bowler Pond in Palermo in the county of Waldo.

S. P. 281, S. D. 254: An act to protect muskrats in the towns of Bucksport and Orland, in the county of Hancock.

S. P. 336, S. D. 123: An act to incorporate the Maine Casualty Company.

S. P. 513, S. D. 258: An act to incorporate the Union Terminal Company.

S. P. 511, S. D. 253: An act to provide for an approach to the Kennebec bridge and to acquire the same by purchase or eminent domain.

S. P. 377, S. D. 160: An act validating acts and deeds valid except for certain irregularities and omissions.

S. P. 131, S. D. 54: An act to enlarge the civil jurisdiction of the Municipal Court of the city of Biddeford.

S. P. 380, S. D. 255: Resolve for aid to typhoid carriers, to be expended under the State Department of Health.

S. P. 386, S. D. 165: An act relating to the filing of rate schedules by Public Utilities in accordance with orders of the Public Utilities Commission.

S. P. 202, S. D. 82: An act relating to the disposal of liquors which have been forfeited.

From the Senate: Report of the committee on Public Utilities reporting ought to pass on bill an act relating to the approval of stocks, bonds and notes, S. P. 387, S. D. 164.

Comes from the Senate, report read and accepted and the bill passed to be engrossed.

In the House, on motion by Mr. Chase of Cape Elizabeth, tabled pending acceptance of report in concurrence.

From the Senate: Report of the committee on Salaries and Fees reporting ought to pass on bill an act relating to the salary of the Commissioner of Agriculture, S. P. 255, S. D. 256.

Comes from the Senate, report read and accepted and the bill passed to be engrossed.

In the House, on motion by Mr. Greenleaf of Auburn, tabled pending acceptance of report in concurrence.

From the Senate: Report of the committee on Claims on resolve in favor of the Maine State Agricultural Society for the State Stipend for 1926, S. P. 64, S. D. 19, reporting same in a new draft S. P. 510, S. D. 257, under same title and that it ought to pass.

Comes from the Senate report read and accepted and the resolve passed to be engrossed as amended by Senate Amendment A.

In the House:

Mr. GREENLEAF of Auburn: Mr. Speaker, I move that the report lie on the table pending acceptance.

Mr. ROUNDS of Portland: Mr. Speaker, I would like to ask if the whole committee signed that report?

The SPEAKER: The Chair would state that it is signed by the three Senate members and by five of the House members.

Mr. WING of Auburn: Mr. Speaker, may I inquire if there was a minority report?

The SPEAKER: The Chair will state that there is no minority report filed.

Mr. WING: Does the committee account in any way for the members who did not sign the report,—what their attitude is?

The SPEAKER: There is no statement upon the report except the customary signatures of the members. There is no record about any absentees.

Mr. WING: Whether they refused to sign the report or not?

The SPEAKER: That is correct. Thereupon the report was tabled pending acceptance in concurrence.

From the Senate: Majority report of the committee on Judiciary re-

porting "ought not to pass" on bill an act conferring jurisdiction in matters of divorce, annulment of marriage, care and custody of children and support of children and wives on the probate courts, S. P. 89, S. D. 31.

Report was signed by the following members:

Messrs. MAHER of Kennebec
CARTER of Androscoggin
—of the Senate
DUDLEY of Calais
WING of Auburn
WING of Kingfield
BARTLETT of Bangor
ALDRICH of Topsham
—of the House

Minority report of the same committee on same bill reporting same in a new draft, S. P. 519, S. D. 260, under title of "an act conferring concurrent jurisdiction in matters of divorce, annulment of marriage, care and custody of children and support of children and wives on the probate courts" and that it "ought to pass."

Report was signed by the following members:

Messrs. OAKES of Cumberland
—of the Senate
PATTERSON of Castine
HALE of Portland
—of the House

Comes from the Senate majority report read and accepted.

In the House, on motion by Mr. Hale of Portland, both reports were tabled pending acceptance of either, and specially assigned for tomorrow morning.

From the Senate: Bill an act to amend the charter of Coburn Classical Institute, S. P. 296, S. D. 97, which by the House was passed to be engrossed on March 16,

Comes from the Senate passed to be engrossed as amended by Senate Amendment A in non-concurrence.

In the House: Senate Amendment A read by the Clerk.

On motion by Mr. Cyr of Waterville that body voted to reconsider its vote whereby this bill was passed to be engrossed. On motion by Mr. Cyr of Waterville Senate Amendment A was adopted in concurrence; and on further motion by the same gentleman the bill was passed to be engrossed as amended by Senate Amendment A in concurrence with the Senate.

From the Senate: Resolve in favor of the Pownal State School for maintenance for the fiscal years 1928 and 1929, S. P. 14, H. D. 304, which by the House was finally passed on March 16th.

Comes from the Senate passed to be engrossed as amended by Senate Amendment A in non-concurrence.

In the House: Senate Amendment A read by the Clerk.

On motion by Mr. Piper of Jackman that body voted to reconsider its action whereby this resolve was finally passed; and on further motion by the same gentleman the House voted to reconsider its action whereby this resolve was passed to be engrossed. On further motion by the same gentleman Senate Amendment A was adopted in concurrence; and on further motion by the same gentleman the resolve was passed to be engrossed as amended by Senate Amendment A in concurrence with the Senate.

The following remonstrances were received and upon recommendation of the committee on reference of bills were referred to the following committee:

Judiciary

By Mr. Carleton of Winterport:: Remonstrance against repeal of Direct Primary Law (H. P. No. 1205)

By Mr. McIntire of Norway: Remonstrance of Nettie M. Nevers and 14 others against same. (H. P. No. 1206)

By Mr. Thurston of Appleton: Remonstrance of Frederic Emerson and 19 others of Appleton against same. (H. P. No. 1207)

By the same gentleman: Remonstrance of M. M. Brown and 24 others of Appleton against same. (H. P. No. 1208)

Orders

Mr. Decker of Portland presented the following order and moved its passage:

Ordered, that a joint committee consisting of five members on the part of the House, appointed by the Speaker, and three members on the part of the Senate, appointed by the President, be authorized and instructed to forthwith investigate the conduct of the affairs of the State

Highway Commission, specifically including contracts and proposals for purchase of material and supplies and purchases thereof made within ten months last past, also proposed changes in the personnel of officials and employees in the State Highway Department and reasons therefor, and the present methods of awarding contracts and purchasing supplies; with full power vested in said committee to summon and require the attendance of witnesses, the production of records, books and papers, and to take evidence pertinent to said matters. Said committee shall make prompt report to this Legislature, now in session, with its findings and recommendations as to any further action, by it deemed advisable, to be taken by the Legislature; together with any bill for appropriate remedial legislation.

On motion by Mr. Foster of Ellsworth tabled pending passage.

On motion by Mr. Chase of Cape Elizabeth, it was

Ordered, that the Clerk of the House cause to be printed one thousand copies of the stenographic report of the hearing before the committees on Public Utilities, Inter Waters and Judiciary jointly, held Friday, March 18, on water storage matters.

Reports of Committees

Mr. Wood from the Committee on Inland Fisheries and Game on bill an act relating to the taking of white perch for the purpose of science, dissemination and cultivation. (H. P. No. 975) reported that same be placed on file, as the subject matter has been incorporated in another bill.

Mr. Storm from same Committee reported "Ought not to pass" on bill an act relating to the trapping of furbearing animals. (S. P. No. 332) (S. D. 124)

Mr. Stone from same Committee reported same on bill an act relating to the taking of white perch and cusk. (H. P. No. 1007)

Mr. Flint from same Committee reported same on bill an act limiting the granting of hunting licenses. (H. P. No. 589) (H. D. No. 156)

Mr. Fuller from Committee on Legal Affairs reported same on bill an act in relation to employment agencies. (H. P. No. 603)

(Tabled by Mr. Lait of Old Town, pending acceptance.)

Mr. Piper from the Committee on Taxation reported same on bill an act relating to taxation of insurance companies (H. P. No. 1147) (H. D. No. 368)

First Reading of Printed Bills and Resolves

(H. P. No. 391) (H. D. No. 442) An act to incorporate the Franklin Water Company.

(H. P. No. 1049) (H. D. No. 443) An act to amend Chapter 390 of P. and S. Laws of 1907 entitled "An Act to incorporate the Livermore Falls Water District."

(H. P. No. 1194) (H. D. No. 444) An act relating to Robert W. Traip Academy.

(H. P. No. 1195) (H. D. No. 445) An act to extend the charter of the Central Heating Company of Portland.

(H. P. No. 1198) (H. D. No. 446) An act relating to the charter of the city of Waterville.

(H. P. No. 1200) (H. D. No. 448) An act to amend an act entitled "The Insolvent Law."

(H. P. No. 577) (H. D. No. 440) Resolve to reimburse the town of Kingman for support of Ed. Priest, a State pauper.

(H. P. No. 578) (H. D. No. 441) Resolve in favor of the town of Medway, for reimbursement of amount expended for the care and maintenance of Martin Reardon, a pauper.

(H. P. No. 879) (H. D. No. 447) Resolve in favor of the purchase of "Maine Physicians, Members of the Massachusetts Medical Society at the Separation."

(H. P. No. 1199) (H. D. No. 449) Resolve in favor of the town of Cherryfield in the county of Washington for reimbursement for monies expended in defense of three actions at law brought against it.

Passed to Be Engrossed

(S. P. No. 291) (S. D. No. 112) An act relating to the jurisdiction of the Probate Court.

(Tabled by Mr. Hale of Portland, pending third reading.)

(S. P. No. 79) (S. D. No. 239) An act in favor of Frank J. Durgin of West Forks Plantation.

(H. P. No. 665) (H. D. No. 173) An act to change the name of the State Board of Charities and Corrections. (H. P. No. 915) (H. D. No. 250) An

act relative to organization of corporations for certain purposes.

Orders of the Day

The SPEAKER: Under orders of the day the Chair lays before the House under unfinished business, H. D. 346, a resolve in favor of B. F. Marley, tabled March 18 by Mr. Hale of Portland, pending passage to be engrossed, and recognizes the gentleman from Portland, Mr. Hale.

On motion by Mr. Hale, the resolve was passed to be engrossed.

The SPEAKER: The Chair lays before the House, H. D. 348, resolve in favor of Hanson A. Barney of Guilford, tabled by Mr. Hale of Portland, March 18, pending passage to be engrossed, and recognizes the gentleman from Portland, Mr. Hale.

On motion by Mr. Hale the resolve was passed to be engrossed.

The SPEAKER: The Chair lays before the House, H. D. 349, resolve in favor of A. H. Wadleigh compensating him for damage done his orchard by deer, tabled by Mr. Hale of Portland March 18, pending passage to be engrossed, and recognizes the gentleman from Portland, Mr. Hale.

On motion by Mr. Hale, the resolve was passed to be engrossed.

The SPEAKER: The Chair lays before the House ought not to pass report of the committee on Inland Fisheries and Game on bill, an act relating to the trapping of foxes in Knox and Lincoln counties, H. P. 173, tabled by Mr. St. Clair of Rockland, March 15, pending acceptance of the report.

On motion by Mr. St. Clair, the report of the committee was accepted.

The SPEAKER: The Chair lays before the House an act relating to exemption from taxation of the estates of war veterans, H. D. 300, tabled by Mr. Douglas of Chelsea, March 16, pending passage to be enacted; and the Chair recognizes the gentleman from Chelsea, Mr. Douglas.

On motion by Mr. Douglas, the rules were suspended, and the House voted to reconsider its action whereby this bill was passed to be engrossed, and that gentleman offered House Amendment A and moved its adoption as follows:

House Amendment A to H. P. 545,

an act relating to exemption from taxation of the estates of war veterans.

Amend by inserting after the word "Spain" in the twentieth line thereof, the following: 'who have reached the age of sixty-two years.'

Mr. DOUGLAS: Mr. Speaker, I would like to say in connection with this amendment that it is offered for the purpose of placing the veterans of the Spanish war relatively in the same position enjoyed by the veterans of the Civil War in regard to their poll taxes. As we all well know, the veterans of the Civil War are absolutely exempted from poll taxes and have been since 1905. This amendment will put the Spanish War veterans in just about the same position and I am offering it with the full consent of the sponsor of this bill. I understand it is perfectly agreeable to the proponents, and I hope it will receive passage.

Thereupon House Amendment A was adopted and the bill as amended by House Amendment A was passed to be engrossed.

The SPEAKER: The Chair lays before the House resolve in favor of the Bangor State Hospital, S. D. 152, tabled by Mr. Foster of Ellsworth, March 16, pending final passage; and the Chair recognizes the gentleman from Ellsworth, Mr. Foster.

On motion by Mr. Foster the rules were suspended and the House voted to reconsider its action whereby this resolve was passed to be engrossed, and that gentleman offered House Amendment A and moved its adoption.

Mr. FOSTER: Mr. Speaker, I would like to state that this does not alter the amount of money accorded the hospital. It simply makes a different adjustment in the set-up—in the expenditure of the amount of money and is to bring the reports up to date.

House Amendment A to S. P. 10, S. D. 152, entitled "Resolve in favor of the Bangor State Hospital for maintenance for the fiscal years 1928 and 1929.

Amend Senate Paper No. 10, Senate Document 152 by inserting after the word "activities" in the fourth line of the second paragraph, the words "for printing reports of said institution up to date," so that said paragraph as amended shall read as follows:

"For maintenance, namely for all articles of food, wearing apparel, heat, light and power, farm and industrial activities, for printing reports of said

institution up to date, and parole or community services for the year July first, nineteen hundred and twenty-seven, to June thirtieth, nineteen hundred and twenty-eight," etc.

The amendment was adopted and the resolve as amended by House Amendment A was passed to be engrossed.

The SPEAKER: The Chair lays before the House resolve in favor of the Augusta State Hospital, S. D. 153, tabled by Mr. Foster of Ellsworth, March 16, pending final passage; and the Chair recognizes the gentleman from Ellsworth, Mr. Foster.

Mr. FOSTER: Mr. Speaker, this is another bill along the same line as S. D. 152, and I move that we reconsider the vote whereby this resolve was passed to be engrossed.

Thereupon, the rules were suspended and the House voted to reconsider its action whereby this resolve was passed to be engrossed.

Mr. Foster offered House Amendment A to S. D. 153 and moved its adoption, as follows:

House Amendment A to S. P. 26, S. D. 153, entitled "a resolve in favor of the Augusta State Hospital for maintenance for the fiscal years 1928 and 1929."

Amend S. P. No. 26, S. D. 153, by inserting after the word "repair" in the fourth line of the second paragraph, the words, 'and for printing reports of said institution up to date,' so that said paragraph as amended shall read as follows:

"For maintenance, namely for food supplies, wearing apparel, all articles of personal clothing and materials for their fabrication and repair, and for printing reports of said institution up to date. All materials and supplies incident to the maintenance of the institution and patients or inmates thereof, whether present or absent," etc.

The amendment was adopted and the resolve as amended was passed to be engrossed.

The SPEAKER: The Chair lays before the House resolve in favor of the Pownal State School for additions and improvements, S. D. 169, tabled by Mr. Foster of Ellsworth, March 16, pending final passage; and the Chair recognizes the gentleman from Ellsworth, Mr. Foster.

On motion by Mr. Foster the resolve was retabled pending final passage.

The SPEAKER: The Chair lays before the House joint order relative to investigation of the hydro-electric power of the State of Maine, H. D. 351, tabled by Mr. Morrill of Gray, March 16, pending passage; and the Chair recognizes the gentleman from Gray, Mr. Morrill.

Mr. MORRILL: Mr. Speaker, I have been informed that the bills on the table in the Senate will be taken up by next Tuesday—the water power bills—and I would like to specially reassign this for next Wednesday.

Thereupon the order was retabled and specially assigned for Wednesday morning, March 30.

The SPEAKER: The Chair lays before the House an act to define "Storage Eggs" and "Processed Eggs" and to regulate certain details of the sale and distribution of the same, H. D. 408, tabled by Mr. Robie of Gorham, March 17, pending assignment for third reading; and the Chair recognizes the gentleman from Gorham, Mr. Robie.

Thereupon Mr. Robie of Gorham presented House Amendment A and moved its adoption as follows:

House Amendment A to bill an act to define "Storage Eggs" and "Processed Eggs" and to regulate certain details of the sale and distribution of the same, H. P. 1160, H. D. 408.

Amend said act by adding to Section four the following sentence: "All containers of shell eggs deposited in cold storage shall be marked plainly with date of receipt and date of withdrawal by the officer, or his agents, in charge of the cold storage plants."

Thereupon the amendment was adopted and tomorrow morning was assigned for the third reading of the bill as amended by House Amendment A.

The SPEAKER: The Chair lays before the House ought not to pass report of the committee on Salaries and Fees on bill an act relating to compensation of members of the Legislature, H. P. 240, tabled by Mr. Cyr of Waterville, March 18, pending acceptance of the report; and the Chair recognizes the gentleman from Waterville, Mr. Cyr.

Mr. CYR: Mr. Speaker, I now yield the floor to the gentleman from Old Town, Mr. Lait.

Mr. LAIT: Mr. Speaker, I move to substitute the bill for the report, and request that the Clerk read this bill before any action is taken in regard to the acceptance of the bill in place of the report.

The SPEAKER: The Clerk will read the bill.

H. P. 240, an act relating to compensation of members of the Legislature.

Be it enacted by the people of the State of Maine as follows:

Section 1. Section twelve of Chapter 117 of the Revised Statutes is hereby amended by striking out the word "four" in the second line and inserting in place thereof the word "six", and by striking out the word "five" in the tenth line and inserting in place thereof the word "seven", so that said section as amended shall read as follows:

Section 12. Each member of the Senate and House of Representatives shall receive six hundred dollars for the regular session of the Legislature and two dollars for every ten miles' travel from his place of abode once in each session. He is entitled to mileage on the first day of the session, and one hundred dollars of his salary on the first day of each month thereafter, during the session, and the balance at the end thereof; but two dollars shall be deducted from the pay of every member for each day that he is absent from his duties, without being excused by the House to which he belongs.

The President of the Senate and Speaker of the House of Representatives, shall each receive seven hundred dollars for each session with the same mileage as other members and subject to the same deduction in case of each absence. Any member acting as president pro tempore of the Senate, or Speaker pro tempore of the House shall receive two dollars per day extra therefor.

When an extra session is called by the Governor, the members of the Senate and House of Representatives shall each be paid two dollars for every day's attendance, and mileage as aforesaid.

The President of the Senate and Speaker of the House of Rep-

resentatives at such extra session shall receive, in addition, two dollars for every day's attendance.

Mr. LAIT: Mr. Speaker, I now move that the bill be substituted for the report, ought not to pass, and request permission to address the House on this matter. I will state that I will be very brief on the subject. This calls for two hundred dollars' increase for every member of the Legislature at coming sessions, but does not apply to this session. The members of the House and Senate come here and they go home much poorer than when they first arrived due to the fact that they do not receive enough to meet the expenses incurred in coming here. I believe that the people of the State of Maine do not want men to come here to the Legislature and legislate upon any matters pertaining to the State and give their time without fair compensation. I therefore move the substitution of the bill for the report.

The SPEAKER: The question before the House is on the motion of gentleman from Old Town, Mr. Lait, to substitute the bill for the report. As many as are in favor of this motion will say aye; those opposed no.

A viva voce vote being doubted.

A division of the House was had, Ninety-four voting in the affirmative and 26 in the negative, the motion to substitute the bill for the report prevailed, and the bill was tabled, and ordered printed under the Joint Rules.

The SPEAKER: The Chair lays before the House ought to pass report of the committee on Salaries and Fees on bill an act to provide for compensation of the Justices of the Supreme Judicial Court, the new draft being H. P. 1184, tabled by Mr. Thurston of Appleton, March 18, pending acceptance of the report; and the Chair recognizes the gentleman from Appleton, Mr. Thurston.

Mr. THURSTON: Mr. Speaker, I move the acceptance of the report.

Mr. DEERING of Saco: Mr. Speaker, I move that this lie on the table.

Mr. WING of Auburn: Mr. Speaker, I ask for a division.

The SPEAKER: A division is requested. As many as are in favor

of this report lying on the table—

Mr. LOWELL of Lincoln: Mr. Speaker, I heartily concur with the gentleman from Saco,—

The SPEAKER: The motion is not debatable. As many as are in favor of the motion to lie on the table will rise and stand until counted and the monitors will return the count.

A division of the House being had.

Sixty-one voting in the affirmative and 58 in the negative, the motion to table prevailed.

The SPEAKER: The Chair lays before the House an act relating to approval by the Public Utilities Commission of issues of stock, bonds, notes or other evidences of indebtedness by public utilities corporations, H. D. 103, tabled by the gentleman from Cape Elizabeth, Mr. Chase, March 18, pending third reading; and the Chair recognizes the gentleman from Cape Elizabeth, Mr. Chase.

Mr. CHASE: Mr. Speaker, the question on this bill is involved with that on another bill tabled by me earlier this morning, and I will ask the Chair whether I should explain the proposition relative to both bills at this time or ask to retable this one to be taken up later with the other. It makes no difference to me except that it is not now in order.

The SPEAKER: The Chair would rather feel that if both bills could be considered at one time it would expedite business.

Thereupon the bill was retabled pending third reading.

The SPEAKER: The Chair lays before the House under tabled and today assigned ought not to pass report—committee on Taxation—on bill an act to raise an excise tax on corporations organized for making, generating, selling, distributing and supplying electricity or electric current for power, lighting, heating, manufacturing or mechanical purposes, H. P. 919, H. D. 246, tabled March 17 by Mr. Wing of Auburn pending acceptance of report, and the Chair recognizes the gentleman from Auburn, Mr. Wing.

Mr. WING of Auburn: Mr. Speaker and members of the House: I move to substitute the bill for the report. If the members of the House will turn to their files and look at House Document 246, they will observe the bill

we are discussing. This bill provides that "public service corporations doing business in the State and under the jurisdiction of the Public Utilities Commission and organized for making, generating, selling, distributing and supplying electricity or electric current for power, lighting, heating, manufacturing, or mechanical purposes incorporated under the laws of this State or by special act of the Legislature, or doing business therein, shall annually, between the first and fifteenth days of April in each year, return to the Secretary of State under oath of its Treasurer, the amount of the capital stock of the corporation both common and preferred; the number and par value of the shares; a complete list of its shareholders, with their places of residence, and the number of shares belonging to each, on said first day of April."

The next section provides that each corporation shall pay an "annual excise tax for the privilege of exercising its franchises and the franchise of its dams, power stations, power and transmission lines, switch boards and other property, and which said annual excise tax shall be in addition to all taxes upon such public service corporations, their property or stock."

Section three provides that the company shall return "the total number of kilowatt hours sold during the taxable period of twelve months and the gross income received therefor, and that they shall report this to the State Board of Assessors on or before the first day of February following, and on that gross income is assessed a tax of four per cent.

Section four provides for the assessment of the tax and notice to the corporation, and section five for the payment of the tax, and section six for methods of ascertaining whether there are errors or mistakes. Section eight provides for companies whose gross revenue is not more than fifty thousand dollars.

At the present time I do not know how many preferred or common stockholders I am speaking to who are members of this House. I can go to the Secretary of State's office and ascertain the stockholders of the railroads of the State but I cannot go anywhere in this State House and ascertain who are the stockholders of the hydro-electric companies, commonly called the electrical companies. I have not a doubt there are mem-

bers of this House who are preferred and common stockholders of these companies. I am not attempting to argue to you that it is a wrong thing to own such securities. But I do think it is a fair thing to know whether the House may be prejudiced by its ownership of securities when it approaches a matter of this kind, or not.

Now, why this tax? All taxes on real and personal estate assessed by the authority of the State shall be apportioned and assessed equally, according to the just value thereof. But the Legislature has the power of levying a tax on intangible personal property at such rates as it deems wise and equitable without regard to the rates applying to other classes of property. That is a constitutional provision of the State with reference to taxation, based upon the proposition that taxes upon real and personal estate shall be apportioned and assessed equally. It provides for a different rate upon intangible property. Now section three of chapter ten, as amended by the laws of 1917, that very precious volume, chapter fifty-two, provides that real estate for the purposes of taxation etc. includes lands etc., and it includes in that section, by the amendment of chapter fifty-two of the laws of 1917, "all transmission lines of electric light and power companies."

Section four of the same chapter provides as follows: "The buildings of every railroad corporation or association, whether within or without the located right of way, and its lands and fixtures outside its located right of way, are subject to taxation by the cities and towns in which the same are situated as other property is taxed therein, and shall be regarded as non-resident lands."

In other words, in section three of chapter 10 is a provision providing for the taxation of the transmission lines of electric light and power companies as land, and in section four there is a provision that the buildings of every railroad corporation shall be taxed as land in the towns where they are situated, as non-resident land. I shall return to that when I undertake to show you the amount of taxes that the railroads pay on their non-resident land, so-called.

Now the State has recognized, from time to time, this principle of an ex-

cise tax. There is a tax of five and a half per cent on the gross receipts of steam railroads; there is a tax of four per cent on the gross receipts of electric railroads; there is a tax of nine per cent on the gross receipts of parlor cars; there is a tax of six per cent on the gross receipts of telegraph and telephone companies; there is a tax of four per cent on the gross receipts of express companies. This bill proposes to join to the other public service companies of the State which pay an excise tax, the electric companies of the State, and compel them to pay an excise tax together with every other public service corporation in the State. In other words, it equalizes taxation in accord with the fundamental rule of fairness as set forth in the Constitution of the State. It asks by this legislation that the electrical companies of the State make their contribution by way of excise tax just the same as steam railroads and electric railroads and parlor car companies and telegraph companies and telephone companies and express companies.

Keep in mind all the time, members of this House, that the railroad, in addition to its excise tax, pays the tax required by section four of chapter ten upon the buildings of every railroad corporation or association, within or without the located right of way. I hope I have made it clear to you that every public utility in this State except the electrical company, so-called, pays an excise tax. I hope it is clear in your minds that the electrical companies, likewise public utilities, pay no excise tax.

Now what are the results of taxation by way of excise? In 1926 the steam railroads paid a tax of \$1,904,615.52; the parlor cars paid a tax of \$2,361.71; the telegraph paid a tax of \$25,003.91; the telephone a tax of \$273,082.96; and the express companies paid a tax of \$49,649.65. These figures are taken from the Auditor's report. For the purposes of comparison, these same companies, for the year ending June 30, 1925, paid as follows: The steam and electric railroads paid a tax of \$1,917,459.64; the parlor cars paid a tax of \$6,445.02; the telephone paid a tax of \$246,103.05; the telegraph paid a tax of \$22,878.22; and the express companies paid a tax of \$53,907.12.

You will see that the steam and electric railroads run about \$1,900,000., and that the telephone runs in the neighborhood of \$250,000. to \$270,000., and the express comes right around \$50,000. That is a tax by way of excise. That is a tax which produces revenue to pay the increased salaries of members of the Legislature, to build buildings, to erect court houses, and to maintain the dignity of the State. Nobody complains about the tax. We are interested in the proper disbursement of the tax.

Now in addition to these excise taxes, the State continues, along in the same chapter, and provides that insurance companies shall pay taxes, that is, an insurance company is taxed on its real estate, on its premiums, and on its surplus. The taxation of insurance companies, under chapter nine, produced \$381,552.32 in 1925; it produced \$404,495.59 in 1926. Those are insurance companies.

There is such an institution in the State of Maine as savings banks. Are they free from taxation? Oh no! The State taxes them, and in 1905 there was received from the savings banks of the State \$209,439.39, and in 1926 they received and took from the savings banks, the small depositors, \$208,003.63. Savings banks are taxed in addition to their lands, on their deposits. They also tax, under this same chapter, loan and building associations, and in 1925 these associations paid a State tax of \$1,776.36; in 1926, they paid a tax of \$1,790.28. They tax foreign banking associations and corporations, and then continuing in this same chapter, which provides for all this taxation, they tax trust and banking companies on the same theory of taxation that I am trying to persuade the House to adopt for the electrical companies of the State. In 1925 they took by way of tax from the trust and banking companies, under this same chapter nine which provides for the excise tax on railroads and all the rest of these public service corporations, \$198,422.23, and in 1926 they took \$201,377.06 taxation! Now you will recall that I called your attention to section four of chapter ten, where it says that the buildings of every railroad corporation or association within or without the located right of way, and its lands and fixtures outside the located right of way, are subject to

taxation by the cities and towns in which they are situated, the same as other property is taxed therein, and shall be regarded as non-resident land.

Now I have heard it said that the railroads did not pay any tax, that they were not taxed the same as other people, that they pay this tremendous excise tax and then do not pay a tax such as the electrical companies pay. Well, in addition to the taxes by way of excise, which you will remember were about \$1,900,000 in the year 1926, the railroads of this State, both steam and electrical, paid, under this section four of chapter ten, a tax of \$380,394.78; for their lands and buildings outside their located right of way these transportation companies paid a tax of \$380,394.78. I am not standing here in your presence and saying that the electrical companies do not pay any tax, because they do. They pay a tax on their transmission lines, pole rights, etc., under this section that I read to you when I first began to trouble you with all these figures and details. They paid a tax of \$728,491.85 on a value of rising \$18,000,000 worth of property. That is, the \$18,000,000 worth of property that the electrical companies have in this State contributed to the public welfare the sum of \$728,491.85.

In order that it may be clear in the record about the amount of tax paid by the railroad properties, I will read into the record a letter dated March 16th, addressed to me by the Board of State Assessors. I quote it: In answer to your request for the total amount of tax paid on railroad property in the various towns and cities in this State, we will advise that the amount paid by steam railroad property is \$332,667.78; the amount paid upon the street railroad property is \$47,737. This is the tax paid upon the buildings located upon the right of way and upon all property which they held located outside the right of way, and is approximately correct. Very truly yours, Board of State Assessors."

Now I come to the question of the amount of tax. You will recall that there was an order passed here having to do with certain details with reference to the electrical companies. As a result of that order there is a document, House Document 318, and if you will examine that

you will find that the gross revenues of the nine large companies, in 1925, were \$8,160,902.02. If you raise a tax by way of excise at the rate in this bill, you will produce a tax of \$326,436.08. I am not particular about four per cent; I am not particular about three per cent; and I am not particular about seven per cent. But I am very particular about some per cent by way of fairness. If you take the figures for 1924, the gross revenues of the nine companies were \$6,652,237.57, and you will see that from the year 1924 to the year 1925 these companies increased their gross earnings by two million dollars. That shows their constantly expanding business. It shows conclusively their expanding and increasing earning power. At four per cent, if these companies had been taxed on that gross revenue in 1924, that would have raised a tax of \$266,089. Now go back to the amount of tax that these companies do pay. You will recall that I said it was in the neighborhood of \$728,000. The value of the electric light and power company property as revealed by the report of the State Assessors for 1925 and 1926, page 138, is \$18,049,823. With all the Town assessors and all the State assessors, in other words, with all the "King's Horses and all the King's Men,"—all they could find to tax was rising \$18,000,000, and the State tax of seven mills produced \$728,000 of which I spoke. So that, as near as you can come to it, these electrical companies did pay a tax of \$728,491.85.

Now, if such a tax as I propose is justified and fair, is it decent—you see I do not know whether I am talking to men who are to be moved by their ownership of stock or not; I would feel more comfortable if I were addressing a jury, if I knew whether or not the jury was some relation to the plaintiff or the defendant. But I know enough to know that there are men within the sound of my voice who are members of this House who own these securities. I do not complain of their owning them. I only complain of their selfishness in their ownership in opposing this kind of a measure which, to my mind, appeals to the public good and provides a way and a means for taking care of the dependents that we have heard it stat-

ed here were sleeping three in a bed, so to speak, in some of these State institutions.

Now a very interesting thing concerning these electrical companies is the constantly expanding capital of them. The amount of stocks and bonds in 1925 of the electrical companies, if I have it here correctly, amounted to \$69,326,194.11. Those figures were furnished me under the name of the Public Utilities Commission January 10, 1927. They amounted to \$69,326,194.11. In 1926 these stocks and bonds of these electrical companies had gone from that figure up to \$72,250,070. Now in 1925 the returned property of these electrical companies was \$17,881,957, and on that value of \$17,881,957, they had mortgaged it for \$35,353,300, and in 1926, on a value of \$18,049,823 worth of property they had mortgages outstanding of \$37,597,300. In other words, they had mortgaged it for nearly twice its value and then had left \$34,670,720 worth of common stock to engage in the very pleasurable proposition of determining what the unearned increment was worth. Just think of it! Mortgaging \$18,000,000 worth of property for \$37,000,000, mortgaging \$17,000,000 worth of property for \$24,000,000 selling it to you people and to everybody else, and then saying that with this constantly expanding capitalization it is not able to share in the public burden by paying a modest sum into the treasury of the State!

They say it would be passed on to the consumer. Don't let that disturb you in the least. As long as this capital continues to increase, as long as there is such a constantly increasing growth, as long as there is this expanding profit which permits this kind of mortgage, there is a spread in these earnings that justifies this tax before you pass it on by way of mortgage and preferred stock to the investor. There is that spread that the State is entitled to tax and to have some return thereon.

Now the growth of these electrical companies is very interesting. They are called electric light and power companies on the books of the State. That is the old word. When we started in with what is now called hydro-electric companies, they called them electric light and power companies. That is for the reason that

light was the principal use of their energy. So they were called electric light and power companies. In 1903 the value of the electric light property in Maine was \$1,270,000 without the odd cents. That figure has constantly grown from 1903, when it was \$1,270,865 until, in 1926, they have \$18,049,823. They paid a tax on this property, in 1903, of \$25,735.02., and in 1926 they paid \$728,491.85. Now the interesting thing about that is that if you will turn to this order to which I have called your attention, you will observe that the Public Utilities Commission says: "Such securities as have been authorized by the Commission have been on the basis of one dollar for every dollar of investment as evidenced by the records of the utility properly supported by vouchers and by evidence when required." All the assessors, towns, cities and plantations, supplemented by the remarkable efforts of these State assessors whose job it is to equalize the assessment of taxes, can only find rising \$18,000,000 worth of property to tax, belonging to the electrical companies of the State.

If you go into another Department at the State House, you will see the Public Utilities Commission saying that against this \$72,000,000 worth of securities there is a dollar for every dollar of value there. In other words, the Public Utilities Commission says there is undoubtedly and without denial rising \$72,000,000 worth of property, and you can go over into the other end of the State House and all they can find is \$18,000,000. worth of property. This presents a very interesting situation.

Now I am aware that this House is not going to support this measure I am not fooling myself at all that this House is going to vote for the motion I have made. I am not fooling myself like that. I know enough to know that it is something of a proposition to face the unanimous report of a Committee that has been persuaded that this kind of a tax is going to be passed on to the consumer. I am not fooling myself about that at all. I am interested in bringing to the attention of this House and of this Legislature, and, I hope, to the attention of some citizens, the expanding earnings, the expanding of the capital of these companies. I regret that there are unfortunate men and women in these hospitals who are

not well taken care of. I regret that we cannot all ride on concrete roads. I heard the Senate the other day discussing the needs of the State Library, and I heard my neighbor and friend, Mr. Holmes, the minority party in the Senate, speak to that measure.

I have heard glib talk here in this State House as to a tax on gasoline. It seems to be in the minds of the Legislature that they are perfectly willing to tax gasoline; but if you attempt to lay your hand on a situation that discloses bonds of \$34,000,000 on \$18,000,000 worth of property, on a situation that shows constantly expanding growth, if you touch that situation it is very, very dangerous and a representative who argues such a proposition is accused of being a Red and a Radical.

Now I wish to leave this with you. You have been patient with me and I am grateful. I wish to leave with you this idea—I am not persuaded that you are going to vote with me. Don't let that disturb you at all. I know you are not. I have been listening to arguments all winter. I know you are not going to vote with me. But I want you to remember this—that in addition to this \$1,900,000 tax that the steam and electric railroads pay, they pay nearly half as much tax as this tremendously capitalized dollar for dollar, the Public Utilities Commission say,—that they pay on their properties, just about half on their buildings, on their land outside the right of way, just about half what this \$72,250,020. enterprise and accumulation of capital pays on their pole rights and transmission lines.

Now is that quite fair, that the transportation companies of the State, which carry the life of our commerce, upon which we are so dependent that if they should fail we should all be bankrupt—is it quite fair to make the transportation companies bear such a burden both by way of excise and by way of property, if you please, and to allow \$72,000,000 worth of value to pay a tax of about seven hundred odd thousand dollars? Is it quite fair? Does it appeal to you, aside from your sense of your pocket book, does it appeal to your sense of fairness? Is it quite the right way to do? Is it fair for them to say we cannot afford this and cannot afford that, and to have our good friends on the Appropriation Com-

mittee stand up and put these bills that carry appropriations on the table, and then let them stay a day or so and then rise up and fix them by Amendment A, so as to reduce the amount? And the next day there is another one that carries money, and our genial friends stand up again—we all like them—and put on another Amendment A. Would it not be just as well for us to have some of these things? If we are going to increase the salaries of everybody, if we are going to increase the salaries of the Legislature, if we are going to constantly add to the overhead, we must provide the revenue. And I say, in all sincerity, that this is a fair way of meeting the situation and of raising a tax.

Now I suppose it may be argued to you that in the Smith bill, which has to do with the transmission of developed and undeveloped surplus of hydro-electric energy beyond the State, there is a gesture (it is nothing more than a gesture) of paying \$250,000 for rural electrification, and that is the equivalent of a tax. I do not know whether the Smith bill will pass or not. I do know that when we tried to write into that bill that that \$250,000 should be no part of the basis for rates upon what the rural user should pay, they said, "Oh no, oh no, we cannot do that. We will give you the \$250,000, and loan you the money and you put up the rest,—and you will keep right on paying just the same. We want that to take care of the financial situation." Now I say that this \$250,000 is a swap, that this bill is for a reality.

I know that I am not persuading you. I know just how you are going to vote. You are not going to support me. It raises too much revenue. It would provide a way to have another hospital built perhaps. It may provide a way to pay some of the claims that my good friend Rounds wants to pay. But you are not going to vote with me. You prefer to tax gasoline. It is easier. I understand that very clearly. But if you can tell me quite regardless of our friend, the ultimate consumer, whether it is right and fair to make every other public utility pay this tax and let this accumulation of rising \$70,000,000 worth of property go free, if you can persuade me that that is right and fair, and expedient, I am willing to be shown, but I cannot see it.

Do not be concerned about this

ultimate consumer. He appears in the person of the associated industries at the hearing and wept crocodile tears over the idea that industry should have to pay any part of this tax. He always appears. Don't let this ultimate consumer disturb you at all. If you will keep in your mind the spread between the revenues of these companies, their gross and their net, their expanding capital, the undoubted fact of their property—don't let that ultimate consumer be carried away into a capitalization of the unearned increment. We might as well have the unearned increment or the potential increment or the exact increment, we might as well have some of that by way of tax as to have it capitalized and sold for the benefit of the owners of these companies. The State may just as well have some of that potentiality by way of taxes as to allow these companies to take it and sell it for profit. Are these companies prosperous? Let me read you a headline of the earnings of the Bangor company, the February earnings. This is from the Bangor Commercial. February Earnings Hydro-Electric show fifty-five per cent increase. Bangor Company's gross earnings for the month of February, 1927, were \$162,604, against \$144,912, in February, 1926; surplus before earnings in the month of February this year, \$47,935. Earnings of this public utility for the first two months of the year are also maintaining the same ratio of increase with an increase in net after all payments of \$6,498, or of more than nineteen per cent. February earnings of the Bangor Hydro-Electric Company after provision for both preferred and common stock dividend show an increase of nearly fifty-five per cent over the corresponding month of 1926. Look out for the ultimate consumer in that 55%! Is it noised about this State House that the Bangor Hydro-Electric Company is to give the ultimate consumer in Bangor any of that 55%? Oh no! He is not going to have any of that. And I am persuaded that this House is not going to permit the State to have any of that. You are not going to vote for this bill. You do not want any of that 55% by way of tax! I understand that perfectly. I am simply trying to show you that there is an opportunity. I know you will not take it. Your minds are all made up. I am up talking right up

against a stone wall. I understand that. But when you undertake to say of that 55% that the State should not have some part of it, and you gentlemen have to go home and explain that to some Rotary Club or Kiwanis club, send for me. (Laughter and Applause) I continue to quote from the Bangor Commercial: "This remarkable showing was achieved after giving effect to the addition of 5000 shares of common stock which were not outstanding a year ago." Look out for this ultimate consumer in the 5,000 shares of common stock! Keep your eye on him! What do you suppose that common stock is going to sell for about as soon as this Legislature adjourns? (Applause) What did the common stock of the Central Maine Power Company sell for after the Legislature of 1925 adjourned? During the Legislature it sold for thirty-five or forty, and after the Legislature adjourned it sold for a hundred and forty. (Laughter and applause) What do you suppose this additional stock means? Does it represent value because the Public Utilities Commission says there is a dollar back of everything? What do you suppose these five thousand shares will sell for after we have gone? Remember what I say to you, that after this Legislature has gone, and we have all gone home and rested and refreshed ourselves,—remember that the man from Auburn asked you to remember what the common stock of the Bangor Hydro-Electric Company was going to sell for after the Legislature adjourns! (Laughter) Now you have been very patient with me. I have not anything more to say. I think this is a fair tax. I have shown it by figures. Figures are not interesting at all, but I think I have shown you this—that these companies have shown a constant increase in property value; that they went from rising a million dollars in 1903 to rising eighteen million in 1926; and that that eighteen million has been successfully mortgaged for rising \$37,000,000. And the common stock following that, and the preferred. I have shown you that the railroads themselves pay on the same kind of property as do the electrical companies, and they pay nearly half the amount of taxes that way as do the railroads. I have shown you that the railroads pay, the steam and elec-

tric railroads, rising \$1,900,000. I have shown you that on \$72,000,000. worth of property these companies only pay a tax of about \$728,000. And I know you are not going to vote for my bill. (Laughter)

Now, gentlemen, I am grateful. I hope you will remember, after this Legislature has gone and has adjourned, some of the things I have said to you. And I move the substitution of this bill for the report. (Applause)

Mr. CHASE of Cape Elizabeth: Mr. Speaker, I would be reluctant to let this debate close, without giving the gentleman from Auburn (Mr. Wing) an opportunity to look upon the face of one of those stockholders whom he suspects to be within the sound of his voice. (Laughter.) It seems to me it is a funny thing that I, and perhaps some others of you who happen to own property in the State of Maine, who put our money at work at home, cannot come to the Legislature with the additional knowledge which comes to us by reason of our ownership in the businesses—the public utilities and the railroads of this State—without being accused of selfish motives when we attempt to portray a real picture. I think I should go further and take advantage of the opportunity to say that I have been interested in the securities of the Bangor Hydro-Electric Company, to which the gentleman refers; and before I forget it I want to say that in all the things which I have heard said about the securities of that company, and I have heard many, as have the salesmen who work for me, I have never heard such a wonderful selling talk on the securities of that company as we have just heard from the gentleman from Auburn; and I think we have an opening for him in our organization whenever he desires to suspend the practice of law. (Laughter.)

On the proposition of 55 per cent increase, which I do not think can properly be adduced from the figures which were given, I would like to remind you that it is difficult from a one month's statement of earnings to get a true picture of the situation of the company. I would like further to say that the stock which the gentleman inquired about as being sold recently there, to my knowledge sold at one hundred dollars a share. As

to what it may sell for after the Legislature adjourns, I have no idea, but it is for sale.

On the proposition of valuation, you gentleman all know that the valuation of the State Assessors is not a basis for true value, and you know that when you come to take the taxable value of property—this property or any property in the State of Maine—and say that that is what it is really worth, you are not reasoning from a true basis. The proposition of the property being mortgaged for \$37,000,000 and only taxed at \$18,000,000, in order to compare that you have only got to think how many houses there are in your own city or town which are mortgaged for twice what they are taxed at, and you know there is a lot of them.

This excise tax, in comparing the proposition to which the principle of an excise tax has been applied, I think you ought to consider the difference between the types of companies to which it has been applied. The excise tax which was placed upon parlor cars, express companies, insurance companies, banks and other companies doing business in the State, has been shown to be upon companies which did not have tangible property in the cities and towns of the State which could be taxed in the regular manner as real estate and personal property. Now the proposition of an excise tax on the railroads, when originally designed, proceeded from the same principle. They started the excise tax, I think, in 1875, and I always thought in violation of the original charters which said that the State government could put a tax on the franchised property of the railroad. At that time there was a great deal of agitation against the railroad which in Maine I think was unjustified. Furthermore, construction was going on on the great through line through Maine, and they were going to divert all the traffic out the West down through the Maine Central, the European and North American system, down to Halifax. This was going to be right on the main line from London to New York. At that time they felt there would be a large amount of earnings which would not be derived from property taxable in the State.

Now the situation does not seem

comparable when you apply it to the power companies when everything they own is located in these cities and towns. If the cities and towns do not tax them for what they are worth I do not see that that is anything for the Legislature to consider. Is not that for the cities and towns to work out? They are probably taxed on the same basis as other property is, and in what instances I have seen they are taxed a good deal higher. I think I will say no more. (Applause)

Mr. McINTIRE of Norway: Mr. Speaker and members of the House: I am probably one of those whom the gentleman from Auburn (Mr. Wing) classified as a near relative of the defendant, as friends of my family and members of my family are stockholders. I also am one of the ultimate consumers, but in spite of all that I consider the position of the gentleman from Auburn is well taken. I submit that until we change our whole method and system of taxation the proposed tax is just and should be imposed.

Mr. HALE of Portland: Mr. Speaker, may I inquire the Chair's ruling on the Joint Rule No. 17 as to whether a stockholder of a public utilities corporation has a right to vote on the motion of the gentleman from Auburn.

The SPEAKER: The Chair will rule, and feels that it is backed by many precedents, that a member to be deprived of the right to vote must have a direct pecuniary interest in the matter before the House, and the Chair does not feel that a stockholder in a public utility corporation has such a direct pecuniary interest. However, the Chair would also feel that if any member who is a stockholder of such a corporation did not wish to vote, he should not be required to vote and can be guided by his own conscience in the matter.

Mr. HALE: Mr. Speaker, may I further inquire whether the ruling of the Chair that holds that a stockholder may vote under Rule 17 is appealable?

The SPEAKER: The ruling of the Chair can at any time be appealed from. Does the gentleman wish to appeal?

Mr. HALE: I do not, Mr. Speaker. Mr. WING of Auburn: Mr. Speaker, I ask for a division.

The SPEAKER: A division is requested. Is the House ready for the question? As many as are in favor of the motion of the gentleman from

Auburn (Mr. Wing) to substitute the bill for the report will rise and stand until counted and the monitors will return the count.

A division being had.

Ninety-one voting in the affirmative and 33 in the negative, the motion to substitute the bill for the report prevailed. (Applause)

Mr. WING: Mr. Speaker, I now move a reconsideration of that motion and of course I hope it will fail.

Thereupon a viva voce vote being taken, the motion to reconsider failed of passage.

Mr. WING: Mr. Speaker, the bill is printed as I understand it?

The SPEAKER: It is.

Mr. WING: I now move that the rules be suspended and the bill be given its three several readings at this time and be passed to be engrossed.

Mr. CHASE of Cape Elizabeth: Mr. Speaker, the gentleman from Auburn (Mr. Wing) occupied, I believe, well over an hour in the exposition of the argument and figures upon which he bases his opinions in favor of this bill. I spoke on the proposition two or three minutes and I anticipate there may be others who would like to speak on it. Mr. Wing's own conviction was that the bill would fail. It seems to me that there remains a great deal to be said on the subject, and, if I desire to do so, I think I could speak and that perhaps others could speak quite a while on an analysis of some of the figures which have been presented here.

Mr. WING: Mr. Speaker, I rise to a point of order.

The SPEAKER: The gentleman will state his point of order.

Mr. WING: The gentleman is not speaking to the motion.

The SPEAKER: The gentleman will address himself to the motion.

Mr. CHASE: Mr. Speaker, I am speaking against the proposition of rush action at this time before the other side has had an opportunity to be heard.

The SPEAKER: The gentleman may proceed.

Mr. CHASE: I think I am all through now. (Laughter and applause.)

Mr. MERRILL of Dover-Foxcroft: Mr. Speaker, is it in order for me to say, as Mr. Chase has said, that there are reasons that I had expected to adduce against substituting the bill for the report? I, too, withheld because

of the fact that so much time had elapsed, and I would simply reneforce, if I may, what Mr. Chase has said.

The SPEAKER: The question before the House is upon the motion of the gentleman from Auburn, Mr. Wing, that the rules be suspended and the bill be given its three several readings at this time.

Mr. HAMEL of Lewiston: Mr. Speaker, may I say that of course I am in opposition to the substitution of the bill for the report. I am not heartily in favor of an indirect tax. I believe that such a tax would increase our electrical bills. I am a business man and I believe that any business man will think as I do. I know—

The SPEAKER: The gentleman should confine himself to the motion of the gentleman from Auburn (Mr. Wing) which is that the rules be suspended and the bill be given its three several readings at this time. The rules require a vote of two-thirds the members present. Is the House ready for the question?

Mr. CHASE: Mr. Speaker, I have no objection to the bill having its first two readings at this time. I would vote against a suspension of the rules without an opportunity for the opponents of the bill to be heard when the bill comes up for its third reading; but I have no objection to its having its first two readings now.

The SPEAKER: The Chair will state that the rules do not have to be suspended to give it its first two readings as this is a printed bill.

Mr. WING: Mr. Speaker, I have no desire to embarrass the gentleman from Cape Elizabeth (Mr. Chase) or to prevent his having an opportunity to speak. I supposed he had finished his argument. If it is the wish of the House that this matter be debated further, far be it from me to stop it; and with the permission of the House, Mr. Speaker, I will withdraw my motion and ask that the bill have its two several readings at this time.

Calls of "No, No."

Mr. WING: Mr. Speaker, I insist.

The SPEAKER: The Chair notes that this is a House Document and the rules would have to be suspended for the first two readings. The question before the House is upon the motion of the gentleman from Auburn, Mr. Wing, that the rules be suspended and the bill be given its three several readings at this time and be passed to be engrossed. This requires the two—

thirds vote of the members present. As many as are in favor of this motion will rise and stand until counted and the monitors will return the count.

A division being had, Ninety voting in the affirmative and 37 in the negative, the motion prevailed.

Thereupon the bill had its three several readings under suspension of the rules and was passed to be engrossed.

Mr. Hale of Portland was granted permission to present an order and moved its passage:

Ordered, that when the House rises this forenoon it be to recess until 4.30 o'clock this afternoon.

Mr. WING of Auburn: Mr. Speaker, I wish the gentleman from Portland would fix the hour at five. I think he has forgotten the very important matters which we have before our committee. If we had that half hour, I think we could well be here.

Mr. HALE: It is immaterial to me. Mr. Speaker. If the gentleman from Auburn wishes to amend the order, I will leave it to the House.

Mr. GREENLEAF of Auburn: Mr. Speaker, I would say that I have a matter assigned for today as to which I expect to bring up quite a few arguments in favor of my position; and as I understand the opposition to my motion will have considerable to say in the matter. I presume there is a matter coming shortly before this House which is somewhat anticipated and which will use up the rest of the forenoon. I hope in the interest of the business of the house that the order will have a passage.

The SPEAKER: Does the gentleman from Auburn, Mr. Wing, offer an amendment?

Mr. WING: Mr. Speaker, I offer an amendment that the hour be fixed at five o'clock.

The SPEAKER: The gentleman from Auburn, Mr. Wing, moves that the order be amended by substituting in place of "four-thirty o'clock" "five o'clock."

A viva voce vote being taken, the amendment was adopted, and the order as amended received passage.

The SPEAKER: The Chair lays before the House a veto message from the Governor which the Clerk will read.

STATE OF MAINE
OFFICE OF THE GOVERNOR
AUGUSTA

March 24, 1927.

TO THE HONORABLE SENATE
AND THE HOUSE OF REPRESENTATIVES:

There is returned herewith without my approval AN ACT Relating to the Excise Tax on Railroads.

This measure inaugurates the so-called gross-net plan for taxation upon the railroads of this State with the immediate effect of reducing the taxes upon the railroads of Maine by \$250,000 for each of the next two years. Its results thereafter cannot be anticipated but offer serious prospect of the disruption of the finances of the State by a possible variation of 40 per cent in the evenues from this source.

This reduction does not affect the Bangor and Aroostook Railroad Company in any way. The Maine Central Railroad Company benefits to the extent of \$170,000.

In 1925 the Maine Central Railroad Company showed a surplus of \$1,100,000 or 8½ per cent upon its common stock. In 1926 this railroad showed a surplus of \$1,270,000 or more than 9 per cent upon its common stock. For January of this present year the net revenue of this Company from its railway operations showed an increase of 30 per cent over January of a year ago. At this rate its surplus for the present year would amount to more than \$1,600,000 or 14 per cent upon its common stock.

The railroad representatives have made it entirely clear that tax reduction does not and cannot mean rate reduction since the railroad may still materially increase its earnings without exceeding the limits allowed by the Interstate Commerce Commission. This means that the prospective \$1,650,000 surplus during this next year will be increased by \$250,000 taken from other tax-payers in the State of Maine. The earnings of 14 per cent upon its common stock will be raised to 16 per cent as a result of this contribution alone made by the industries and farms of Maine.

The textile mills and shoe factories of Maine face problems. Some have been obliged to close. Their net in-

come and their gross income in some instances, have both alike disappeared, yet to their backs must be transferred the burden that is taken from this prosperous railroad in our State.

Preliminary estimates of the committee on appropriations show proposed increases in state expenditures amounting to \$2,500,000. This would mean a 50 per cent increase in direct State taxation for each of the next two years upon agriculture and industries, certain of which are finding it difficult to carry on.

The closing of certain mills and factories means distress for a great number of people dependent directly or indirectly upon the money that they disburse. All these citizens of our State in our factories and stores and upon our farms must contribute their share to such portions of this \$2,500,000 as the State may find it necessary to raise and in addition from their depleted pockets during the next two years must contribute \$500,000 to the coffers of two railroads that serve our State.

During the last campaign and in the Inaugural Message there was strong endorsement of the necessity of tax-reduction and the equity of distributing this reduction among all the tax-payers of our State. The Budget Committee constituted by the Legislature with Legislative representation upon it in the person of the chairman of the Committee on Appropriations on the part of the Senate and the House for the past two years presented a budget that was believed adequate to care for all the activities of the State and still left a margin for that tax-reduction that is of such critical importance at this time. The estimates of the budget committee were equal to the record level of appropriations for our departments and institutions that was reached two years ago. Never before in our history had there been such generous provision for the welfare of all those dependent upon the bounty of the State. Now it is proposed to carry those record expenditures to new heights with increases of from ten to fifty per cent in many of the forty-six departments and institutions that the State now carries on.

If these record expenditures are necessary it seems impossible for the

State during the next two years to contribute \$340,000 to what is probably one of the most prosperous enterprises now being carried on within our State with earnings that would inevitably exceed 15 per cent upon its common stock each year.

Determination of the expenditures that will be necessary during the next two years will reveal whether it is possible to reduce the taxes upon the citizens of our State. If a reduction is possible the equitable distribution of the relief would follow in due course.

To reduce taxes before determining expenditures is putting the cart before the horse.

Until it is possible to determine the burdens it will be necessary to impose upon the farmers and the industries and the merchants of our State it is impossible for me to accept the responsibility of relieving a prosperous railroad to the amount of \$340,000 and placing it upon industries and farms and merchants that are in many instances in a far different plight.

In discussion of this measure there is frequent insistence that the welfare of the State is dependent upon the prosperity of our railroads. This is no more true, however, than it is to say that the welfare of the State is dependent upon the prosperity of our factories or our farms. In fact, it is probably less true since industry and agriculture must generate the life blood of commerce upon which the railroads alone can thrive. The farmers and the manufacturers of Maine produce the golden egg without which our transportation systems could not endure for a day.

This railroad tax reduction means that the City of Portland in the next two years must contribute \$50,000 to make up the deficiency. The industries of Maine will find \$125,000 added to their tax-bill and must continue to pay the same freight rates, since the railroads very frankly state that this cannot mean a reduction in transportation charges. Every farmer in Maine must take two dollars out of his pocket and add it to the million dollar and constantly growing surplus of the chief railroad of our State.

GENERAL REVENUE

The revenues of the State for the

past four years from this railroad tax have been as follows:

1923	\$2,305,000
1924	2,385,000
1925	1,911,000
1926	1,914,000

Under the estimates submitted by the representatives of the railroads the income to the State under the proposed plan for the current year would amount to \$1,650,000. This means a shrinkage in four years of \$735,000 in the annual revenue of the State from this source or more than a mill that must consequently be added to our direct state tax.

There is no business in the State that could endure a reduction in income from one source of \$750,000 in four years, and yet that is the result of the proposal here presented, if the income of the State from railroad taxation in 1924 is compared with the return that would be received in 1928. This loss in revenue of \$735,000 annually must be made up by the farmers and industries of Maine.

The present system of railroad taxation in its inception very materially reduced the taxes upon these corporations. Railroad influence was then powerful. Later the rate of taxation was raised to its present level with the full approval of the railroads rather than submit to the system of taxation for railroads that prevails in most of our sister states and the system under which all other property in Maine is now taxed.

The chief argument that has been used for this tax reduction has been the contention that Maine railroads are taxed more heavily than those in other sections of the United States. Nine per cent earnings upon the common stock and the fourteen per cent earnings that are in prospect are a rather conclusive answer to the suggestion that the railroads of Maine are over-burdened by the State. Maine must be a railroad bonanza if such earnings can accompany too burdensome a tax.

The present tax is attacked as the highest excise tax, with one exception, in the United States. You have not been told, however, that only a very few states in the Union use this system for a levy. Thirty-four states use the system of ad valorem valuation treating railroad properties by the same general system by which other properties are taxed. Would

the railroads of Maine desire to adopt the system that is so nearly universal throughout the United States?

The tax return per mile of road in Maine is practically the same as the average tax per mile of road throughout the United States. Certainly insofar as the Maine Central Railroad Company is concerned conditions upon its lines are not so different from the average through the United States, if we consider the great number of miles in the south and west that serve a more sparsely settled region with far less industrial development than exists in the southern and central part of the State of Maine.

It is said, however, that conditions here are different from elsewhere in the United States and comparisons of taxes with the other New England States are stressed by the advocates of a change.

The average tax per mile of road for all the New England States is \$1460. The tax per mile in Maine under our present system is \$1023 per mile. Three New England States impose taxes of from \$1600 to \$3000 per mile.

This does not indicate that the railroads in Maine are unduly burdened in comparison with the other New England States.

The railroads of Maine in proportion to their property or their prosperity bear a smaller share of the tax burden than any other line of industry or class of property in the State.

The principal railroad involved in this State has a capitalized value of \$60,000,000 and somewhat more than this for rate-making purposes. Sixty per cent of this valuation, which is about the normal figure for valuation in the State of Maine, would mean a valuation of \$36,000,000. The average municipal tax rate in the State of Maine is \$40. This would mean a direct tax of \$1,440,000 which would result in an increase in its tax contribution of more than \$500,000 over the amount now assessed in order to make its burden proportionate with that borne by all other citizens and industries in the State of Maine.

The State has shown a most friendly and cooperative attitude toward this railroad during the past two years by loaning its credit in a very substantial sum to provide for

the construction of a bridge over the Kennebec River at Bath, with the railroad extending its re-payment of this advance over a period of fifty years. During that time the State must bear whatever hazards there may be incident to the transportation business without possibility of any direct return in excess of the money it has actually laid out.

Two years ago the plea for tax reduction was based on a dire tale of financial woe. At the very time the legislature was listening with a most sympathetic ear to that story, those in charge of the railroad chiefly concerned were fully aware that a remarkable recovery was in full swing and were privately predicting a resumption of dividends upon the common stock. Today the situation is utterly transformed with a full treasury and a steady increase in net income and further very substantial advantages soon sure to accrue in rate divisions with roads to the east and the west.

A considerably more favorable basis of division has been offered by the western roads and accepted by some New England roads but declined by the Maine Central Railroad Company in order to insist upon an even larger share. Coupled with the change in the divisions with the Bangor and Aroostook Railroad Company that is confidently anticipated during this present year the surplus of the Maine Central is certain to go to new heights.

Until three days after the passage of this bill by the Legislature it was the general impression among the members and even among those in the Legislature responsible for the fixing of the tax rate for the coming year that the proposal of the railroad would involve an annual loss of \$120,000. This was the figure that was constantly mentioned in discussions of this matter and many were under the impression that no reduction at all was to take place during the coming fiscal year. On Monday morning of this week with the bill safely upon my desk and out of the hands of the legislature one of the most active and alert members of the Committee on Appropriations who had been constantly at work upon the estimates and had conferred repeatedly with the representative of the Maine Central Railroad Company regarding the proposed tax reduction

stated to me that the measure involved a loss of \$120,000 each year. This was less than one-half of the amount that the bill actually cut off. No member of the Legislature was in a better position to be accurately informed. The responsibility for this misapprehension is not for me to affix but it does indicate that many members of the Legislature may not fully have realized the consequences of this act.

SMALL ROADS

Three narrow gauge railroads and one other small road are saved from their present small taxes by this bill. In one case the present tax is \$500 and in two other cases is \$1200. All of these are community affairs and abundantly deserve relief. One of them was nearly ruined by one of the major railroads of the State by bus competition before it was abandoned to the community it must serve and now with cynical contempt they offer this abandoned child a crumb.

There would seem to be no reason for objection to unanimous consent to the introduction of a measure that would afford those roads relief. A road with a million dollar surplus earning nine dollars a share upon its common stock does not need to hide behind the skirts of a narrow-gauge and secure votes for a reduction of its taxes in the amount of \$170,000 by appeal to the senators or representatives interested in a road that will benefit to the extent of \$1200. A member of this Legislature does not need to sell his birthright for such a mess of pottage. The case of the four small roads can well stand upon its merits without being used as a cat's paw to secure a contribution of \$170,000 a year.

SYSTEM

It is necessary for us to consider this question primarily with relation to its effect upon our state finances and tax-rate during the next two years but it must also be borne in mind that we are making a radical charge in our system of taxation that may disrupt the revenues of the state in future years.

A business depression under this new method might mean a reduction in state revenue from this source out of all proportion to the reduction in gross income of the railroads and a resultant doubling or trebling of the

burden upon the commercial and agricultural interests of the state at the very time when they would be suffering even more acutely than the railroads since not only their net but even their gross revenues might be entirely wiped out with factories closed and harvests rotting in the field.

We are most insistently told that it is unfair to levy a tax unless there is net income with which to pay it. It seems puzzling that this argument can be taken so seriously when every factory and every farm and every business in Maine is taxed by the state and the municipality without any relation to its net income. Not only the net but the gross income of a corporation or a farm may entirely disappear and yet the state and municipal tax is not reduced one iota. In fact, if this measure passes, idle factories in Maine with no income, net or gross, and farms that may be on the verge of abandonment, must contribute from their depleted pockets to add to the million dollar annual surplus of the chief railroad of our State.

The voice of the average tax payer of the state is here silent except as he may speak through your mouths. The farmer, the home owner, the small business man is not able to maintain an expensive lobby to argue his cause. His views upon the alternatives with which you are presented cannot, however, be in doubt.

There is here generated an atmosphere that is foreign to the homes from which we come. In neighborhood gatherings all over the State of Maine the elements of this problem may be considered with a due regard for the difficulties with which many of our citizens and corporations are now faced. To their opinions and ideas we may wisely turn for a moment after a winter spent in listening to a somewhat siren song and consult that other lobby composed of seven hundred thousand citizens of Maine upon whose straining backs must be placed the burden we take from a corporation earning fourteen per cent dividends at this time.

The orderly administration of the business of the state would seem to indicate the wisdom of first determining the amount of money absolutely needed to run the State in a respectable fashion for the next two years. Then it would be possible to

make an equitable apportionment of the tax-burden upon all the property of the State.

If it proves practicable so to arrange the expenditures and the finances of the State that a general reduction in taxation is possible, a reduction for the railroads might well be considered but in their present condition they should be the last rather than the first to be considered if we have a proper appreciation of the plight of agriculture and industry in our State.

The Edwards Manufacturing Company in Augusta is advertising that a reduction in its taxes is absolutely essential if it is to continue to do business in our State. This is typical of certain other industries in Maine and in New England.

In view of our platform declaration and pledges and the understanding with which the people of Maine have placed us in office, it does not seem possible for me to accept the responsibility for transferring a burden of several hundred thousand dollars during the next two years from corporations that are in a very healthy condition, to the tax-burdened farms and industries of our State.

It is to me a matter of keen regret that it has not been practicable to give this problem consideration in an orderly manner after the budget of the State had been made up for the next two years and the time had arrived to determine the direct State tax.

This was a matter, however, beyond the control of the Executive and under the circumstances as they exist today there is no other course that it seems proper for me to pursue. Both the farmers and the business man of Maine would seem to me to have just cause for deep resentment at the transferring of such a burden to their backs at this time from the overflowing treasury of the chief railroad that is involved with in this State.

My position in this matter has been clearly and repeatedly stated to the representatives of the railroads publicly and privately, and they were urged to allow this measure to take what would seem a more orderly course. They preferred, however, to use all their influence to secure tax reduction for themselves irrespective of whether it should mean a heavy increase in the tax burden for the

other tax payers of the State. Their attitude indicated either a fear that the end of the session might reveal the unwisdom of reducing the taxes on a prosperous corporation and increasing the taxes on everyone else, or a lack of regard as to whether or not this might be the case.

This measure means a fifteen per cent reduction in taxes for a corporation in this State that last year earned a surplus of one million dollars and this year in January ran thirty per cent ahead of a year ago.

At the same time it is liable to be an important factor in a fifty per cent increase in the taxes on all the other corporations and individuals in the State.

Fifteen per cent reduction for this prosperous railroad and fifty per cent increase for our factories and farms, is a course of action which it is impossible for me to reconcile with a proper regard for the business and economic interests of our State nor with a sense of justice and fair dealing to all the citizens of Maine.

Respectfully submitted,

(Signed) RALPH O. BREWSTER,
Governor of Maine.

The SPEAKER: The question before the House is shall this bill become a law notwithstanding the objections of the Governor?

Mr. NORWOOD of Warren: Mr. Speaker, I move that the veto message lie upon the table.

Calls of "No, no."

A viva voce vote being taken, the motion to table failed of passage.

Mr. MERRILL of Dover-Foxcroft: Mr. Speaker, it is with considerable hesitation that I attempt to address the House, for two reasons. One is that it is with great difficulty that I am able to speak loudly enough to make myself heard. Another is that the message to which we have just listened is of such an extraordinary character, presenting unexpected statements, that I would suggest, owing to the lateness of the hour, and make the motion that we recess until the time of our meeting at the afternoon session.

A viva voce vote being taken, the House recessed until five o'clock.

AFTER RECESS

The Speaker in the Chair.

The SPEAKER: Proceeding with

the unfinished business at the time when recess was ordered, the Chair lays before the House the veto message of the Governor, and the question before the House is whether this bill shall become a law notwithstanding the objections of the Governor. The Chair recognizes the gentleman from Cape Elizabeth, Mr. Chase.

Mr. CHASE: Mr. Speaker, I rise before you with humility, a new member, no more than an acquaintance to many of you, to place before this House certain facts and opinions in opposition to certain opinions and alleged facts which are contained in the message from the Governor which is now before us.

In reviewing the history of attempted legislation on tax reduction during the last two years, the Governor in his inaugural message two years ago presented a statement in regard to the railroad situation which was wrong. In his veto message on this or a similar bill which was before the last Legislature, the figures which he presented to the Legislature at that time were wrong. In his inaugural message in the statement which he presented upon the possibility of railroad tax reduction, and in the estimate on tax rate which was presented to that Legislature, it seems to me that he was wrong at that time; and now we have before us another message, a veto message on this railroad excise tax bill and he is consistently wrong again.

If this bill becomes a law, it means a loss in revenue to the State of Maine of \$180,000 a year based on the Maine Central earnings' statement of 1926. Those are the last figures which are available and those are the figures from which any estimate must be made.

The Maine Central Railroad, by reason of discontinuing the Hereford railroad which was in Canada, and by reason of its plan to discontinue the lease of the St. Johnsbury and Lake Champlain railroad, reduced its mileage because this tax which it paid in the State of Maine as an excise tax is based upon the proportion of the mileage which is in Maine. It means that because the Maine Central has discontinued mileage and will discontinue a little more, the tax under the present law on that,—\$70,000 is involved there. Now the \$180,000, which is a reduction from

what we have been receiving, and the \$70,000 which we might get under the present law on account of the abandonment of these roads, makes the \$250,000 a year which is involved here, but it is only \$180,000 on the basis of what we have been getting under the present law. Now this reduction of \$180,000 would not begin until 1928. The Maine Central gets no reduction in tax on the earnings of 1927 and the reason as I see it for the discrepancy in figures there is that the Maine Central is talking about calendar years upon which it is taxed, while the Governor seems to be talking about fiscal years which begin in the middle of the year and go on. But the total is \$250,000 a year for two fiscal years, based on the best figures we have which are contained in the earnings' statement of the Maine Central for 1926.

The Governor says that the 1925 surplus of the Maine Central was \$1,100,000. I am using figures taken on notes and eliminating odd dollars and odd cents. This was eight per cent on the Maine Central stock. He says that the 1926 surplus was \$1,270,000, which is nine per cent. Now that statement of surplus I do not regard as correct. That was the amount of money which appeared to be available after the payment of all necessary expenses, but it was not surplus. The surplus account of the Maine Central Railroad in 1926, after paying two per cent dividends on its common stock, which was the first dividend that has been paid in six years, was increased about 300,000; so that the net gain in the worth of the Maine Central Railroad by reason of its operation in 1926 was \$300,000 plus the dividend which they paid to the stockholders of approximately \$240,000 or \$540,000. They had to charge off \$500,000 by reason of discontinuing the Hereford line, and there are other items which must come out of that item of \$1,270,000 for replacements and other things which a going concern must do in order to continue in business; so that the word "surplus" cannot properly be applied to those figures at all.

The Governor says that the January earnings of the Maine Central Railroad show an increase of thirty per cent over a year ago, and that if earnings should continue to improve at that rate, the road might be expected to earn fourteen per cent on its common stock this year, and if we

should pass this bill, about sixteen per cent. Now it is not fair, and anyone familiar with figures in earnings statements knows it is not fair, to take one month in a year and attempt to calculate an annual earnings statement from such a figure. In the month of January the earnings of the Maine Central Railroad depend largely upon snow and weather conditions. The cost of snow removal on its lines is sometimes as high as \$500,000 a year. This year they have been fortunate, but you cannot calculate an annual statement from the figures for one month.

The picture placed before us is a peculiar picture. We see this railroad, its trains rushing through the State on a wave of prosperity, its coffers bursting with gold, trains earning large profits, and business increasing. And yet, as a companion picture, these trains are running through a territory where business is dead, and farms abandoned, by reason of taxes that are coming to be imposed, and they say that we cannot reduce the railroad taxes. I would inquire where, under these conditions, is this great increase in prosperity and traffic to come from? Now if I should be wrong, it will be obvious to you that if the business of the Maine Central should increase in gross earnings or by reason of management it should be able to increase its net earnings, there would be a large increase in the tax which the Maine Central would pay under the bill which we have before us, which would largely offset this reduction which seems to be the reason for vetoing the bill.

Up to 1914, and for forty years before, the Maine Central Railroad was controlled by the Boston and Maine Railroad. In 1914, public spirited citizens of Maine, believing that this great transportation system should be controlled at home, undertook to finance the re-purchased control of the Maine Central Railroad and bring it back home, and in 1915, the Legislature entered into cooperation with this effort to readjust and rebuild the structure of the Maine Central so as to help the State of Maine to regain control of its great transportation system. The Maine Central Railroad today is one of the very few outstanding enterprises in the state of Maine which is controlled, through the ownership of its voting stock, in the state of Maine.

Now, when these people, our own neighbors and friends, went about to bring back control of the Maine Central to the State of Maine, the tax which the Maine Central was paying at that time was \$700,000. Now it is paying in all kinds of taxes, about \$1,300,000. Now is the franchise worth any more? The taxes have practically doubled,—the earnings have been reduced. There have been years when millions of dollars have been lost. The franchise is not worth any more today than it was then, and yet the Maine Central pays practically double the taxes that it paid when these local people took hold of the proposition and brought the control of this railroad back to this State.

There are certain other figures in this message which seem peculiar to me. It says that the revenues of the State, for the past four years, from this railroad tax, have been as follows:

In 1923, \$2,305,000; in 1924, \$2,385,000; in 1925, \$1,911,000; in 1926, \$1,914,000. I read to you now from the report of the State Assessors, the excise taxes collected from the same railroads in Maine in these years: In 1923, \$1,915,000; in 1924, \$1,897,000; in 1925, \$1,799,000; in 1926, \$1,804,000. These are the figures contained in the report of the State Assessors as the collection of taxes and assessment of taxes upon steam railroads in this State. Governor Brewster, in arriving at the figure of \$700,000, reduction, comparing what it was with what it will be under this bill, proceeds to read from his figures, \$2,305,000, which is approximately \$400,000 away from the official report of the State Assessors. He says that the taxes have been reduced from \$2,305,000 in 1924, to \$1,900,000 in 1926, and that the further reduction which would be affected under this bill, figuring it would cost \$250,000, (I say \$180,000) would bring it down to about \$1,600,000, making a reduction of \$700,000 in receipts from the railroad excise tax from 1924 to 1928. These are the actual official figures of the State Assessors on the assessment and collection of the railroad excise tax.

Governor Brewster said that if the Maine Central Railroad was taxed in the same way as your house and my house, and if the valuation of the Interstate Commerce Commission of \$60,000,000 should be accepted as

fair and as a practical valuation you could take sixty percent of that, making a taxable valuation of \$36,000,000, and taking the local tax rate at four per cent, the Maine Central Railroad would pay, under those conditions, a tax of \$1,400,000.

Now, to show how far things are now, he says that the Maine Central excise tax—I have not the figures here, but I think it is \$950,000. So they are much better off than they would be in this other condition. Don't you think it is unfair, if you are considering the proposition of taxing the railroad under the direct tax at the local rate, to leave out all that part of the Maine Central Railroad which is not in the State at all and which is included in the valuation of \$60,000,000? Apply this same principle and same figuring and tax the whole Maine Central at the four per cent rate, and the railroad does pay now on all this an annual tax of about \$1,350,000. That figure of \$1,400,000 in this message is compared not with all taxes on all the property, but only with the excise tax which the State of Maine collects. No definite statement was made as to what railroad it was that had been abandoned and put out of business by this competition. The only place that I know of where the Maine Central is or has been operating motor busses is on the Bridgton road. The Bridgton Narrow Gauge Road has not been abandoned by the Maine Central and is still being operated by them.

Now we had presented to our consideration certain opinions as to the Maine Central which, from the angles presented, looked rather bright. In offering my opinion of it, you are bound to place the weight of judgment where you think the best opinion lies. Now the 1927 taxes of the Maine Central are increased anyway about \$130,000, and in 1928, even if we pass this bill, it will still be paying practically as much tax as they are paying now. It is anticipated that the cost of coal during 1927, will increase substantially, which may mean an additional expense of operation of some \$200,000. There is now pending, on the Eastern Railroad, a proposition for an increase in wages which on some roads has already been put into effect at 7 1-2 per cent—not yet on the Maine Central. It is a question in

arbitration now. If it should be at that rate, there is \$750,000 involved there. The hope of increased earnings by better division of through rates with the western roads has been a question for speculation ever since the transportation act was passed in 1920. I think they did get one increase once, and they took two or three years to get that. Anything that comes from that in the future is based on hope, because there is no definite assurance that they will get anything.

Now, six years ago, when I started into the business of buying and selling Maine securities, there was considerable doubt in the minds of many people whether first mortgage bonds of the Maine Central line were any good. The Maine Central is losing money badly. Those bonds sold, at one time, to yield eight per cent. The common stock was selling down around thirty or thirty-five. The preferred stock, with accumulated dividends, sold under fifty dollars a share. I have seen a gradual improvement in the financial condition of the company. But they are far from being out of the woods financially. In the next eight years there is coming due and maturing on the Maine Central Railroad about \$25,000,000 of mortgage bonds, most of them now bearing a rate of four, four and a half, and five per cent. There is only one bond out of the road that could be refinanced now at the same rate that is being paid now. If the financing program should run as in the last six years, there is a probable increase of at least one per cent that the Maine Central will have to pay if interest dates remain as now. That involves some two hundred and fifty thousand dollars. This refinancing program is the biggest proposition ahead of the Maine Central today. It is important to the State of Maine that the credit of that company be maintained and improved so that it can continue to finance the future for long terms and at low rates. Under existing conditions they cannot do it.

I want to say, in conclusion, that to many who are not familiar with railroad figures and finance, the statement of the Governor may sound convincing. The Governor may have been hurried in his preparation of this message. In my judgment, the veto message is inaccurate as to

facts and figures, and should have no weight in determining the merits of this bill or the vote for tax reduction under the terms of this bill. (Applause).

Mr. MERRILL of Dover-Foxcroft: Mr. Speaker, I am laboring under somewhat the same disadvantage as to experience as my esteemed colleague from Cape Elizabeth (Mr. Chase), this being my first year. However, it was never my way to shirk what seemed to be a responsibility. I wish to state in the beginning that a peculiar situation presents itself to us as legislators. We are told today that we have been listening to the siren songs of lobbyists who have used unfair methods and have been unpatriotic enough to care not whether the success of their measure would adversely affect the people of Maine, solely desirous of attaining that result, regardless of consequences. A member of this House has been unjustly maligned. His honor and integrity have been assailed; the honor and uprightness of a man held in highest esteem through the State of Maine have been assailed. He cannot speak for himself. I wish to enter a moderate protest against such unfair methods of influencing legislative action.

I say it is an anomalous position to say that we have been influenced by unfair lobbyists, because less than twenty-four hours ago this same legislative body was told that it was the most independent thinking, "paddle your own canoe" legislature that had existed for many years. A change of opinion may be reasonable, but such a change to me seems unreasonable, and the methods used in the prior statement, in the whole address, to my mind, are a much more flagrant bit of lobbying than any lobbying that I have experienced the last three months.

I wish to take up, before beginning my real explanation of affairs, three departures from facts contained in the veto message of this morning. One was that when this tax rate was fixed, it was acceptable to the railroads. As a matter of court record, it can be demonstrated that the railroads fought that rate and carried it even to the Supreme Courts of the United States and that they have, in every instance of the raising of that tax rate, protested. I want to call

your attention to another inaccuracy. The industries of the State of Maine are more interested in the passage of this bill than anyone else, and have sent representatives to urge the passage of this bill. Another unfair comparison, not based upon facts, was contained in the veto message. That is, that the railroads of Maine are not paying as heavy a tax per mile as the railroads in other states. The railroad valuation is based, for taxation purposes, upon miles between mile posts. The State of Maine has single track roads. Most other states, Pennsylvania, New York, and the larger states, have from two to six track roads.

The average valuation for tax purposes in the United States is \$95,000 per mile as against \$60,000 in the State of Maine. And at the rate of taxation Maine is paying fifty per cent more in taxes than the other states are paying, because of the fact that the other states are averaging from two to six times the trackage per mile as the Maine railroads.

With those corrections which my colleague had not mentioned, I wish to give you, in a general way—and I will attempt to be very brief—the general outline of reasons why the present tax is too large, and some reasons which have made the operation of this basis for taxation in recent years an anomaly and a very unjust thing. The strongest argument, to my mind, in favor of this readjustment of the basis of taxation is that the present basis is manifestly unfair and unjust and is the attitude of the highwayman with a gun who wants your money, has the power to take it, and does take it. I think that what I will read to you will convince you that the present method is absolutely unjust because the State of Maine, even if it did get that money, has absolutely no moral right to perpetuate the iniquity of this tax as at present based. I ask your indulgence if I read, because I have had very hurriedly to gather this.

The railroads of Maine are now required to pay taxes to the United States Government upon their incomes and capital, to the several cities and towns within the State where their property is located, and the excise tax to the State of Maine, which is declared in the statute to be for the privilege of exercising

their franchises and the franchises of the leased lines within the State.

The excise tax was first established by the Legislature of 1881, forty-six years ago, and has ever since been continued as an additional tax.

Under the law as originally enacted the maximum rate was three and one-quarter per cent, which was increased in 1901 to four per cent. In 1907 it was advanced to four and one-half per cent, in 1909 to five per cent and in 1911 it was advanced to five and one-half per cent which is the present rate.

At the time this law was first adopted it was well adapted to the conditions which then prevailed, and each successive increase in the rate was designed to take from the railroads a sum of money which it was felt at the time they could afford to pay and which was fairly commensurate with the value of their respective franchises.

But the situation has entirely changed in the sixteen years since the last increase in the rate was prescribed. The value of the railroad franchises, which is the subject of the tax, has been greatly depreciated by reason of increased regulations, restrictions imposed by law, by conditions growing out of the World War, by the increasing use of automobiles and motor trucks which have been encouraged and fostered by the State itself through lavish expenditures for highway improvements and construction. And during the same time that these adverse conditions have been in operation, the tax assessed under this law has more than doubled, and the purpose of this amendment is to bring this law into closer harmony with the actual conditions existing at the present time, to afford some small relief to the railroads which need it and to bring the rate of tax down a little nearer to the level of railroad taxation in other states.

If the State is to place a burden upon its railroads which is heavier than they can bear, the public interest must suffer.

Now these conditions which have rendered the continuance of all the railroad facilities we now enjoy more and more doubtful and uncertain have come about during the last sixteen years, since this present rate was first established, and during that time this policy, so to speak, has more than doubled the tax.

This increase of more than one hundred per cent in the excise tax in the State of Maine is purely mechanical; it is the result of the increased charges which the railroads have been obliged to collect in return for their service rendered, and not by reason of any increased prosperity.

Commencing a short time before the war and continuing up to the present time the cost of operating your railroads has greatly increased. The increase of wages alone which was granted during the period of government operation exceeded the entire net earnings of the railroads of this country for three years before the war. The cost of coal, of equipment, of supplies and everything else that enters into the needs of railroads also advanced tremendously. And in order to meet this increased cost of operation advances in rates became inevitable. Some increase of rates was made by the Federal Administration during the period of the war, but they were not sufficient, and as a result the United States Government lost nearly \$1,700,000,000 in the operation of its railroads during a period of only twenty-six months. That loss had to be borne by taxation, by the sale of liberty bonds and by other war taxes.

But when the railroads were returned to their owners in March, 1920, with these costs of operation so enormously inflated the railroads could no longer draw on the Federal Treasury to make good their deficit. Rates had to be established which would balance the budget, and so Congress passed the Transportation Act which made it the duty of the Interstate Commerce Commission to establish such rates for the railroads of the United States as a whole, or in such groups or divisions as the Commission might establish, as would enable them to meet the increased cost of their operation and obtain a fair return upon the invested capital, and such rates have been prescribed by the Commission. But through the operation of this State of Maine excise tax law five and one-half per cent of the additional revenue which the Interstate Commerce Commission found to be necessary to meet their increased cost has been diverted into the State Treasury. The State has stepped in and taken

out of every dollar of increased revenue, allowed to meet increased expenses, five and one-half cents.

On July 29th, 1920, following an award by the Labor Board at Chicago of a large increase in wages for the employees, the Interstate Commerce Commission established the present standard passenger rate of 3.6 cents per mile, which is applicable all over the United States east of the Mississippi River. It also established an increase of forty per cent in the then existing freight rates. That increase was made after a most exhaustive study, to determine the amount necessary to meet the increased expense of operation. That forty per cent increase in freight rates, in the case of the Maine Central Railroad, amounted to about \$4,000,000. Now the railroad was no richer; its franchise was not worth any more; it had merely received four million dollars more revenue, allowed by the Interstate Commerce Commission to meet a corresponding increase in the cost of its operation. And yet the State of Maine under this law assessed an additional tax upon the Maine Central of \$220,000 a year, because it had received \$4,000,000 more revenue, to balance the \$4,000,000 additional expense. And that operation has been going on and has been repeated during the last few years.

That will explain to you why it is that this excise tax has more than doubled in the last few years, although during the same time dividends were suspended, the value of the property as reflected by the market value of the securities decreased, and net earnings diminished.

When this rate of five and one-half per cent was first established in 1911, it took from the Maine Central Railroad \$422,000. This year that company must pay under the provisions of that law the sum of \$956,000. Now that increase of more than half a million dollars in the last few years is not due to any increased prosperity. The exact reverse is true. The lines have not been extended. The company is using substantially the same property now that it did then. The increase is due to the increased rates which it has been necessary to collect in order to match the increased expenses.

Now of course such a result never

was intended. The Legislature never intended that this franchise tax should automatically ascend in the face of a declining value of the franchise and a reduced ability to pay. No Legislature, if called upon to deal with the situation today, would think of such a thing as assessing a franchise tax of nearly a million dollars a year upon the Maine Central Railroad Company for the privilege of doing business within the State of Maine.

The method of assessing taxes on gross receipts is not novel to Maine. It has been adopted in many states. But no State in this country, with the possible exception of California, whose railroads are very prosperous, has ever attempted to put so high an excise tax upon its railroads as our own. The State of Maine is taking from its railroads as large a percentage of their gross receipts for this excise tax alone, as the other railroads of the country, the railroads outside of Maine, are obliged to pay for all taxes, State, local and Federal.

And when we come to make a comparison with the other New England States whose problems are very similar to our own, the disproportionate burden placed upon the railroads of Maine is clearly apparent. If the Maine Central Railroad was obliged to pay taxes in New Hampshire and Vermont on its lines there in accordance with the law of Maine, our taxes there would be more than doubled. The tax in Rhode Island is one per cent of gross receipts, besides local taxes. In Maine the tax is five and a half per cent on gross receipts, plus local taxes. In Connecticut it is three and a half per cent, on gross receipts without any other tax. In Vermont it was four per cent, but now the tax is assessed on an ad valorem basis at the rate of one and a quarter per cent. In Massachusetts and New Hampshire the taxes are assessed by a different method but the tax is very much less than in the State of Maine.

For instance, the State of Maine is collecting about 25 per cent of all the taxes paid by the Boston & Maine Railroad, although only seven per cent of the property of that system is located within our borders. If the states of New York, Massachusetts, Vermont and New Hampshire, where the other 93 per cent of that system is located, had assessed taxes

upon that railroad in accordance with the laws of Maine, the taxes of the Boston & Maine Railroad would have been increased more than three and a quarter million dollars a year. Now, if I am not mistaken, there has only been one year, or possibly two years, in the last twelve or fifteen years that the Boston & Maine has had three and a quarter million dollars after payment of its present tax and fixed charges. The Boston & Maine has only been able to survive during that period because the other states in which it operates have treated it so much more fairly and reasonably in the matter of taxation. That railroad would have been actually taxed into a receivership if the other states in which it operates had imposed a tax in accordance with the law of Maine.

Now that result is extremely unfortunate, because there is no state in this whole Union which can less afford to have a high tax upon its railroads than the State of Maine.

According to the reports of the State Assessors the assessed wealth of the State of Maine is now something more than \$700,000,000. That sum includes only your real estate and tangible property, or assessed wealth. If the intangible wealth of the inhabitants of Maine were to be added, the sum would be enormously increased. You are talking about half as much from the railroads of the State for the support of your State Government as you are collecting out of the entire taxable wealth of this State. Now there is no comparison; there is no process of reasoning by which such a course can be justified.

The policy which the State has adopted and to which it is now, I assume, very definitely committed, of making large appropriations for the construction and improvement of highways must also be considered by the Legislature in determining your policy with reference to railroad taxation.

There are nearly four thousand motor trucks operating regularly in the New England states over regular routes, in competition with the railroads. We have in the State of Maine about 125,000 pleasure cars, an average of about one to every family in the State. Now these motor vehicles add a great deal to the pleasure, convenience and comfort of our people, but they have had a very disastrous effect upon your

railroads. In the year 1917, the Maine Central Railroad carried 3,300,000 local passengers. In 1925, that number had decreased to 1,600,000, a shrinkage of more than 52 per cent in local passenger travel during the last eight years, and with the continued program for good roads, that diversion of traffic is bound to continue.

In 1911, when this maximum of five and one-half per cent was established, the State of Maine had scarcely begun the construction of highways. The total appropriation of the State of Maine in that year for highway purposes was only \$351,000. Your State Highway Commission now disburses between six and seven million dollars each year. The State is taking practically two million dollars out of the railroads of Maine, and is then spending an equal sum and much more besides in the construction of these fine boulevards for the use of automobiles and motor trucks running in competition with the railroads. The railroads are being taxed not for their benefit, not for their protection, but for their destruction. The roads which you are now building are costing more per mile than it cost to build the Maine Central Railroad, and they are being built in this expensive and thorough way in order that they may support the weight of these mammoth trucks which are running through the State loaded with freight.

The State has gone even further than that and is requiring the railroads to pay money directly from their treasuries for the further protection and benefit of the users of the highways. When your railroads were first established and the present crossings were authorized by law, they were entirely adequate and sufficient; they were entirely safe in the days of the horse-drawn vehicle. But they have become unsafe in many cases today by reason of the fact that you now have this steady procession of automobiles rushing across the State with the speed of express trains, and so you require the railroads to protect these crossings for the safety of those using motor vehicles. The money which the railroad is required to spend for men to guard those crossings day and night is just as great as if those men were engaged in the service of the railroad operating its trains or maintaining its

right of way. It is a waste expenditure, as far as the railroads are concerned, but it is required in order to furnish greater protection to the motorists. And you go even further than that, and whenever the Public Utilities Commission says a grade crossing is unsafe, sixty-five per cent of the cost of that alteration must be borne by the railroad. One such grade crossing elimination last year cost \$100,000. New capital for this the railroads must provide, due to the increasing use of the highways by motor vehicles. Now I think it must appeal to all of you that the time has come when this ancient law should be so modified that it will be more responsive to the conditions existing at the present time.

I wish to say in closing that it is an assumption, to my mind, beyond reason, when a bill, brought in two years ago, reported on unanimously as "ought to pass" by a committee who gave due consideration to its details, passed by the Legislature, has again come before us and before a different committee, which committee has given it careful consideration and passed it on with a unanimous vote that it "ought to pass," and has passed this Legislature—I say it is an assumption of judgment and wisdom that I am not willing to grant to any one man, that he shall thwart the will of this Legislature and substantially declare that his wisdom and judgment are superior to those of two legislative bodies.

Mr. GREENLEAF of Auburn: Mr. Speaker, and members of the House: Two years ago I spoke in regard to the same bill which is now before the House. At that time I called the attention of the Legislature to the fact that during that session, as we have in this, we had passed enabling acts enabling towns on these branch lines to invest the taxpayers' money in the operation of these roads. Since that time the Belfast line has been abandoned and train service has been curtailed throughout our State. I know that on our line from Bath to Brunswick and to Lewiston, it is very hard to get train connections. Now you of York county are threatened with the eastern division of the Boston and Maine Railroad. Now this is the thought that I want to leave with you that if we do not give relief to these railroads in the matter of taxes, what kind of an argument

have we got to advance against the discontinuance of these lines? (Applause).

Mr. HALE of Portland: Mr. Speaker, yesterday morning the Governor of Maine in addressing a joint convention of the two Houses held in this room, speaking of the hearing on the power bills, used the following significant and, I thought, admirable language:

"The hearing upon the various measures which have been proposed was conspicuous for the moderation of expression by all concerned. It afforded a most happy example of the temper of sweet reasonableness that has seemed to pervade the atmosphere of these halls to a degree unprecedented in recent years. Personalities have been here eliminated to make room for a dispassionate consideration of the issues that are at stake. Repeatedly it has been the comment of interested observers that the members of this Legislature seemed to be earnestly seeking what was right. Through all the deliberations of this Legislature in these halls and in the several committee rooms there has run a keynote of primary consideration for the welfare of the State. That attitude augurs well for the progress that we seek. The calm, clear thinking of the citizenry of Maine as reflected in its duly accredited representatives in these legislative halls is equal to an intelligent appraisal of the evidence that is at hand."

Mr. Speaker, yesterday morning I thought, and I think today, that that tribute to the temper of the Legislature was a well merited tribute, and I was somewhat shocked when I listened this morning to a veto message which seemed to me to sink so far below a dispassionate and calm consideration of principles of legislation as to be wholly inconsistent with the temper which I believe should prevail in this body and which I think has prevailed. I call the attention of the House to language on Page 5 of the veto message as printed, "Two years ago the plea for tax reduction was based on a dire tale of financial woe. At the very time the Legislature was listening with a most sympathetic ear to that story, those in charge of the railroad chiefly concerned were fully aware that a remarkable recovery was in full swing and were privately pre-

dicting a resumption of dividends on the common stock." That, Mr. Speaker is a deliberate reflection upon the honesty of the management of the Maine Central railroad, and it is more than that: it is a deliberate and I think an unwarranted attack upon the integrity of its general counsel who was here as the proponent of the measure which was before us at the last session, and who was here as the proponent of the measure before us at this session,—a man who represented his community in this House and his county and my county in the honorable Senate, a man who was twice asked to become a member of the Supreme Judicial Court of this State, once upon the unanimous recommendation of the Chief Justice and of the Associate Justices of the Court. At the time this Legislature had before it a bill resembling the bill which is before it today, the bill which the Legislature passed in 1925. The Maine Central railroad had come through the previous year with net earnings of \$326,000, which was less than two per cent upon its common stock, making no allowance for the previous years' losses. They did not resume any dividend whatever on the common stock until June, 1926, and they have paid in all only two per cent of dividends on the common stock up to the present time.

Now, Mr. Speaker and members, we are drifting into those days of the session where emotions sometimes run fairly high, when tempers may easily be ruffled, when, I think, each one of us owes it to his fellow and to his neighbor to talk as fairly and as temperately and as dispassionately as possible upon the issues before us. That is as clear a duty as we have. Our legislature at this session is to be judged very largely upon what we are able to accomplish in the next fourteen or fifteen crowded days of legislative work, and I appeal to the House in the consideration of this measure, and in the consideration of every measure that comes before us, to seek to apply the principles of tolerance which I know we are all anxious to do.

In respect to this particular bill I hope that the House will give weight to the facts as laid down by the gentlemen who have just spoken and not be unduly influenced by this

certainly inaccurate and I think very inflammatory and prejudicial veto message. (Applause.)

Mr. LOWELL of Lincoln: Mr. Speaker and members of the House: I shall not attempt to make a speech for I cannot do it; I am not able, and am not endowed with the gift which some of my fellow legislators possess, and I feel that quite enough has already been said. I hope and trust that these bits of oratory and eloquence which have resounded through this hall this evening will not change your minds. If, on the other hand, you believe that the railroads should have relief notwithstanding their financial condition and their steadily increased earnings, if you feel that they should have relief of taxation and place that burden upon the homes and farms of Maine, why stand by the railroads. If you do not, then stand by your Governor. (Applause.)

Mr. ALDRICH of Topsham: Mr. Speaker, I shall not detain this House long. I desire to take this opportunity, rather than at a later time, to explain the vote which I intend to cast in this matter.

As has been said, this measure has been before two Legislatures. It has been carefully considered by two appropriate committees who have given, we have every reason to believe, the most careful consideration to the same; and it is my understanding that two years ago this measure came from that committee unanimously approving the bill. We in this Legislature have a committee in which we have confidence to whom we have entrusted this matter and to whom everyone who had anything to say regarding it had ample opportunity to present his views, and the figures which were presented, if I am correctly informed and if my information is correct, do not tally with some of the figures which were presented here this morning. We have had from that committee a unanimous return that this bill should be passed, and this Legislature acting upon that return, accepting with confidence the judgment of that committee, has accepted that report and we passed this bill.

I wish to confirm or approve what my brother from Portland (Mr. Hale) has just said. I am sorry that I have not had an opportunity to read

this message. I only know of it as I heard it this morning, but I wish to say to you that the impression which was created upon me by that message is that there is an attempt here to sway our calm business judgment by tactics which are ordinarily adopted when a man has a weak cause,—tactics which do not appeal to reason but rather to prejudice.

Now I wish to add my limited knowledge of the gentleman who has been referred to by my brother from Portland (Mr. Hale) and who is a resident of a town adjoining mine. I am proud to say, if he will permit me, that he is a friend of mine with whom I have discussed this measure and from whom I have received figures; and I say to you that I know not what may have been said to anyone else about \$120,000 as mentioned in this pamphlet. No other figure was ever mentioned to me by him except the sum of \$185,000 to \$200,000 which would be lost to this State if the bill is passed; and I have no reason to believe that he has ever made any other statement to any other man. His reputation in his community is of the highest, and I am glad of this opportunity, whether it is relevant or not, to add my tribute from the limited and short acquaintance which I have had with the gentleman to that which has already been stated.

I just want to bring one thought to you gentlemen on the merits of this measure. I am not going to attempt to discuss figures; I do not know the figures. Apparently the report of the State Assessors can be depended upon, and apparently the report of the State Assessors as to the tax received does not conform to the figures given in this pamphlet; but you are business men. What are we doing in this State of Maine? There is something in here,—I think there was a reference this morning, a sort of comparison as though the tax which is proposed, or which is levied on this railroad, was something comparable to the tax which you and I pay. Nothing of the kind. This railroad pays taxes like you and I pay, and then in addition to that it pays 5 1-2 per cent on its gross revenues. I just want to ask you one question as business men. Do you know of any business in the State of Maine, or anywhere else, that in addition to its fixed charges, in addition to the taxes that it pays—the

ordinary taxes—could still stand a levy of 5 1-2 per cent on its gross receipts and live? Think it over; think of your own business. I do not know what that would mean to you net. I do not know to what proportion it would amount to. I say to you that in my judgment the State of Maine for several years has been acting in the most unfair, unreasonable and unjust manner with respect to these railroads in the method of taxes which have been levied. Now, gentlemen, as one further instance of the attempt to becloud your minds. This railroad, after a long period of depression, has gotten to a point where it is paying its stockholders the magnificent return of two per cent. You are told in this message that they have bursting coffers, and they are represented to you as capable of unburlending unlimited money upon you. You know that is not so. What would you think of an investment on which you were getting two per cent? Would you be satisfied? Would you think because some corporation in which you held stock pays you two per cent that they would be a justification for your company having a levy made on it of 5 1-2 per cent, so that you could not get an adequate return on your money invested? Why it is the most ridiculous and preposterous proposition that I ever heard of.

Now let me say in closing that we need capital. They need capital everywhere in this world. We cannot afford to be unfair with capital. If we give capital the impression that the moment it succeeds in a moderate degree it can expect the State of Maine to assess it out of existence, you will not get any capital; it will not come here. I agree with the conclusion of the gentleman from Cape Elizabeth, Mr. Chase, that with the expenses that this railroad must meet in the next eight years it is to me like hitting a man when he is down. Because this railroad as the result of good management, as the result of practicing economy such as has been practiced by these organizations all over this country,—because now it has succeeded in getting out of the Slough of Despond and is now somewhere where its head is rising above water, there is no warrant for assessing them in this manner.

If I recall this message aright, there is this intimation in it, and

I want you to think it over. If I remember it correctly, the message said something to this effect, that if this bill had taken the orderly procedure—and by that he evidently means if it had gone along and come in after all the appropriation bills were in—I am not paraphrasing him but this is what I recall: "I would not say that I would not approve this bill." In other words, you have the intimation in that message that this bill is not to be defeated because it is not a just bill. He intimates in that message that if the railroad people, or those in charge of this bill, had taken a certain procedure which met with his approval, and if he happened to find appropriations so and so, why he would not object to the bill. I want to say this and then I am through: If it is just to tax the rest of this State on the gross revenues, then tax them and let's reduce the taxes of other people; but it is not right to tax them 5 1-2 per cent. Let's tax them rightfully even if we have to pay more taxes ourselves; and if that is not a sound economic proposition then I should not attempt to say anything further.

I wish to say, in order that there may be no misunderstanding as to where I stand on this matter, that I stand right where I did when this bill was passed by this House; and that is where I am going to stand, and I think I ought to be able to explain it to my constituents if they want me to.

Mr. PATTERSON of Castine: Mr. Speaker, the hour is late and I do not propose to make any extended speech; but I think it is my duty to say very briefly just a few sentences. I like the Governor and our relations have always been very pleasant. I have known him a long time and I was extremely sorry to hear the veto message that was read here this morning. I do not propose to discuss that veto message in detail. I simply propose to speak of one paragraph in which the Governor said: "The voice of the average taxpayer of the State is here silent except as he may speak through your mouths. The farmer, the home-owner, the small business man is not able to maintain an expensive lobby to argue his cause. His views upon the alternatives with which you are presented cannot, however, be in doubt."

If I read that correctly, it can only mean one thing. The Governor intended to convey to us that the farmers, the small business men and the home-owners wanted us to sustain his veto. Now, gentlemen and ladies of the House, I come from a class of seven towns. There are many farmers in that class and there are many small business men. I believe that we are here to represent them and they would want me to be fair and I shall try to be. If I voted to sustain the veto of the Governor, I would not be giving the railroads of Maine, as I understand it, the fair treatment to which they are entitled. This bill, as has been said before, has passed two Legislatures. Two tax committees have unanimously reported that it ought to pass. I so voted when the bill was in the House that it ought to pass. I am of the same opinion today, and I hope that the bill will pass.

Mr. ROUNDS of Portland: Mr. Speaker and ladies and gentleman of the House: Of course I am in the minority class. I will say that I like to be in the minority because then I have a chance to fight some. I have been in the minority for years; but I want to say now right here that I am going to fight for the under dog. There is no big lobby here for the poor people of this State such as we have seen around this House for the last six hours going from one end of the House to the other to change votes close up to five o'clock tonight.

I want to say that I will give a little history of some of the Maine Central doings that I am well acquainted with, having been an employee of the railroad some over fifty years ago. In the first place the Maine Central Railroad is composed of a lot of little railroads which were built by the farmers of this State by putting in one hundred dollars and fifty dollars. The next thing they were absorbed by the corporation. When the Maine Central Railroad began to pay dividends on its stock it was hauling seven cars on the night freight. Today it is hauling one hundred cars. The biggest car at that time hauled twenty tons. Today they haul from fifty to one hundred tons. It has been stated right here in the lobby of this House that a car now costs \$2,200, where it cost \$1,000 fifty years ago. Now if it did cost \$1,000 then

and it costs \$2,200 now, it is hauling ten times the freight that it was then and therefore it has more than ten times the earning power that it had then.

Now let me say that the last report that I can find, and I did not get this until after five o'clock, is the 1925 report. The expenditures for help was less by one million dollars than it was in 1924. That shows you what is going on. They are reducing their expenses. They can do so. When the Maine Central railroad began to pay a dividend the general organization was composed of ten persons. Today there are over five hundred turning over the books to make this and to make that and to keep them all going. It is time we should curtail some of the laws and give the railroads a chance to make a little money and pay their taxes.

What I want to say is this: I do hope that you will see your way clear to look after the poor people of this State, to look after the middle classes, who have only got their little houses over their head and find it very hard to pay their taxes.

Look at the lobby we see hanging around here and in the back of the hall to see how they vote! Probably they have got their pencils out to see how the vote is going. I for one am glad to say that I am going to vote to sustain the Governor's veto. (Applause.)

Mr. PIPER of Jackman: Mr. Speaker, I move the previous question.

The SPEAKER: The previous question is moved. As many as are in favor of the Chair entertaining the previous question will rise and stand until counted and the monitors will return the count.

A division was had, a sufficient number arose, and the motion prevailed.

The SPEAKER: The question now is shall the main question be put now? As many as are in favor will rise and stand until counted and the monitors will return the count.

A division being had.

One hundred and seventeen voting therefor, the motion to put the main question prevailed.

The SPEAKER: The question now before the House is shall this bill become a law notwithstanding the objections of the Governor. This requires a yea and nay vote and the

affirmative vote of two-thirds of the membership of the House to pass the bill.

Mr. WING of Auburn: Mr. Speaker, I think it is two-thirds of the membership. I wish to speak to a matter of personal privilege. It is not often that I dodge an issue. I am a stockholder, an unfortunate one in this unfortunate railroad. Notwithstanding the ruling of the Chair this morning, I do not feel, under Rule 17, that my private right as distinct from my public interest will permit me to vote, and I ask that I be excused. (Applause.)

The SPEAKER: Does the gentleman make the motion that the House excuse him from voting?

Mr. WING: If that is the procedure, I so move.

Thereupon the gentleman from Auburn, Mr. Wing, was excused from voting.

Mrs. FOLSOM of Norridgewock: Mr. Speaker, I ask that when my name is called that I may be excused because I have paired my vote with the two gentleman from Biddeford, Mr. Griffin and Mr. Gagne. Their vote would be yes and mine no.

The SPEAKER: The representative from Norridgewock, Mrs. Folsom, asks to be excused from voting not because of interest, and therefore it requires the consent of the House.

Thereupon the Representative from Norridgewock, Mrs. Folsom, was excused from voting.

The SPEAKER: The Clerk will call the roll.

Mr. BARTLETT of Bangor: Mr. Speaker, I rise to a point of inquiry.

The SPEAKER: The gentleman will state his point.

Mr. BARTLETT: Is it necessary for two affirmative votes to pair with one negative?

The SPEAKER: The Chair will state that under our rules there is no such thing as a pair and any arrangement that a member may make is up to that member. The House has already excused the representative from Norridgewock, Mrs. Folsom.

Mr. MORRILL of Gray: Mr. Speaker, does it take two-thirds of the membership?

The SPEAKER: Two-thirds of the membership of the House,—101 votes.

Mr. MORRILL: Mr. Speaker, why

I asked that is that I heard of some more pairing.

The SPEAKER: The Clerk will call the roll. The members will respond as their names are called. A vote yes means that the bill shall become a law notwithstanding the objections of the Governor, and a vote no sustains the veto of the Governor.

Mr. DEAKIN of Howland: Mr. Speaker, will you kindly state that again?

The SPEAKER: The question before the House is: Shall this bill become a law notwithstanding the objections of the Governor?

A vote yes is against the veto of the Governor.

A vote no is to sustain the veto of the Governor.

Mr. BARTLETT of Bangor: Mr. Speaker, I would like to question that ruling relative to two-thirds of the membership.

The SPEAKER: That provision is in the Constitution of our State, and the Chair will rule, if it is satisfactory to the gentleman from Bangor (Mr. Bartlett), after the vote is taken. The Clerk will call the roll.

YEA—Aldrich, Ayer, Bailey, Bartlett, Belleau, Bishop, Bissett, Blaisdell, Booker, Boston, Boynton, Brackett, Breen, Briggs, Brown, Burns, Butler, Cain of Clinton, Carleton of Portland, Chamberlain, Chaney, Chase, Church, Clifford, Cole, Comins, Cowell, Cram, Crockett, Cyr, Davitt, Deakin, Decker, Deering, Dennison, Douglas, Dudley of Calais, Eustis, Farrington, Forhan, Foster, Fuller, Gay, Gillespie, Goodwin of Lebanon, Greenleaf, Hale, Hammond, Hamel, Harris, Hathaway, Heath, Holbrook, Hughes, Jackson, Kane of Addison, King, Kinsman, Kitchen, Laughlin, MacKinnon, Mansfield, Marden, McCart, McIntire, McLean, Mears, Melcher, Merrill, Metcalf, Morin, Morrill, Nadeau, Page, Patterson, Pendexter, Pike, Piper, Rawley, Richardson, Robie of Westbrook, Roy, Ruggles, Saucier, Seavey, Snow, Snowman, Staples of Eliot, Staples of Waterville, Sturtevant, St. Clair, Tucker, Vail, Varnum, Webber, Wheeler, White, Wing of Kingfield, Winslow, Wyman—100.

NAY—Allen, Anderson of New Sweden, Anderson of South Portland, Bishbee, Brewster, Bruce, Buker, Carleton of Winterport, Crawford, Daigle, Dudley of Castle Hill, Ellis, Ferguson, Flint, Goodwin of Sanford, Greene, Hawkes, Holman, Houghton, Ingraham, Jones, Littlefield, Lowell, Maloon, Marriner, McKnight, Norwood, Powers, Robie of Gorham, Rounds, Stone of Bridgton, Stone of Biddeford, Storm, Sturgis,

Thurston, Tripp, Weston, Williams of Webster, Wood—39.

ABSENT—Gilchrist, Lait, Leathers, Milliken, Sargent, Smith, Williams of Falmouth—7.

The SPEAKER: The Chair will state that this differs from an emergency matter and the Constitution provides for a vote of two-thirds of the House. That has been interpreted, and should be interpreted, as meaning two-thirds of the members present and voting. One hundred have voted yes, thirty-nine have voted no and seven were absent; and the bill becomes a law notwithstanding the objections of the Governor. (Loud applause and cheers.)

Mr. FOSTER of Ellsworth: Mr. Speaker, I wish to take up an order out of order that I laid on the table this morning.

Unanimous consent being given, Mr. Foster yielded the floor to the gentleman from Jackman, Mr. Piper, who of-

fered the following amendment to the order:

House Amendment A to the order introduced by the gentleman from Portland, Mr. Decker, regarding the Highway Department investigation.

The SPEAKER: The Clerk will read the amendment.

Amend House order relative to the investigation of the State Highway Department by adding thereto the following: "Said committee is further authorized to employ counsel, and the expense of counsel, witnesses and its investigation shall be paid out of funds in the State treasury not otherwise appropriated."

Thereupon, a viva voce vote being taken, House Amendment A was adopted and the order as amended by House Amendment A was given passage.

On motion by Mr. Hale of Portland, Adjourned until nine o'clock tomorrow morning.