

MESSAGE FROM THE SENATE.

MR. SPEAKER: I have the honor to announce to you the passage by the Senate of the following House File herewith transmitted:

H. F. No. 224, A bill for an act to provide for a record of assignments or transfers of certificates or deeds issued upon tax sale or sale for special assessments and defining the effect of such record and of such instruments not so recorded.

Also the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. No. 822, A bill for an act to appropriate the sum of two thousand five hundred (\$2,500) dollars for the relief of the City of Mankato.

S. F. No. 821, A bill for an act to appropriate the sum of two thousand five hundred (\$2,500) dollars for the relief of the City of Breckenridge.

GEO. W. PEACHEY,
Secretary of the Senate.

ENGROSSED BILLS.

Mr. Nye, from the Committee on Engrossment, reported that the Committee had examined, read, compared and found truly engrossed—

H. F. Nos. 548, 507, 977, 207, 342, 129, 645, 846, 285, 1030 and 1085.

Which report was agreed to.

Mr. Dalzell moved that a message from His Excellency, the Governor, John, A. Johnson, relative to H. F. No. 227 be received.

Which motion prevailed.

MESSAGE FROM THE GOVERNOR.

STATE OF MINNESOTA,
EXECUTIVE DEPARTMENT,
ST. PAUL, April 20, 1909.

Hon. A. J. Rockne, Speaker of the House of Representatives:

SIR—I have the honor to return herewith without my approval—

H. F. No. 227, A bill for an act defining and classifying mineral lands and providing for the taxation of the same.

Objections to this measure may be summarized as follows:

First—Notwithstanding the able and sincere labor bestowed upon it by its author, Mr. Bjorge, the bill remains, both in principle and

administrative features, a more or less uncertain and ill-digested experiment, not fully understood even by its friends, and intensely feared by the sections of the state to which it specially applies, while in application it threatens to violate the fundamental principle of taxation, that of equality, at the same time it fails to meet the constitutional requirement of uniformity in taxing the same class of subjects.

Second—It is certain that the moral, industrial and practical effect of the bill, if made a law at this time, will be to strike a severe blow at the development and prosperity of all the great mineral bearing counties of northeastern and north central Minnesota, affecting alike the agricultural, manufacturing, commercial, financial and educational growth and success, as well as the settlement of all our northern lands, both public and private, and the investment of both home and foreign capital therein.

Third—The passage of the proposed tonnage tax measure at this time, when both its provisions and the principle upon which it is based, are so little understood and indeed so generally misunderstood, has plunged the whole subject of taxation under the new state constitutional amendment into a sea of political and sectional feeling and prejudice, which not only makes a just, efficient and scientific measure impossible of enactment at this time, but threatens sectional hatreds which may disrupt and endanger the future best development of our great Commonwealth, besides making the subject of just state taxation the mere football of partisan and sectional politics.

Fourth—Minnesota is achieving marked success in the assessment and taxation of iron ore lands under the present ad valorem system; so that there is no urgent and vital public need of a measure of this kind at this time, and nothing to prevent the state from taking ample time under the provisions of the new constitutional amendment, and with the aid of the state tax commission to work out a system of taxation on a thoroughly scientific, dispassionate and equitable basis, devoid of political and sectional feeling, and one that will commend itself to the people of Minnesota at large, regardless of section or party, industry or class, for its justice and equality of principle, as well as for its efficient, carefully wrought and thoroughly practical administrative features.

As regards the success of the state in securing revenue from iron ore properties under the present ad valorem system, permit me to cite you to the statistical exhibit of the State Auditor on page

XVIII. of his last biennial report. It there appears that the taxable value of iron ore properties in Minnesota has been raised from \$6,000,000 in 1898 to \$180,000,000 in 1908, or increased thirty-fold in ten years, and that the taxes levied to be paid into the state treasury from this source increased from \$18,000 in 1898 to \$600,000 in 1908, increasing thirty-three-fold in the brief period of ten years.

If the revenue now derived from iron mines is not sufficient the state under the present system has the full power and machinery to increase the assessment to a proper and just figure, without plunging any section of the state into panic and arresting its development.

The State Board of Equalization and the State Tax Commission, under the present tax laws, have raised the value of iron ore lands from \$42,000,000 in 1905 to \$180,000,000 last year, thereby increasing the state tax levy for state purposes alone from \$114,000 four years ago to approximately \$600,000 a year at the present time, or adding nearly a half million dollars of revenue annually to the state treasury, and approximately quadrupling the iron ore valuation and taxes in the brief period of four years.

The present scientific and thorough manner of reaching iron ore valuations by the Minnesota Tax Commission is the subject of the admiration and congratulation of the leading tax authorities of the country. Minnesota's success in the taxation of mines is recognized as one of the most marked achievements in the progress of state taxation in recent years. The progress we have made we have the full power to continue to make under present laws and administration. Northern Minnesota is just emerging from the prolonged depression incident to the great industrial strike at the mines, followed by the presidential election and general depression of the iron and steel industry. To plunge this great section again at this time into the uncertainty and depression that are certain to follow the enactment of this bill and the almost endless litigation to which it will give rise, not only is not called for by any present public necessity, but appears suicidal to the state's progress and prosperity in this critical period of its northern development.

Northern Minnesota claims, with some show of reason, that had its counties a legislative representation based on a just population apportionment, this bill would never have passed. Fifty-five counties of this state receive more money from the state treasury than they pay into it, and it scarcely seems possible that these dis-

districts should attempt to impose upon another section of the state a system of taxation based upon an inequality. Such attitude obviously threatens the state with a condition of sectional hatred and prejudice which is ominous to the state's future peace, harmony and progress.

However patriotic and disinterested in purpose the author and a majority of the friends of this measure may be, the fact remains that the people of the northern counties in which our mineral resources are located believe as one man that their section and industry are singled out for tax discrimination and confiscation.

Taxation is not for punishment. The sovereign power of taxation is not conferred by the people upon their representatives for the purpose of punishing any industry, class or section. The foundation theory of taxation is absolute equality and justice to the humblest and mightiest alike.

In its practical operation, this bill, as it would affect the great mining corporations, would not, I believe, work out the results designed by the author. Based upon metallic standards entirely it would be of advantage to the mining companies now operating in the Vermillion and Messabe ranges, and would work a decided disadvantage to the people possessing low-grade ores of the undeveloped properties now in the hands of thousands of settlers in Aitkin, Becker, Beltrami, Cass, Hubbard, Itasca, Morrison, Crow Wing, Otter Tail, Todd and Wadena counties. Not only would there be a discrimination in favor of the older and richer section of our mineral area, but it would place an unfair and unjust burden upon their smaller and independent competitors in the newer and less developed section, and in many instances would doubtless result in the latter being compelled to surrender their properties at a sacrifice to that corporation which dominates the steel industry of the United States.

The purpose of taxation is to raise revenue for the expenses of government, and on this theory taxes should be levied on all classes and on all sections as nearly alike as may be. There is no denial of the statement that this section now pays on valuations greater than other classes of real estate in other sections of the state, and while it may be possible and doubtless is true that modifications may be necessary, this can be accomplished, as I have already stated, full as well under the present ad valorem system, under the scientific investigations of the Tax Commission, as under the specific plan proposed in this bill. And the present plan has this very decided advantage to the state, that the revenues are definitely de-

terminated and expenditures can be made accordingly, while under the proposed plan there would obtain a flexibility dangerous in its uncertainty, as the revenues would be more or less as the companies mined, much or little.

I believe that the bill, providing as it does a double system of taxation on one class of property, is wrong in principle, and for this and the reasons above recited I herewith return the same.

Very respectfully,

JOHN A. JOHNSON,
Governor.

SPECIAL ORDERS.

The hour of 10 o'clock A. M., the hour for the special order on H. F. No. 1030, having, arrived, H. F. No. 1030 was taken up for consideration.

Mr. Johnson, L. H., moved that each item as read of H. F. No. 1030 be adopted.

Which motion prevailed.

Mr. Lennon moved that the appropriation items in the Attorney General's office be laid over temporarily.

Mr. White moved as an amendment that all items relative to appropriations for the Attorney General's office be approved.

Which amendment prevailed.

The motion as amended then prevailed.

Mr. Putnam moved to amend H. F. No. 1030 under section four (4)—(Attorney General).

Correct clerical error in appropriation bill as follows:

Insert in line nine (9) of page two (2), after the word "rate," the words "and tax."

Which was adopted.

On motion of Mr. Davis, sections one (1), two (2), three (3), four (4) and five (5) was approved.

On motion of Mr. Lennon, section six (6) was approved.

Mr. Davis moved to amend section seven (7) of the printed bill as follows:

Subdivision 1, "Additional clerk hire, \$1,200."

Subdivision 2, "Teachers' examinations for professional certificates, \$150."

Which motion was lost.