

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

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 revenues 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 1923. 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 unburdening 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.