

A BILL

FOR AN ACT AMENDING SECTION THIRTEEN HUNDRED AND THIRTY-FOUR (1334) OF THE CODE, AND REPEALING SECTION THIRTEEN HUNDRED AND THIRTY-FIVE (1335) AND SECTION THIRTEEN HUNDRED AND THIRTY-SIX (1336) OF THE CODE, AND ENACTING SUBSTITUTES THEREFOR, IN RELATION TO RAILWAY TAXATION, AND PROVIDING FOR THE PUBLICATION OF PROCEEDINGS OF SAID COUNCIL, AND DIRECTING THE PAYMENT OF EXPENSES PROVIDED FOR BY THIS ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Paragraphs ten (10), eleven (11), and twelve (12) of section thirteen hundred and thirty-four (1334) of the code are hereby repealed, and the following enacted in lieu thereof, and in addition thereto:

10. The gross earnings of the entire railway and the gross earnings in each state in which the railway is operated.

11. The operating expenses, exclusive of sinking fund and as defined in section thirteen hundred and thirty-five (1335) of the code, as amended by this act, of the entire railway and the same for each state in which the railway is operated.

12. The net earnings of the entire railway and the net earnings in each state in which the railway is operated.

13. The taxes paid on the entire railway and the taxes paid in each state in which the railway is operated, and the amount of special assessments, if any, stated separately.

14. The amount of money, stocks, bonds and current assets of whatever nature on hand, in the treasury, or in the possession of the officers or agents of the railway company or of any trustee or receiver, and all other assets not hereinbefore specifically mentioned, including the amount of sinking fund, if any, stated separately.

15. The number of shares of its stock and the par value thereof, and if the same consist of different classes, the number of each class, and the par and market value thereof, or if

19 there is no market value, then the actual value of each share; the amount of its funded and
20 floating debt, and the market value, of any of such indebtedness, or if there is no market
21 value, then the actual value; the number, amount and market value, or if there be no market
22 value then the actual value, of any unpaid bonds or other indebtedness secured by mortgage
23 or other lien on the property or earnings of said railway.

Sec. 2. Section thirteen hundred thirty-six (1336) of the code is hereby repealed, and the
2 following is enacted in lieu thereof:

3 The railway property of this state, tangible and intangible, exclusive of the property
4 described in section thirteen hundred and forty-two (1342) of the code, shall be valued at its
5 actual value and shall be assessed at twenty-five per centum of such actual value, which shall
6 be considered as the taxable value of such property and the value at which it shall be listed
7 and upon which the levy shall be made. The actual value of such railway property shall mean
8 its value in the market in the ordinary course of trade.

9 The executive council in determining such valuation, shall take into consideration the
10 sum of the market or actual value of the stocks, bonds and securities of each railway, the gross
11 earnings, the net earnings, the physical condition of such railway within the state, and the
12 information furnished by the reports required to be made, together with any other matter
13 necessary to secure a just and equitable assessment.

14 When only a part of a railway lies in this state, that part of the value of the entire rail-
15 way which is measured by the proportion of the length of the particular railway in this state
16 to the whole railway, shall be considered in estimating its value in this state for taxation
17 purposes within the state.

Sec. 3. In case of any railway company, which, during the two years ending on the
2 31st day of December next preceding the time for making such annual returns, has paid reg-
3 ular dividends on all or any class of its shares of stock, the market value of each share of such
4 stock or class of stock, as the case may be, for the purposes of the returns so to be made as
5 aforesaid, shall be and the same is hereby declared to be the average of the closing bids or
6 prices offered for said stock or any share thereof during the year ending December 31st next
7 preceding the time for making such returns, as regularly published by any board of brokers,
8 such board being named in said returns; and the executive council, in examining and correct-
9 ing said returns, shall conform to and adopt such valuation, unless they shall be of the
10 opinion that the market value of said stock shall be otherwise ascertained, in which case it
11 may find and fix a different valuation, upon the best information which it can obtain. As to

12 all other shares of stock in any railway company, the market value thereof shall be ascer-
13 tained and returned, as far as possible, in the same manner as hereinbefore provided for the
14 shares of stock upon which regular dividends have been paid as aforesaid, but in such returns
15 any facts may be stated showing that such market value differs from the true value, and the
16 executive council, in examining and correcting such returns, shall regard said market value,
17 if it can be so ascertained, as the proper standard of the value of such shares, unless, from the
18 facts stated, or from other information, it shall think it proper to adopt a different valuation.
19 In all cases where, for any reason it is not possible or feasible to fix or ascertain the market
20 value for any stock in the manner aforesaid, it shall be returned by the party whose duty it is
21 to make such return, at the price of the last reported market sale of said stock, and the execu-
22 tive council shall, in correcting said returns, fix and determine the same according to the best
23 information which it can obtain. The executive council shall enter on its records for publica-
24 tion, the valuation of all the stocks as thus returned and corrected, and its reasons in full for
25 any variations therefrom. The publication and method of procedure prescribed herein for the
26 ascertainment of the value of stock shall be followed in the ascertainment of the value of bonds
27 and other securities. The executive council shall not be bound by any reports or estimates
28 respecting railway property furnished it under provisions of law. Whenever it is found that
29 one railway corporation owns stock, bonds or other securities in another railway corporation,
30 and which corporation is assessed by the executive council, the said council may, if it deem
31 just, make proper deduction therefor in assessing the property of the corporation so owning
32 said stocks, bonds and securities, but no deduction shall be made in excess of the value at
33 which said stocks, bonds and other securities are estimated by said council against the rail-
34 way corporation issuing the same.

Sec. 4. The executive council shall have power to send for persons, books and papers, to
2 issue subpoenas, and to compel the attendance of witnesses, and the production of such books,
3 papers and records as, in their judgment, is necessary to a full and complete exercise of the
4 powers vested in said executive council, to use the same in evidence; and any member thereof
5 may administer an oath to such witness or witnesses. The sheriff of any county of the state
6 shall serve any order, subpoena or process of the executive council, and receive such compensa-
7 tion therefor as is now provided by law for similar service in civil actions. All necessary
8 costs and expenses therefor shall be paid out of the state treasury upon warrants drawn by
9 the auditor of state; when the same shall have been allowed by the executive council.

Sec. 5. The failure of any railway company to comply with the law respecting the fur-

2 nishing of statements, or to respond to the order of the executive council as provided by law,
3 shall subject the said delinquent to the penalties and provisions of section thirteen hundred
4 and fifty-seven (1357) of the code, and it shall be the duty of the said executive council to add
5 the penalty therein named to the assessment of each mile of railway so assessed.

Sec. 6. A complete record of the proceedings of the executive council in assessing railway
2 properties for taxation shall be kept. Any member may propose a motion or resolution, and
3 he alone may require a roll call thereon, and the roll must be called on fixing the value of
4 each railway assessed. On every roll call the yeas and nays shall be recorded in the official
5 minutes of said council, and the council shall cause said record or minutes to be published in
6 full within ten days from the date of its adjournment as a board of assessors of railway prop-
7 erty, in two daily newspapers in Des Moines, of general circulation. All necessary expenses
8 of such publication shall be paid out of the state treasury upon warrants drawn by the
9 auditor of state, when the same shall have been allowed by the executive council.

Sec. 7. That section thirteen hundred and thirty-five (1335) of the code is hereby repealed,
2 and the following is enacted in lieu thereof:

3 There shall not be included in said operating expenses, any disbursement for taxes, or for
4 interest on debt, or for discount, or for the amount used in new construction, in betterments
5 in investments, in new equipment, or for any expenditure or disbursements that are usually
6 charged to profit and loss account. The council may demand, in writing, detailed, explanatory
7 and amended statements of any of the items mentioned in section thirteen hundred and thirty-
8 four (1334) of the code as amended, or in any other items deemed by it important, to be fur-
9 nished it by such railway corporation within thirty days from such demand, in such forms as it
10 may designate, which shall be verified as required for the original statement. The returns,
11 both original and amended, shall show such other facts as the council, in writing, shall require.

Sec. 8. This act, being deemed of immediate importance, shall take effect and be in force
2 from and after its publication in the Iowa State Register and the Des Moines Leader, news-
3 papers published at Des Moines, Iowa.