

In conclusion, I want to say that I have always endeavored to observe and practice the words of Abraham Lincoln, 'With malice towards none but charity for all.'"

MESSAGE FROM THE GOVERNOR.

STATE OF MINNESOTA,
EXECUTIVE DEPARTMENT,

ST. PAUL, September 19, 1919.

Hon. W. I. Nolan,

Speaker of the House of Representatives

Sir: I am returning herewith, without my approval,

H. F. No. 23, A bill for an act providing for the levy and collection of a tax upon the value of ores from persons, co-partnerships, associations, joint-stock companies and corporations engaged in the mining or production thereof.

A bill similar to the one herewith returned was defeated by the House during the regular session. Now, in Special Session, a few months later with the same membership, the same kind of a measure is passed by a vote of 101 to 22. Such a sudden reversal of opinion on the part of so many shows the advisability of further deliberation on this important subject.

When a member of this body during the sessions of 1909 and 1911, I spent much time in studying the proposed taxing of the iron properties on a different basis from other property and at that time came to the conclusion that any attempt to single out one section of the state or one of its industries in such a manner as is now suggested was unjust. Since that time, I have found no reason for changing my opinion in this matter, but upon further study and investigation have become more firmly convinced of the justice of the position then taken.

An argument advanced for the passage of a law of this kind at this time is that the tonnage tax has been and is a political issue and the enactment of the proposed law will remove this question from the field of politics. Such reasoning does not appeal to me for the merits of the bill and nothing else should control. Although it is believed by some that the so-called tonnage tax issue will be eliminated by the passage of this bill, it is apparent that such an enactment will give those who are prejudiced against a certain section or industry of our state further opportunity for additional controversies with respect to the adequacy and distribution of the proposed tax at each succeeding session of the Legislature.

Farm land is today assessed at one-third of its full value. The assessed valuation of iron ore is fifty per cent higher. Although the latter is now paying the highest tax of any property in the state, it is claimed by the proponents of the proposed law that the tax should be still further increased by imposing upon iron ore an additional form of taxation. As stated by the dean of the Minnesota School of Mines, in chapter 13 of the last Report of the Minnesota Tax Commission, "this class of property" now "contributes its share. The value according to grade of tonnage contained in each of the several hundred developed ore deposits can be easily ascertained for taxation or any other purposes of valuation. Thus, as long as any of it remains in the ground, as long as it has value, present or future, the realty containing the same contributes its taxes to the support of the state, county and local government."

The whole subject, therefore, narrows itself down to the question as to whether the iron property should be taxed to a still greater extent and differently from other property because, as the proponents of a super-tax say, "the body of iron ore is diminishing and nothing will eventually be left but holes in the ground."

Those who live in the communities affected to the greatest extent by the removal of this property are practically unanimous against the proposed law. Some of those, who live in other sections of the state and who would be the least affected by the disappearance of the ore, advocate the taxing of the northeastern section of Minnesota on a different basis from other portions of the state. Any theory, which holds that certain property, which by being removed diminishes in value the land from which it is taken, should therefore be taxed at a higher rate than other property, is unsound and illogical. The fact that most of the iron ore is taken out of the state is no more of an argument for increasing taxes thereon than the removal from the state of lumber, granite, grain or any other property would be a ground for increasing the taxes on the last named commodities. The iron ore is being converted continually into taxable subjects such as buildings, machinery and other instrumentalities upon which taxes must be paid. It is true that all of these taxes thus imposed are not paid in Minnesota, but that is no reason for taxing iron ore in a different way from that applied to other Minnesota products which are removed from the state and converted into different forms of property elsewhere.

It is also contended that the iron ore intended to be taxed by the measure now under discussion is the product of nature and was formerly the property of the State of Minnesota and for that reason

should be taxed on a different basis than other property. The fact is that iron ore is not the product of nature to any greater extent than the ordinary soil and the state originally owned none of this property, but did acquire a small portion thereof by grants from the Federal government. If any individual or corporation has procured from the state the title to iron lands illegitimately, it should resort to the courts and not to the Legislature for relief. If, however, the land has been honestly acquired by the owners thereof, the state has no right to attempt to take it by legislation under the guise of taxation.

It is further claimed that the proposed bill is just because it in effect provides a tax on profits rather than a tonnage tax on a particular kind of property. If this be true, there is no reason why a profit tax should be applied to only one industry and in one section of the Commonwealth and not to all sections and to all industries of the state. If this bill should be so amended as to provide for a profit tax that would be fair to all individuals, sections and industries, instead of discriminating against one section and one industry an entirely different proposition would be presented.

It is also sought to justify this legislation on the ground that the owners of iron ore property have secured a practical monopoly of the product by unfair methods and are obtaining unreasonable and unconscionable profits by reason thereof. If that is the situation, the remedy ought to be sought in the courts and in additional Federal and State legislation. If, as some contend, such practices are pursued by those proposed to be taxed by the measure under discussion, it would be wholly wrong for the state to become a partner in such transactions by sharing in accordance with the proposed law the profits alleged to have been made in such a manner.

A law of the nature suggested would violate the fundamental principles of taxation. In enacting tax legislation, as well as other legislation, it should be borne in mind that inequality and lack of uniformity ought to be avoided. Taxation should not be used as an instrument to impose unfair and excessive burdens upon any particular class, industry or section. If revenues can be too easily secured, they usually tend to extravagance in governmental expenditures. Instead of indulging in doubtful theories to sustain different classifications of property, resulting in continual litigation in our courts, we should strive to find reasons for avoiding such classifications in order to prevent class legisla-

tion and the creating of sectional differences and class prejudices, which it will require years to overcome. Our greatest progress will be realized in the enactment of fair measures that tend to concord rather than to discord. Governmental encouragement of legitimate enterprises, wherever they may be or wherever the owners thereof may live, is the greatest essential to the development of this Commonwealth and nation and to the securing for each of its citizens of that degree of prosperity and progress for which we all hope.

Very respectfully,

J. A. A. BURNQUIST,
Governor.

MOTIONS AND RESOLUTIONS.

Mr. Kingsley offered the following resolution:

Whereas, A large number of soldiers, sailors and marines together with a large number of soldier organizations throughout the State are sending in telegrams and writing for copies of "The Soldiers' Bonus Bill",

Now Therefore Be It Resolved, That the Chief Clerk be and is hereby instructed to have ten thousand copies of House File 103 as passed by the Legislature, printed in pamphlet form so that whatever copies are not used immediately can be given to the Adjutant General's office for use.

Be It Further Resolved, That the Chief Clerk order an additional number of copies sufficient to supply each member with fifty copies, and he is hereby authorized to incur the expense necessary to carry out the provisions of this Resolution.

Mr. Kingsley moved the adoption of the resolution.

Which motion prevailed and the resolution was adopted.

Mr. Sudheimer moved the following Resolution:

Whereas, Captain James Francis Dilley of St. Paul, Minnesota, departed this life June 27, 1919, at his home after a life of energetic public activity. He is survived by a widow and son, Guy Dilley a present member of the House of Representatives of the State of Minnesota.

Captain Dilley came to Minnesota from Mansfield, Ohio, in 1858, taking up his Minnesota residence at Northfield, Minnesota. In 1861, in response to the call of the President of the United States, he enlisted as a private in Company "C", 4th Regiment Volunteers at Fort Snelling, and participated in every