

OR
S. 8 v 94/3
- 926-2
c. 1

PROPOSED

Constitutional Amendments and Measures

(With Arguments)

To Be Submitted to the Voters of Oregon

at the

General Election

Tuesday, November 2, 1926

Published by Authority

(Section 4103, Oregon Laws)

Compiled by
SAM A. KOZER
Secretary of State

Index on Pages 100-101

LAW AUTHORIZING THIS PUBLICATION

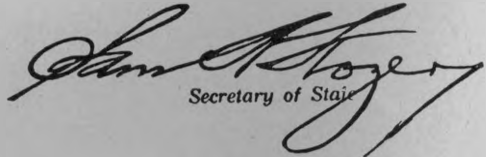
(Section 4103, Oregon Laws)

MEASURES AND ARGUMENTS TO BE PRINTED AND DISTRIBUTED

Not later than the ninetieth day before any regular general election * * * at which any proposed law, part of an act or amendment to the constitution is to be submitted to the people, the Secretary of State shall cause to be printed in pamphlet form a true copy of the title and text of each measure to be submitted, with the number and form in which the ballot title thereof will be printed on the official ballot. The person, committee or duly organized officers of any organization filing any petition for the initiative, but no other person or organization, shall have the right to file with the Secretary of State for printing and distribution any argument advocating such measure; said argument shall be filed not later than the one hundred and fifteenth day before the regular election at which the measure is to be voted upon. Any person, committee or organization may file with the Secretary of State, for printing and distribution, any arguments they may desire, opposing any measure, not later than the one hundred and fifth day immediately preceding such election. Arguments advocating or opposing any measure referred to the people by the Legislative Assembly, or by referendum petition, at a regular general election, shall be governed by the same rules as to time, but may be filed with the Secretary of State by any person, committee or organization. * * * But in every case the person or persons offering such arguments for printing and distribution shall pay to the Secretary of State sufficient money to pay all the expenses for paper and printing to supply one copy with every copy of the measure to be printed by the State; and he shall forthwith notify the persons offering the same of the amount of money necessary. The Secretary of State shall cause one copy of each of said arguments to be bound in the pamphlet

copy of the measures to be submitted as herein provided, and all such measures and arguments to be submitted at one election shall be bound together in a single pamphlet. All the printing shall be done by the State, and the pages of said pamphlet shall be numbered consecutively from one to the end. The pages of said pamphlet shall be six by nine inches in size and the printed matter therein shall be set in six-point Roman-faced solid type on not to exceed seven-point body, in two columns of thirteen ems in width each to the page with six-point dividing rule and with appropriate heads and printed on a good quality of book paper twenty-five by thirty-eight inches weighing not more than fifty pounds to the ream. The title page of every measure bound in said pamphlet shall show its ballot title and ballot number. The title page of each argument shall show the measure or measures it favors or opposes and by what persons or organization it is issued. When such arguments are printed he shall pay the State Printer therefor from the money deposited with him and refund the surplus, if any, to the parties who paid it to him. The cost of printing, binding and distributing the measures proposed and of binding and distributing the arguments, shall be paid by the State as a part of the State printing, it being intended that only the cost of paper and printing the arguments shall be paid by the parties presenting the same, and they shall not be charged any higher rate for such work than is paid by the State for similar work and paper. Not later than the fifty-fifth day before the regular general election at which such measures are to be voted upon the Secretary of State shall transmit by mail, with postage fully prepaid, to every voter in the state whose address he may have, one copy of such pamphlet. * * *

NOTE—For the convenience of the voters, a list of the official ballot titles and numbers of the Proposed Constitutional Amendments and Measures is printed on pages 102 and 104 of this pamphlet. This list is intended for their use, if desired, in preparing marked lists in advance in order to aid them in the final marking of their ballots at the polls.


Secretary of State

(On Official Ballot, Nos. 300 and 301)

AN AMENDMENT

To the constitution of the state of Oregon, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, to amend section 10 of article XI thereof; proposed by the thirty-third legislative assembly under house joint resolution No. 3, filed in the office of the secretary of state February 3, 1925.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

Constitutional Amendment—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**KLAMATH COUNTY BONDING AMENDMENT**—

Purpose: To amend section 10 of article XI of the constitution of the state of Oregon so as to permit the issuance of bonds by Klamath county when authorized by a majority vote of the people of said county voting thereon, in an amount equal to the amount of warrants of said county outstanding on April 1, 1919, and interest thereon to date of such election, for the payment of which no funds were then available, and the payment of such warrants with the proceeds from the sale of such bonds.

300 Yes. I vote for the amendment.

Vote YES or NO

301 No. I vote against the amendment.

HOUSE JOINT RESOLUTION NO. 3

Be It Resolved by the House of Representatives of the State of Oregon, the Senate jointly concurring:

That section 10, article XI of the constitution of the state of Oregon be and the same hereby is amended so as to read as follows:

ARTICLE XI

Sec. 10. No county shall create any debt or liabilities which shall singly or in the aggregate, with previous debts or liabilities, exceed the sum of \$5,000, except to suppress insurrection or repel invasion or to build or maintain permanent roads within the county; and debts for permanent roads shall be incurred only on approval of a majority of those voting on the question, and shall not either singly or in the aggregate, with previous debts and liabilities incurred for that purpose, exceed 6 per cent of the assessed valuation of all property in the county; provided, however, that either Crook or Curry county, or both, may issue warrants drawn on its treasury to evidence debts and liabilities imposed on it by law and which the county is powerless to prevent and may issue bonds in an amount not to exceed 2 per cent of the assessed valuation of all the property in the county to fund its warrants so issued whenever such bonds shall be authorized by a majority of the legal

voters of the county voting on the question of [ai] any general election or a special election called and held for such purpose; provided further, that the county court may order a special election for said purpose and shall cause printed notices thereof, signed by the county clerk, to be posted at least twenty days before the date of the election, in like manner as notices of a general election are now posted, which notices shall particularly specify the amount of bonds proposed to be issued, the length of time they shall run, which shall not exceed twenty years, and the maximum rate of interest they shall bear, which shall not exceed the legal rate, and said court shall have printed for use at such elections the same number of ballots, both official and sample ballots, as would be required by the election laws at a general election, said ballots to specify the amount of bonds to be issued, the length of time they shall run and the maximum rate of interest they shall bear, and said election shall be conducted by the regularly appointed election officials and in accordance with the general election laws except as herein otherwise provided; provided further, that said bonds when so authorized may be sold by the county court for the best price obtainable and, subject to the limitations hereinabove set forth, shall be in such form as the county court may prescribe; provided further, that the county court shall each year, after the issuance of such bonds, levy a special tax

in such an amount as may be necessary to pay the interest on said bonds and to retire the principal thereof at maturity, such tax to be in addition to all other taxes provided by law; provided further, the county court of Linn county, Oregon, shall annually levy a tax equal to 2 mills on the dollar of taxable property of said county for the purpose of paying all warrants on said county outstanding December 31, 1921, with interest at the legal rate from the dates thereof to the date of payment, which tax shall be levied and collected as other taxes, kept in a separate fund and applied only to the payment of said warrants and accrued interest thereon, same to be paid in numerical order until all said warrants and accrued interest shall have been paid. When all said warrants and accrued interest shall have been paid, the power hereby conferred shall cease. Said tax may be in addition to and in excess of the limitations fixed by section 11, article XI of the constitution of the state of Oregon; provided further, that Benton county, upon the majority vote of the people thereof, voting thereon, may issue bonds not to exceed an amount equal to the amount of the warrants of said county outstanding on December 31, 1921, for the

payment of which no funds were then available, and pay the unpaid expenses of said county from the proceeds of such bonds. Such election shall be called and held and such bonds shall be issued and sold in the same manner and according to the same procedure as provided in this section for holding of elections and the issuance and sale of bonds by Crook and Curry counties; provided further, that Klamath county, Oregon, upon the majority vote of the people thereof, voting thereon, may issue bonds not to exceed an amount equal to the amount of the warrants of said county outstanding on April 1, 1919, and all interest on same to date of said election, for the payment of which no funds were then available, the proceeds from the sale of such bonds to be devoted to paying the said outstanding warrants. Such election shall be called and held and such bonds shall be issued and sold in the same manner and according to the same procedure as provided in this section for holding of elections and the issuance and sale of bonds for Crook and Curry counties.

Filed in the office of the secretary of state February 3, 1925.

For affirmative argument see page 4 below.

(On Official Ballot, Nos. 300 and 301)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of the **Klamath County Bonding Amendment.**

This measure proposes to amend the constitution of Oregon so as to allow the people of Klamath county to vote bonds for the purpose of paying off old outstanding warrants.

The voters of the state have heretofore amended section 10 of article XI of the constitution allowing Crook county, Curry county, Linn county and Benton county to redeem past indebtedness in a similar manner, and Klamath county is asking for the same opportunity of acknowledging and paying her just debts and improving her credit.

Klamath county has been on a cash basis for some time and each year is endeavoring to pay off its old warrant indebtedness by a tax levy but makes very little progress because the regular budget requirements use up all the revenue available under the tax limitation.

The six per cent limitation does not apply to levies made for the purpose of paying off bonded indebtedness, so when this outstanding warrant indebtedness is once reduced to a bonded indebtedness then under the present provisions of the constitution it will be possible to levy a special tax to take up this bonded indebtedness and hasten the day when the county will be free from this long-standing debt.

This amendment will enable the people of Klamath county to vote bonds which can be sold on a basis of less than five per cent interest and pay off this indebtedness on which they are paying six per cent interest. This will mean a real financial saving to the county.

This measure merely enables the voters of Klamath county to authorize the issuance of such bonds by a vote at some future election should they so desire.

The committee hopes the voters of the state at large will grant this right to Klamath county and enable her to straighten out this vexing problem of finances. Vote "Yes."

Respectfully submitted,

JAY H. UPTON,
State Senator, 17th District.

R. R. BUTLER,
State Senator, 16th District.

A. M. COLLIER,
State Representative, 21st District.

R. S. HAMILTON,
State Representative, 21st District.

FRED J. MEINDL,
State Representative, 30th District.

(On Official Ballot, Nos. 302 and 303)

AN AMENDMENT

To the constitution of the state of Oregon, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, to amend section 11 of article XI thereof; proposed by the thirty-third legislative assembly under house joint resolution No. 2, filed in the office of the secretary of state February 11, 1925.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

Constitutional Amendment—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**SIX PER CENT LIMITATION AMENDMENT—**

Purpose: To amend section 11 of article XI of the constitution of the state of Oregon, so as to permit the board of directors of the Portland school district to levy a tax on the 1925 assessment roll in a sum not to exceed \$900,000 in excess of the six per cent limitation contained in said section of the constitution, and providing that the amount of such increase shall be included in determining the amount of taxes which may be levied on the assessment rolls for 1926 and subsequent years.

302 Yes. I vote for the amendment.

Vote YES or NO

303 No. I vote against the amendment.

HOUSE JOINT RESOLUTION NO. 2

Providing for the amendment of section 11, article XI of the constitution of the state of Oregon, to be submitted to the voters for their approval or rejection at the next general or special election.

Be It Resolved by the House of Representatives of the State of Oregon, the Senate jointly concurring:

That the following amendment to the constitution be and the same hereby is proposed:

That section 11, article XI of the constitution of the state of Oregon be and the same is hereby amended so as to read as follows:

Sec. 11. *Tax Limitation Upon State, County, Municipalities and Taxing Districts Warrants in Excess of Limitation Void.* Unless specifically authorized by a majority of the legal voters voting upon the question neither the state nor any county, municipality, district or body to which the power to levy a tax shall have been delegated shall in any year so exercise that power as to raise a greater amount of revenue for purposes other than the payment of bonded indebtedness or interest thereon than the total amount levied by it in the year immediately preceding for purposes other than the payment of bonded indebtedness or interest thereon

plus 6 per centum thereof; provided, however, that in each school district having a population of 100,000 or more inhabitants, according to the United States census, the board of directors is authorized to levy upon the assessment roll for 1925 a sum not to exceed \$900,000 over and above the amount authorized to be levied under the foregoing provisions of this section, and the amount of increase so levied by any such board of directors shall be included in determining the amount of taxes which may be levied on the assessment rolls for 1926 and subsequent years; provided, whenever any new county, municipality or other taxing district shall be created and shall include in whole or in part property theretofore included in another county, like municipality or other taxing district, no greater amount of taxes shall be levied in the first year by either the old or the new county, municipality or other taxing district upon any property included therein than the amount levied thereon in the preceding year by the county, municipality or district in which it was then included plus 6 per centum thereof; provided further, that the amount of any increase in levy specifically authorized by the legal voters of the state, or of a county, municipality or other district, shall be excluded in determining the amount of taxes which may be levied in any subsequent year, except as hereinbefore provided in and for school districts having 100,000 population. The prohibition against the creation of debts

by counties prescribed in section 10, article XI of this constitution shall apply and extend to debts hereafter created in the performance of any duties or obligations imposed upon counties by the constitution or laws of the state, and any indebtedness created by any county in violation of such prohibition and any warrants for or other evidences of any such indebtedness and any part of any levy of taxes made by the state or any county, municipality or other taxing district or body which shall exceed the limitations fixed hereby shall be void.

Be It Further Resolved, That this proposed amendment, be submitted to the voters of the state of Oregon for their approval or rejection at the next general or special election; and be it further

Resolved, That the secretary of state be authorized and directed to set aside two pages of the official pamphlet for the publication of arguments in support of this amendment, and that a committee of two representatives and one senator be appointed to prepare said arguments for publication in said pamphlet, and to file the same with the secretary of state.

Filed in the office of the secretary of state February 11, 1925.

For affirmative argument see page 6 below.

For negative argument see page 7.

(On Official Ballot, Nos. 302 and 303)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of the **Six per Cent Limitation Amendment.**

The Legislature, by practically a unanimous vote, passed what is known as house joint resolution No. 2, which is intended to remove the difficulties which school district No. 1 (Portland) has experienced for a number of years in financing itself from year to year, and submits this measure to the voters of the state for their approval.

The Legislature, at the same time, passed an act to repeal sections 5234 and 5235, Oregon Laws, which limited the annual tax levy in school district No. 1 to 6.5 mills on the assessed valuation. Because of this 6.5 mills limitation school district No. 1 for several years has not been able to obtain enough money through such levy to carry on its work; therefore, it has not been possible to take advantage of the constitutional provision permitting the levy each year of 6 per cent more than was levied the year before. For several years the school district has been compelled to go before the voters each year, asking the taxpayers to permit an extra levy in order to obtain enough money to pay its expenses during the succeeding year.

The purpose of this measure is merely to make the basis for the levy upon the 1925 assessment roll the amount now permitted by law, plus \$900,000. As a matter of fact, the voters of school district No. 1, on June 20, 1925, by a large majority, voted the school district this \$900,000 for

use in 1926. By approving the present proposed amendment to the Constitution, the voters will make it possible for school district No. 1 to use the amount that will be levied for next year the basis for computing the levy for the succeeding year. This is a matter that has no bearing upon any other school district in the state, other than school district No. 1, and is intended to carry out the wishes of the people of that district.

If this measure is not approved by the voters, it will require school district No. 1 to provide for an election each year, at which the public must vote for or against providing enough funds to carry on the work of the schools. Such special elections are attended by great expense, and the practice is so unbusinesslike that it is not desired by the people of school district No. 1.

The measure should be approved by unanimous vote.

W. W. BANKS,
State Senator, 13th District.

FRED W. GERMAN,
State Representative, 18th District.

W. C. NORTH,
State Representative, 18th District.

(On Official Ballot, Nos. 302 and 303)

ARGUMENT (Negative)

Submitted by board of school directors of school district No. 1, Multnomah county, Oregon, opposing the **Six Per Cent Limitation Amendment**.

The board of directors of school district No. 1, Multnomah county, Oregon, at a regular meeting held on the 7th day of July, 1926, by resolution authorized its chairman and school clerk to procure the following statement opposing the adoption of house joint resolution No. 2, thirty-third session of the legislative assembly, which is to be submitted to the voters of the state at the forthcoming biennial general election in November, to be printed in the official pamphlet authorized under section 4103, Oregon Laws, to wit:

"When this resolution was passed by the legislature it was expected that a special election would be held in 1925 so that it would be possible to take advantage of same in making levy upon the assessment roll for 1925. As there was no election in 1925, the authority desired

could not be granted by the people and the election in 1926 would not grant the relief desired.

"Under the circumstances the board of directors of school district No. 1 desire that the amendment be not approved by the people. The next session of the legislature will be asked to pass another joint resolution providing for submission of an amendment to the constitution at the next general election."

BOARD OF SCHOOL DIRECTORS OF
SCHOOL DISTRICT NO. 1, MULT-
NOMAH COUNTY, OREGON,

By G. P. EISMAN, Chairman.
(SEAL)

Attest: E. T. STRETCHER, School Clerk

(On Official Ballot, Nos. 304 and 305)**AN AMENDMENT**

To the constitution of the state of Oregon, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, to amend section 35 of article I thereof; proposed by the thirty-third legislative assembly under house joint resolution No. 8, filed in the office of the secretary of state February 11, 1925.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

Constitutional Amendment—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**REPEAL OF FREE NEGRO AND MULATTO SECTION OF THE CONSTITUTION**—Purpose: To repeal section 35 of article I of the constitution of Oregon which is invalid because it is in conflict with the United States constitution. Said section attempts to forbid free negroes and mulattoes coming into, residing or being in the state of Oregon, or having any civil rights therein.

304 Yes. I vote for repealing the section.

Vote YES or NO

305 No. I vote against repealing the section.

HOUSE JOINT RESOLUTION NO. 8

Be It Resolved by the House of Representatives of the State of Oregon, the Senate jointly concurring:

That section 35, article I of the constitution of the state of Oregon be and the same hereby is repealed.

Be It Further Resolved, That this proposed repeal be submitted to the voters of the state of Oregon for their approval or rejection at the next general or special election; and be it further

Resolved, That the secretary of state be authorized and directed to set aside two pages of the official pamphlet for the publication of arguments in support of this repeal, and that a committee of two representatives and one senator be appointed to prepare said arguments for publication in said pamphlet, and to file the same with the secretary of state.

Filed in the office of the secretary of state February 11, 1925.

For affirmative argument see page 9.

(On Official Ballot, Nos. 304 and 305)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and the house of representatives, thirty-third regular session, legislative assembly, in behalf of the **Repeal of the Free Negro and Mulatto Section of the Constitution.**

Oregon's constitution framed by a committee of 60 delegates chosen by the people in 1857 met and formulated the instrument later ratified by a majority of the electors of the territory November of the same year.

Article I, "Bill of Rights," contains the following section, 35:

"Free Negroes and Mulattoes—No free negro or mulatto, not residing in this state at the time of the adoption of this constitution shall come, reside, or be within this state, or hold any real estate, or make any contracts, or maintain any suit therein; and the legislative assembly shall provide by penal laws for the removal by public officers of all such negroes and mulattoes, and for their effectual exclusion from the state, and for the punishment of persons who shall bring them into the state, or employ or harbor them."

These restrictions upon the rights of negroes and mulattoes were abrogated and made void by the 14th amendment to the constitution of the United States, section 1, adopted 1868, which reads as follows:

"All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty or property, without

due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

Since the adoption of this amendment effort has been made at different times to remove from our state constitution this archaic law, without success. It remains unchanged—a constant reminder of intolerance and hatred, a reproach to the people of this commonwealth, a slur upon those whom it sought to proscribe.

Children attending the schools of this state are expected to study and digest the content of our constitution, and for their sakes this clause should be repealed. Intolerance and hateful discrimination has no part or place in our state constitution, and in justice to the citizens of Oregon this and succeeding generations, section 35, article I of the constitution of the State of Oregon should be repealed.

Vote for this repeal and thus uphold the spirit of Abraham Lincoln—the great Emancipator.

MILTON R. KLEPPER,

State Senator, 13th District,
comprising Multnomah County.

WILLIAM F. WOODWARD,

State Representative, 18th District,
comprising Multnomah County.

FRANK J. LONERGAN,

State Representative, 18th District,
comprising Multnomah County.

(On Official Ballot, Nos. 306 and 307)

AN AMENDMENT

To the constitution of the state of Oregon, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, to amend article IX thereof, by adding thereto a new section to be numbered 1-c; proposed by the thirty-third legislative assembly under senate joint resolution No. 5, filed in the office of the secretary of state February 21, 1925.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

Constitutional Amendment—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**AMENDMENT PROHIBITING INHERITANCE AND INCOME TAXES**—Purpose: To amend article IX of the constitution of Oregon, so as to prohibit the levying of any tax upon inheritances or upon the income of residents or citizens of this state by the state of Oregon or under its authority and forbidding the submission to the people of any amendment of this provision before the year 1940.

306 Yes. I vote for the amendment.**Vote YES or NO****307 No. I vote against the amendment.**

SENATE JOINT RESOLUTION NO. 5

Be It Resolved by the Senate of the State of Oregon, the House of Representatives jointly concurring:

That article IX of the constitution of the state of Oregon be and the same is hereby amended by adding thereto a new section to be numbered 1-c, to read as follows:

Section 1-c. No tax upon inheritances or upon the income of residents or citizens of this state shall be levied by the state of Oregon, or under its authority, and no amendment of this section shall be submitted to the people before the year 1940. This section shall not relieve from payment of inheritance tax any estate of any person who may have died before the adoption of this amendment nor shall it prevent the collection of any income tax accrued on incomes prior to the adoption of this amendment.

And Be It Further Resolved, That the secretary of state be authorized, and he is hereby directed to set aside four pages of the official pamphlet for the publication of arguments in support of this amendment, and that two representatives shall be selected by the speaker of the house of

representatives and one senator shall be selected by the president of the senate, who shall be in favor of the adoption of said amendment and who shall constitute a committee to prepare said favorable argument in conjunction with other supporters, and that the secretary of state is also directed to set aside four pages of the official pamphlet for the publication of arguments in opposition to this amendment, and that two representatives shall be selected by the speaker of the house of representatives and one member of the senate shall be selected by the president of the senate, who shall be opposed to the adoption of said amendment, and who shall constitute a committee to prepare such arguments in opposition, in conjunction with others who may oppose this amendment; and be it further

Resolved, That this amendment be submitted to the people for adoption or rejection at the next general or special election in the state of Oregon.

Filed in the office of the secretary of state February 21, 1925.

For affirmative argument see pages 11-14.

For negative argument see pages 15-17.

(On Official Ballot, Nos. 306 and 307)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of the **Amendment Prohibiting Inheritance and Income Taxes.**

For 25 years we have heard promises of tax reduction.

For 25 years taxes have increased in spite of the promises to reduce them.

Candidates have dinned tax reduction in our ears.

Tax reduction has been their slogan and battle cry, and we have voted for their election because they promised tax reduction.

Attempts to reduce taxes have been made by earnest men whom we have elected to office. But they, and we, have found that demands for service grew faster than taxable wealth.

They have skimped and economized and have cut out public improvements, but taxes have risen higher and higher.

Is it not true that economy by itself is not enough to bring about tax reduction?

Why deceive ourselves further on the tax question? Why try to dodge facts?

We must admit that taxes can be lowered but a trifle if at all unless we get in more taxable wealth to share the burden of public expense in Oregon.

How to bring about that increase in the volume of taxable wealth is the main and important taxation question that confronts Oregon.

Attempting to shift the tax load does not make the load any lighter.

Outside capital will not be hungry to come into a state where the shifting game is the favorite political pastime.

We have had enough experience with tax shifting. This, that and the other tax "ism" has been proposed, adopted, repealed, and then we would try something else, only to repeal it.

The inbound flow of investment capital, so essential to the increase of taxable wealth, has been slowed down, diverted, turned elsewhere.

Not only did we fail to reduce our own taxes, but we retarded the development of taxable resources and deprived ourselves of income and prosperity to pay taxes and improve our condition.

Faithfully we chased political rain-bows, but we did not find the pot of gold.

Outsiders so often refer to our state as a "freak state." We have resented this. But there is no doubt that our reputation for political peculiarities was such that we were discriminated against by investors.

We were laughed at, the "big money" passed by us, and other Pacific Coast states have prospered at our expense.

Our bickering over tax laws furnishes our competitors with one of their most effective talking points to injure our reputation among investors

Outsiders regard our quarreling over an income tax law as a continuous performance, absorbing to us, but in which they do not care to become involved.

They regard it as evidence of an attempt to persist in an unsound policy to our own detriment.

Not until this income tax controversy is settled, and settled in a manner that inspires confidence as being conclusive, will outside capital come into Oregon to the extent that taxable values will increase to the degree that our own taxes will diminish.

The 10-year fight over state income tax must be brought to a finish, that is a real finish, so the outside world will know that Oregon really is in earnest in its invitation to investors.

Whether the income tax is a good form of taxation, or a bad form of taxation is not the issue which faces us on this amendment. What faces us is a question of state policy.

Is it wise policy for Oregon to persist in taxing incomes while other competing states do not tax incomes?

We must decide upon a fixed policy, and our decision must be so binding that the world will know we will stick to it.

We must right-about-face. We can not afford to indulge all by ourselves in forms of taxation that are especially obnoxious to the capital we seek.

Which will mean more to us as residents of Oregon:

To keep on stewing in a ferment of tax theory, or

To share the prosperity and development that ensue in a state that captures the enthusiasm of investors?

By passing income tax laws, we thought we were yoking investors, but the only ones we tied to us were situated like we were—their investments were in property that could not be sold at a profit.

If their investments were in movable wealth, they removed it beyond our tax jurisdiction, and they laughed at us.

We need not delude ourselves. We must stop theorizing, and face the facts.

To induce capital to invest in taxable property, to buy and develop our lands, to grasp our industrial opportunities, we must make it plain that no special or different tax will be voted upon it.

Capital will come where it is invited and welcomed, where it is afforded equal protection and made secure against unusual discriminations.

Gimlet eyes will attract no capital.

To watch until the shadow of possible profit appears and then to pounce upon that profit—that will not attract capital.

Capital will not come where there is a threat to tax profit beyond what is customary. The policies of competing states will be considered.

We labor under the handicap of being unfriendly to large investors. To overcome it we must do more than make a friendly gesture. We must fix our policy in such certain terms that investors will know they are secure from tax discrimination.

Senate joint resolution No. 5, the "Dennis resolution," offers this guarantee of security.

Our state constitution is our solemn compact, with each other and with the world, that we pledge certain definite liberties and securities.

By exact and simple language, the "Dennis resolution" amends into our constitution a guarantee that no income tax and no inheritance tax shall be levied by Oregon before 1940.

By 1940 we will know whether it has prospered us to give these guarantees. We then can continue them and make them permanent, or can abandon them and return to the practice of making income tax an issue at every election.

Some assert that adoption of this solemn compact is not a guarantee—that it can be repealed at the next election.

To them we declare that the people of Oregon, once having given a pledge of security, will not repudiate that pledge.

Some make the point that it was not necessary to include inheritance tax in the guarantee.

The inheritance tax was included for a sound reason.

In Oregon, the inheritance tax has not been the prominent issue that it has been in other states. Here, the income tax has been the principal subject of controversy.

Because the income tax was so conspicuous as a local issue, Representative Charles J. Shelton, of Baker, introduced into the 1925 legislature a resolution to amend the constitution by abolishing the income tax.

On the same date, Senator Bruce Dennis of La Grande introduced the resolution to amend the constitution by abolishing both income and inheritance tax until 1940. It was because the inheritance tax was included in the abolition that the Dennis resolution superseded the Shelton resolution.

Representative Shelton voted for the Dennis resolution, and with Senator Dennis is one of the signers of this argument in its behalf.

The reason the inheritance tax was included was that in other states it has assumed the proportions of an issue because of its detrimental effect in causing the removal of capital.

Investors are now paying more attention to inheritance tax and income tax than to any other forms of state taxation, because of the direct effect of each of those two forms of taxation on the returns and permanent security of their investments.

For Oregon to make a bid for investment by removing the income tax bar, while leaving up the inheritance tax bar, would be like holding out the right hand in welcome while resting the left hand on a club.

Such a bid for investment would not have the effect of a whole-hearted two-handed welcome.

Let us proclaim to the world that Oregon has abandoned both of these threats and extends a sincere and open-arm invitation to investors, with security that neither of these weapons will be drawn against them and that they will be taxed here just as other western states will tax them.

The extent to which inheritance tax affects investors is confirmed by the recent act of congress, which adopted a provision intended to equalize conditions between the states.

This action by congress has evoked a storm of protest from states bidding for capital. It will probably cause the entire abandonment by congress of the policy of forcing states to levy inheritance taxes from obtaining the whole proceeds of from obtaining the whole proceeds of inheritance taxes.

Such a furor has been created that steps are being taken to test the matter in the United States supreme court. Florida, as a state, has already filed suit.

Legislative action has been taken in Rhode Island. Michigan has acted, Alabama and Nevada, who have no inheritance taxes, are involved directly and a nation-wide protest is under way.

Prediction is freely made that next winter congress will repeal its inheritance tax act, leaving the field open to the states, so that they may tax inheritances heavily, if they desire, or tax them lightly, or not at all.

Right now is the opportune time for Oregon to take advantage of this situation. By adopting the "Dennis resolution" Oregon will tell the world that it is not only securing investors against the income tax but is also securing them against the inheritance tax, the rates on which exercise such an effect in determining the state in which they make their domicile and their principal investments.

At the time the legislature convened, a year and a half ago, there was an abundance of documentary evidence as to the attitude of investors toward state inheritance tax laws, as well as toward state income tax laws.

This evidence was of such sweeping character that no one who reviewed it was able to question that inheritance tax as well as income tax constituted a bar to large investment in any state.

The effect of state income tax on investments, was shown by the mass of evidence that had been submitted to the people of Oregon in the 1924 repeal campaign.

Additional evidence, most impressive in character has accumulated since, but the repeal evidence alone provides more than enough justification for this state to abolish any tax policy that keeps capital out.

So huge is this evidence that it would require volumes to set it forth. So that its contents could be summarized and vouched for in the most complete manner, it was submitted in 1924 to a committee of five citizens to examine and report upon.

These men were:

Ben Selling, merchant and philanthropist.

J. K. Gill, pioneer Portland book dealer.

Frank E. Andrews, president of the Portland chamber of commerce.

Charles H. Stewart, vice-president of the Northwestern National Bank.

Chriss A. Bell, a hard-headed attorney, who is also a director of the Portland chamber of commerce.

These five men examined the documents with searching scrutiny. After this examination they issued a statement, summarizing it for the information of their own state.

Under the heading of "Recorded Damage Due to State Income Tax" they certified a tabulation showing a total recorded damage of \$41,252,350.

In 1924 1,800 Oregon citizens in every county of the state, who examined the evidence, signed a statement appealing to the people of Oregon to repeal the state income tax.

This appeal with the names of the signers was published, and with the original documents was before the legislature when the Dennis resolution was under consideration.

Thousands of letters and telegrams were received by members of the legislature while the Dennis resolution was being considered. They commended the income tax repeal, and approved the great prospect of making it permanent by constitutional amendment, and doing away with the inheritance tax.

One letter is so definite in its statements and positive in assertion, and typical of hundreds of others received, that it is quoted here:

"In recent years Oregon has not borne a reputation that would attract capital or investment. After the in-

come tax law was passed, I felt a real regret that we had ever come into the state, and if our business had been of the character that would readily permit of withdrawing, I feel that we would have followed the example of some others and withdrawn entirely from the state. I say to you in all sincerity that if we believed that Oregon would reenact the old income tax law or pass such a law as the one I understand is being fathered by some of the taxing experts, we would not only be reluctant to further increase our investment in Oregon, but we would be disposed to liquidate as rapidly as possible.

"In my judgment the adoption of an amendment such as you propose would do all for Oregon that it is doing and will do for Florida, and even more because in a business way Oregon has more natural advantages than Florida.

"The Shelton resolution will, of course, do much good, but I think you are wise in including inheritance tax as well as the income tax, as the latter would only be a half-way measure and you need the two in order to reap the full benefits from a step of this kind.

"GEO. R. HICKS, President.

"Bowman Hicks Lumber Co.,
"(Kansas City, Missouri.)"

The signers of this argument asserted on the floor of the legislature that the passage of senate joint resolution No. 5 would make such additions to the taxable wealth of the state that any loss by dropping income and inheritance taxes would be more than offset.

Telegrams were received from all over the United States that the passage of this amendment would be of the utmost benefit to Oregon, many promising to establish residence here because of interests already held, or because of proposed investments.

The following are a few of the high-type men who telegraphed:

John D. Spaulding, Kansas City, Mo.
G. S. Lyon & Son Lumber & Manufacturing Co., Decatur, Ill.

John G. Owen, Eau Claire, Wis.
Wm. T. Kemper, President, Kansas City, Mexico & Orient Railroad, Kansas City, Mo.

F. T. Bolles, Chicago, Ill.
J. M. Bernardin, Kansas City, Mo.
R. A. Long, Kansas City, Mo.
Frank Schopflin, Vice-president, Oregon American Lumber Co., Kansas City, Mo.

W. T. Culver, Chicago, Ill.
Wilber Hattery, Jr., Chicago, Ill.
Massew Holmes, Vice-president, Central Coal & Coke Co., Kansas City, Mo.
Chas. S. Keith, Kansas City, Mo.
Lacy Securities, Chicago, Ill.

James H. McGraw, President, McGraw Hill Co., New York.
Barron Collier, New York.

These are types of people who would be attracted to invest in Oregon.

We have some of this type of people here now. They are engaged principally in the lumber and other manufacturing business. Their success has conferred prosperity upon every locality in which they have operated.

Every industrial payroll has provided a market for farm products. Every successful industry provides employment for members of families residing in its vicinity.

Do we want more of the type of people who can establish and develop profitable and prosperous industries in Oregon?

Industrial development alone can assure the Oregon farmer of permanent prosperity.

Bringing in more farmers now is not what the farmer needs. What the farmer needs most for immediate relief is to bring in more customers for what he produces. Industrial development provides these customers.

Only in those parts of Oregon where there are industrial payrolls are there evidences of satisfactory conditions in agriculture. This is the advantage of a home market.

The salvation of the Oregon farmer lies in the presence of a large industrial population to consume what the farmer produces, to release him from the penalty of distant markets.

An era of sound industrial development in Oregon would give a breathing spell to owners of farm and city property.

An active market for real estate and lands will follow industrial expansion.

Farm lands are heavily mortgaged, and the interest payments are absorbing a large proportion of the annual income. An active market for lands would enable many owners to sell part or all of their holdings at an attractive price.

Owners of timber lands are paying heavy annual taxes, with no annual return whatsoever. If there was any relief to them in shifting taxes to incomes or inheritances, they would support income tax and inheritance tax. But they do not welcome that kind of relief.

Why do not timber owners favor income tax?

Because they have learned that timber buyers will not pay high prices for timber lands located in an income tax state. They learned this lesson by bitter experience in 1923 and 1924 while Oregon had an income tax law. If an income tax had benefited them as heavy payers of property taxes, they would have opposed the repeal instead of advocating it.

The outsider does not have to worry about Oregon. He can locate and invest

elsewhere. The owner of Oregon property has to worry, for he must carry the tax load, and must sell his property at a sacrifice unless there is an active demand for real estate.

By fostering industrial development the owner of Oregon property is supplying himself with a market for his real estate. Industrial development is the one hope for the Oregon property taxpayer.

The Dennis resolution is a frank and open bid for industrial development.

It assures the investor that the property he buys in Oregon will be taxed only as other Oregon property is taxed, while he will be permitted to retain his profits from his investment, and will not have to divide his estate with the public when he dies.

If we want this industrial development more than we want to have our own way in trying to shift taxes onto somebody else, we will offer the guarantee contained in the Dennis resolution.

Oregon has the resources. Its pioneers laid the foundations. Shall we stand in the road of development, hampering it by adverse tax legislation, or shall we roster development by guaranteeing that there will be no special taxes to discourage it?

Oregon has opportunities. It will prosper all of us who live here if its industrial opportunities are developed.

Shall we bid for this prosperity?

Shall we welcome this development?

Shall we open the gates for new blood, new capital, new brains to help us and share in the great returns?

Shall we bring about tax reduction in the one way that it can be accomplished—by the addition of new taxable wealth?

It is up to us. "We, the people of Oregon," must choose the way.

It is the faith of the signers of this argument and appeal that the people of Oregon will choose the path that leads to unity of purpose, to progress, to prosperity and to the achievement of a worthy destiny.

Respectfully submitted,

BRUCE DENNIS,

State Senator, Union and Wallowa Counties, 1925.

HERBERT GORDON,

State Representative, Multnomah County.

CHARLES J. SHELTON,

State Representative, Baker County.

(On Official Ballot, Nos. 306 and 307)

ARGUMENT (Negative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, opposing the **Amendment Prohibiting Inheritance and Income Taxes.**

Florida is the only state in the Union that has prohibited collection of inheritance and income taxes. For this action Florida has been ridiculed and laughed at throughout the country, and the Florida bubble, which attracted get-rich-quick schemers and real estate sharks and resulted in the victimizing of many people, has already burst.

Inheritance taxes now turn approximately \$500,000 a year into the state treasury, and to that extent reduce the burdensome tax on visible property, such as farms, homes, industrial plants and city property. As time goes on collections from the inheritance tax will increase. To forbid collection of that tax by passing the proposed amendment would increase greatly the property tax which owners of visible property now have to pay.

An inheritance tax takes a small fraction from an estate after the person who amassed it has passed away. That estate goes mostly to heirs who did nothing to accumulate it. The state holds that, since it protected the man who accumulated it while he was amassing his wealth, it is entitled to a small recompense for that protection, collected through an inheritance tax.

Under Oregon's present tax system very little intangible property is reached by the assessor and a great many of the very wealthy pay no tax whatever. At the death of the owner an inheritance tax is the only way by which a great wealth assembled during a lifetime can be made to pay even a slight share of the taxes.

To prohibit, by approval of the proposed amendment, the collection of state income tax would be to throw away the chief hope of equalizing taxes in this state. Basically, all the tax must ultimately come from income. Without an income there would be nothing to pay taxes with. Income, therefore, is the inevitable and fundamental source of taxation. The proposed amend-

ment therefore violates a basic economic law in its proposal to prohibit collection of income taxes.

On top of that, there is in Oregon this astounding tax situation: On their own sworn statements, persons who had a combined income of \$42,000,000 in the year the state income tax law was in effect in Oregon, did not pay one cent of tax of any kind. The only tax they have paid in years was when they were required to pay the state income tax. It seems impossible that with so much income they could have escaped all taxes, but such is their own sworn statement in filing their state income tax reports. The net income of all the people of Oregon above exemptions for that year was \$160,000,000—yet here, on their own sworn statement, is the assurance by numerous persons who received more than one-fourth of the entire state income, that they paid no tax other than the state income tax the year the state income tax law was in effect.

And there was another large body of people who paid almost no tax except when required to pay a state income tax. On their own sworn statements, numerous persons who together had an income of \$67,000,000 in the total net state income, paid a property tax so small that it equalled but one-half of 1 per cent on the income of the owners. That is to say, though these persons received four-tenths of the total state income, on their own sworn statements, filed in the state income tax department, they paid less than one one-hundred and twenty-fifth of the total property tax.

If the amendment is approved by the voters and collection of state income tax prohibited, how will these persons be reached by taxation? What way will then be open to them through taxation to bear their fairer share of the burden of government, which, doubtless, many of them would like to do?

Nor is this the worst. There is an even more staggering disclosure in the state income tax reports now on file in the state tax department at Salem. It is this: While these persons who received a combined income of \$67,000,000 paid but one-half of 1 per cent on their income, other persons who together had an income of only \$11,000,000 paid property taxes at the rate of 60 per cent on their income—that is to say, those who received \$11,000,000 paid at the rate of 120 times the rate paid by those who received the \$67,000,000 combined net income.

Put it another way and you have this: Those persons whose combined income was \$11,000,000 received one-fifteenth of the total state income for that year. Yet on this one-fifteenth of the total income these persons paid nearly one-sixth of the state's entire tax, and while they, on one-fifteenth of the total state income, paid nearly one-sixth of the entire state tax, other persons, who received more than four-tenths of the total state income, paid less than one 1-120th of the total tax.

Put another way, one-fifteenth paid tax at the rate of 60 cents on the dollar, while more than four-tenths paid only one-half a cent on the dollar, and one-tenth paid but one-eighth of a cent on the dollar, and beyond this there are the persons with more than one-fourth of the total income who did not pay a cent of taxes until the state income tax was put into effect.

If the voters pass the proposed amendment and prohibit collection of state income taxes, no way will be left open to

correct these vicious discriminations against the owners of farms, homes, industrial plants, city buildings and other visible property. Assessors can not find invisible property. They never have found it. The only way to reach it is by placing a tax on incomes and requiring owners of invisible property to swear to and sign statements in which they dare not make false returns, as was done under the state income tax.

Sponsors of the amendment falsely argue that the income tax will drive away capital and keep industries from coming to Oregon. Records in the state house at Salem prove the falsity of their contention. Here are the facts: In 1922 the number of corporations licensed to do business in Oregon was 625. In 1923 it was 881. In 1924, the year the state income tax was in effect, the number was 944, an increase of 319 over 1922 and of 63 over 1924.

Of foreign corporations in Oregon in 1922 the number was 10,339; in 1923 it was 11,110 and in 1924, the year the state income tax was in effect, the number rose to 12,000, an increase of 1,661 over 1922 and of 890 over 1923. Capital and industries did not leave Oregon or stay out of Oregon during the state income tax year—they stayed in and more came in.

SAM H. BROWN,
State Senator, 1st District.

C. A. HUNTER,
State Representative, 24th District.

WALTER S. FISHER,
State Representative, 4th District.

(On Official Ballot, Nos. 306 and 307)

ARGUMENT (Negative)

Submitted by Oregon State Grange and Farmers Union of Oregon, opposing **Amendment Prohibiting Inheritance and Income Taxes.**

The Dennis resolution follows the Florida constitutional amendment in forbidding the enactment of an income tax law and an inheritance tax law for 15 years.

It hoped to duplicate the Florida boom in Oregon.

The Florida boom was a great show while it lasted. But the "bubble busted."

Florida chased the tax-free political rainbow, and found grief and not gold.

The sponsors of the Dennis resolution argue that an income tax will drive business and capital out of the state.

This is not true. Some 14 states that have income tax laws are growing in wealth and industry, and have no good reason to repeal the law. The income tax lightens the tax burden on capital invested in property.

The confiscation of capital by excessive property tax discourages investment in property and industries.

Sponsors of the Dennis resolution claim that the 1923 income tax drove some \$41,000,000 from the state.

This claim was investigated by a committee appointed by the Portland Chamber of Commerce, which committee repudiated the claim.

It is more reasonable to believe that if any capital were frightened away from the state, it was because of the cry that the income tax would injure capital, raised by those opposed to the law.

The Grange and Farmers Union income tax bill, No. 334 on the ballot, provides that all money collected under that act shall be placed in the general fund, and that the state property tax levy be reduced an equal amount, estimated at about 3 mills on the assessed valuation of the state.

This will give capital invested in property and industries in this state an advantage over capital invested in adjoining states that have no income tax, as it will lighten the burden of property tax.

No income tax is collected until a net profit is made. The 1923 income tax did reduce state tax on property \$3,000,000.

It is not true that taxes decrease as population increases.

On the contrary: taxes become higher as population increases and the requirements of civilization multiply.

This is true of nearly every progressive community. Compare your present tax bill with that of 20 years ago on the same property.

The tax load on capital invested in property has become so burdensome that in many instances property values are confiscated by state and local taxes.

Home owners and farmers can not pass the burden along to the consumer in over-

head expenses. The tax load is too high and the base upon which it rests is too narrow.

The state committee on tax investigation, I. N. Day, chairman, in their report, page 77, say that based on the Federal income tax returns, "less than 4 per cent of the tax-paying ability of the state (represented by real estate) bears 80 per cent of the burden of state and local expenditures."

On page 78 the report says: "It is impossible to escape the conclusion that nine-tenths of the taxpaying ability in Oregon carries less than one-quarter of the load."

Tax authorities agree that taxes are justly levied in proportion to the ability to pay.

They, also, agree that the property or capital tax alone is no longer a true measure of that ability.

They further agree that an income tax is the fairest of all taxes, that it is easiest paid and most economically collected, and that the income tax and property taxes together more nearly measure one's ability to pay than the property tax alone under modern conditions.

Must we compete with Florida in her bubble-blowing experiment? Or, shall we require all who enjoy the benefits of our schools, roads, fire and police protection to carry a just share of the inevitable tax burden?

The inheritance tax repeal provision of the Dennis resolution, would, if adopted, place an additional hardship and injustice on the overburdened taxpayers of the state.

We now collect between four and five hundred thousand dollars annually from estates as inheritance tax. But this resolution would repeal the inheritance tax law and necessitate a levy of a state tax of about half a million dollars to replace the tax repealed.

Further: The federal estate tax law now provides that a credit of not to exceed 80 per cent of the tax imposed be allowed the states where a like inheritance tax is collected.

If the Dennis resolution is adopted the State of Oregon will lose that credit and the full amount of the inheritance tax levied under the federal law will be taken by the federal government.

Vote on the Dennis resolution—307 X No.

Vote on the Grange and Farmers Union income tax bill—334 X Yes.

OREGON STATE GRANGE,

GEO. A. PALMITER, Master,

BERTHA J. BECK, Secretary.

FARMERS UNION OF OREGON,

HERBERT EGBERT, President,

MRS. G. B. JONES, Secretary.

(On Official Ballot, Nos. 308 and 309)

A MEASURE

To provide for the establishment of a state normal school at Seaside, Oregon; and referring this act to the voters of the state for their approval or rejection (house bill No. 215, thirty-third legislative assembly), to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, referred to the people by the thirty-third legislative assembly, and filed in the office of the secretary of state February 23, 1925.

The following is the form and number in which the proposed measure will be printed on the official ballot:

Proposed Law—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**THE SEASIDE NORMAL SCHOOL ACT**—Purpose: To create and establish a normal school to be permanently located at Seaside, Clatsop county, Oregon, to be known as "The Western Oregon Normal School and College."

308 Yes. I vote for the proposed law.

Vote YES or NO

309 No. I vote against the proposed law.

GENERAL LAWS OF OREGON FOR 1925

CHAPTER 181

(House Bill No. 215, Thirty-third Legislative Assembly)

AN ACT

To provide for the establishment of a state normal school at Seaside, Oregon; and referring this act to the voters of the state.

Whereas the public school system of the state of Oregon is the largest and most important function of our state government, into the operation of which is expended 50 per cent of our tax money; and

Whereas the providing of properly and efficiently trained teachers for our rural, city, elementary, grade and high schools is of prime importance; and

Whereas it is recognized by school boards, educational associations and the public generally that Oregon is sadly in need of normal school facilities; and

Whereas the people of the city of Seaside have offered gratis to the state of Oregon such a tract or tracts of land, to be selected by the regents of the state normal schools, as will be sufficient for the present and future needs of a state normal school, to be located within the limits of the city of Seaside; and

Whereas said city of Seaside has unusual housing facilities during the school season, which are second to none in Oregon in that said city has a large number of homes which are not utilized during the winter season, the use of which can readily be obtained by students of such school at nominal expense or entirely gratis for the mere care; and

Whereas the mild, healthful, equable winter climate and surroundings at Seaside are such as to be especially advantageous to students and instructors and conducive to a minimum of expense; and

Whereas said district provides ample practice school facilities for students; and
Whereas such location is advantageous because of its proximity to Portland, Astoria and other large centers of population and because of the cheapness and convenience of transportation from such centers both by highway, water, stage and railroad; now, therefore,

Be It Enacted by the People of the State of Oregon:

Section 1. That there be and there is hereby created and established, subject to the laws of Oregon governing and regulating normal schools, a normal school and college to be permanently located at Seaside, Clatsop county, Oregon, and which shall be known as "The Western Oregon Normal School and College."

Section 2. This act shall be submitted to the legal voters of this state for their approval or rejection at the next regular biennial or at any prior special state election, in the manner provided for the submission of proposed laws to the people under the initiative, and shall become a law at such time if approved by the majority of the legal voters voting thereon.

Section 3. The secretary of state is hereby authorized and directed to set aside, for an affirmative argument on this act or measure, one page of the official pamphlet containing proposed initiative and referendum measures to be voted upon at the election at which this act is submitted. A committee consisting of two senators and three representatives, to be appointed by the president of the senate and speaker of the house, respectively, shall be named to prepare and file with the secretary of state such affirmative argument.

Filed in the office of the secretary of state February 23, 1925.

For affirmative argument see page 13.

(On Official Ballot, Nos. 308 and 309)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of **The Seaside Normal School Act.**

The present purpose of this bill is to meet the constitutional requirement that the electors of the state in addition to the legislature shall decide on the location of all public institutions of the state which are not to be located at the seat of the state government.

It can not, and does not, appropriate any money whatsoever for the purpose of building a normal school. That can only be done by an act of the legislative assembly, in the event that the actual construction and establishment of such normal school should become necessary.

Every person who is at all interested in the subject, thoroughly appreciates that Oregon is certainly lacking in institutions providing a proper training for persons about to enter the teaching profession. It is but a matter of time when a normal school will have to be established in Western Oregon and also in Eastern Oregon. This bill serves the purpose of meeting the constitutional requirement, so that when necessary the proper authorities can actually construct a normal school at Seaside.

When necessary, a normal school should be established at Seaside for the following reasons:

First. The people of the city of Seaside offer gratis to the State of Oregon such a tract or tracts of land, to be selected by the regents of the state normal school, as will be sufficient for the needs of a normal school to be located at that point.

Second. Government statistics show that Seaside has one of the most healthful and equable climates in the United States. This is a significant and important item.

Third. Because of its location, a normal school at Seaside can readily serve practically half the population of Oregon.

Fourth. Seaside is convenient to transportation by highway, water, stage and railroad.

Fifth. Seaside provides ample practice-school facilities for students at a normal school.

Sixth. There are but two normal schools established in the state, the one at Monmouth and the one at Ashland, and these two are incapable of providing a sufficiently trained teachers corps for the school systems of Oregon.

For the many reasons stated and others which are apparent, we are convinced that it is to the interest of Oregon that this bill should receive the favorable vote of the people of the state at the November election, to the end that a normal school and college can be located at Seaside when deemed necessary.

A. G. BEALS,

State Senator, 24th District comprising Lincoln, Tillamook, Washington and Yamhill Counties.

MRS. W. S. KINNEY,

State Senator, 15th District comprising Clatsop County.

E. G. BATES,

State Representative, 19th District comprising Clatsop County.

RALPH P. COWGILL,

State Representative, 8th District comprising Jackson County.

W. A. HALL,

State Representative, 20th District comprising Columbia County.

(On Official Ballot, Nos. 310 and 311)

A MEASURE

To provide for the establishment of the eastern Oregon state normal school, and referring this act to the voters of the state for their approval or rejection (senate bill No. 235, thirty-third legislative assembly), to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, referred to the people by the thirty-third legislative assembly, and filed in the office of the secretary of state February 26, 1925.

The following is the form and number in which the proposed measure will be printed on the official ballot:

Proposed Law—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**THE EASTERN OREGON STATE NORMAL SCHOOL ACT**—Purpose: To create and establish a state normal school to be permanently located in one of the following named counties, to wit: Hood River, Wasco, Sherman, Gilliam, Morrow, Umatilla, Union, Wallowa, Baker, Grant, Wheeler, Jefferson, Deschutes, Crook, Klamath, Lake, Harney or Malheur, which shall be known as "the Eastern Oregon State Normal School"; the board of regents of state normal schools to choose the location thereof.

310 Yes. I vote for the proposed law.

Vote YES or NO

311 No. I vote against the proposed law.

GENERAL LAWS OF OREGON FOR 1925

CHAPTER 251

(Senate Bill No. 235, Third-third Legislative Assembly)

AN ACT

To provide for the establishment of the Eastern Oregon State Normal school, and referring this act to the voters of the state.

Be It Enacted by the People of the State of Oregon:

Section 1. That there be and is hereby created and established, subject to the laws of Oregon governing and regulating normal schools, a state normal school to be permanently located in one of the following named counties, to wit: Hood River, Wasco, Sherman, Gilliam, Morrow, Umatilla, Union, Wallowa, Baker, Grant, Wheeler, Jefferson, Deschutes, Crook, Klamath, Lake, Harney, Malheur; and which shall be known as "the Eastern Oregon State Normal school."

Section 2. Within ninety (90) days after the approval of this bill by the people the board of regents of the state normal schools shall locate the Eastern

Oregon State Normal school within the boundaries of one of the counties named in section 1 of this act.

Section 3. This act shall be submitted to the legal voters of the state for their approval or rejection at the next regular biennial state election in the manner provided for the submission of proposed laws to the people under the initiative, and shall become a law at such time if approved by the majority of the legal voters voting thereon.

Section 4. The secretary of state is hereby authorized and directed to set aside, for an affirmative argument on this act or measure, one page of the official pamphlet containing proposed initiative and referendum measures to be voted upon at the election at which this act is submitted. A committee consisting of two senators and three representatives, to be appointed by the president of the senate and speaker of the house, respectively, shall be named to prepare and file with the secretary of state such affirmative argument.

Approved by the governor February 26, 1925.

Filed in the office of the secretary of state February 26, 1925.

For affirmative argument see page 21.

(On Official Ballot, Nos. 310 and 311)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of **The Eastern Oregon State Normal School Act.**

Speaking at the dedication of the first building erected in America in 1839, Horace Mann, then secretary of the Massachusetts State Board of Education, said, "Neither the act of printing, nor the trial of jury, nor a free press, nor the free suffrage can long exist to any beneficial and salutary purpose without schools for the training of teachers, for, if the character and qualifications of teachers be allowed to degenerate, the free schools will become pauper schools, and pauper schools will produce pauper souls."

The prophecy voiced by Horace Mann's faith and Horace Mann's works which launched the normal school movement in America has advanced toward fulfillment until nearly every state in the Union has provided adequate facilities for training teachers for the elementary grades.

Oregon is one of the very few states that has not met its responsibility in giving opportunities for preparing Oregon girls to teach in Oregon schools. If Oregon is to train a supply of well-prepared teachers, adequate to meet the ever-advancing professional standards of the state, it is imperative that another normal school be established and maintained.

From September 1, 1924, until September 1, 1925, the State Department issued 606 one-year certificates based on graduation from standard normal schools. Of this total, 319 went to graduates of the Oregon Normal School at Monmouth and 289 went to graduates of the normal schools located outside of Oregon.

During the same period 470 five-year certificates based on normal school graduation, together with six months of teaching experience in Oregon, were granted, of which 276 were based on graduation from the Oregon Normal School and only 195 on graduation from outside institutions.

Between the dates mentioned, 279 life certificates were granted. Of these, 212 were based on graduation from the normal school at Monmouth, and only 67 were based on graduation from normal schools outside of Oregon.

Consider the significance of these figures. Oregon is relying on the other states to provide normal training for nearly 50 per cent of the new teachers who go into the elementary grades each year. Not one-fourth of the candidates, who secured certificates based on normal training com-

pleted outside of the state, teach in Oregon long enough to secure their life certificates.

Trained teachers become efficient through service. Oregon teachers who have been graduated from Oregon high schools and trained in Oregon schools are better able to provide a leadership in this state than teachers from outside who come with no intention of making Oregon their permanent home, and, after experience of a year or two, move on.

The Oregon Normal School at Monmouth has performed an excellent service in supplying Oregon-trained teachers for the schools of the state. The Southern Oregon Normal School will supplement its worth to the full extent of its ability, but with their present facilities and present millage they can not hope to graduate more than 400 carefully trained teachers each year. This will not meet the present need and will be entirely inadequate in the face of the expanding school systems and advancing standard of the future.

If we are to have a supply of Oregon-trained teachers adequate for the schools of Oregon, we must maintain sufficient normal schools to give the training. Nor must it be overlooked that a normal school established in Eastern Oregon will salvage teaching ability now lost through lack of opportunity to get training.

To obtain a teacher's certificate qualifying one to teach in the elementary schools in Oregon, one must have been trained in a standard normal school. About 1,200 new teachers are required for the elementary schools of Oregon each year. With the normal schools at Monmouth and Ashland equipped to train less than half of that number, the demand for a normal school in Eastern Oregon should be met. The proper training of our young children can be accomplished in no other way.

ROY W. RITNER,
State Senator, 20th District.

R. R. BUTLER,
State Senator, 16th District.

S. A. MILLER,
State Representative, 23d District.

R. S. HAMILTON,
State Representative, 21st District.

ALBERT S. ROBERTS,
State Representative, 12th District.

(On Official Ballot, Nos. 312 and 313)

AN AMENDMENT

To the constitution of the state of Oregon, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, to amend section 18 of article II thereof; proposed by the thirty-third legislative assembly under senate joint resolution No. 16, filed in the office of the secretary of state February 27, 1925.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

Constitutional Amendment—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**THE RECALL AMENDMENT**—Purpose: To amend section 18 of article II of the constitution of Oregon, providing for recall of public officers, so as to provide that if an officer is recalled, the vacancy shall be filled immediately in the manner provided by law for filling any vacancy in that office, instead of the present provision requiring two votes at the same recall election, one upon the question of his recall, and the other upon the election of his successor, and that he shall be a candidate and other candidates may also be nominated, and the one receiving the highest vote elected.

312 Yes. I vote for the amendment.

Vote YES or NO

313 No. I vote against the amendment.

SENATE JOINT RESOLUTION NO. 16

Be It Resolved by the Senate of the State of Oregon, the House of Representatives jointly concurring:

That section 18, article II of the constitution of the state of Oregon be and the same is hereby amended so as to read as follows:

ARTICLE II

Sec. 18. *Recall.* Every public officer in Oregon is subject, as herein provided, to recall by the legal voters of the state or of the electoral district from which he is elected. There may be required 25 per cent, but not more, of the number of electors who voted in his district at the preceding election for justice of the supreme court to file their petition demanding his recall by the people. They shall set forth in said petition the reasons for said demand. If he shall offer his resignation, it shall be accepted and take effect on the day it is offered, and the vacancy shall be filled as may be provided by law. If he shall not resign within five days after the petition is filed, a special election shall be ordered to be held within twenty days in his said electoral district to determine whether the people will recall said officer. On the sample ballot at said election shall be printed in not more than 200 words the reasons for demanding the recall of said

officer as set forth in the recall petition, and, in not more than 200 words, the officer's justification of his course in his office. He shall continue to perform the duties of his office until the result of said special election shall be officially declared. If an officer is recalled from any public office the vacancy shall be filled immediately in the manner provided by law for filling a vacancy in that office arising from any other cause. The recall petition shall be filed with the officer with whom a petition for nomination to such office should be filed, and the same officer shall order the special election when it is required. No such petition shall be circulated against any officer until he has actually held his office six months, save and except that it may be filed against a senator or representative in the legislative assembly at any time after five days from the beginning of the first session after his election. After one such petition and special election, no further recall petition shall be filed against the same officer during the term for which he was elected unless such further petitioners shall first pay into the public treasury, which has paid such special election expenses, the whole amount of its expenses for the preceding special election. Such additional legislation as may aid the operation of this section shall be provided by the legislative assembly, including provision for payment by the public treasury of the rea-

sonable special election campaign expenses of such officer. But the words, "the legislative assembly shall provide," or any similar or equivalent words in this constitution or any amendment thereto, shall not be construed to grant to the legislative assembly any exclusive power of lawmaking nor in any way to limit the initiative and referendum powers reserved by the people.

Be It Further Resolved, That said proposed amendment be submitted to the people for their approval or rejection at the next election held throughout the state of Oregon, whether the same be a general or special election; be it further

Resolved, That the secretary of state be and he is hereby authorized and directed to set aside two pages in the official

pamphlet containing initiative and referendum measures to be voted on at the next election, whether the same be a general election or a special election, in which arguments supporting the foregoing amendment may be printed, and that a joint committee consisting of two senators and three representatives be appointed to prepare such arguments for publication, and two additional pages in said pamphlet in which the attorney general shall set forth such arguments as he may deem advisable opposing such amendment, and file the same with the secretary of state.

Filed in the office of the secretary of state February 27, 1925.

For affirmative argument see page 23 below.

(On Official Ballot, Nos. 312 and 313)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of **The Recall Amendment.**

This resolution is the result of the belief that some means should be provided, whereby a recall of a public official should be confined to the question asserted as the cause for action against the official sought to be recalled, and to prevent the possibility of an official being recalled by a majority of the votes cast at such election and yet being reelected to the office by plurality of the votes cast at the same election.

Under the present system, the question of recalling the officer is submitted and at the same time an election is held to choose his successor, which results in many candidates seeking the office, and instead of the election being confined to the question upon which the recall is based, it becomes what might be termed a "general scramble" for the office, and personalities override the question of recall.

Any office made vacant by the recall would be filled by appointment, the same as would occur in case a vacancy occurred by death or other cause.

The introduction of the amendment in the Legislature was somewhat hurried,

and since the adjournment of the Legislature further consideration has been given the matter, and it is believed that a better and more satisfactory amendment will be submitted by the next Legislature, which would be similar to the laws of other states, and providing simply that the officer sought to be recalled should not become a candidate at the recall election, his continuance in office depending simply upon whether or not he was recalled or allowed to continue.

GEORGE W. JOSEPH,
State Senator, 13th District.

FRED FISK,
State Senator, 4th District.

J. E. BENNETT,
State Representative, 18th District.

OTTO J. WILSON,
State Representative, 1st District.

THOS. H. HURLBURT,
State Representative, 18th District.

(On Official Ballot, Nos. 314 and 315)

AN AMENDMENT

To the constitution of the state of Oregon, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, to amend section 10 of article XI thereof; proposed by the thirty-third legislative assembly under senate joint resolution No. 18, filed in the office of the secretary of state February 27, 1925.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

Constitutional Amendment—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**CURRY COUNTY BONDING OR TAX LEVY AMENDMENT**—Purpose: To amend section 10 of article XI of the constitution of the state of Oregon so as to authorize Curry county, Oregon, upon vote of its people to ratify, validate and pay all unpaid warrants outstanding January 1, 1925, and the accrued interest thereon, and all claims for labor, material and supplies outstanding on said date; authorizing said county to issue bonds or levy taxes annually not exceeding 10 mills on the dollar, and permitting such levy to be made in excess of the limitations fixed by section 10 of article XI.

314 Yes. I vote for the amendment.

Vote YES or NO

315 No. I vote against the amendment.

SENATE JOINT RESOLUTION NO. 18

Be It Resolved by the Senate of the State of Oregon, the House of Representatives jointly concurring:

Section 1. That section 10, article XI of the constitution of the state of Oregon be and the same is hereby amended so as to read as follows:

Sec. 10. No county shall create any debt or liabilities which shall singly or in the aggregate, with previous debts or liabilities, exceed the sum of \$5,000, except to suppress insurrection or repel invasion or to build or maintain permanent roads within the county; and debts for permanent roads shall be incurred only on approval of a majority of those voting on the question, and shall not either singly or in the aggregate, with previous debts and liabilities incurred for that purpose, exceed 6 per cent of the assessed valuation of all property in the county; provided, however, that either Crook or Curry county, or both, may issue warrants drawn on its treasurer to evidence debts and liabilities imposed on it by law and which the county is powerless to prevent and may issue bonds in an amount not to exceed 2 per cent of the assessed valuation of all the property in the county to fund its warrants so issued whenever such bonds shall be authorized by a majority of the legal voters of the county voting on the question at any general election or a special election called and held for such purposes; pro-

vided further, that the county court may order a special election for said purpose and shall cause printed notices thereof, signed by the county clerk, to be posted at least twenty days before the date of the election, in like manner as notices of a general election are now posted, which notices shall particularly specify the amount of bonds proposed to be issued, the length of time they shall run, which shall not exceed twenty years, and the maximum rate of interest they shall bear, which shall not exceed the legal rate, and said court shall have printed for use at such election the same number of ballots, both official and sample ballots, as would be required by the election laws at a general election, said ballots to specify the amount of bonds to be issued, the length of time they shall run and the maximum rate of interest they shall bear, and said election shall be conducted by the regularly appointed election officials and in accordance with the general election laws, except as herein otherwise provided; provided further, that said bonds, when so authorized, may be sold by the county court for the best price obtainable and, subject to the limitations hereinabove set forth, shall be in such form as the county court may prescribe; provided further, that the county court shall each year, after the issuance of such bonds, levy a special tax in such an amount as may be necessary to pay the interest on said bonds and to retire the principal thereof at maturity, such tax to be in addition to all other taxes provided by law; provided

further, the county court of Linn county, Oregon, shall annually levy a tax equal to 2 mills on the dollar of taxable property of said county for the purpose of paying all warrants of said county outstanding December 31, 1921, with interest at the legal rate from the dates thereof to the date of payment, which tax shall be levied and collected as other taxes, kept in a separate fund and applied only to the payment of said warrants and accrued interest thereon, same to be paid in numerical order until all said warrants and accrued interest shall have been paid. When all said warrants and accrued interest shall have been paid, the power hereby conferred shall cease. Said tax may be in addition to and in excess of the limitations fixed by section 11, article XI of the constitution of the state of Oregon; provided further, that Benton county, upon the majority vote of the people thereof, voting thereon, may issue bonds not to exceed an amount equal to the amount of the warrants of said county outstanding on December 31, 1921, for the payment of which no funds were then available, and pay the unpaid expenses of said county from the proceeds of such bonds. Such election shall be called and held and such bonds shall be issued and sold in the same manner and according to the same procedure as provided in this section for holding of elections and the issuance and sale of bonds by Crook and Curry counties; provided further, that Curry county may, by resolution of its county court, after approval by a majority vote of the legal voters of the county voting upon the question at any general election or at a special election called and held for the purpose, ratify, validate and assume the payment of all warrants of the said county outstanding and unpaid on January 1, 1925, together with the interest accrued thereon, and may audit and allow all claims for labor and services performed for and on behalf of and for the benefit of the said county by order of its proper officers and for all materials and supplies furnished to or for the benefit of said county by order of its proper officers, prior to January 1, 1925, audit and allowance of which claims have been withheld by reason of the provisions and limitations of the constitution and statutes of Oregon, and may issue warrants for such claims when the same shall have been audited and approved; and the said warrants so issued, together with the other outstanding warrants hereinbefore mentioned, with the interest accrued upon all of the said warrants, may be paid in due course and regular order, as hereinafter provided; for the purpose of paying the said warrants, with the interest accrued thereon, the county court of Curry county may, by appropriate resolution, issue bonds of said county in such amount as shall be sufficient for the purpose aforesaid, which said bonds shall bear interest, payable semiannually, at a rate to be determined by the county court, but not exceeding 6 per cent per annum, and shall mature serially at the rate of 10 per cent of the entire issue per year, be-

ginning with the sixth year; such bonds, if issued, shall be sold by the county court for the best price obtainable, but for not less than par and accrued interest; and the county court shall, if said bonds be issued, levy each year after the issuance thereof a special tax in such an amount as may be necessary to pay the interest on said bonds and to retire the principal thereof at maturity, which said tax shall be in addition to all other taxes provided by law, and may be in excess of the limitations established by section 11 of article XI of the constitution of Oregon; or the county court of Curry county may, for the purpose of paying the said warrants and the accrued interest thereon, levy annually until the same be fully paid a special tax not exceeding 10 mills on the dollar of taxable property of said county, which said tax, if levied, shall be levied and collected as other county taxes are levied and collected; and the proceeds of said tax levy shall be kept in a special fund and shall be applied only to the payment of the said warrants and the interest accrued thereon in the chronological order of their registration; and the said tax shall be in addition to all other taxes provided by law and may be in excess of the limitations established by the provisions of section 11 of article XI of the constitution of Oregon; the election for the purpose of voting upon the question of ratifying, validating and assuming payment of the said warrants and claims may be called and held in the same manner and upon the same procedure as is hereinabove in this section provided for the calling and holding of special elections in Crook and Curry counties.

Provided, that the adoption of this proposed amendment shall not be considered as a repeal of the proposed amendment to this section of the constitution proposed by this session of the legislature permitting the counties of Klamath and Clackamas to issue bonds as provided in such amendments, and that all of such amendments shall become a part of the constitution if approved by the people; be it further

Resolved, That this proposed amendment be submitted to the voters of the state of Oregon for their approval or rejection at the next general or special election; and be it further

Resolved, That the secretary of state be and he is hereby authorized and directed to set aside two pages in the official pamphlet containing initiative and referendum measures to be voted upon at the next election, whether the same be a general election or a special election, in which arguments supporting the foregoing amendment may be printed, and that a joint committee consisting of two senators and three representatives be appointed to prepare such arguments for publication and file the same with the secretary of state.

Filed in the office of the secretary of state February 27, 1925.

For affirmative argument see page 26.

(On Official Ballot, Nos. 314 and 315)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of the **Curry County Bonding or Tax Levy Amendment.**

This proposed amendment is intended to permit Curry county to validate and pay outstanding debts and obligations created in good faith for essential public purposes. The payment of these debts and obligations is forbidden at present by the constitutional provisions limiting county indebtedness.

The proposed amendment does not coerce the county nor compel the county to assume and pay the warrants and obligations of the county in excess of the existing debt limitations. It merely provides a method by which Curry county may ratify and pay these debts.

In particular, the amendment authorizes the county:

First. To determine by vote of the electors of the county whether or not the county will validate and ratify its outstanding warrants and obligations which are void because they exceed the existing constitutional indebtedness limitation;

Second. If such warrants and obligations are validated, to pay them either through the proceeds of a bond issue or by means of a special tax, the means of payment being optional with the county court.

The proposed amendment does not grant to the county any continuing right to create indebtedness in excess of the existing limitation. It merely provides the machinery for meeting moral obligations already existing. Once these obligations are ex-

tinguished by the exercise of the method provided by the proposed amendment the function of the amendment is fulfilled and the county will remain subject to the existing limitations of indebtedness.

The people of Curry county are practically unanimously in favor of meeting the moral obligations of the county. The proposed amendment is sanctioned by the county court and district attorney of Curry county.

The enactment of the amendment will operate to relieve a great number of individuals and institutions who have purchased and now hold county warrants of Curry county, and who have relied upon the good faith and credit of the county.

Failure to adopt the amendment will seriously impair the credit of all Oregon counties, and will weaken the faith of investors in Oregon municipal securities.

CHARLES HALL,
State Senator, 8th District.

J. S. MAGLADRY,
State Senator, 3d District.

S. P. PEIRCE,
State Representative, 6th District.

DAL M. KING,
State Representative, 5th District.

JOHN H. CARKIN,
State Representative, 8th District.

(On Official Ballot, Nos. 316 and 317)

AN AMENDMENT

To the constitution of the state of Oregon, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, to amend section 16 of article V thereof; proposed by the thirty-third legislative assembly under house joint resolution No. 5, filed in the office of the secretary of state February 27, 1925.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

Constitutional Amendment—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**AMENDMENT RELATING TO ELECTIONS TO FILL VACANCIES IN PUBLIC OFFICES**—Purpose: To amend section 16 of article V of the constitution of Oregon which authorizes the governor to make appointments to fill vacancies in office, such appointees holding until their successors are elected and qualified, so as to provide that if any vacancy occur in the office of United States senator or in any elective office of the state or of any district, county or precinct thereof, the same shall be filled at the next general election, provided such vacancy occur more than twenty days prior to such general election.

316 Yes. I vote for the amendment.

Vote YES or NO

317 No. I vote against the amendment.

HOUSE JOINT RESOLUTION NO. 5

Be It Resolved by the House of Representatives of the State of Oregon, the Senate jointly concurring:

That section 16, article V of the constitution of the state of Oregon be and it is hereby amended so as to read as follows:

ARTICLE V

Sec. 16. *Governor to Fill Vacancies by Appointment.* When during a recess of the legislative assembly a vacancy shall happen in any office, the appointment to which is vested in the legislative assembly, or when at any time a vacancy shall have occurred in any other state office, or in the office of judge of any court, the governor shall fill such vacancy by appointment, which shall expire when a successor shall have been elected and qualified; if any vacancy occur in the office of United

States senator or in any elective office of the state or of any district, county or precinct thereof, the same shall be filled at the next general election, provided such vacancy occur more than twenty (20) days prior to such general election.

Be It Further Resolved, That this proposed amendment be submitted to the voters of the state of Oregon for their approval or rejection at the next general or special election; and be it further

Resolved, That the secretary of state be authorized and he is hereby directed to set aside two pages of the official pamphlet for publication of arguments in support of this amendment, and that a committee of two representatives and a senator be appointed to prepare said arguments for publication in said pamphlet.

Filed in the office of the secretary of state February 27, 1925.

For affirmative argument see page 28.

(On Official Ballot, Nos. 316 and 317)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of the **Amendment Relating to Elections to Fill Vacancies in Public Offices.**

Section 16, article V, of the Constitution of the State of Oregon now reads:

"Sec. 16. *Governor to Fill Vacancies by Appointment.* When during a recess of the legislative assembly a vacancy shall happen in any office, the appointment to which is vested in the legislative assembly, or when at any time a vacancy shall have occurred in any other state office, or in the office of judge of any court, the governor shall fill such vacancy by appointment, which shall expire when a successor shall have been elected and qualified."

House joint resolution No. 5 proposes to amend this section by adding the following:

"if any vacancy occur in the office of United States senator or in any elective office of the state or of any district, county or precinct thereof, the same shall be filled at the next general election, provided such vacancy occur more than twenty (20) days prior to such general election."

Section 16 now provides that the governor shall fill vacancies occurring in any state office. Thus provision is made for temporarily filling an elective office if the incumbent dies or resigns. However, no provision is made in the constitution for permanently filling any such vacancy by election.

Our supreme court has held, in an early decision, that if a vacancy occurs in any elective office by death or otherwise, the person appointed by the governor to fill this vacancy does not hold for the unexpired part of the term, but there shall be elected at the next general election a successor to the governor's appointee. If the vacancy should occur within a few days, say four or five, before an election, what would be the situation? Suppose the following should occur: The terms of three justices of the supreme court end this year. These three members run for reelection and receive not only the nominations of their own party but also that of the other major party. There are also nominated for these vacancies three candidates by some minor group, or some unimportant political party, neither of these three latter nominees being known to the voters of the state. Within a day or two before the election and too late for other nominations to be made, one of the other four members of the court dies. The three incumbents, of course, receive

the highest number of votes and are elected. The question is presented: Is the candidate receiving the next highest number of votes also elected? If he is, it means that a person will become a member of the supreme court who is clearly not the choice of the people of the state, and who may be unqualified and incompetent to fill this important office.

Many states have avoided this situation by providing in their constitutions that if a vacancy occurs in an elective office, such vacancy shall not be filled at the next general election unless the vacancy occurs more than a certain definite time before the general election, this time being such as is considered adequate for the nomination of proper candidates.

Our legislature has found that 20 days is the minimum time within which nominations can be made if a vacancy should occur immediately before an election.

This amendment will remove the dangerous provision now existing as to the filling of vacancies occurring immediately before a general election, by providing that if the vacancy occurs so near to the election that candidates can not be nominated the vacancy shall not be filled at such election.

If this amendment is adopted, vacancies occurring less than 20 days before election will be filled as at present, but will not be filled at the general election which follows within a few days.

This amendment neither enlarges nor limits the appointive power of the governor. It merely provides for the correction of our constitution, and will prevent the election to a state office of a person who is not the choice of the people, by preventing an election unless suitable candidates can be nominated. If this amendment is accepted it will insure to the people that the person elected to fill a vacancy is in fact the choice of the people.

This is a much-needed amendment to our state constitution and should be adopted by the people.

Respectfully submitted,

E. O. POTTER,
State Representative, 3d District.

CLAUDE BUCHANAN,
State Representative, 10th District.

(On Official Ballot, Nos. 318 and 319)

AN AMENDMENT

To the constitution of the state of Oregon, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, to amend section 10 of article XI thereof; proposed by the thirty-third legislative assembly under house joint resolution No. 19, filed in the office of the secretary of state February 27, 1925.

The following is the form and number in which the proposed amendment will be printed on the official ballot:

Constitutional Amendment—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**KLAMATH AND CLACKAMAS COUNTY BONDING AMENDMENT**—Purpose: To amend section 10 of article XI of the constitution of the state of Oregon, to permit the issuance of bonds by Klamath and Clackamas counties when authorized by a majority vote of the people of said counties, respectively, voting thereon, in an amount, respectively, not to exceed the amount of warrants of Klamath county outstanding on April 1, 1919, and of Clackamas county outstanding on December 31, 1924, and interest thereon to date of said election, for the payment of which no funds were then available, and to pay such warrants with the proceeds from such bond sales.

318 Yes. I vote for the amendment.

Vote YES or NO

319 No. I vote against the amendment.

HOUSE JOINT RESOLUTION NO. 19

Be It Resolved by the House of Representatives of the State of Oregon, the Senate jointly concurring:

That section 10 of article XI of the constitution of the state of Oregon be and the same is hereby amended so as to read as follows:

ARTICLE XI

Sec. 10. No county shall create any debt or liabilities which shall singly or in the aggregate, with previous debts or liabilities, exceed the sum of \$5,000, except to suppress insurrection or repel invasion or to build or maintain permanent roads within the county; and debts for permanent roads shall be incurred only on approval of a majority of those voting on the question, and shall not either singly or in the aggregate, with previous debts and liabilities incurred for that purpose, exceed 6 per cent of the assessed valuation of all

property in the county; provided, however, that either Crook or Curry county, or both, may issue warrants drawn on its treasury to evidence debts and liabilities imposed on it by law and which the county is powerless to prevent, and may issue bonds in an amount not to exceed 2 per cent of the assessed valuation of all the property in the county to fund its warrants so issued whenever such bonds shall be authorized by a majority of the legal voters of the county voting on the question at any general election or a special election called and held for such purpose; provided further, that the county court may order a special election for said purpose and shall cause printed notices thereof, signed by the county clerk, to be posted at least twenty days before the date of the election, in like manner as notices of a general election are now posted, which notices shall particularly specify the amount of bonds proposed to be issued, the length of time they shall run, which shall not exceed twenty years, and the maximum rate of interest they shall bear, which shall not exceed the legal rate, and said court shall have printed for

use at such elections the same number of ballots, both official and sample ballots, as would be required by the election laws at a general election, said ballots to specify the amount of bonds to be issued, the length of time they shall run and the maximum rate of interest they shall bear, and said election shall be conducted by the regularly appointed election officials and in accordance with the general election laws except as herein otherwise provided; provided further, that said bonds, when so authorized, may be sold by the county court for the best price obtainable and, subject to the limitations hereinabove set forth, shall be in such form as the county court may prescribe; provided further, that the county court shall each year, after the issuance of such bonds, levy a special tax in such an amount as may be necessary to pay the interest on said bonds and to retire the principal thereof at maturity, such tax to be in addition to all other taxes provided by law; provided further, the county court of Linn county, Oregon, shall annually levy a tax equal to 2 mills on the dollar of taxable property of said county for the purpose of paying all warrants on said county outstanding December 31, 1921, with interest at the legal rate from the dates thereof to the date of payment, which tax shall be levied and collected as other taxes, kept in a separate fund and applied only to the payment of said warrants and accrued interest thereon, same to be paid in numerical order until all said warrants and accrued interest shall have been paid. When all said warrants and accrued interest shall have been paid, the power hereby conferred shall cease. Said tax may be in addition to and in excess of the limitations fixed by section 11, article XI, of the constitution of the state of Oregon; provided further, that Benton county, upon the majority vote of the people thereof, voting thereon, may issue bonds not to exceed an amount equal to the amount of the warrants of said county outstanding on December 31, 1921, for the payment of which no funds were then available, and pay the unpaid expenses of said county from the proceeds of such bonds. Such election shall be called and held and such bonds shall be issued and sold in the same manner and according to the same procedure as provided in this section for holding of elections and the issuance and sale of bonds by Crook and Curry counties; provided further, that Klamath county, Oregon, upon the majority vote of

the people thereof, voting thereon, may issue bonds not to exceed an amount equal to the amount of the warrants of said county outstanding on April 1, 1919, and all interest on same to date of said election, for the payment of which no funds were then available, the proceeds from the sale of such bonds to be devoted to paying the said outstanding warrants. Such election shall be called and held and such bonds shall be issued and sold in the same manner and according to the same procedure as provided in this section for holding of elections and the issuance and sale of bonds for Crook and Curry counties; provided further, that Clackamas county, Oregon, upon the majority vote of the people thereof, voting thereon, may issue bonds not to exceed an amount equal to the amount of the warrants of said county outstanding on December 31, 1924, and all interest on same to date of said election, for the payment of which no funds were then available, the proceeds from the sale of such bonds to be devoted to paying the outstanding warrants. Such election shall be called and held and such bonds shall be issued and sold and the payment thereof provided for in the same manner and according to the same procedure as provided in this section for holding of elections and the issuance and sale of bonds and for the payment thereof for Crook and Curry counties; be it further

Resolved, That this proposed amendment be submitted to the voters of the state of Oregon for their approval or rejection at the next general election held throughout the state of Oregon; and be it further

Resolved, That the secretary of state be authorized and directed to set aside three pages of the official pamphlet for the publication of arguments in support of this amendment, and that a committee of two senators, to be appointed by the president of the senate, and four representatives, to be appointed by the speaker of the house, to prepare said arguments for publication in said pamphlet. At least one page, or so much thereof as may be necessary, shall be set aside for the argument in favor of the amendment for Klamath county and the same for Clackamas county.

Filed in the office of the secretary of state February 27, 1925.

For affirmative argument see page 31.

(On Official Ballot, Nos. 318 and 319)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third regular session, legislative assembly, in behalf of the **Klamath and Clackamas County Bonding Amendment.**

This measure proposes to amend the constitution of the State of Oregon so as to permit the people of Clackamas county to vote bonds to the amount of the county's warrant indebtedness.

This does not permit greater indebtedness, but provides an easier method of carrying the debt we now have.

Clackamas county's warrant indebtedness is around \$300,000. These county warrants bear 6% interest. Five per cent bonds will sell at a premium, hence if this measure carries Clackamas county is permitted to vote bonds and save 1%, which, on the basis of the present indebtedness, reduces the annual interest charge \$3,000.

It is estimated by those in charge of the county's affairs that this indebtedness can be paid off during the next five years. If one-fifth of the \$300,000 indebtedness is taken up each year the gross savings will

be about \$9,000, from which must be deducted the cost of a special election to vote the bonds.

Additional argument in favor of the measure is the fact that it will put the county on a cash basis, which is always economy.

CHARLES HALL,
State Senator, 8th District.

F. J. TOOZE,
State Senator, 12th District.

M. S. SHROCK,
State Representative, 16th District.

FRED J. MEINDL,
State Representative, 30th District.

A. M. COLLIER,
State Representative, 21st District.

MARK D. McCALLISTER,
State Representative, 1st District.

(On Official Ballot, Nos. 320 and 321)

A MEASURE

To establish a tuberculosis hospital in eastern Oregon; to appropriate money therefor, and to submit the same to a vote of the people for their approval or rejection (senate bill No. 41, thirty-third legislative assembly), to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, referred to the people by the thirty-third legislative assembly, and filed in the office of the secretary of state February 27, 1925.

The following is the form and number in which the proposed measure will be printed on the official ballot:

Proposed Law—Referred to the People by the Legislative Assembly

Submitted by the Legislature—**THE EASTERN OREGON TUBERCULOSIS HOSPITAL ACT**—Purpose: To provide for the establishment, construction, equipment, maintenance and operation of a branch tuberculosis hospital at some point in the state of Oregon east of the Cascade mountains, to be selected by the governor, secretary of state and state treasurer, constituting the state board of control.

320 Yes. I vote for the proposed law.**Vote YES or NO****321 No. I vote against the proposed law.**

GENERAL LAWS OF OREGON FOR 1925

CHAPTER 264

(Senate Bill No. 41, Thirty-third Legislative Assembly)

AN ACT

To establish a tuberculosis hospital in eastern Oregon; to appropriate money therefor, and to submit the same to a vote of the people.

Be It Enacted by the People of the State of Oregon:

Section 1. The governor, secretary of state and state treasurer of the state of Oregon, acting as the board of control, are hereby authorized and directed to proceed, within sixty days after this act shall become a law, to locate a site for a branch tuberculosis hospital at some point in the state of Oregon east of the Cascade mountains, and shall contract for and purchase, in the name of and for the state of Oregon,

at the place selected for said hospital, a suitable tract of land for the building of a tuberculosis hospital, and for purposes connected therewith.

Section 2. After acquiring title to the real estate for the use of said tuberculosis hospital, the said board shall cause the same to be suitably graded and laid out, and shall cause to be erected thereon all buildings and other structures which may be deemed necessary to the establishment and equipment of a tuberculosis hospital, capable of accommodating not less than 200 patients, according to modern, advanced and practical methods of conducting such an institution, and planned with the view to the future building of additions thereto, if necessary; and said board shall have power to appoint an architect to draw plans and specifications and to supervise the work, under the direction and control of said board; and said board shall have full power to receive bids, enter into contracts and do all things necessary or advisable in the prosecution of the work

hereby contemplated, including the furnishing, lighting and heating of said buildings; and said board shall prosecute the work on said branch hospital with all reasonable dispatch, consistent with the state's best interests; provided, however, that the board of control may select a site upon lands belonging to the state of Oregon, or may, in its discretion, purchase a site upon which some or all of the necessary buildings have been already erected or constructed.

Section 3. Upon the completion of said buildings, or prior thereto, the said board shall select and appoint a superintendent of said hospital, and such assistants, physicians and attendants as shall be necessary, who shall hold their positions during the pleasure of said board; such superintendent, assistants, physicians and attendants, and all persons desiring or seeking admittance to said hospital, shall be subject to the same laws, rules and regulations as those governing or applying to the tuberculosis hospital now maintained by the state of Oregon; provided, however, that, as nearly as may be possible, residents of all that part of the state of Oregon west of the summit of the Cascade mountains shall be admitted to the hospital at Salem, and those residing east of

said summit of said mountains shall be admitted to the eastern Oregon tuberculosis hospital.

Section 4. For the purpose of carrying out the provisions of this act, also including the payment of the salaries of officers and employes, and for the maintenance and general and contingent expenses of the eastern Oregon tuberculosis hospital, up to and including the thirty-first day of December, 1926, there is hereby appropriated out of any funds in the state treasury not otherwise appropriated the sum of \$100,000, or so much thereof as may be necessary.

Section 5. This act shall be submitted to the legal voters of this state for their approval or rejection at the next general or special election, and the secretary of state is authorized and directed to set aside two pages of the official pamphlet for the publication of arguments in support of this amendment; and that a committee of two representatives and one senator be appointed to prepare said arguments and publish in said pamphlet and to file the same with the secretary of state.

Filed in the office of the secretary of state February 27, 1925.

For affirmative argument see page 34.

(On Official Ballot, Nos. 320 and 321)

ARGUMENT (Affirmative)

Submitted by the joint committee of the senate and house of representatives, thirty-third session, legislative assembly, in behalf of **The Eastern Oregon Tuberculosis Hospital Act.**

To the Voters of Oregon:

Why you should vote "Yes" for the Eastern Oregon Tuberculosis Hospital.

Under the provisions of the Constitution of Oregon, all state institutions must be located in Marion county, unless the voters of the state otherwise direct. Oregon maintains a tuberculosis hospital at Salem, but it has been evident for many years that its capacity is insufficient to care for all those who need the care and service of such an institution, and it is also self-evident that it is not conducive to the best health of persons suffering from tuberculosis to move them from a high, dry altitude to a lower and damper climate—that is to say, that although persons living in the Willamette valley may be properly cared for and cured in an institution at Salem, those persons who live in the higher altitude of eastern and central Oregon, when ill and in need of treatment, should go to a hospital where the altitude and climate are similar to their accustomed surroundings.

The advisability and need for better and greater facilities for the relief of those suffering from tuberculosis and the location of the institution east of the Cascade mountains has been determined by the Legislature. The bill which appropriated one hundred thousand dollars for that purpose had practically the unanimous support of the entire Legislature, and was endorsed by the Oregon Tuberculosis Association, the State Federation of Women's Clubs, physicians, social welfare workers and other philanthropists throughout the state of Oregon.

The beneficent purpose of the act, however, can not be made effective until the people of the state give their approval to the location of the institution outside the boundaries of Marion county. We repeat again, that the Legislature had the authority to appropriate the necessary money to erect an additional tuberculosis hospital, if it were going to be erected in Marion county, but it is prohibited from the building the same in any other county until the people have voted their approval thereon.

The bill authorizes the Board of Control to select a site east of the Cascade mountains and to erect and operate a suitable building for the care and cure of citizens of Oregon suffering from tuberculosis.

Practically every one knows that many persons suffering from tuberculosis in the Willamette valley and coast sections of this state are sent by their physicians to eastern and central Oregon in the hope of securing relief and cure from the dread disease. Plenty of fresh air, altitude not too great and lots of sunshine constitute the ideal tonic climate for the tubercular. Climatic conditions alone are not enough, but must be combined with systematic,

rational care and treatment, and, therefore, patients who are sent to eastern Oregon to obtain the benefit of the altitude, air and sunshine, should have access to an institution where they may receive proper care and rest in those cases where that treatment is needed. In the entire section lying between Multnomah county on the west, Umatilla county on the east, and extending southward to the California and Nevada line there are 13 large, populous counties where the number of deaths from tuberculosis for the year 1924 did not exceed 35 persons, and in four of these counties there was not a single death; in two counties only one death each; in three counties only two deaths each, and where the death list was greatest, viz, Deschutes county, it was due to the fact that many persons suffering from tuberculosis were sent there for recovery and they congregated in the city where they could not receive proper treatment. They should have been in a state institution receiving care that would have cured them.

There is nothing that touches our hearts more than observing those of our friends affected with the "white plague"—tuberculosis—and when we see them wasting away, day by day, it seems there should be no hesitation on the part of the State of Oregon to provide for them sufficient accommodations where they could go to receive care, comfort and sunshine so necessary to complete recovery. The institution at Salem is filled. Only a part of the sufferers can secure accommodations. Why not be generous?

Your vote will authorize the establishment of additional accommodations where they are needed—at a point east of the Cascade mountains, to be designated by the Board of Control. The money has been made available by the Legislature. Your vote will confirm their action and authorize its establishment where it is needed.

We spend many millions for the purpose of policing and otherwise regulating the affairs of healthy people of Oregon, but we have paid out not more than four cents per capita per annum for the cure of our citizens who are suffering from the greatest of all the dread diseases—tuberculosis—and surely we can provide the additional means and facilities to give those who need our help a small portion of the millions that we spend for general purposes.

In the name of all who are sick and in need of help, we request you to give this measure your support and vote "Yes."

Respectfully submitted,

JAY H. UPTON,
Senator, 17th Senatorial District.

R. S. HAMILTON,
Representative, 21st District.

M. FITZMAURICE,
Representative, 28th District.

(On Official Ballot, Nos. 322 and 323)

A MEASURE

To regulate and control the sale of cigarettes, cigarette paper, wrappers, tubes, smoking tobacco and/or snuff; providing for the licensing of dealers in said commodities, and for the levy, assessment, collection and payment of an excise tax on the sale of cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and/or snuff at retail, and for the disposition of said license fees and excise taxes; prohibiting the altering, forging or counterfeiting of licenses or stamps provided for in this act, or having of same in possession, knowing them to be forged, counterfeited, spurious or altered, and providing penalties; appropriating money to carry out the provisions of this act, filed in the office of the secretary of state of the state of Oregon March 2, 1925, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, upon petition for referendum filed in the office of the secretary of state of the state of Oregon May 25, 1925, in accordance with the provisions of section 1 of article IV of the constitution of the state of Oregon.

The following is the form and number in which the proposed measure will be printed on the official ballot:

Referred Bill—Referendum Ordered by Petition of the People

Referred by the Oregon Retail Cigar Dealers Association, 734 Morgan building, Portland, Oregon; Oscar T. Olsen, secretary and treasurer, 408 East Fiftieth street, Portland, Oregon; Edward G. Gavin, president, 867 East Yamhill street, Portland, Oregon; W. G. Keady, 983 Stephens street, Portland, Oregon; A. E. Melin, box 373E, route 6, Portland, Oregon; J. H. Oliver, 715 East Sixteenth street north, Portland, Oregon; S. S. Rich, 666 Flanders street, Portland, Oregon—CIGARETTE AND TOBACCO TAX BILL—Purpose: To require retail dealers in cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and snuff to pay an excise tax to the state upon the sale of such articles and to attach to every package thereof tax stamps purchased from the state as evidence of such payment, when or before selling the same, the proceeds to go into the general fund of the state, and to require such dealers to procure licenses from the county clerks before transacting such business, the counties retaining half of such license money, the state receiving the remainder.

322 Yes. I vote for the proposed law.

Vote YES or NO

323 No. I vote against the proposed law.

GENERAL LAWS OF OREGON FOR 1925

CHAPTER 342

(House Bill No. 512, Thirty-third Legislative Assembly)

AN ACT

To regulate and control the sale of cigarettes, cigarette paper, wrappers, tubes, smoking tobacco and/or snuff; providing for the licensing of dealers in said com-

modities, and for the levy, assessment, collection and payment of an excise tax on the sale of cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and/or snuff at retail, and for the disposition of said license fees and excise taxes; prohibiting the altering, forging or counterfeiting of licenses or stamps provided for in this act, or having of same in possession, knowing them to be forged, counterfeited, spurious or altered, and providing penalties; appropriating money to carry out the provisions of this act.

Be It Enacted by the People of the State of Oregon:

Section 1. That for the purpose of regulating and controlling and prohibiting the unlawful sale of cigarettes, cigarette paper, wrappers, tubes, smoking tobacco and/or snuff, and to preserve the public health, it shall be unlawful to sell cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and/or snuff, in the state of Oregon at retail without having first obtained and posted the license and paid the excise taxes hereinafter provided for.

Section 2. The term "dealer," as used in this act, shall include every person, firm or corporation engaged in the business of selling cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and/or snuff within the state of Oregon at retail, and it shall be unlawful for any person, firm or corporation, except a dealer, to sell cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and/or snuff within the state of Oregon at retail; provided, that this act shall not apply to the sale of any such articles in original packages in interstate commerce.

Section 3. Within thirty days after the date on which this act becomes effective, and annually thereafter, every retail dealer engaged in the sale of cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and/or snuff within the state of Oregon, shall apply to the county clerk of each county in which its [his] said business is conducted, for a license to engage in said business, and shall pay to said county clerk a fee of \$2 for each of said licenses, \$1 of which shall be paid into the county treasury and become a part of the general fund of the county, and the remainder of which shall be by the county clerk paid into the state treasury on or before the tenth day of each month and become a part of the general fund of the state of Oregon. Said application shall be in writing and shall state the name and address of the applicant, the names and addresses of the members of the firm, if a copartnership, and of the managing officers, if a corporation, the classification of the business of such applicant and the location of its [his] place of business in the county, and if there be more than one, a separate application shall be filed and a separate license obtained for each such place of business.

Section 4. Upon receipt of the application provided for in section 2 hereof, and the payment of a license fee of \$2, the county clerk shall issue to said applicant a license to sell cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and/or snuff at the place designated in said license until and including the thirty-first day of December, of the year for which said license is issued, and like licenses shall be obtained for each succeeding year, beginning with the first day of January and ending with the thirty-first day of December.

Said licenses shall be posted in a conspicuous place in the place of business of the licensee.

Section 5. It shall be unlawful to sell cigarettes, cigarette papers, wrappers, and/or tubes, smoking tobacco and/or snuff at retail in the state of Oregon, unless same are in packages stamped as herein provided.

Section 6. Every dealer in cigarettes, cigarette papers, wrappers and/or tubes, smoking tobacco and/or snuff in the state of Oregon shall pay an excise tax upon the sale of same to consumers, which excise tax shall be paid prior to or at the time of sale and delivery of said cigarettes, cigarette papers, wrappers and/or tubes, smoking tobacco and/or snuff and shall be in the following amounts, based on the retail sale price of the packages thereof:

1 cent to 10 cents, inclusive, an excise tax of 1 cent.

11 cents to 20 cents, inclusive, an excise tax of 2 cents.

21 cents to 30 cents, inclusive, an excise tax of 3 cents.

31 cents to 40 cents, inclusive, an excise tax of 4 cents.

41 cents to 50 cents, inclusive, an excise tax of 5 cents.

51 cents to 60 cents, inclusive, an excise tax of 6 cents.

61 cents to 70 cents, inclusive, an excise tax of 7 cents.

71 cents to 80 cents, inclusive, an excise tax of 8 cents.

81 cents to 90 cents, inclusive, an excise tax of 9 cents.

91 cents to \$1, inclusive, an excise tax of 10 cents, and on all packages selling for more than \$1, an additional excise tax shall be paid of 1 cent for each 10 cents, or fraction thereof, of any additional selling price.

Section 7. Before delivering same to the consumers, every dealer shall obtain from the county clerk and securely affix to each package of cigarettes, and each package, book or set of papers, wrappers and/or tubes, smoking tobacco and/or snuff a suitable stamp denoting the excise tax thereon, and said stamp shall be properly canceled prior to such sale or removal for consumption, under such regulations as the state treasurer shall prescribe.

Section 8. The state treasurer shall prepare and have for distribution for county clerks such stamps as will be required by this act, and shall keep an accurate record of all stamps leaving his hands.

Section 9. The state treasurer shall furnish stamps herein provided for to county clerks, who shall, on or before the tenth day of each month, file with the state treasurer a written account of all stamps sold, and remit to the state treasurer the proceeds thereof, which funds shall become a part of the general fund of the state of Oregon.

Section 10. The county clerk shall redeem and make repayment for any unused stamps, on written request by retail dealers, and pay for same out of any funds derived from the provisions of this act. It shall be unlawful for a retail dealer to sell such stamps to another retail dealer or to any person whomsoever, except as herein provided.

Section 11. All moneys received by the state treasurer under the provisions of this act shall be by him immediately deposited in the state treasury and credited to a special fund to be designated "tobacco excise tax fund," and so much thereof as is necessary is hereby appropriated and made available for carrying out the provisions of this act, and for the payment of the necessary expense incurred by the state treasurer in administering the same, as herein provided, and all claims on account of any such expenses so incurred by the state treasurer shall be audited and paid from the said tobacco excise tax fund in the same manner as other claims against the state are audited and paid. At the end of each calendar month all moneys remaining in said tobacco excise tax fund in excess of the sum of eight thousand dollars (\$8,000) shall be by the state treasurer transferred to and become a part of the general fund of the state.

Section 12. There is hereby appropriated from the funds in the state treasury, not otherwise appropriated, the sum of eight thousand dollars (\$8,000), which sum shall be used in defraying the expenses of the state treasurer in the administration of this act until revenues therein provided for that purpose are available. The state treasurer is hereby authorized to employ such assistants as may be necessary to carry out the provisions of this act.

Section 13. Any dealer or person, firm or corporation violating any of the forego-

ing provisions of this act shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not less than \$25, nor more than \$100, or by imprisonment in the county jail for not less than ten days nor more than sixty days, or by both such fine and imprisonment, and any dealer selling any of the articles licensed under the provisions of this act in violation of any law of the state of Oregon shall, in the discretion of the court in addition to all other penalties, forfeit his license, which shall be canceled by the county clerk upon the filing of the necessary information.

Section 14. It shall be unlawful for any person, firm or corporation, with intent to defraud the state, to make, alter, forge or counterfeit any license or stamp provided for in this act, or to have in possession any forged, counterfeited, spurious or altered license or stamp, knowing the same to be forged, counterfeited, spurious or altered, and whoever is found guilty of any violation of this provision shall be fined not more than one thousand dollars (\$1,000), or be imprisoned in the state penitentiary for a term of not less than one nor more than three years, or by both such fine and imprisonment.

Section 15. Courts of justices of the peace and district courts shall have concurrent jurisdiction with the circuit courts of any violations of this act.

Section 16. If any section or provision of this act shall be judged [adjudged] invalid it shall not impair the validity of the remainder of the act.

Approved by the governor February 23, 1925.

Filed in the office of the secretary of state March 2, 1925.

For negative argument see page 38.

(On Official Ballot, Nos. 322 and 323)**ARGUMENT (Negative)**

Submitted by Oregon Retail Cigar Dealers Association, opposing the **Cigarette and Tobacco Tax Bill**.

The Oregon Retail Cigar Dealers Association has undertaken the leadership in invoking the referendum on the tobacco tax law passed by the last legislature, on account of the urgent demands of its members in all parts of the state, and of the public, who are their customers. Our investigations have disclosed a strong public feeling that this law was not passed on its merits, but was forced on the legislature at the eleventh hour to produce state revenues which should have been supplied by the regular and ordinary methods, and without reference to its practical inefficiency as a revenue producer, or its injustice to the business interests and the public of the state of Oregon. It therefore seems only proper that the people should have the opportunity of giving this discriminatory tax the full consideration which the legislature was unable to give for lack of time.

The experience of other states where similar laws have been passed has proven conclusively that they yield only a fraction of the expected revenue, for several reasons: First, because by forcing an increase in retail prices they decrease the volume of taxable sales; second, because of the difficulty of collecting the tax on a large percentage of the tobacco consumed; and third, because the cost of collection is so great that the net revenue is greatly depreciated.

While failing to benefit the state financially to the extent expected, this law would impose upon the public the burden not only of the tax itself, but of the cost of affixing stamps, interest on the investment in them, the keeping of records, etc., which the small margin of profit in tobacco would not permit the dealer to absorb. Furthermore, the tobacco user already pays to the federal government an enormous

tax—equivalent in the case of cigarettes to nearly one-half of the retail price—and it is neither just nor fair for the state to single him out for still further taxes. In fact, tobacco taxes furnish to the federal government its third largest source of revenue. This tax would fall most heavily upon the poor man who is now able to enjoy a modest indulgence, forcing him to forego it or to revert to cheaper forms of tobacco, while imposing no tax on his more fortunate brother who can afford to smoke cigars. We feel in duty bound, as servers of the public, to take the action which will permit them to decide whether so inequitable a tax shall be levied.

From the standpoint of the merchants of the state the unfairness of the tobacco tax is still more exaggerated, for it not only places on them the burden and odium of collecting the tax from the public, but it destroys a large part of their business by decreasing the volume of sales. It places the legitimate and law-abiding merchant at the mercy of the bootlegger and of the unscrupulous dealer who evades the tax. It diverts a large portion of the tobacco business of the Oregon merchant to mail order houses in adjoining states, at the same time providing an opening wedge by which mail order houses may enter the state, to the injury of all Oregon business interests.

We are assured of the strongest support in our undertaking by the public at large, by the business interests of the state, and those having its welfare at heart. We ask that you vote against this measure.

**OREGON RETAIL CIGAR DEALERS
ASSOCIATION,**

**OSCAR T. OLSEN, Secretary,
Multnomah Hotel, Portland, Oregon.**

(On Official Ballot, Nos. 324 and 325)

A MEASURE

To provide revenue for the use, maintenance, repair and reconstruction of public highways in this state and to defray the cost of administering this act by imposing a charge upon motor vehicles for the use of such highways in the transportation of persons and/or property for compensation; prescribing the amount of such fees; providing for the supervision and regulation of such motor vehicles and the operation thereof; conferring jurisdiction over such matters upon the public service commission; providing for the enforcement of this act, and for the punishment of violations thereof, and repealing chapter 10, General Laws of Oregon, special session, 1921, chapter 205, General Laws of Oregon, 1923, and all other acts or parts of acts in conflict herewith, filed in the office of the secretary of state of the state of Oregon March 4, 1925, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, upon petition for referendum filed in the office of the secretary of state of the state of Oregon May 26, 1925, in accordance with the provisions of section 1 of article IV of the constitution of the state of Oregon.

The following is the form and number in which the proposed measure will be printed on the official ballot:

Referred Bill—Referendum Ordered by Petition of the People

Referred by Oregon Motor Stage Association, 704 Journal building, Portland, Oregon; A. Jaloff, president, 579 East Fifteenth street north, Portland, Oregon; J. M. Hutson, secretary, 415 Tenth street, Portland, Oregon; Max H. Clark, treasurer, 1248 East Alder street, Portland, Oregon; and Auto Freight Transportation Association of Oregon and Washington: George V. Bishop, president, 773 East Tenth street, Portland, Oregon; Oscar W. Horne, secretary-treasurer, 115 East Forty-eighth street, Portland, Oregon—**MOTOR BUS AND TRUCK BILL**—Purpose: To levy a license tax upon the use of motor vehicles when used as common carriers upon the public highways for transporting persons and property for hire, appropriating such revenue to the payment of expenses heretofore or hereafter incurred for construction, maintenance, repair and reconstruction of highways; providing for the supervision, regulation and control of such motor vehicle transportation; conferring jurisdiction over the same upon the public service commission; providing for enforcement and penalties for violations of the act; and repealing chapter 10, General Laws of Oregon, special session of 1921, and chapter 205, General Laws of Oregon of 1923.

324 Yes. I vote for the proposed law.

Vote YES or NO

325 No. I vote against the proposed law.

GENERAL LAWS OF OREGON FOR 1925
CHAPTER 380

(House Bill No. 413, Thirty-third Legislative Assembly)

AN ACT

To provide revenue for the use, maintenance, repair and reconstruction of public highways in this state and to defray

the cost of administering this act by imposing a charge upon motor vehicles for the use of such highways in the transportation of persons and/or property for compensation; prescribing the amount of such fees; providing for the supervision and regulation of such motor vehicles and the operation thereof; conferring jurisdiction over such matters upon the public service commission; providing for the enforcement of this act, and for the

punishment of violations thereof, and repealing chapter 10, General Laws of Oregon, special session, 1921, chapter 205, General Laws of Oregon, 1923, and all other acts or parts of acts in conflict herewith.

Be It Enacted by the People of the State of Oregon:

Section 1. *Definitions.* The meaning of the following words, terms, and phrases when used in this act shall be as follows:

Corporation. "Corporation" means a corporation, company, association or joint stock association.

Person. "Person" means an individual, a firm or copartnership.

Motor Vehicle. "Motor vehicle" means any self-propelled vehicle moving over the public highways of this state and not moving, operated or driven upon fixed rails or track. It includes motor trucks and motor busses and trallers, semitrallers and other trallers used in connection therewith.

Carriers by Motor. "Motor carrier" means every corporation and person, their lessees, trustees or receivers, appointed by any court whatsoever, owning, controlling, operating or managing any motor vehicle used in the business of motor transportation of and for the general public and not operating exclusively within the limits of an incorporated city or town.

Motor Transportation. "Motor transportation" means the transportation of persons or property, or both, for compensation, over any public highway in this state, by a motor carrier as the term is defined in this act.

Public Highway. "Public highway" means every public street, road, highway or way in this state now or hereafter laid out or constructed.

Railroad. "Railroad" means a railroad as defined in section 5829, Oregon Laws.

Transportation for Compensation. The term "compensation" and "for compensation" as used in this act shall mean money or property of value charged and/or received, or to be charged and/or received, whether directly or indirectly, as compensation for the service rendered of transporting over any of the highways of Oregon, in motor vehicles, by a motor carrier, as the term is defined in this act, any person, property, article or thing; provided, however, that this act shall not extend or apply to the operation of school busses or to hotel busses operated exclusively within the corporate limits of an incorporated city or town, or to taxicabs as defined in this act.

Fixed Termini or Regular Route. "Between fixed termini or over a regular route" means the termini between, or route over which any motor carrier shall usually or ordinarily operate any motor vehicle, even though there may be changes in or departures from said termini or route, and whether said changes or departures be periodical or irregular.

Commission. "Commission" means the public service commission of Oregon or such other officer or officers, commission, bureau or other body as may hereafter succeed to the powers and duties now exercised and performed by the public service commission of Oregon.

Taxicabs. The term "taxicab" shall mean every motor vehicle designed and/or constructed to accommodate and transport passengers, not more than five in number, exclusive of the driver, and fitted with taximeters to indicate and determine the passenger fare charged for distance traveled, and the principal operations of which taxicabs are confined to the area within the corporate limits of cities of the state.

Section 2. *Carriers by Motor Are Common Carriers—Commission to Determine Who Are Carriers by Motor.* All motor carriers, as the term motor carrier is defined in this act, are hereby declared to be common carriers.

Section 3. *Act to Govern All Carriers by Motor.* No motor carrier, as the term is defined in this act, shall conduct the business of motor transportation on or over any public highway in this state, except in accordance with the provisions of this act.

Section 4. *Commission Shall Supervise and Regulate—Police Powers Reserved to Cities.* The commission is hereby authorized to supervise and regulate every motor carrier in this state, as the term motor carrier is defined in this act, and to fix in the manner hereinafter stated reasonable rates, fares and charges to be charged by them; to prescribe rules and regulations for the governing of all such carriers; to prescribe and require such carriers to provide adequate facilities for conveyance and transportation; to supervise and regulate the accounts, service and safety of operation of each such carrier; to require such carrier to file annual reports as hereinafter provided and from time to time furnish such other data as said commission may require in order to administer this act, and to supervise and regulate such carriers in all other matters affecting their relationship and dealings with passengers, shippers and the public generally. The commission shall have power and authority by general order, or otherwise, to prescribe rules and regulations applicable to any and all such motor carriers; provided, cities and towns may enact and enforce reasonable regulatory ordinances including the imposing of regulatory licenses not destructive of the general purposes of this act.

Section 5. (a) *Permit to Be Obtained by Motor Carriers.* It shall be unlawful for any motor carrier, as the term is defined in this act, to operate any motor vehicle in motor transportation without first having obtained from the commission a permit covering such operation.

(b) *Application for Permit; What Shall Contain.* Application for such permit shall be made by such for-hire carrier to the commission. It shall be in writing, veri-

fied by the applicant or its managing officer, and shall specify and set forth the following matters:

1. Name and Place of Business. If the applicant be an individual his name and business address; if a firm or copartnership, the names and addresses of the members of said firm or of the copartners. If a corporation, the names and addresses of its officers, its principal place of business and the amount of its capital stock; also the location or locations of the stands, depots or places of business established and used or intended to be established and used.

2. Kind of Service; Number, Kind and Character of Vehicles. The kind of service to be performed by applicant, whether passenger or freight, or both, together with a statement of the number and character of motor vehicles which applicant intends to use and the license number of each vehicle, also the seating capacity of such vehicles, if for passenger traffic, and the total tire width as defined in chapter 371, General Laws of Oregon, 1921, thereof, if for freight traffic.

3. Where Books Kept. The address at which applicant will keep his or its books.

4. Territory to Be Served. If the applicant intends to operate between fixed termini or over a regular route, the highway or highways over which such operations will be conducted and a statement as to said fixed termini or regular route, and if the applicant intends to operate on the basis of anywhere for hire.

5. Financial Statement. A financial statement giving the assets and liabilities of the applicant and showing also the proposed investment.

6. Other Data. Such other information and data as the commission may require.

(c) *Commission May Issue or Refuse Permit.* Upon the filing of said application the commission shall consider the same, and if it shall appear that the applicant is responsible and is capable of furnishing adequate, safe and proper service as a motor carrier, operating as a common carrier, as the term is defined in this act, said application shall be granted and the commission shall issue a permit as prayed for. If, in the opinion of the commission, it shall appear that said applicant is not responsible or is not capable of furnishing adequate, safe and proper service as a motor carrier, the commission may refuse to issue a permit or may issue it with modifications, and upon such terms and conditions as in its judgment the public interest may require. If the commission shall desire to hold a hearing on such application, it shall fix a time for such hearing and give notice thereof to the applicant and to other interested parties. The commission shall not refuse any application or grant the same with restrictions until the applicant has had any [an] opportunity to appear before and be heard by the commission with respect to such application.

(d) *Permit Shall Contain.* Permits issued under the provisions of this section shall be numbered consecutively and shall contain the following:

1. Number, Name of Holder, Etc. The number and date of the permit, whether for freight or passenger business, and the name and address or principal place of business of the holder.

2. Class of Carrier. The class of the operator, as defined in this act, or as classified by the commission, the kind, character and locality of the operation to be conducted by such carrier and the special terms and conditions under which the permit is granted.

3. Term. The term for which the permit is granted, which term shall not exceed four (4) years, subject to renewal or extension and to revocation as hereinafter provided.

4. Other Provisions. Such additional provisions and limitations as the commission shall deem necessary and proper to be inserted in the permit.

5. Not Transferable; Not Exclusive Franchise. No permit to a motor carrier, as the term is defined in this act, granted by this act shall be assignable, or transferable, except with the written consent of the commission previously obtained. A permit issued to a motor carrier, as defined in this act, by the commission under and pursuant to this act shall not be an exclusive right or license to operate over any route, road, highway or between any fixed termini, but the special conditions and standards of service and equipment required of such motor carrier as may be set out in such certificate to operate, together with the orders and general regulations of the public service commission, shall be the conditions and standards of service and equipment with which every other motor carrier must comply before being granted a permit to operate over the same route or in similar service, and any motor carrier complying with such conditions to the satisfaction of the public service commission shall be entitled to the grant of a like permit to operate.

6. Carrier Must Operate in Accordance with Permit Except in Emergency. Except as otherwise expressly provided, it shall be unlawful for any motor carrier, as defined in this act, to operate in this state on any route or between any termini or in, into or through any territory other than the route, termini [or] territory provided for in the permit granted, or, in the case of a permit covering fixed termini or regular route, to fail or refuse to operate on the whole of the route, except in case of emergency due to act of God or unavoidable accident or casualty, or in case such route becomes impassable, or in case it becomes necessary to make temporary detours.

Section 6. *Number of Permit or Certificate to Be Displayed.* Each motor carrier to which a permit is issued under the pro-

visions of this act shall paint, stencil or otherwise mark in a permanent manner upon each side of and in a conspicuous place upon each and every motor vehicle operated under such permit, in letters and figures of a size and character as prescribed by the commission and in a color contrasting with the color of said motor vehicle, the following, "O. P. S. C. Permit No." followed by the number of the permit under which such motor vehicle is operated, and such letters and figures shall be and remain upon such motor vehicle at all times while the same is operated under such permit.

Section 7. (a) Motor carriers as defined in this act shall be classified as and referred to as follows:

Class 1. Passenger motor carriers operating on regular routes between fixed termini.

Class 2. Passenger motor carriers operating motor vehicles on call, not exclusively within the municipal boundaries of incorporated cities and towns, and known as anywhere for hire carriers.

Class 3. Passenger motor carriers operating a garage and doing a local livery business therefrom, but whose operations shall be restricted by the provisions of this act.

Class 4. Freight motor carriers operating on regular routes between fixed termini.

Class 5. Freight motor carriers operating on call not exclusively within the municipal boundaries of incorporated cities or towns, and known as anywhere for hire carriers.

Class 6. Combination motor carriers, carrying both freight and passengers, on one and the same motor vehicle, and operating on regular routes between fixed termini.

(b) Class three (3) motor carriers are hereby prohibited from operating over any route or any highway of the state of Oregon on which a class one (1) regular passenger bus line is operating between fixed termini under a permit granted by the public service commission, excepting in an emergency on call of a doctor or police officer, but in any event the motor carrier performing such service shall immediately thereafter file with the public service commission an affidavit sworn to by the doctor or police officer making such call, setting forth the facts of such call and service, including the date, the hour of the day, the highway and route and distance traveled in performing such service, such affidavit to be on a form provided by the public service commission. A livery operator's permit shall not be deemed authority to engage generally in the "Class 2—Anywhere for hire business."

(c) Class three (3) motor carriers shall not be required to file with the commission the bonds or insurance required of other motor carriers, but no class three (3) permit shall be issued by the commission except upon proper showing that the com-

munity in which applicant desires to operate is not served by a class one (1) or a class two (2) motor carrier.

(d) Any class three (3) motor carrier violating the provisions of this section shall be guilty of a misdemeanor and, upon conviction, be fined not less than \$10 nor more than \$50.

Section 8. *Commission to Prescribe System of Accounting: Books Open to Inspection.* The commission shall prescribe a uniform system of accounting for motor carriers, as the term is defined in this act, and every such carrier shall keep its books, records and accounts in the manner prescribed by the commission; provided, however, the commission may, in its discretion, prescribe different systems of accounting for motor carriers operating between fixed termini or over a regular route and those operating on an anywhere for hire basis. All books, records and accounts and all other papers of such motor carriers shall, upon demand, be open to the inspection of the commission or any commissioner of the public service commission of Oregon, or any person or persons employed by the commission for that purpose, and the commission or any commissioner shall have the right to examine, under oath, any officer, agent or employe of such motor carrier in relation to its business and affairs; provided, that any person other than one of said commissioners who shall make demand to inspect the records, books and accounts and other papers of any motor carrier shall produce his authority to make such inspection under the hand of one of said commissioners or the secretary of the commission, and under the seal of said commission. Such records, books, accounts and other papers shall not be destroyed except upon consent of or under authority granted by the commission. They shall at all times be kept within the state of Oregon, and failure to keep the same and all thereof within this state shall be sufficient cause for cancelation of the permit held by the offending motor carrier.

Section 9. *Production of Books and Records.* The commission may require, by order or subpoena to be served on any motor carrier in the same manner that a summons is served in a civil action in the circuit court, the production within this state at such time and place as it may designate, of any books, records, accounts or papers kept by said carrier in any office or place within the state of Oregon, or verified copies in lieu thereof if the commission shall so order, in order that an examination thereof may be made by the commission or under its direction. Any motor carrier failing or refusing to comply with any such order or subpoena shall, for each day it shall so refuse, forfeit and pay into the state treasury a sum of not less than \$100 nor more than \$1,000, to be recovered in a civil action in the name of the state of Oregon.

Section 10. *Copies of Contracts to Be Furnished Commission.* Every motor carrier, whenever required by the commission,

shall within a time to be fixed by the commission deliver to the commission for its use copies of all contracts which relate to the transportation of persons or property, or any service in connection therewith, made or entered into by it with any other motor carrier, as the term is defined in this act, or any other transportation company or common carrier, or any shipper or shippers or other person or persons doing business with it.

Section 11. (a) *Motor Carriers to File Annual Reports.* Every motor carrier, as the term is defined in this act, shall annually, on or before the first day of April, file with the commission a report, verified under oath, by its chief officer or agent or owner, in such form as the commission shall prescribe, covering the year ending December 31 next preceding and showing in detail, in the case of a corporation, the amount of capital stock issued and the amount and manner of payment therefor; the dividends paid and the surplus fund, if any, and, in the case of all motor carriers, the cost and value of the property, franchises and equipment of the reporting company; the number of employes and officers; the amounts expended for improvements, additions and additional equipment, how expended, and the kind and character of such improvements, additions and additional equipment; the earnings and receipts from each branch of business and from all other sources; the operating and other expenses; the balance of profit or loss; a statement of the indebtedness of the reporting motor carrier and a complete exhibit of the financial operations of the year, with an annual balance sheet; information in regard to rates and regulations concerning fares and freights; agreements, arrangements or contracts with other motor carriers and other common carriers, and such other matters pertaining to its operations as the commission may require.

(b) *Reports for Part Year.* In the event any motor carrier shall commence to operate subsequent to January 1 of any year, it shall, on or before April 1 of the year following file a report as required herein, containing the information above set forth for the part of the year during which it carried on the business of motor transportation. The commission shall cause to be prepared suitable blanks for the purposes designated in this section and shall when necessary, furnish such blanks to each motor carrier. Any motor carrier receiving from the commission any such blanks shall cause the same to be properly filled out so as to answer fully and correctly each question therein propounded, and it shall be excused from answering no question so propounded except by authority of the commission in writing and for good cause shown. Said answers shall be verified under oath by the proper officer of the particular carrier and returned to the commission at its office within the time fixed by the commission. Any motor carrier failing to make the report provided for herein shall forfeit to the state for

each day's default \$100, to be recovered in a civil action in the name of the state of Oregon.

Section 12. (a) *Schedules Arranged by Commission.* The commission may prescribe the nature, manner, character and frequency of service of carriers operating on regular routes between fixed termini, and to supervise and fix schedules or time tables of such operations, such schedules to be arranged with regard to the best interest and service of the public, and to prevent destructive or unfair competition between competing carriers.

(b) Prescribe or approve special distinguishing signs, marks or colors which motor carriers may use or paint on their rolling stock, and to prohibit competing motor carriers from employing or using similar designs, marks or colors for the purpose, or effect, of inviting patronage by deception or fraud.

Section 13. *Without Permit Direct or Indirect Compensation Prohibited.* No motor carrier, as defined in this act, shall charge, impose, collect or receive, either directly or indirectly, any compensation for transporting by means of a motor vehicle operated over any highway outside of the municipal limits of an incorporated city or town, any person, article or thing nor in any manner engage in or hold himself or itself out by advertisement or otherwise to engage in the transportation of persons or property for compensation, unless prior thereto such carrier shall have obtained from the public service commission of Oregon a certificate as provided in this act; provided, that the commission shall exempt from the operation of this act the transportation of freight or passengers by motor vehicles in rural communities not done on a commercial basis and not done for the general public; provided further, that the provisions of this act shall not apply to carriers operating exclusively within the corporate limits of a city or town or exclusively within three miles of the boundaries of such city or town.

Section 14. *Highways Classified.* For the purposes of this act the highways and roads of this state shall be classified as follows:

(a) "Improved highways" means highways that have been improved in whole or in part at the expense of the state, the federal government or the county, and shall include all paved, macadam and gravel roads, including also roads known as market roads.

(b) "Unimproved roads" means all roads not defined in subdivision (a) of this section as "Improved highways."

(c) Which roads are improved highways and which roads are unimproved roads, as defined in this section, shall be a question of fact which shall be determined by the commission.

Section 15. (a) *Annual Charge Imposed* Every motor carrier subject to this act

shall pay to the state of Oregon an annual charge for the maintenance, repair and reconstruction of public highways in this state and for the purpose of defraying the expenses of administration of this act and the expenses of regulation of the business of motor transportation in this state and as compensation for the use of said highways.

(b) *Fees.* Motor carriers hereunder shall pay, in addition to all other taxes provided by law, except as herein provided, annual fees as follows:

1. Class one (1) and class two (2) motor carriers, as defined in this act, operating passenger carrying vehicles, at the rate of three-fourths of a mill per passenger mile computed by multiplying the passenger capacity of the vehicle, measured at the rate of twenty (20) lineal inches of seating capacity for one passenger as provided in chapter 371, [General] Laws of Oregon, 1921, by the number of miles traveled as ascertained and determined in the manner herein provided.

2. Class three (3) motor carriers, as defined in this act, a sum equal to fifty (50) per cent of the regular license tax fee provided by law to be paid upon the registration of such motor vehicle used in carrying passengers for compensation in livery business service.

3. Class four (4) and class five (5) motor carriers, as defined in this act, operating freight carrying vehicles, at the rate of 1 mill per ton mile computed by multiplying the combined weight in pounds allowed such vehicle according to the number of inches of total tire width thereof, as defined and provided in chapter 371, [General] Laws of Oregon, 1921, and subsequent amendments thereof, by the number of miles traveled, as ascertained and determined in the manner herein provided, and dividing the product thus obtained by two thousand (2,000).

4. Class six (6) motor carriers, as defined in this act, carrying a combination of freight and passengers, at the rate of one-fourth ($\frac{1}{4}$) of a mill per passenger mile computed in the same manner as in this section provided for class one (1) carriers, plus three-eighths ($\frac{3}{8}$) of a mill per ton mile as computed in this section for class four (4) and five (5) motor carriers. In computing the per ton mile of combination motor carriers the combined weight of the vehicle shall be computed in the same manner as employed in computing the combined weight of a truck used for freight carrying only.

(c) *Deductions from Fees Allowed.* From the annual fees prescribed in this act to be paid by class one (1) and class two (2) motor carriers a deduction shall be allowed equal to the amount paid by such carrier, at the rate of \$4 per passenger seat, pursuant to the provisions of section 3, chapter 8, [General] Laws of Oregon, 1921, special session. From the annual fees prescribed in this act to be paid by class four (4) and class five (5) motor carriers a deduction shall be allowed equal

to the amount paid by such carrier, at the rate of 50 cents per inch of total tire width, pursuant to the provisions of section 3, chapter 8, [General] Laws of Oregon, 1921, special session.

(d) *Computing Miles Traveled.* In computing the number of miles traveled by class one (1) and class four (4) motor carriers the distance between the extreme fixed termini of the regular route of such carrier shall be used. The commission may employ any method or means which in its judgment may be necessary or desirable for ascertaining the number of miles traveled by other classes of motor carriers.

(e) *Further Deductions from Fees Allowed.* In computing the number of miles traveled motor carriers shall be allowed to deduct from the total miles traveled the number of miles traveled on unimproved roads as defined in this act.

Section 16. (a) *License Fee Payable Monthly.* Such charge shall be in addition to license fees prescribed by chapter 371, General Laws of Oregon, 1921, and acts amendatory thereof or supplementary thereto. It shall be payable monthly, and for the purpose of fixing the amount thereof payable each month, every motor carrier, as defined in this act, operating in this state shall, on or before the tenth day of each month, make to the commission a report in such detail as the commission may require and verified under oath by the motor carrier or its managing officer, showing the number of miles traveled during the preceding calendar month or fraction thereof over improved public highways and unimproved roads in this state by each motor vehicle operated by such motor carrier, and the passenger seating capacity, if a passenger vehicle, and the total tire width and combined weight of each motor vehicle, if a freight vehicle, to be stated. At the same time each such motor carrier shall pay to the commission the amount of the charge due from it for the month covered by said report, computed at the rates and in the manner hereinbefore set forth; provided, that the minimum charge to be paid by any motor carrier for any calendar month shall be 50 cents.

(b) *Verifying Reports.* The commission may adopt any method or means which in its judgment may be necessary and proper for checking and verifying the number of miles traveled by motor vehicles during each month and for checking and verifying the monthly reports rendered by motor carriers hereunder.

(c) *Receipt for Payment Not Conclusive.* The commission shall issue its receipt for such payment or payments, but such receipt or receipts shall not be final or conclusive as to the amount of the charge or fees due from and payable by said motor carrier; that is to say, if the commission shall thereafter determine that the report of any motor carrier for any month is not true and correct, it shall make a bill against said carrier for any underpayment of charge caused by said

untrue or incorrect report, which bill shall be paid by said motor carrier within ten (10) days after presentation thereof, or the commission shall refund to said motor carrier the amount of any overpayment caused by said untrue or incorrect report.

(d) *Penalty for Failure to Report.* If any motor carrier, as defined in this act, shall fail or neglect or refuse to make the monthly report herein provided for, the commission shall make demand upon such carrier to furnish such report on or before a date set by the commission and if the motor carrier shall fail to furnish said report as demanded by the commission, then in that event the commission shall determine by examination of the books, records and accounts of said carrier, or in any other manner which it deems proper, the number of miles traveled by motor vehicles of said motor carrier for the particular period, and shall compute the amount of the charge due from said carrier for said period in accordance with this act, and shall render a bill against said carrier for the amount of said charge so computed plus 25 per cent thereof as a penalty for failure to make such report. If said bill is not paid by said carrier within ten (10) days after presentation thereof, or if any motor carrier shall fail, neglect or refuse to pay to the commission at the time it files its monthly report hereunder the whole or any part of its charge for the month covered by said report or shall fail, neglect or refuse to pay within ten (10) days after presentation thereof any bill for underpayment of its charge, the amount of such bill or bills or of such charge or part thereof shall be by the commission immediately reported to the attorney general of the state of Oregon, who shall, as soon as may be thereafter, commence an action in the name of the state of Oregon against said motor carrier in a county in, into or through which said carrier operates or has a place of business, to recover the amount due and costs and disbursements incurred in the action, and shall prosecute such action to judgment. In the event such action shall be based upon wilful failure, neglect or refusal of the motor carrier to pay to the commission at the time it files its monthly report hereunder the whole or any part of its charge for the month covered by said report, such action shall be brought for the unpaid amount of said charge plus 25 per cent thereof as a penalty for nonpayment, and judgment therein may be rendered accordingly. The commission may also, at its option, cancel and revoke the permit of any motor carrier for its failure to make the reports and/or the payments required by this section of this act.

(e) *Disposition of License Fee.* All charges and other sums collected by the commission under the provisions of this act and all sums recovered by action at law as hereinbefore provided for shall be by the commission paid into the state treasury of the state of Oregon and shall be by the state treasurer placed to the credit of a fund to be known as the "motor transpor-

tation fund," and all expenses of whatsoever nature, but not to exceed the total sum of \$60,000, incurred by the commission or by any officer of the state of Oregon in carrying out the provisions of this act shall be by the state treasurer paid out of said motor transportation fund upon presentation of duly verified claims therefor, which claims shall have been audited by the secretary of state and approved by the commission.

(f) *Distribution of State and County Highway Funds.* The state treasurer shall on March 15 and September 15 of each year strike a balance in said motor transportation fund and any surplus in excess of \$5,000 remaining in said fund after deduction of claims against the same theretofore audited and paid shall be disposed of in the following manner, to wit: Three-fourths thereof shall be transferred to the state highway fund for such purposes as are provided by law, and one-fourth thereof shall be remitted by warrant of the secretary of state to the county treasurers of the various counties of the state in proportion to the amount of license fees received from each county under the terms and provisions of chapter 371, General Laws of Oregon, 1921, and laws amendatory thereof and supplementary thereto. The funds received by county treasurers pursuant to this provision shall be applied by such treasurers for credit to the "motor license fund" of such counties and shall be used and disbursed only in the manner and for the purposes provided in section 4810, Oregon Laws, and laws amendatory thereof and supplementary thereto.

Section 17. (a) *Security to Be Furnished.* The commission shall, in granting any permit, require the motor carrier receiving the same to file with the commission a liability and property damage insurance policy, and an inland insurance policy, issued by an insurance company or companies licensed to write liability and property damage insurance and/or inland marine insurance in the state of Oregon, said policies of insurance to be in such penal sum as the commission may deem necessary to adequately protect the interests of the public, having due regard to the number of persons and amount of property involved, which policies of insurance shall bind the obligors or the surety thereunder to make compensation for injuries to and/or death of persons and loss of, or damage to, property resulting from the operations of, or in connection with, motor vehicles and/or trailers and/or other equipment of such motor carrier; provided, said carrier is legally liable therefor. For the purpose of this section of this act, the term "operations" shall be construed to include said motor vehicles, trailers and/or other equipment, whether the same be in motion or otherwise, and whether attached or detached. Neither the foregoing nor the provisions of subdivision (b) of this section shall prevent the acceptance of substitute security in lieu of insurance policies, as provided by chapter 402, General Laws of Oregon, 1921. Any insurance

company filing a policy or policies with the commission shall have the right to cancel the same by giving the commission and the insured at least thirty days' written notice of its intent so to do.

(b) *Good Faith Bond Required.* The commission may, in addition, require a satisfactory bond in such penal sum as it may deem proper, conditioned on the payment of all fees or charges which may be due the state under any permit and for the faithful carrying out of any permit granted by the commission and which it has authority by law to grant, and such bond shall be kept in full force and effect so long as the commission shall require. The surety shall have the right to cancel said bond by giving written notice to the commission and the obligee of its intent so to do, and the time for giving such notice shall not exceed thirty days and be identical with that granted by the commission for the canceling of liability and property damage insurance required to be filed with it by the provisions of this section.

(c) *No Bond to Be Required by Cities.* No motor carrier which shall fall within the terms of this act and which gives the bonds or other security herein required shall be required to give any other bond or security to any city or town or other agency of this state in order to be permitted to engage in the business of motor transportation; provided, however, that if the commission shall require of such motor carrier the filing of a bond under subdivision (b) of this section, the conditions of such bond shall also include the observance by such motor carrier of all valid ordinances of the cities or towns into or through which it operates.

(d) *Bond to Be Kept in Force.* Every motor carrier receiving a permit under this act shall, before commencing operations thereunder, and every motor carrier to which a certificate has heretofore been issued under the provisions of chapter 10, General Laws of Oregon, special session, 1921, shall, within sixty (60) days of the date this act becomes effective, file with the commission the surety bond or policy of insurance, as the case may be, provided for the [by] subdivision (a) of this section, and shall keep the same on file with the commission and in full force and effect at all times thereafter while the said motor carrier shall engage in the business of motor transportation in this state. In the event security is furnished by such motor carrier under the provisions of chapter 402, General Laws of Oregon, 1921, such security or securities in an equal amount shall be on deposit with the commission at all times while the motor carrier furnishing the same is engaged in the business of motor transportation in this state. Failure so to do, or failure to keep in effect the bond or to keep on deposit the security required by subdivision (b) of this section, so long as the commission shall require it, shall be cause for the revocation of the certificate or permit of the motor carrier.

Section 18. (a) *Permit for Extended Service.* Whenever any motor carrier hold-

ing a permit issued under this act shall desire to extend its service by operating over any additional public highway or highways or by extending its regular route, it shall make application to the commission for a permit authorizing it to carry on the business of motor transportation over such additional public highway or highways or over said extension of its regular route.

(b) *Application and Hearing.* Said application shall contain the information called for in this act with respect to an original application, and, in addition, shall state the number, date and class of the permit or certificate then held by the applicant. The commission shall consider such application in the manner provided in this act with respect to an original application and, in the event said application is granted, shall cancel the permit or certificate theretofore issued to and held by said motor carrier and issue in lieu thereof one permit to cover both the service theretofore furnished and the extended service to be furnished by the applicant; provided, however, that said new permit shall expire at the date of expiration of the original permit or certificate.

(c) *Permit for Shortened Service.* Whenever the holder of any permit issued under this act or certificate heretofore issued shall desire to change its service by shortening its regular route or by changing its regular route between the same fixed termini, or by operating over a different public highway or highways between the same fixed termini, as designated in the permit or certificate held by it, it shall request the commission in writing for authority to make such change, setting forth the reasons therefor, and the commission upon receipt of such request, if it so desires, shall fix a time and place for public hearing thereon as prescribed in subdivision (c) of section 5 of this act, and the commission may issue a permit as requested, or may refuse to issue the same, or may issue it with such restrictions and upon such terms and conditions as in its judgment the public interest may require.

(d) *Additional Changes.* The procedure with respect to any subsequent extension or curtailment of or change in service by any motor carrier shall be in accordance with this section.

(e) *New Routes.* Whenever any motor carrier holding a permit hereunder or a certificate heretofore issued shall desire to engage in the business of motor transportation on a different route or between different fixed termini than are specified in the permit or certificate held by it, said motor carrier shall apply for a permit covering said new route in the manner prescribed by this act, without regard to the permit or certificate already held by it; provided, however, that in the event one of the termini of said new route is the same or is in the same city or town or place as one of the termini of the route over which said motor carrier is already operating, the said new route shall be held to be an extension of an existing route and not a new route.

(f) *Section Applies to All Motor Carriers.* The provisions of this section shall apply to motor carriers holding certificates issued by [the] commission under the provisions of chapter 10, General Laws of Oregon, special session, 1921, as well as to motor carriers holding permits issued under the provisions of this act.

Section 19. *With Respect to Existing Carriers.* Any motor carrier, as defined in this act, operating at the time this act becomes effective under a certificate or permit issued by the commission pursuant to chapter 10, General Laws of Oregon, special session, 1921, shall not be required to apply for a permit under this act unless and until such motor carrier shall desire to extend or shorten or change its regular route or service or shall desire to operate over an entirely new route, as defined in the preceding section, or to otherwise change its service; provided, however, that all certificates and permits outstanding on the date this act takes effect shall expire by limitation four (4) years from the date this act shall become effective, subject to renewal or extension as elsewhere herein provided, and the same shall be subject to revocation in the same manner and for the same causes as those issued pursuant to the provisions of this act. Each such motor carrier shall, from and after the effective date of this act, make the monthly and annual reports and pay the annual license fee prescribed in this act, and shall in every respect be subject to and governed by all the provisions hereof, except as in this section above set forth, provided that fees previously paid for the year current upon the taking effect of this act, under chapter 10, General Laws of Oregon, special session, 1921, shall be deducted from the fees required for said year by this act.

Section 20. *Renewal of Certificate or Permit.* At the expiration of the period for which any permit is issued hereunder, the holder thereof may apply for an extension thereof for an additional term, such application to be made to the commission not less than sixty days prior to the expiration of such period, and the commission, unless there be good and sufficient reasons to the contrary, shall extend such permit for an additional term, not exceeding four (4) years; provided, if demand is made by any person or corporation for a public hearing upon such application the commission shall hold such hearing, giving not less than ten (10) days' notice thereof to all interested parties; and provided further, that said commission shall not refuse such extension without affording the applicant an opportunity to appear before and be heard by the commission with respect to such application.

Section 21. *Certificates and Permits Revocable for Cause.* The commission, upon complaint or upon its own motion, shall have the power to revoke any permit issued under the provisions of this act or in effect at the time this act becomes effective when the holder thereof or his or its agents or representatives shall be guilty of repeated or flagrant violations of the

motor vehicle or highway laws of the state of Oregon or the ordinances of any incorporated city or town, or of the provisions of this act or any of the rules, regulations and orders of the commission issued hereunder, or for continued failure of the motor carrier involved to pay its lawful obligations hereunder, but such action shall not be taken by the commission without a formal hearing held by it pursuant to reasonable notice to the motor carrier involved.

Section 22. *Rates and Fares to Be Reasonable.* The charges made by each and every motor carrier in the state of Oregon for any service rendered in the transportation of passengers or property or for any service in connection therewith shall be reasonable and just, and every unjust and unreasonable charge for such service is hereby prohibited and declared to be unlawful.

Section 23. *Tariffs to Be Filed.* Every motor carrier, as defined in this act, shall print in plain type and file with the commission, within a time to be fixed by the commission, tariffs showing all rates, fares and charges for the transportation of persons and property and any service in connection therewith which it has established and which are in force at the time between all points in this state served by it, which tariffs shall be open to public inspection. The tariffs filed by a motor carrier shall plainly state the places upon its regular route between which passengers or property, or both, will be carried, and there shall be filed therewith the classification of freight, if any, in force. A complete file of tariffs in effect shall also be kept, subject to inspection by the public at the principal place of business of each motor carrier and in each office or place where its tickets are sold. Every motor carrier shall publish with and as a part of such tariffs all rules and regulations that in any manner affect the rates charged or to be charged for the transportation of passengers or property or for any service in connection therewith. When passengers or property are transported over connecting lines in this state operated by more than one motor carrier or over connecting lines of motor carriers and other common carriers, and the several motor carriers and other common carriers operating such connecting lines establish joint rates, fares and charges, a tariff covering the same shall also in like manner be printed and filed with the commission. Every motor carrier operating between fixed termini or over a regular route shall also file and keep on file with the commission a time schedule or schedules showing the time of departure from and arrival at terminal and principal intermediate points of each motor vehicle operated by said motor carrier.

Section 24. *Changes in Tariffs Only on Notice to Commission.* No change shall be made in any tariff, whether in effect at the time this act becomes effective, or thereafter adopted by any motor carrier and filed with the commission, including tariff of joint rates, or in any classification or in any time schedule except upon

ten (10) days' notice to the commission, and all such changes shall be plainly indicated upon existing tariffs or schedules or by filing new tariffs or schedules in lieu thereof ten (10) days prior to the time same are to take effect; provided, that the commission upon application of any motor carrier may prescribe a less time in which a reduction in rates, fares and charges may be made.

Section 25. Notice to Be Given Public. Whenever a change is to be made in any existing tariff, including tariff of joint rates, or any existing time schedule, a notice shall be posted and kept posted by the motor carrier in a conspicuous place in or on all motor vehicles operated by it which will be affected by such changes, stating what changes have been made in the tariff or tariffs or time schedule on file and the date when the same will take effect; provided, that the commission may in its discretion and for good cause shown modify or suspend the requirements of this section in respect to posting changes in schedule, either in particular instances or by a general order.

Section 26. Tariffs to Be Observed. It shall be unlawful for any motor carrier, as defined in this act, to charge, demand, collect or receive a greater, less or different compensation for the transportation of passengers or property or for any service in connection therewith, than is specified in such printed tariff, including tariffs of joint rates, as may at the time be in force, and the rates, fares and charges named therein shall be the lawful rates, fares and charges until the same are changed as herein provided.

Section 27. Commission May Prescribe Form of Tariff. The commission may prescribe such changes in the form in which such tariffs are issued by motor carriers as may be found expedient.

Section 28. Investigation and Suspension of Rates. Whenever any motor carrier shall file with the commission any tariff stating or establishing a new intrastate, individual or joint rate, fare, charge, practice, regulation or classification or increasing an existing intrastate, individual or joint rate, fare or charge, or changing or altering any existing individual or joint practice, regulation or classification, or changing any existing time schedule, the commission may proceed to suspend and investigate the same in the manner prescribed by section 5836, Oregon Laws, for suspension and investigation of tariffs or schedules filed by railroads.

Section 29. Acts Limited in Application as to Interstate Commerce. The provisions of this act shall apply to motor carriers engaged wholly or in part in interstate or foreign commerce, except in so far as the same may be or become ineffective under the provisions of the constitution of the United States or the acts of congress.

Section 30. Free or Reduced Rates. Nothing herein shall prevent the carriage or transportation by motor carriers in Oregon at free or reduced rates of persons and/or property of the classes or kind named in section 5841, Oregon Laws.

Section 31. Adequate Service Required. Every motor carrier, as defined in this act, is hereby required to furnish reasonably adequate and safe service, equipment and facilities to enable it promptly, expeditiously, safely and properly to receive, transport and deliver all passengers or freight or passengers and freight offered to or received by it for transportation, and to serve and guard the safety, health, comfort and convenience of its patrons and employes and the public. All rules and regulations promulgated by any motor carrier affecting or pertaining to the transportation of passengers or freight shall be just, nondiscriminatory and reasonable and shall be subject to regulation and change by the commission upon its own motion or upon complaint.

Section 32. Commission May Investigate Rates, Service, Etc. The commission is hereby authorized, upon complaint or upon its own motion, to investigate the rates, fares and charges, services, equipment and facilities and the rules and regulations promulgated by any motor carrier, and to hold a hearing with respect thereto upon reasonable notice to all parties in interest. Whenever the commission shall find, after hearing had upon its own motion or upon complaint, that the rates, fares or charges demanded, exacted, charged or collected by any motor carrier for the transportation of passengers or freight or any service in connection therewith, or that the regulations or practices of any motor carrier are unjust, unreasonable, unjustly discriminatory or unduly preferential or are in anywise in violation of the provisions of this act, or that such rates, fares and charges are insufficient to allow a reasonable compensation for the service rendered, the commission shall determine the just, reasonable or sufficient rates, fares or charges, regulations or practices to be thereafter observed and enforced, and shall fix the same by order.

Section 33. Commission May Regulate Service Performed. Whenever the commission shall find, after hearing had upon its own motion or upon complaint, that the services, equipment and facilities of any motor carrier are unsafe, improper or inadequate the commission shall determine the safe, adequate, sufficient and proper equipment, facilities or service to be furnished and used in the transportation of persons or property by such motor carrier, and shall prescribe the same by its order or by a rule. Whenever the commission shall, after a hearing, find that additional facilities, vehicles, stations, operators, equipment or any device for use by any motor carrier in or in connection with the transportation of persons or freight ought reasonably to be provided, or any repairs to or improvements in any facilities, vehicles, equipment or devices theretofore in use ought reasonably to be made in order to promote the safety or convenience of the public or employes, or in order to secure adequate service or facilities for the transportation of passengers or freight, the commission may, after a hearing, make and serve an order directing such repairs,

improvements, changes or additions. No hearing shall be had under the provisions of this section without due and reasonable notice to the motor carrier involved and each and every party or parties in interest.

Section 34. *Orders Bind Successors of Carrier.* All orders made by the commission upon notice and after hearing, as herein provided, shall remain in force and shall bind the successors in interest, grantees or lessees of any motor carrier affected thereby until set aside as provided by law. Whenever any complaint has been filed with the commission against any motor carrier or an investigation has been commenced by the commission upon its own motion against any such carrier and such carrier has received notice thereof in the manner provided herein and the matter is pending undetermined when the property or franchise of such carrier is sold, leased or otherwise assigned, such complaint may be heard and investigation continued and concluded and an order may be made in the premises, notwithstanding any change in possession or any such assignment, sale or lease by the motor carrier complained of or investigated, and any order made shall bind the successor and shall be observed by it.

Section 35. *The Right to Review.* The right to review any order or finding of the commission issued under the provisions of this act and the procedure for such review shall be substantially the same as that prescribed in chapter 1, title XXXIV, Oregon Laws, commonly known as the "railroad commission act," for review of orders of the commission respecting railroads.

Section 36. In all matters in which the public service commission of Oregon has power and authority under the constitution and laws of this state or of this act, application and complaints may be made to the public service commission of Oregon, processes issued, hearings held, opinions, orders and decisions made and filed, petitions for rehearing filed and acted upon, and proceedings instituted in the circuit court of Marion county, Oregon, and appeals taken to the supreme court of the state of Oregon, in the manner, under the conditions and subject to the limitations and with the effect specified in the laws applicable to or regulating the public service commission of Oregon, as such laws may provide.

Section 37. *Penalty for Violation.* Every officer, agent or employe of any motor carrier, as defined in this act, and every other person who violates or fails to comply with this act or who procures, aids or abets in the violation of any provision of this act, or who fails to obey, observe or comply with any order, decision, rule or regulation, direction, demand or requirement, or any part or provision thereof, of the commission issued or made hereunder, or who procures, aids or abets any motor carrier in its or his failure to observe or comply with any such order, decision, rule, direction, demand or requirement, or any part or provision thereof, or who falsifies or procures, aids or abets the falsification of any books, records or accounts of any

motor carrier or any report made to the commission by any motor carrier shall be guilty of a misdemeanor and punishable by a fine not exceeding \$1,000 or by imprisonment in the county jail not exceeding one year, or by both such fine or [and] imprisonment. It is hereby made the duty of the district attorney of the county in which any violation of this act takes place to prosecute the action, and it shall be the special duty of every sheriff, city or state traffic officer, the members of the public service commission of Oregon and employes thereof to inform against and diligently prosecute any and all persons whom they shall have reasonable cause to believe guilty of a violation of the provisions of this act, and each and all of said officers shall have the authority of peace officers of the county and state to make arrests hereunder.

Section 38. Neither this act nor any provision thereof shall apply or be construed to apply to commerce with foreign nations or commerce among the several states of this union, except in so far as the same may be permitted under the provisions of the constitution of the United States and the acts of congress.

Section 39. *Saving Clause.* If any provision, section, subsection, subdivision, sentence, clause or phrase of this act shall for any reason be adjudged or declared by any court of competent jurisdiction to be unconstitutional or invalid, such judgment or decision shall not affect the validity of the remaining portions of this act, but shall be confined in its operation to the provision, section, subsection, subdivision, sentence, clause or phrase directly involved in the controversy in which such judgment or decision shall have been rendered, and it is hereby expressly declared that every other provision, section, subsection, subdivision, sentence, clause or phrase hereof would have been enacted irrespective of the enactment or validity of the portion hereof declared or adjudged to be unconstitutional or invalid. Without limiting the effect of the preceding sentence, it is particularly declared that the provisions of this act with respect to the regulation of the rates, fares and charges which may be made by motor carriers are severable from and not interdependent with the provisions of this act providing for the imposition by the state and the collection from motor carriers of the charges for the use of public highways and their maintenance, repair and reconstruction, and in the event the former are declared to be unconstitutional, or otherwise invalid, such decision shall not affect the latter.

Section 40. *Acts Repealed.* Chapter 10, General Laws of Oregon, special session, 1921; chapter 205, General Laws of Oregon, 1923; and all other acts and parts of acts in conflict herewith are hereby repealed.

Filed in the office of the secretary of state March 4, 1925.

For affirmative argument see pages 50-51.
For negative argument see page 52.

(On Official Ballot, Nos. 324 and 325)

ARGUMENT (Affirmative)

Submitted by Wm. DUBY, chairman, Oregon State Highway Commission, and H. L. HASBROUCK, county judge, Hood River county, Oregon, and former president of Oregon state association of county judges and commissioners, in behalf of the **Motor Bus and Truck Bill.**

This bill was drawn under the direction of the house committee on roads and highways, introduced by that committee and passed by the legislature of 1925.

That it applies only to commercial use of our highways for profit by operators of passenger busses and freight trucks in common carrier service is reflected from the following language of the bill, "Any motor vehicle used in the business of motor transportation of and for the general public."

The bill imposes a moderate charge upon those common carrier operators of motor busses and trucks, to the end that they may pay to the state and counties at least a small part of the cost of repairing the damage done to our highways by the commercial operations of these heavy motor vehicles.

In carrying out our highway construction program we have sold highway bonds to a total in round numbers of approximately \$53,000,000; \$38,000,000 in state highway bonds and \$15,000,000 in county highway bonds. The bond issuing period has been passed and the bond paying period now confronts us.

Many of our highways cost \$50,000 per mile, and when constructed were supposed to be permanently improved. The operation of these commercial trucks and busses had not been adequately reckoned with. The damage to the highways from freight and passenger operations has become so great that it costs more per mile in some instances to maintain these highways than it costs per mile to construct an ordinary county road. The state highway engineer estimates this cost of maintenance alone of improved highways at \$2,000,000 per year. The highway engineer also determines that 90 per cent of this road destruction is done by 4 per cent of the traffic. Of course, this destructive 4 per cent consists for the most part of the commercial bus and truck operation.

Assertion has been made that our roads have been built and are being paid for and maintained exclusively from license fees and gas taxes collected from motor vehicles. This statement is erroneous. The various counties have contributed to no small extent to the construction cost of these highways, and their large bonded indebtedness for roads has enabled them to do so. These county bonds must be paid by the general taxpayer—indeed during the year 1925 our taxpayers paid \$6,757,850 in road taxes and \$2,177,076 in county bond interest and redemption

For the same period our people paid \$5,370,201 in motor license fees and \$3,127,188 for gas tax. The greater part of the motor fees and gas taxes was paid by the owners of private automobiles and private trucks. It therefore follows that more than \$17,000,000 is paid by the people of Oregon to sustain these highways, which are used by the common carrier bus and truck in the conduct of their commercial business.

This bill would impose a charge upon the commercial bus of $\frac{3}{4}$ of one mill per passenger seat mile, and upon the commercial freight truck of one mill per ton mile. No injustice is possible, because no charge is made except upon mileage actually traveled—in other words, the operator of the bus or truck which travels the greatest mileage makes the greatest gross income and pays the largest tax. That the charge proposed is moderate and fair may be appreciated from the following illustration:

The distance between the courthouses at Portland and Salem is 52.5 miles. Of this distance 9.73 miles consist of expensive paving furnished by Multnomah county and the city of Salem. The balance of 42.32 miles cost the state \$2,100,000 or almost exactly \$50,000 per mile. Apply this cost for the entire distance, and we have the route traversed costing a total of \$2,600,000. The fare charged by the bus between Portland and Salem is \$1.50 per passenger. While the bus picks up and discharges passengers en route, we will take the total carrying capacity of the bus at 20 passengers, with its earning capacity for the trip one way at \$30. The charge for the bus is $1\frac{1}{2}$ cents a mile, or 78 cents for a trip.

This example should refute the contention that the charges made by this bill will put the bus and truck out of business.

The average passenger bus, with seating capacity, say, for 20 people, travels from 50,000 to 70,000 miles in one year. Let us take 60,000 miles as a typical operation. If it travels with only half a load, it will take in \$18,000 a year at three cents a mile. Under the existing law it will pay to the state out of this gross revenue of \$18,000 the sum of \$467, made up as follows:

Gas tax (at $7\frac{1}{2}$ miles to the gal.)	\$240.00
License fee	97.00
Seat tax	80.00
General taxes	50.00
	\$467.00

Under this bill there will be imposed an added charge of \$900, less \$80 seat tax, or a total charge of \$1,287 out of the gross earnings of \$18,000 for the commercial use of these expensive highways.

Complaint is made that the bill is unfair because it does not impose a corresponding tax on privately owned automobiles and trucks. The answer is that the private automobile and truck owner is a general taxpayer and travels probably not to exceed one-tenth of the distance on the state highways per year as does the commercial bus or truck, because so large a part of the mileage of the private automobile and private truck is traveled upon city streets. Furthermore, the owner of the private automobile and the private truck is not using the state and county highways as a place of business for gain.

When a street car company or suburban line uses the streets and highways of the people, it pays its taxes and in addition thereto it maintains the portion of the road or highway over which it operates. It is unreasonable to contend that the private car owners and the general taxpayers of the state should furnish free highways to these commercial institutions without making a charge for such use.

This bill was prevented from becoming effective by the action of the Oregon motor stage association and auto freight transportation association of Oregon and Washington by invoking the referendum, thereby suspending it until November. Had it become a law, the general taxpayer and private car owner would have been relieved to some extent by revenues it would have produced, from repairing and maintaining roads for the use of these commercial busses and trucks. These associations claim the law is unconstitutional because of some alleged defect in its legislative title, but since that time the circuit court of Marion county has prescribed a title for this act, and, by the decision of our supreme court, if any defect in the legislative title ever did exist it has been cured.

This same Oregon motor stage association, in effect, admits that the bus and

the truck have not been paying the state a just license fee during all of these months since this bill was passed because they now propose by initiative a bill which they represent will increase the license fees they will pay. From the fees they propose by their initiative bill will be deducted the fees they are paying under the present and existing law. It is, therefore, doubtful whether their proposed initiative bill will increase the state highway revenues, at least by any substantial amount. Furthermore, the proposed initiative bill of the Oregon motor stage association cuts the license fee to be paid by the motor bus or truck engaged in interstate commerce in two states to two-thirds of the amount of schedule in their proposed bill, and to one-half of the proposed schedule if they operate in more than two states.

Why should the motor operator from Vancouver, Washington, pay less in operating from there through Oregon than does the motor operator from Portland whose operations are limited to Oregon?

This discrimination will render the bill proposed by the Oregon motor stage association probably invalid, but, if valid, unjustly discriminatory.

It is clearly apparent that the measure proposed by the Oregon motor stage association is intended to kill off and defeat this measure, which was passed by the legislature in the interest of all of the people, but which has been held up and suspended by the effort of the Oregon motor stage association and the Auto freight transportation association of Oregon and Washington.

We urge that you vote "324 Yes" on this bill, and "331 No" on the bill proposed by the Oregon motor stage association.

WM. DUBY,

Chairman, Oregon State Highway Commission.

H. L. HASBROUCK,

County Judge, Hood River County, and former President of Oregon State Association of County Judges and Commissioners.

(On Official Ballot, Nos. 324 and 325)**ARGUMENT (Negative)**

Submitted by the Oregon motor stage association, opposing the **Motor Bus and Truck Bill**.

Vote NO on this attempt to destroy motor transportation.

This measure should have no consideration from the voters because it was designed and fostered by the railroad interests with no thought of a benefit to the state, the highways or to the efficient regulation of motor vehicle transportation, the sole idea being the destruction of a business which is of some small degree competitive with their own. The bill was rushed through the legislature in the turmoil of the closing days of the session by every trick and device known to the highest paid representatives of the railroads. The members of the legislature realized that the provisions of the bill were much too severe and voted for it with the idea that it would go into conference and be modified. Many members openly expressed their opinion that the tax imposed was much too high.

Vote NO and assist in keeping down the cost of transportation.

The governor sent this bill back to the house after its passage with the intimation that if the same were not modified in its provisions he would not approve of it.

The attorney general of Oregon, in an official opinion to the governor, declared this bill unconstitutional.

The governor refused to sign this bill allowing it to go on the statutes without his approval.

This bill was referred to the people by the largest referendum petition in the history of Oregon, a petition which was circulated without the employment of paid circulators.

This bill will produce only a small amount of money for highway use.

Due to the cumbersome, expensive, inefficient and impossible method of collecting the fees under this bill, most of the money raised would be used for administration and very little remaining for highway funds.

It would create a great number of additional jobs but very little net revenue.

This bill has been condemned by all of the organizations represented by the Oregon Automotive Conference.

Vote NO.

OREGON MOTOR STAGE
ASSOCIATION,

By J. M. HUTSON, Secretary-Manager.

(On Official Ballot, Nos. 326 and 327)

A MEASURE

To provide for the payment of a portion of the fees, licenses and taxes collected by state officers, boards and commissions, with certain exceptions, into the general fund of the state of Oregon, filed in the office of the secretary of state of the state of Oregon March 4, 1925, to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, upon petition for referendum filed in the office of the secretary of state of the state of Oregon May 27, 1925, in accordance with the provisions of section 1 of article IV of the constitution of the state of Oregon.

The following is the form and number in which the proposed measure will be printed on the official ballot:

Referred Bill—Referendum Ordered by Petition of the People

Referred by Tom E. Shea, 433 Morris street, Portland, Oregon—ACT APPROPRIATING TEN PER CENT OF SELF-SUSTAINING BOARDS' RECEIPTS

—Purpose: To transfer to the state general fund for the payment of general expenses of the state, 10 per centum of the receipts of the state boards and commissions therein named, constituting practically all of those supported by and collecting fees, licenses and taxes, and to deduct the same from the revenues available for such boards and commissions.

326 Yes. I vote for the proposed law.

Vote YES or NO

327 No. I vote against the proposed law.

GENERAL LAWS OF OREGON FOR 1925

CHAPTER 386

(House Bill No. 502, Thirty-third Legislative Assembly)

AN ACT

To provide for the payment of a portion of the fees, licenses and taxes collected by state officers, boards and commissions, with certain exceptions, into the general fund of the state of Oregon.

Be It Enacted by the People of the State of Oregon:

Section 1. From and after the passage of this act, the ratable portion or percentage, hereinafter specified, of all moneys collected or received by the state officer, officers, board or commission hereinafter named, for fees, licenses or taxes, all and every part of which is not, by the statutes imposing the same, made a part of the general fund of the state and available for the payment of the general expenses of the state, shall be paid into the state treasury and become a part of the general fund of the state, notwithstanding any law which appropriates said moneys, or any of them, to any other purpose or purposes; and such proportion or percentage shall not be subject to any such special uses thereby provided. Said portion or percentage of such fees, licenses and taxes collected or received by or for the use or benefit of the following named officers, boards and commissions, which shall be contributed to the general fund of the state for use in the payment of the general state expenses, shall be as follows:

- Ten per centum on the following:
- State board of accountancy.
- Aeronautic examiners.
- State board of architect examiners.
- State banking department.
- State board of barber examiners.
- State board of chiropractic examiners.
- Dairy bull registration.
- Dairy and food commission: Commercial feeding stuffs.
- State board of dental examiners: General account; educational account.
- State board of engineer [engineering] examiners.
- State engineer: Survey account.
- Labor commissioner and inspector of factories and workshops: Electric wiring installations; factory inspection.
- Supreme court library.
- Law enforcement: Narcotic law violations; prohibition law violations.
- State board for examination of nurses.
- Public service commission: Track sales [scales] inspection account; booming and rafting logs.
- Stallion registration board.
- State board of medical examiners.
- State board of examiners in optometry.
- State board of pharmacy examiners.
- Oregon fish commission: Hatchery district No. 1; hatchery district No. 2.
- State game commission.
- Insurance department: Fire marshal, company taxes; real estate brokers' license fees.
- State market agent.
- Approved by the governor March 3, 1925.
- Filed in the office of the secretary of state March 4, 1925.

(On Official Ballot, Nos. 328 and 329)

A MEASURE

For an act providing for the levying, collecting and paying of taxes on incomes, and securing to taxpayers an offset or credit for property taxes paid by them to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, proposed by initiative petition, filed in the office of the secretary of state of the state of Oregon, June 25, 1926.

The following is the form and number in which the proposed measure will be printed on the official ballot:

INITIATIVE BILL—Proposed by Initiative Petition

Initiated by Public Service League: L. D. Ferguson, president, 1334 Delaware street, Portland, Oregon; J. C. Potter, secretary and treasurer, 640 East 49th street North, Portland, Oregon—**INCOME TAX BILL WITH PROPERTY TAX OFFSET**—Purpose: To levy and collect annually state progressive income taxes upon entire net incomes arising or accruing from every source whatever within the state, and from personal property located for taxation within state; deducting as an offset from such tax all property taxes levied during preceding year and actually paid during income year; providing certain deductions and exempting from tax \$1,500 net income for single person, \$3,000 for head of family, married person, or husband and wife together, \$400 for each child or dependent under certain conditions, and \$2,000 for each corporation, and other conditional exemptions.

328 Yes. I vote for the proposed law.

Vote YES or NO

329 No. I vote against the proposed law.

A BILL

For an act providing for the levying, collecting and paying of taxes on incomes, and securing to taxpayers an offset or credit for property taxes paid by them.

Be It Enacted by the People of the State of Oregon:

ARTICLE I
DEFINITIONS

Section 1. *Short Title*—This act shall be known and cited as the: "Income Tax Bill With Property Tax Offset."

Section 2. *Definitions*—For the purpose of this act and unless otherwise required by the context:

1. The words "tax commission" mean the state tax commission.

2. The word "commissioner" means the state tax commissioner.

3. The word "taxpayer" includes any individual, fiduciary, partnership or corporation whose income is in whole or in part subject to the tax imposed by this act.

4. The word "individual" means a natural person.

5. The word "fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person, whether individual or corporate, acting in any fiduciary capacity for any person, estate or trust.

6. The word "person" includes individuals, fiduciaries, partnerships and corporations.

7. The word "corporation" includes joint stock companies or associations.

8. The words "tax year" mean the calendar year in which the tax is payable.

9. The word "business" includes trade, profession, occupation or employment.

10. The words "income year" mean the calendar year or the fiscal year, upon the basis of which the net income is computed under this act; if no fiscal year has been established they mean the calendar year.

11. The words "fiscal year" mean an income year or portion thereof ending on the last day of any month other than December.

12. The word "paid," for the purpose of deductions under this act, means "accrued and paid" or "incurred and paid," and the words "accrued and paid," "incurred and paid," and "incurred" shall be construed according to the method of accounting upon the basis of which the net income is computed under this act. The word "received," for the purpose of the computation of the net income under this act, means "received or accrued," and the words "received or accrued" shall be con-

strued according to the method of accounting upon the basis of which the net income is computed under this act.

13. The words "foreign country" mean any jurisdiction other than one embraced within the United States. The words "United States," when used in a geographical sense, include the states, the territories of Alaska and Hawaii, the District of Columbia and the possessions of the United States.

ARTICLE II

IMPOSITION OF TAX

Section 3. 1. A tax is hereby imposed upon every individual and corporation, resident or nonresident, with respect to the taxpayer's entire net income arising or accruing to him from every source whatever within the state of Oregon, and from such personal property as would regularly have its situs for taxation inside the state of Oregon and be lawfully taxable therein, which tax shall be levied, collected and paid annually, with respect to the taxpayer's entire net income as herein defined, computed at the following rates, after deducting the exemptions provided in this act:

(a) On the first \$1,000 of taxable income, or any part thereof, one per cent;

(b) On the second \$1,000, or any part thereof, two per cent;

(c) On the third \$1,000, or any part thereof, three per cent;

(d) On the fourth \$1,000, or any part thereof, three per cent;

(e) On the fifth \$1,000, or any part thereof, four per cent;

(f) On the sixth \$1,000, or any part thereof, four per cent;

(g) On the seventh \$1,000, or any part thereof, five per cent;

(h) On the eighth \$1,000, or any part thereof, five per cent;

(i) On the ninth \$1,000, or any part thereof, six per cent;

(j) On any sum of taxable income in excess of \$9,000, six per cent.

Provided, however, that there shall be deducted as an offset from the taxes so imposed all property taxes levied during the preceding year within the state of Oregon (except taxes levied for local improvements of such a nature as to increase the value of the property assessed) and actually paid during the income year by a taxpayer directly or through a partnership or fiduciary; and the tax commission shall prescribe rules and regulations under which the offsets extended by this proviso shall be made secure to the taxpayer.

2. Such tax shall first be levied, collected and paid in the year 1927 and with respect to the net income received during the calendar year 1926 or during any income year ending during the 12 months ending December 31, 1926.

Section 4. *Estates and Trusts*—1. The tax imposed by this act shall apply to estates and trusts, which tax shall be levied, collected and paid annually upon

and with respect to the income of estates or of any kind of property held in trust, including:

(a) Income received by estates of deceased persons during the period of administration or settlement of the estate;

(b) Income accumulated in trust for the benefit of unborn or unascertained persons or persons with contingent interests;

(c) Income held for future distribution under the terms of the will or trust;

(d) Income which is to be distributed to the beneficiaries periodically, whether or not at regular intervals, and the income collected by a guardian of an infant to be held or distributed as the court may direct;

(e) Income of an estate during the period of administration or settlement permitted by subdivision 3 to be deducted from the net income upon which the tax is to be paid by the fiduciary;

(f) The net income received during the year by deceased individuals who have died on or after the date a return was due to be filed without having made a return.

2. The fiduciary shall be responsible for making the return of income for the estate or trust for which he acts, whether such income be taxable to the estate or trust or to the beneficiaries thereof. The net income of an estate or trust shall be computed in the same manner and on the same basis as provided in this article for individual taxpayers, except that there shall also be allowed as a deduction any part of the gross income which pursuant to the terms of the will or deed creating the trust, is during the taxable year paid to or permanently set aside for the United States, any state, territory, or any political subdivision thereof, or the District of Columbia, or any corporation or association organized and operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual; and in cases under paragraphs (d) and (e) of subdivision 1 of this section, the fiduciary shall include in the return a statement of each beneficiary's distributive share of such net income, whether or not distributed before the close of the taxable year for which the return is made.

3. In cases under paragraphs (a), (b) and (c) of subdivision 1, of this section, the tax shall be imposed upon the estate or trust with respect to the net income of the estate or trust and shall be paid by the fiduciary, except that in determining the net income of the estate of any deceased person during the period of administration or settlement there may be deducted the amount of any income properly paid or credited to any legatee, heir or other beneficiary. In cases under (a), (b) and (c) the estate or trust shall be allowed the same exemptions as are allowed to single persons under section 13 and in cases under paragraph (f) the same exemption as would be allowed the deceased, if living. In such cases an estate or trust

created by a person not a resident and an estate of a person not a resident shall be subject to tax only to the extent to which individuals other than residents are liable under section 6.

4. In cases under paragraphs (d) and (e) of subdivision 1 of this section, the tax shall not be paid by the fiduciary, but there shall be included in computing the net income of each beneficiary his distributive share whether distributed or not, of the net income of the estate or trust for the taxable year, or, if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the estate or trust is computed then his distributive share of the net income of the estate or trust for any accounting period of such estate or trust ending within the fiscal or calendar year upon the basis of which such beneficiary's net income is computed. In such cases the income of a beneficiary not a resident, derived through such estate or trust, shall be taxable only to the extent provided in section 6.

ARTICLE III

COMPUTATION OF TAX

Section 5. *Net Income Defined*—1. The term "net income" means the gross income of the taxpayer less the deductions allowed by this act.

Section 6. *Gross Income Defined*—1. The words "gross income" include gains, profits, income derived from salaries, wages or compensation for personal services, of whatever kind and in whatever form paid, or from professions, vocations, trades, business, commerce or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property; also, from interest, rent, dividends or the transaction of any business carried on for gain or profit, or gains or profits, and income derived from any source whatever within the state of Oregon, and also from such personal property as would regularly have its situs for taxation inside the state of Oregon and be lawfully taxable therein. The amount of all such items shall be included in the gross income of the income year in which received by the taxpayer, unless, under the methods of accounting permitted under this act, any such amounts are to be properly accounted for as of a different period.

2. The term "gross income" does not include the following items, which shall be exempted from taxation under this act:

(a) The proceeds of life insurance policies and contracts paid upon the death of the insured;

(b) The amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract;

(c) The value of property acquired by gift, bequest, devise or descent (but the

income from such property shall be included in gross income);

(d) Such interest upon the obligations of the United States or its possessions, agencies or instrumentalities as is or shall be exempt from state taxation by federal law;

(e) Such salaries, wages and other compensation received from the United States by officials or employes thereof, as are or shall be exempt from state taxation by federal law;

(f) Any amounts received through accident or health insurance or under workmen's compensation acts as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness;

(g) Income received from any source that may not be lawfully taxed by the state of Oregon.

Section 7. *Basis of Return of Net Income*—1. Taxpayers, who customarily determine their income on a basis other than that of actual cash receipts and disbursements, may, with the approval of the commission, return their net income under this act upon a similar basis. Taxpayers, who customarily determine their income on the basis of an established fiscal year instead of on that of the calendar year, may, with the approval of the commission, and subject to such rules and regulations as it may establish, return their net income under this act on the basis of such fiscal year, in lieu of that of the calendar year.

2. A taxpayer may, with the approval of the tax commission, and under such regulations as it may prescribe, change his income year from the fiscal year to the calendar year or otherwise, in which case, his net income shall be computed upon the basis of such new income year.

3. An individual carrying on business in partnership shall be liable for income tax only in his individual capacity and shall include in his gross income the distributive share of the net income of the partnership distributable to him during the income year.

4. If the income from sources within the state can not be properly segregated from income from without the state, then in that event, the amount of the net income return shall be that proportion of the taxpayer's total net income which the taxpayer's gross business done in the state of Oregon bears to the total gross business of the taxpayer, and apportionment shall be made under rules and regulations prescribed by the commission.

Section 8. *Determination of Gain or Loss*—1. For the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition of property, real, personal or mixed, the basis shall be, in case of property acquired on or after January 1, 1926, the cost thereof, or the inventory value if the inventory is made in accordance with this article.

2. In case of property acquired prior to January 1, 1926, and disposed of thereafter:

(a) No profit shall be deemed to have been derived if either the cost or the fair market price or value on January 1, 1926, exceeds the value realized.

(b) No loss shall be deemed to have been sustained if either the cost or the fair market price or value on January 1, 1926, is less than the value realized.

(c) Where both the cost and the fair market price or value on January 1, 1926, are less than the value realized, the basis for computing profit shall be the cost or the fair market price or value on January 1, 1926, whichever is higher.

(d) Where both the cost and the fair market price or value on January 1, 1926, are in excess of the value realized, the basis for computing loss shall be the cost or the fair market price or value on January 1, 1926, whichever is lower.

Section 9. *Exchange of Property*—1. When property is exchanged for other property, the property received in exchange shall, for the purpose of determining gain or loss, be treated as the equivalent of cash to the amount of its fair market value: provided a market exists in which the property so received can be disposed of at the time of the exchange, for a reasonably certain and definite price in cash; otherwise such exchange shall be considered as a conversion of assets from one form to another, from which no gain or loss shall be deemed to arise.

2. In the case of the organization of a corporation, the stock or securities received shall be considered to take the place of property transferred therefor and no gain or loss shall be deemed to arise therefrom.

3. When, in connection with the reorganization, merger or consolidation of a corporation, a taxpayer receives, in place of stock or securities, owned by him, new stock or securities, the basis of computing the gain or loss, if any, shall be, in case the stock or securities owned by him were acquired before January 1, 1926, the fair market price or value thereof as of that date, if such price or value exceeds the original cost and in all other cases the cost thereof.

Section 10. *Inventory*—Whenever in the opinion of the commission the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer, upon such basis as the commission may prescribe, conforming as nearly as may be to the best accounting practice in the trade or business and most clearly reflecting the income, and conforming as far as may be, to the forms and methods prescribed by the United States commissioner of internal revenue, under the acts of congress then providing for the taxation of incomes.

Section 11. *Deductions*—In computing net income there shall be allowed as deductions:

(a) All the ordinary and necessary expenses, paid during the income year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered, traveling expenses while away from home in pursuit of trade or business, and including rentals or other payments required to be made as a condition to the continued use or possession, for the purpose of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity;

(b) All interest paid during the income year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligation or securities, the interest on which is exempt from taxation under this act;

(c) Income taxes, paid or accrued within the income year, imposed by the authority of the United States and allocable to the state of Oregon;

(d) Losses sustained during the income year and not compensated for by insurance or otherwise, if incurred, in trade or business;

(e) Losses sustained during the income year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit, though not connected with the trade or business;

(f) Losses sustained during the income year, of property not connected with the trade or business, if arising from fires, storms, shipwreck or other casualty, or from theft and not compensated for by insurance or otherwise;

(g) Debts ascertained to be worthless and charged off within the income year;

(h) A reasonable allowance for the depreciation and obsolescence of property used in the trade or business, and in the case of mines, oil and gas wells, other natural deposits, and timber, a reasonable allowance for depletion; provided, that in computing the deductions allowed under this paragraph, the basis shall be the cost (including in the case of mines, oil and gas wells and other natural deposits, the cost of development, not otherwise deducted), and in the case of natural deposits and timber acquired prior to January 1, 1926, the fair market value of the property on that date shall be taken in lieu of cost up to that date. The reasonable allowances under this paragraph shall be made under rules and regulations to be prescribed by the commission. In the case of leases the deductions allowed may be equitably apportioned between the lessor and the lessee;

(i) Contributions or gifts within the taxable year to corporations or associations operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, or to the special fund for vocational rehabilitation authorized by section 7 of the

act of congress known as the vocational rehabilitation act, to an amount not in excess of 15 per centum of the taxpayer's net income as computed without the benefit of this subdivision. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the commission. This deduction shall be allowed only as to contributions or gifts made to corporations or associations incorporated by or organized under the laws of this state or to the vocational rehabilitation fund above mentioned.

(j) Dividends or income received by any person from stock or interest in any corporation, the income of which shall have been taxed under this act; provided, that when only a part of the income of any corporation shall have been assessed under this act, only a corresponding part of the dividends or income received therefrom shall be deducted;

(k) If for any taxable year beginning after December 31, 1925, it appears on the production of evidence satisfactory to the commission that any taxpayer has sustained a net loss, the amount thereof shall be deducted from the net income of the taxpayer from the succeeding year; and if such net loss is in excess of the net income for such succeeding taxable year the amount of such excess shall be held as a reduction in computing the net income for the next succeeding taxable year; the deduction in all cases to be made under regulations prescribed by the commission;

(l) The deductions allowed in this section shall be allowed only if and to the extent that they are connected with income arising from sources within the state and taxable under this act.

Section 12. *Items Not Deductible*—In computing net income of individuals no deductions shall in any case be allowed in the following:

(a) Personal, living or family expenses;

(b) Any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

(c) Any amount expended in restoring property for which an allowance is or has been made;

(d) Premiums paid on any life insurance policy covering the life of any officer or employe or of any individual financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy.

Section 13. *Exemptions*—1. There shall be deducted from the net income of individuals the following exemptions:

(a) In the case of a single individual, a personal exemption of \$1,500;

(b) In the case of the head of a family, or a married individual living with husband or wife, a personal exemption of

\$3,000. A husband and wife living together shall receive but one personal exemption of \$3,000 against their aggregate net income; and in case they make separate returns, the personal exemption of \$3,000 may be taken by either or divided between them;

(c) \$400 for each individual (other than husband and wife) dependent upon and receiving his chief support from the taxpayer, if such dependent individual is under 18 years of age or incapable of self-support because mentally or physically defective, or if such dependent individual is attending any school or institution of learning;

(d) In the case of corporations, an exemption of \$2,000.

2. The status on the last day of the income year shall determine the right to the exemptions provided in this section; provided, that a taxpayer shall be entitled to such exemptions for husband or wife or dependent who has died during the income year.

ARTICLE IV

Section 14. *Conditional and Other Exemptions*—The following organizations shall be exempt from taxation under this act:

1. Labor, agricultural or horticultural organizations;

2. Fraternal beneficiary societies, orders or associations (a) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and (b) providing for the payment of life, sick, accident or other benefits to the members of such society, order or association or their dependents;

3. Building and loan associations and cooperative banks without capital stock, organized and operated for mutual purposes, and without profits;

4. Cemetery corporations and corporations organized for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual;

5. Business leagues, chambers of commerce or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private stockholder or individual;

6. Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare;

7. Clubs organized and operated exclusively for pleasure, recreation and other nonprcfitable purposes, no part of the net earnings of which inures to the benefit of any private stockholder or member;

8. Farmers' or other mutual hail, cyclone or fire insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations of a purely local character, the income of which con-

sists solely of assessments, dues and fees collected from members for the sole purpose of meeting expenses;

9. Farmers', fruit growers', or like organizations, organized and operated as sales agents for the purpose of marketing the products of members and turning back to them the proceeds of sales, less the necessary selling expenses, on the basis of the quantity of produce furnished by them;

10. Insurance companies, upon which a tax on premiums is levied or placed, shall be exempt from the payment of any tax under the provisions of this act.

ARTICLE V

RETURNS OF INCOME TAX

Section 15. *Returns*.—1. Every individual having a net income for the income year from sources taxable under this act, of \$1,500 or over, if single, or if married and not living with husband or wife; or having a net income for the income year of \$3,000 or over, if married, and living with husband or wife, and every corporation doing business in the state of Oregon and every partnership doing business therein shall make a return under oath, stating specifically the items of gross income and the deductions and exemptions allowed by this act;

2. If a husband and wife living together have an aggregate net income of \$3,000 or over, each shall make such a return, unless the income of each is included in a single joint return.

3. If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.

Section 16. *Fiduciary Returns*.—Every fiduciary (except receivers appointed by authority of law in possession of part only of the property of a taxpayer) shall make under oath a return for the individual or estate or trust for whom he acts, as follows:

1. If he acts for an individual whose entire income from whatever source derived is in his charge and the net income of such individual is \$1,500 or over if single, or if married and not living with husband or wife, and \$3,000 or over if married and living with husband or wife.

2. If he acts (a) for an estate of a deceased person during the period of administration or settlement, whether or not the income of such estate during such period of administration or settlement is properly paid or credited to any legatee, heir or other beneficiary; (b) for an estate or trust the income of which is accumulated in trust for the benefit of unborn or unascertained persons, or persons with contingent interest; or (c) for an estate or trust the income of which is held for future distribution under the terms of the will or trust; if the net income of such estate or trust is \$1,500 or over.

3. If he acts (a) for an estate or trust the income of which is to be distributed to the beneficiaries periodically; or (b) as

the guardian of an infant whose income is to be held or distributed as the court may direct; and any beneficiary of such estate or trust who receives or is entitled to a distributive share of the income of the estate or trust of \$1,500 or more. The return made by a fiduciary shall state specifically the items of the gross income and the deductions, exemptions and credits allowed by this article. Under such regulations as the commission may prescribe, a return made by one of two or more joint fiduciaries shall be a sufficient compliance with the above requirement. The fiduciary shall make oath that he has sufficient knowledge of the affairs of the individual, estate or trust for whom or which he acts to enable him to make the return, and that the same is, to the best of his knowledge and belief, true and correct.

4. Fiduciaries required to make returns under this article shall be subject to all the provisions of this article which apply to taxpayers.

5. Fiduciaries required to make returns under this act, partnership, corporation, joint stock company or association or insurance company, having a place of business in this state, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, employers and all officers and employees of the state or of any political subdivision of the state, having the control, receipt, custody, disposal or payment of interest (other than interest coupons payable to bearer), rent, dividends, salaries, fees, wages, emoluments or other fixed or determinable annual or periodical gains, profits and income, amounting to \$1,500 or over, paid or payable during any year to any taxpayer, shall make complete return thereof under oath, to the commission, under such regulations and in such form and manner and to such extent as it may prescribe.

6. Every partnership, having a place of business in the state, shall make a return, stating specifically the items of its gross income and the deductions allowed by this act, and shall include in the return the names and addresses of the individuals who would be entitled to share in the net income if distributed, and the amount of the distributive share of each individual. The return shall be sworn to by any one of the partners.

Section 17. *Time and Place of Filing Returns*.—Returns shall be in such form as the commission may from time to time prescribe, and shall be filed with the commission, at its main office or any branch office which it may establish, within 90 days after the expiration of the income year. In case of sickness, absence or other disability, or whenever in its judgment good cause exists, the commission may allow further time for filing returns. There shall be annexed to the return the affidavit or affirmation of the taxpayer making the return to the effect that the statements contained therein are true. The commission shall cause to be prepared

blank forms for said returns and shall cause them to be distributed throughout the state and to be furnished upon application, but failure to receive or secure the form shall not relieve the taxpayer from the obligation of making any return herein required.

Section 18. *Failure to File Returns; Supplementary Returns*—If the commission shall be of the opinion that any taxpayer has failed to file a return, or to include in a return filed, either intentionally or through error, items of taxable income, it may require from such taxpayer a return or a supplementary return, under oath, in such form as it shall prescribe, of all the items of income which the taxpayer received during the year for which the return is made, whether or not taxable under the provisions of this act. If from a supplementary return, or otherwise, the commission finds that any items of income, taxable under this act, have been omitted from the original return it may require the items so omitted to be disclosed under oath of the taxpayer, and to be added to the original return. Such supplementary return and the correction of the original return shall not relieve the taxpayer from any of the penalties to which he may be liable under any provisions of this act whether or not the commission required a return or a supplementary return under this section.

Section 19. 1. The return by a corporation shall be sworn to by the president, or other principal officer and by the secretary.

2. The return by an individual who, while living, was subject to income tax in the state during the income year and who has died before making the return, shall be made in his name and behalf by the administrator or executor of the estate and the tax shall be levied upon and collected from his estate.

3. Where the tax commission has reason to believe that any taxpayer so conducts his trade or business as either directly or indirectly to distort his true net income and the net income property attributable to the state, whether by the arbitrary shifting of income, through price fixing, charges for services or otherwise, whereby the net income is arbitrarily assigned to one or another unit in a group of taxpayers carrying on business under a substantially common control, it may require such facts as it deems necessary for the proper computation of the entire net income and the net income property attributable to the state and in determining the same the commission shall have regard to the fair profits which would normally arise from the conduct of the trade or business.

Section 20. *Returns When Income Year Changed*—If a taxpayer, with the approval of the commission, changes the income year on the basis of which his net income is computed, he shall, at such time and in such manner as the commission may prescribe, make a separate return of his

net income received during the period intervening between the end of his former income year and the beginning of his new income year.

ARTICLE VI

COLLECTION AND ENFORCEMENT OF TAX

Section 21. *Time and Place of Payment of Tax*—1. The tax may be paid in four instalments, each consisting of one-fourth of the total amount of the tax. The first instalment shall be paid to the commission at the time fixed by law for filing the return, and the second instalment shall be so paid on or before the last day of the third month, the third instalment shall be so paid on or before the last day of the sixth month and the fourth instalment shall be so paid on or before the last day of the ninth month after the time fixed by law for filing the return. If any instalment is not paid on the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the commission. When at the request of the taxpayer the time for filing the return is extended, interest at the rate of one-half of one per cent per month or fraction thereof from the time when the return was originally required to be filed to the time of payment, shall be added and paid; provided, however, that in case the total amount of the tax shall be \$10 or less, then and in that case the whole amount of the tax shall be paid at the time of filing the return.

2. The tax may be paid with uncertified check during such time and under such regulation as the commission shall prescribe, but if a check so received is not paid by the bank on which it is drawn, the taxpayer by whom such check is tendered shall remain liable for the payment of the tax and for all legal penalties, the same as if such check had not been tendered.

Section 22. *Examination of Returns*—

1. As soon as practicable after the return is filed the commission shall examine it and compute the tax, and the amount so computed by the commission shall be the tax. If the tax found due shall be greater than the amount theretofore paid, the excess shall be paid to the commission within 10 days after notice of the amount shall be mailed by the commission.

2. If the return is made in good faith and the understatement of the tax is not due to any fault of the taxpayer, there shall be no penalty or additional tax added because of the understatement, but interest shall be added to the amount of the deficiency at the rate of one per cent for each month or fraction of a month.

3. If the understatement is due to negligence on the part of the taxpayer, but without intent to defraud, there shall be added to the amount of the deficiency five per cent thereof, and in addition interest at the rate of one per cent per month or fraction of a month.

4. If the understatement is false or fraudulent, with intent to evade the tax,

the tax on the additional income discovered to be taxable shall be doubled and an additional one per cent per month or fraction of a month shall be added.

5. The interest provided for in this section shall in all cases be computed from the date the return was originally required to be filed to the date of payment.

6. If the amount of tax found due as computed be less than the amount theretofore paid, the excess shall be refunded by the commission out of the proceeds of the tax retained by it as provided in this act.

7. All payments received must be credited, first to penalty and interest accrued and then to tax due.

Section 23. *Additional Taxes*—1. If the commission discovers from the examination of the return or otherwise that the income of any taxpayer, or any portion thereof, has not been assessed, it may, at any time, within three years after the time when the return was due, compute the tax and give notice to the taxpayer of the proposed assessment, and the taxpayer shall thereupon have an opportunity, within 30 days, to confer with the commission as to such proposed assessment. The limitation of three years to the assessment of such tax or additional tax shall not apply to the assessment of additional taxes upon fraudulent returns. After the expiration of 30 days from such notification the commission shall assess the income of such taxpayer or any portion thereof which it believes has not heretofore been assessed and shall give notice to the taxpayer so assessed of the amount of the tax and interest and penalties, if any, and the amount thereof shall be due and payable within 10 days from the date of such notice. The provisions of this act with respect to revision and appeal shall apply to a tax so assessed. No additional tax amounting to less than \$1.00 shall be assessed.

2. If the commission and the taxpayer consent in writing to the assessment of the tax after the expiration of the three-year period prescribed by paragraph 1 of this section, the tax may be assessed at any time prior to the expiration of the period agreed upon.

Section 24. *Warrant for Collection of Taxes*—If any tax imposed by this act or any portion of such tax be not paid within 30 days after the same becomes due, the commission shall issue a warrant under its hand and official seal directed to the sheriff of any county of the state commanding him to levy upon and sell the real and personal property of the taxpayer found within his county, for the payment of the amount thereof, with the added penalties, interest and the cost of executing the warrant, and to return such warrant to the commission and pay to it the money collected by virtue thereof by a time to be therein specified, not less than 60 days from the date of the warrant. The sheriff shall within five days after the receipt of the warrant file with the clerk

of his county a copy thereof, and thereupon the clerk shall enter in the judgment docket, in the column for judgment debtors, the name of the taxpayer mentioned in the warrant and in appropriate columns the amount of the tax or portion thereof and penalties for which the warrant is issued and the date when such copy is filed, and thereupon the amount of such warrant so docketed shall become a lien upon the title to and interest in real property or personal property of the taxpayer against whom it is issued in the same manner as a judgment duly docketed in the office of such clerk. The said sheriff shall thereupon proceed upon the same in all respects, with like effect, and in the same manner prescribed by law in respect to executions issued against property upon judgment of a court of record, and shall be entitled to the same fees for his services in executing the warrant, to be collected in the same manner. In the discretion of the commission a warrant of like terms, force and effect may be issued and directed to any agent authorized to collect income taxes, and in the execution thereof such agent shall have all the powers conferred by law upon sheriffs, but shall be entitled to no fee or compensation in excess of actual expenses paid in the performance of such duty. If a warrant be returned not satisfied in full, the commission shall have the same remedies to enforce the claim for taxes against the taxpayer as if the people of the state had recovered judgment against the taxpayer for the amount of the tax and shall balance his assessment record by transferring the unpaid deficiency to his delinquent record.

Section 25. *Tax a Debt*—Every tax imposed by this act, and all increases, interest and penalties thereon shall become, from the time it is due and payable, a personal debt, from the person or persons liable to pay the same to the state of Oregon.

Section 26. *Action for Recovery of Taxes*—Action may be brought at any time by the attorney general of the state, at the instance of the commission, in the name of the state, to recover the amount of any taxes, penalties and interest due under this act.

Section 27. *Tax Upon Settlement of Fiduciary's Account*—1. No final account of a fiduciary shall be allowed by any court unless such account shows, and the judge of said court finds, that all taxes imposed by the provisions of this act upon said fiduciary, which have become payable, have been paid, and that all taxes which may become due are secured by bond, deposit or otherwise. The certificate of the commission and the receipt for the amount of the tax therein certified shall be conclusive as to the payment of the tax to the extent of said certificate.

2. For the purpose of facilitating the settlement and distribution of estates held by fiduciaries, the commission may, on behalf of the state, agree upon the amount of taxes at any time due or to become due

from such fiduciaries under the provisions of this act, and the payment in accordance with such agreement shall be full satisfaction of the taxes in which the agreement relates.

ARTICLE VII

PENALTIES

Section 28. *Penalties*—1. If any taxpayer, without intent to evade any tax imposed by this act, shall fail to file a return of income or pay a tax, if one is due, at the time required by or under the provisions of this act, but shall voluntarily file a corrected return of income and pay the tax due within 60 days thereafter, there shall be added to and made a part of the tax an additional amount equal to five per cent thereof, plus \$1.00 and an additional one per cent for each month or fraction of a month during which the tax remains unpaid.

2. If any taxpayer fails voluntarily to file a return of income or to pay a tax, if one is due, within 60 days of the time required by or under the provisions of this act, the tax rates shall be increased 20 per cent, and such increased tax shall be further increased by one per cent for each month or fraction of a month from the time the tax was originally due to the date of payment.

3. The commission shall have power, upon making a record of its reasons therefor, to waive or reduce any of the additional taxes or interest provided in subdivisions 1 and 2 of this section or in subdivisions 2, 3 and 4 of section 22, and to credit all payments received first to penalty and interest, then to tax due.

4. If any taxpayer fails to file a return within 60 days of the time prescribed by this act, any judge of the circuit court, upon petition of the commission, or of any 10 taxable residents of the state, shall issue a writ of mandamus requiring such persons to file a return. The order of notice upon the petition shall be returnable not later than 10 days after the filing of the petition. The petition shall be heard and determined on the return day or on such day thereafter as the court shall fix, having regard to the speediest possible determination of the case, consistent with the rights of the parties. The judgment shall include costs in favor of the prevailing party. All writs and processes may be issued from the clerk's office in any county and, except as aforesaid, shall be returnable as the court shall order.

5. Any person, who, without fraudulent intent, fails to pay any tax or to make, render, sign or verify any return, or to supply any information within the time required by or under the provisions of this act, shall be liable to a penalty of not more than \$1,000, to be recovered by the attorney general, in the name of the state, by action in any court of competent jurisdiction.

6. Any person or any officer or employe of any corporation, or member or

employe of any partnership, who, with intent to evade any requirement of this act or any lawful requirement of the commission thereunder, shall fail to pay any tax or to make, sign or verify any return or to supply any information required by or under the provisions of this act, or who, with like intent, shall make, render, sign or verify any false or fraudulent return or statement, or shall supply any false or fraudulent information, shall be liable to a penalty of not more than \$1,000 to be recovered by the attorney general in the name of the state, by action in any court of competent jurisdiction and shall also be guilty of a misdemeanor and shall, upon conviction, be fined not to exceed \$1,000 or be imprisoned not to exceed one year, or both, at the discretion of the court.

7. The commission shall have the power to compromise any penalty under subdivisions 5 and 6 of this section. The penalties provided by such subdivision shall be additional to all other penalties in this act provided.

8. The failure to do any act required by or under the provisions of this act shall be deemed an act committed in part at the office of the commission in Oregon. The certificate of the commission to the effect that a tax has not been paid, that a return has not been filed or that information has not been supplied, as required by or under the provisions of this act, shall be prima facie evidence that such tax has not been paid, that such return has not been filed or that such information has not been supplied.

9. If any taxpayer, who has failed to file a return or had filed an incorrect or insufficient return and has been notified by the commission of his delinquency, refuses or neglects within 20 days after such notice to file a proper return, or files a fraudulent return, the commission shall determine the income of such taxpayer according to its best information and belief and assess the same at not more than double the amount so determined. The commission may, in its discretion, allow further time for filing of a return in such case.

ARTICLE VIII

REVISION AND APPEAL

Section 29. *Revision by Commission*—1. A taxpayer may appeal to the commission for revision of the tax assessed against him, at any time within two years from the time of the filing of the return or from the date of the notice of the assessment of any additional tax. The commission shall grant a hearing thereon and if, upon such hearing it shall determine that the tax is excessive or incorrect, it shall resettle the same according to the law and the facts and adjust the computation of the tax accordingly. The commission shall notify the taxpayer of its determination and shall refund to the taxpayer the amount, if any, paid in excess

of the tax found by it to be due. If the taxpayer has failed, without good cause, to file a return within the time prescribed by law, or has filed a fraudulent return or, having filed an incorrect return, has failed, after notice, to file a proper return, the commission shall not reduce the tax below the amount for which the taxpayer is found to be properly assessed.

2. In all cases under this act where January 1, 1926, values are to be determined especial weight shall be given to the assessed value of the property under consideration and the ratio of assessed value to actual value in that county as determined by the tax commission.

Section 30. *Appeal*—The determination of the commission upon application made by a taxpayer for revision of any tax may be reviewed in any court of competent jurisdiction by a complaint filed by the taxpayer against the commission in the county in which the taxpayer resides or has his principal place of business, within 30 days after notice by the commission of its determination, given as provided in section 29 of this act. Thereupon, appropriate proceeding shall be had and the relief, if any, to which the taxpayer may be found entitled may be granted and any such taxes, interest or penalties paid, found by the court to be in excess of those legally assessed, shall be ordered refunded to the taxpayer, with interest from time of payment.

ARTICLE IX ADMINISTRATION

Section 31. *Commission to Administer This Act; District*—The commission shall administer and enforce the tax herein imposed for which purpose it may divide the state into districts, in each of which a branch office may be established. It may from time to time change the limits of such districts.

Section 32. *Powers of Commission*—The commission, for the purpose of ascertaining the correctness of any return or for the purpose of making an estimate of the taxable income of any taxpayer, shall have power to examine or cause to be examined by any agent or representative designated by it for that purpose, any books, papers, records or memoranda bearing upon the matter required to be included in the return, and may require the attendance of the taxpayer or any other person having knowledge in the premises, and may take testimony and require proof material for the information, with power to administer oath to such person or persons.

Section 33. *Officers, Agents and Employees*—1. The commission may appoint and remove such deputy commissioners, agents, auditors, clerks and employes as it may deem necessary, such persons to have such duties and powers as the commission may from time to time prescribe.

2. The salaries of all deputy commissioners, agents and employes shall be

fixed by the commission, not to exceed the amounts as may be appropriated therefor.

3. All such deputy commissioners, agents and employes shall be allowed such reasonable and necessary traveling and other expenses as may be incurred in the performance of their duties, not to exceed the amounts appropriated therefor.

4. The commission may require such of the officers, agents and employes as it may designate to give bond for the faithful performance of their duties in such sum and with such sureties as it may determine, and all premiums on such bonds shall be paid by the commission out of moneys appropriated for the purpose of this act.

Section 34. *Oath and Acknowledgments*—All officers empowered by law to administer oaths, the commissioner, and all deputy commissioners, agents, auditors, and such other employes as it may designate shall have the power to administer an oath to any person or to take the acknowledgment of any person in respect of any return or report required by this act or the rules and regulations of the commission.

Section 35. *Publication of Statistics*—The commission shall prepare and publish annually statistics reasonably available, with respect to the operation of this act, including amounts collected, classification of taxpayers, and such other facts as are deemed pertinent and valuable.

Section 36. *Secrecy Required of Officials; Penalties for Violation*—1. Except in accordance with proper judicial order, or as otherwise provided by law, it shall be unlawful for the commission, any deputy, agent, auditor or other officer or employe, to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required under this act. Nothing herein shall be construed to prohibit the publication of statistics, so classified as to prevent the identification of particular reports or returns and the items thereof, or the inspection by the attorney general or other legal representatives of the state of the report or return of any taxpayer who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding has been instituted to recover any tax or any penalty imposed by this act. Reports and returns shall be preserved for four years and thereafter until the commission orders them to be destroyed.

2. Any offense against subdivision 1 of this section shall be punished by a fine of not exceeding \$1,000 or by imprisonment not exceeding one year, or both, at the discretion of the court, and if the offender be an officer or employe of the state he shall be dismissed from office and shall be incapable of holding any public office in this state for a period of five years thereafter.

3. Notwithstanding the provisions of this section, the commission may permit the commissioner of internal revenue of the United States, or the proper officer of any state imposing an income tax similar to that imposed by this act, or the authorized representative of either such officer, to inspect the income tax returns of any taxpayer, or may furnish to such officer or his authorized representative an abstract of the return of income of any taxpayer or supply him with information concerning any item of income contained in any return, or disclosed by the report of any investigation of the income or return of income of any taxpayer; but such permission shall be granted, or such information furnished to such officer or his representative only if the statutes of the United States or of such other state, as the case may be, grant substantially similar privileges to the proper officer of this state charged with the administration of this act. Every taxpayer shall, upon request of the commission, furnish a copy of the return for the corresponding year, which he has filed or may file with the federal government of the United States, showing his net income and how obtained and the several sources from which derived.

Section 37. *Regulations*—The commission may from time to time make such rules and regulations not inconsistent with this act as it may deem necessary to enforce its provisions.

ARTICLE X MISCELLANEOUS

Section 38. *Proceeds for State Purposes*—Of the net revenue arising under the operation of this act, not to exceed \$10,000 shall be retained by the commission as a working balance from which refunds shall be paid, the balance, except as otherwise herein provided, shall be paid to the state treasurer and shall become a part of the general fund of the state of Oregon. The proceeds of the state income tax, like the revenue from other miscellaneous sources, shall be taken into account by the state tax commission in making the annual levy for state purposes. It is the expressed intention of this act that the revenue derived from the taxing of income shall reduce by a corresponding amount the direct tax levy which the commission would otherwise apportion to the several counties of the state. In December, 1926, and for every year thereafter, the commission shall estimate the total amount of revenue to be raised under the several millage taxes in force and the amount necessary for miscellaneous state purposes as enumerated under section 4215, Oregon Laws; and shall deduct therefrom any surplus or estimated surplus remaining in the state treasury from all funds however derived, and also the estimated net pro-

ceeds of the state income tax for the next ensuing calendar year, and apportion the remainder left, after subtracting the said surplus and estimated revenue from income taxes, among the several counties of the state as provided by law; provided, that if the state tax commission shall underestimate the net proceeds of the state income tax for any year and such underestimate shall result in a total state revenue, raised from all sources, which shall exceed the six per cent limitation fixed by the constitution, such excess revenue shall not be subject to appropriation by the legislative assembly, but shall be used solely for the payment of the state's bonded indebtedness or the interest thereon, and shall be credited to a fund for that purpose. The tax levy made during the year 1926 shall be taken as a basis from which to reckon the six per cent increase permitted under article XI, section 11, of the Oregon constitution, for the calendar year 1927. The proceeds arising under the income tax for the year 1927, levied on the incomes of 1926, shall not be construed to increase or decrease the base from which the legal levy shall be calculated by the state tax commission.

Section 39. *Unconstitutionality or Invalidity*—If any clause, sentence, paragraph or part of this act shall, for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered. No caption of any section or set of sections shall in any way affect the interpretation of this act or any part thereof.

Section 40. The rules and regulations issued by the treasury department of the United States government relative to the interpretation of the federal income law, shall, in so far as applicable, be used in the construction of this act.

Section 41. For the purpose of carrying out the provisions of this act, there is hereby appropriated from the general fund of the state of Oregon, not otherwise appropriated, the sum of \$30,000.

Section 42. In the event of repeal of this act, unless otherwise specifically provided in the repeal, this act shall remain in full force for the assessment, imposition and collection of the tax and all interest, penalty or forfeitures which have accrued or may accrue in relation to any such tax, for the calendar year in which the tax is repealed.

For affirmative argument see page 65.
For negative argument see page 66.

(On Official Ballot, Nos. 328 and 329)

ARGUMENT (Affirmative)

Submitted by the Public Service League, in behalf of the Income Tax Bill With Property Tax Offset.

This bill should receive the support of every taxpayer in the state.

Why?

1. Because it reaches the owners of hidden and non-taxpaying wealth, and makes them contribute to the support of the government.
2. Because it will bring relief to those who are now heavily loaded with taxes, and to the extent it reaches non-taxpayer.
3. Because it will invite capital and industries, settlers and home builders to our state, for it protects the merchant, manufacturer, farmer, stockman, and home owner against double taxation by permitting the deduction, from the income tax, of any ordinary property tax levied during the preceding year and paid during the income year.
4. Because it relieves moderate incomes from the tax through the allowance of liberal exemptions as follows: \$3,000 for a married man or other head of a family; \$1,500 for a single man; \$400 for each dependent.
5. Because it provides for a system of taxation which will give assurance to every one that our tax burdens will be equitably distributed.
6. Because the principle of an income tax is unquestionably sound and has received the endorsement of practically every great economist and tax expert in the world. Such tax provides the only effective

method through which hidden wealth can be reached and made to contribute to the support of government.

Let Us Ask You—

Is there any reason why the merchant, the manufacturer, the farmer, the stockman, or the homeowner, now heavily burdened with taxes, should bear the cost of constructing good roads for the use and pleasure of the owners of hidden non-taxpaying wealth?

Is there any reason why they should bear all of the cost of providing our wealthy nontaxpayers with police and fire protection, and the protection of our courts?

Is there any reason why they should bear all the costs of providing free schools, parks and playgrounds for the children of these wealthy tax dodgers?

Every Man Should Contribute to the Support of Government According to His Ability to Pay

This bill will add no further burdens to those who are now paying their just share of taxes. On the contrary, it will bring them relief in this respect. Its purpose is to reach those of wealth who enjoy the benefits of our state government without contributing to the cost thereof. It has been carefully prepared, is safe and sane in its provisions, and should receive the support of every voter in the state who believes in the equitable distribution of our tax burdens.

PUBLIC SERVICE LEAGUE,
By J. C. POTTER, Secretary.

(On Official Ballot, Nos. 328 and 329)

ARGUMENT (Negative)

Submitted by C. C. Chapman, editor, Oregon Voter, opposing the **Income Tax Bill With Property Tax Offset.**

Sly schemers, indeed, are the mysterious unknowns who put up the money to place the "offset" income tax bill on the ballot.

They dangle an empty shell before the people of Oregon, having extracted the kernel.

By their "offset" they took the "tax" out of "income tax!"

At the rates in the Grange bill about \$3,000,000 a year revenue would be raised. The "offset" bill applies the same rates as the Grange bill. It also applies the "offset," thereby wiping out most of the revenue!

In fact, they copied the Grange bill, word for word—possibly for a reason that I will call to your attention later on. The only change they made was a little one, the insertion of the few words providing for the "offset."

These few words, the "offset," wipe out the great bulk of the income tax that otherwise would be due under the bill!

Just as many people would have to file income tax returns under the "offset" bill as under the Grange bill. Just as many firms and individuals would have all the expense and bother of making out and filing returns.

All the state machinery for administering an income tax would have to be set up just the same under the "offset" bill as under the Grange bill.

An appropriation of the same amount is made for administering the "offset" bill as for the Grange bill.

All the auditing of returns is provided for in the "offset" bill as in the Grange bill.

Yet, after all this making of returns, after all this administration, after all this expensive auditing, the "offset" comes along and wipes out nearly all the revenue!

As a revenue measure, the "offset" bill is worse than a delusion—it is a fraud!

It is an insult to the intelligence of thinking voters to assume that they will swallow the "offset" bait without examining it. Examination proves that the "offset" destroys the great bulk of the revenue, and therefore the bill can not be taken seriously as a revenue measure.

If the "offset" bill will raise so little revenue, why is it on the ballot?

Doubtless its unknown sponsors have their own reason for going to all the expense of putting it there.

One reason is, I surmise, that its presence on the ballot will confuse some voters, so after voting for this "offset" income tax bill they will vote against the Grange income tax bill. Thus, they might defeat the Grange bill, which at least is an honest bill in that it levies rates high enough to raise some revenue.

Another reason is, I suspect, that if the "offset" bill carried and the Grange bill failed to carry, the unknown sponsors who are responsible for the "offset" would escape having to pay income tax. Undoubtedly the "offset" they have provided is adequate to protect them from having to pay. Probably they are the very kind of people whom income tax supporters feel should be taxed, yet they would escape paying any income tax were their own measure to carry.

A third reason is the one I referred to in the beginning of this argument. It should be given careful consideration. It is that, if both bills carried, all the identical language of both bills would be in effect, *plus the "offset."* In all other particulars both bills are identical. They do not conflict in any particular. The approval of both bills would ratify the same language in both and also the "offset." The effect of this would be that the people would have deprived themselves of the greater part of the revenue they expected to raise when they voted for the Grange bill.

"Heads, I win; tails, you lose." These unknown flippers of coin are giving us a very pretty exhibition of how this old "gag" can be worked on a sovereign state.

Taking everything into consideration, there does not appear to be the slightest evidence of good faith in the "offset" bill. It is either an attempt to throw dust in the people's eyes, or protect its mysterious sponsors from having to pay income tax, or both.

I am prepared to provide citizens of any county with illustrations of how the "offset" will work in practice in their home county, and those examples will prove what a fraud the "offset" bill is as a revenue measure.

Write to me at the following address:

C. C. CHAPMAN,
Editor, Oregon Voter,
223 Worcester Bldg., Portland, Oregon.

(On Official Ballot, Nos. 330 and 331)

A MEASURE

For an act to provide revenue for the construction, maintenance, repair and reconstruction of public highways in the state of Oregon and to defray the cost of supervision and regulation by the Public Service Commission of Oregon of certain motor vehicles by imposing a charge upon such motor vehicles for the use of such highways in the transportation of persons and/or property for compensation; prescribing the amount of such fees and the disposition of funds derived therefrom; repealing section 8 of chapter 10 of the General Laws of Oregon, Special Session, 1921, and all other acts or parts of acts in conflict herewith, and fixing the time when this act shall take effect; and providing a penalty for the breach hereof; to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, proposed by initiative petition filed in the office of the secretary of state of the state of Oregon June 30, 1926.

The following is the form and number in which the proposed measure will be printed on the official ballot

INITIATIVE BILL—Proposed by Initiative Petition

Initiated by Oregon Motor Stage Association: Leland James, president, 944 Regents drive, Portland, Oregon; W. T. Crawford, treasurer, Roosevelt hotel, Portland, Oregon; J. M. Hutson, secretary-manager, 730 Quimby street, Portland, Oregon—**BUS AND TRUCK OPERATING LICENSE BILL**—Purpose: To require payment of annual license fees therein specified to the Public Service Commission for operation of busses and trucks on public highways by transportation companies, according to number, weight and size of such vehicles, for defraying expenses of regulation and supervision of such transportation companies and construction, repair, reconstruction and maintenance of public highways of the state; providing for deduction or set-off from such fees of amounts paid the secretary of state for registering such vehicles; and distribution of funds arising therefrom less regulation expenses, three-fourths to state highway fund and one-fourth to respective counties, for highway purposes.

330 Yes. I vote for the proposed law.

Vote YES or NO

331 No. I vote against the proposed law.

A BILL

For an act to provide revenue for the construction, maintenance, repair and reconstruction of public highways in the state of Oregon and to defray the cost of supervision and regulation by the Public Service Commission of Oregon of certain motor vehicles by imposing a charge upon such motor vehicles for the use of such highways in the transportation of persons and/or property for compensation; prescribing the amount of such fees and the disposition of funds derived therefrom, repealing section 8 of chapter 10 of the General Laws of Oregon, Special Session, 1921, and all other acts or parts of acts in conflict herewith, and fixing the time when this act shall take effect; and providing a penalty for the breach hereof.

Be It Enacted by the People of the State of Oregon:

Section 1. The Public Service Commission of Oregon is hereby authorized and empowered in the regulation of the business of transporting persons and property upon the highways of the state of Oregon, to require the payment of an annual license fee by each transportation company, as defined in chapter 325, General Laws of Oregon, 1925, in accordance with the number, weight and size of such vehicle or vehicles operated by it, which license fee shall be imposed for the purpose of defraying the expenses of the regulation and supervision of such transportation companies and for the construction, repair, reconstruction and maintenance of the public highways of the state. Such licenses shall be as follows:

Passenger-Carrying Vehicles	
For each vehicle of 6-passenger capacity—Per annum	\$120.00
For each vehicle of 7-passenger capacity—Per annum	134.00
For each vehicle of 8-passenger capacity—Per annum	148.00
For each vehicle of 9-passenger capacity—Per annum	162.00
For each vehicle of 10-passenger capacity—Per annum	176.00
For each vehicle of 11-passenger capacity—Per annum	246.00
For each vehicle of 12-passenger capacity—Per annum	260.00
For each vehicle of 13-passenger capacity—Per annum	274.00
For each vehicle of 14-passenger capacity—Per annum	288.00
For each vehicle of 15-passenger capacity—Per annum	302.00
For each vehicle of 16-passenger capacity—Per annum	316.00
For each vehicle of 17-passenger capacity—Per annum	330.00
For each vehicle of 18-passenger capacity—Per annum	344.00
For each vehicle of 19-passenger capacity—Per annum	358.00
For each vehicle of 20-passenger capacity—Per annum	372.00
For each vehicle of 21-passenger capacity—Per annum	386.00
For each vehicle of 22-passenger capacity—Per annum	400.00
For each vehicle of 23-passenger capacity—Per annum	414.00
For each vehicle of 24-passenger capacity—Per annum	428.00
For each vehicle of 25-passenger capacity—Per annum	442.00
For each vehicle of 26-passenger capacity—Per annum	456.00
For each vehicle of 27-passenger capacity—Per annum	470.00
For each vehicle of 28-passenger capacity—Per annum	484.00
For each vehicle of 29-passenger capacity—Per annum	498.00
For each vehicle of 30-passenger capacity—Per annum	517.00

Seating capacity of passenger vehicles shall be determined as prescribed in section 25, chapter 371, General Laws of Oregon, 1921, allowing 20 inches of seating space for each passenger.

Freight-Carrying Vehicles

For each vehicle of 1-ton capacity and under—Per annum	\$109.00
For each vehicle of 1¼-ton capacity—Per annum	119.00
For each vehicle of 1½-ton capacity—Per annum	131.00

For each vehicle of 1¾-ton capacity—Per annum	141.00
For each vehicle of 2-ton capacity—Per annum	205.00
For each vehicle of 2¼-ton capacity—Per annum	215.00
For each vehicle of 2½-ton capacity—Per annum	225.00
For each vehicle of 2¾-ton capacity—Per annum	258.00
For each vehicle of 3-ton capacity—Per annum	268.00
For each vehicle of 3¼-ton capacity—Per annum	288.00
For each vehicle of 3½-ton capacity—Per annum	303.00
For each vehicle of 3¾-ton capacity—Per annum	313.00
For each vehicle of 4-ton capacity—Per annum	323.00
For each vehicle of 4½-ton capacity—Per annum	343.00
For each vehicle of 5-ton capacity—Per annum	363.00
For each vehicle of 5½-ton capacity—Per annum	383.00
For each vehicle of 6-ton capacity and over—Per annum	403.00
For each trailer—one-half the amount above prescribed for its rated capacity.	

In determining capacity the manufacturer's rated capacity shall be used, and if not specified in the above schedule such vehicle shall take the next higher rate.

Provided, that there shall be allowed as a deduction from all fees hereinbefore prescribed an amount equal to the amounts paid to the secretary of state of the state of Oregon, under the provisions of chapter 363, General Laws of Oregon, 1925, and the amendments thereto and substitutions therefor, and provided further that the amount to be collected by the Public Service Commission of Oregon on each vehicle in interstate transportation, operating and licensed in one additional state shall be two-thirds of the amount to be collected by the Public Service Commission under the above schedule, and the amount to be collected by the Public Service Commission of Oregon on each vehicle in interstate transportation operating and licensed in two or more additional states shall be one-half of the amounts to be collected by the Public Service Commission under the above schedule.

Passenger-carrying vehicles with a capacity of five passengers or less and all other vehicles not included in the foregoing classification as either passenger-carrying or freight-carrying vehicles which are under the supervision and regulation of the Public Service Commission of Oregon shall pay to such Public Service Commission a fee of \$10 per annum for each such vehicle.

Provided, further, that any such transportation company starting to operate or

putting on additional equipment on or after the first day of July of each year, shall pay to the Public Service Commission for such year a fee equal to one-half of the amount of fee hereinbefore prescribed, and provided further, that the fees hereinbefore prescribed shall be the exclusive fees to be collected by the Public Service Commission of Oregon from any transportation company as defined in chapter 325, General Laws of Oregon, 1925.

Section 2. Licenses issued for the fees above prescribed shall be transferable in case of substitution of vehicles by any such transportation company upon payment to the Public Service Commission of Oregon of the sum of \$2 for each such transfer and such further amounts as may be occasioned by the different rates of the above schedule; such amounts to be prorated in accordance with the period of time each vehicle is licensed.

Section 3. *Disposition of License Fee*—All charges and other sums collected by the Public Service Commission under the provisions of this act shall be by the Public Service Commission paid into the state treasurer of the state of Oregon and shall be by the state treasurer placed to the credit of a fund to be known as the "Motor Transportation Fund," and all expenses of whatsoever nature, but not to exceed the total sum of \$45,000 per annum, incurred by the Public Service Commission or by any officer of the State of Oregon in supervising and regulating such transportation companies shall be by the state treasurer paid out of said motor transportation fund upon presentation of duly verified claims therefor which claims shall have been audited by the secretary of state and approved by the Public Service Commission.

Section 4. *Distribution of State and County Highway Funds*—The state treasurer shall on March 15 and September 15 of each year, strike a balance in said motor transportation fund and any surplus in excess of \$5,000 remaining in

said fund after deduction of claims against the same theretofore audited and paid, shall be disposed of in the following manner, to wit: Three-fourths thereof shall be transferred to the state highway fund for such purposes as are provided by law, and one-fourth thereof shall be remitted by warrant of the Secretary of State to the county treasurers of the various counties of the state in proportion to the amount of license fees received from each county under the terms and provisions of chapter 371, General Laws of Oregon, 1921, and laws amendatory thereof and supplementary thereto. The funds received by county treasurers pursuant to this provision shall be applied by such treasurers for credit to the "Motor License Fund," of such counties and shall be used and disbursed only in the manner and for the purposes provided in section 4810, Oregon Laws, and laws amendatory thereof and supplementary thereto.

Section 5. This act shall become operative and shall be in full force and effect from and after the first day of January, 1927.

Section 6. That section 8 of chapter 10, General Laws of Oregon, Special Session, 1921, and all acts or parts of acts in conflict herewith be and the same are hereby repealed.

Section 7. Every transportation company as defined in chapter 325, General Laws of Oregon, 1925, and every officer, agent or employe of any such transportation company who shall fail to pay the license fees hereinbefore prescribed or who shall violate wilfully or knowingly any rule or regulation governing such companies, shall be guilty of a misdemeanor and shall be punishable by a fine not exceeding \$1,000, or by imprisonment in the county jail not exceeding one year, or by both such fine and imprisonment.

For affirmative argument see page 70.
For negative argument see page 71.

(On Official Ballot, Nos. 330 and 331)

ARGUMENT (Affirmative)

Submitted by the Oregon Motor Stage Association, in behalf of the **Bus and Truck Operating License Bill.**

Vote YES 330—The trucks and stages will pay more money.

The fees as prescribed in this bill range from \$517 annually on the 30-passenger bus to \$120 on the six-passenger bus, and from \$403 on the six-ton truck to \$109 on the one-ton truck. These fees are in addition to the gas tax.

Vote YES 330—It will raise more money for highways.

It will greatly increase the net revenue to the state and highway fund. When this bill becomes operative, no one can properly assert that either the common carrier bus or truck is not paying MORE than its proportion or share for the use of the highways.

Vote YES 330—It does not limit regulation.

This bill leaves the power of regulation in the hands of the Public Service Commission of the state. This commission has the power to pass any rule or regulation covering stage operation in the state of Oregon.

Vote YES 330—All interested parties cooperated in framing bill.

All over the state conferences have been held with the various state and civic boards, copies of the proposed bill and schedules of fees have been submitted to every editor in the state and every person interviewed has been asked to make

suggestions as to his ideas on the question of taxation of motor stages. After considering these various suggestions, the motor association prepared a bill embodying the constructive ideas of the various men interviewed.

Vote YES 330—It will double present income with no extra cost of collection.

This bill will double the present income from the cars affected and will not cost a cent more to administer.

Vote YES 330—Gas tax will be additional.

These fees will be in addition to the gas tax of 3 cents a gallon which will add \$150—\$200 to the tax on each car.

Vote YES 330—Bill does not affect farmers' trucks or any other privately operated car.

This bill does not affect the privately owned bus or truck in any way and does not apply to any bus or truck which is not under the Public Service Commission. Any car which is not a public carrier—farmers' cars, contract cars, etc., are not affected by this bill.

Vote YES on this bill—It provides more money for highways.

OREGON MOTOR STAGE
ASSOCIATION,

By J. M. HUTSON,
Secretary-Manager.

(On Official Ballot, Nos. 330 and 331)

ARGUMENT (Negative)

Submitted by Oregon State Association of County Judges and Commissioners and Wm. Duby, H. B. Van Duzer and W. H. Malone, constituting the Oregon State Highway Commission, opposing the **Bus and Truck Operating License Bill.**

Why are the bus and truck operators proposing this bill to tax themselves? Why are we who are interested in the roads and highways of Oregon opposing it? The following answers both questions:

(1) The object of this bill is to defeat the bill passed by the 1925 legislature which appears on the official ballot at the November election as "Number 324—Yes" and "Number 325—No." This legislative bill was passed after numerous public hearings and represents the best judgment of the legislature, interested public officials and the undersigned as to the proper means for increasing the charges to be paid by common carriers for the use of state highways. The bus and truck operators opposed that bill in the legislature, invoked the referendum on it after its passage, and initiated this bill to accomplish its defeat at the polls.

(2) The bus and truck operator's bill will not, as it purports to do, raise funds necessary to repair the damage they do. It is so framed as to exempt the large interstate lines, by whom truck and bus operations in Oregon are being rapidly monopolized, from a large portion (ranging from one-third to one-half) of the charges which it purports to impose.

(3) The bill is so framed (perhaps not intentionally) that it will be declared unconstitutional upon the grounds: (a) It attempts to impose an arbitrary charge upon every interstate company doing any business in Oregon, whether it travels one mile or 500 miles over Oregon highways. This would be held by the federal courts to be an unlawful interference with interstate commerce in violation of the federal constitution. (b) The bill applies to private as well as common carriers, and the Oregon supreme court in a decision rendered July 13, 1926, held the principle of such a bill unconstitutional. Since this bill contains no saving clause, if it is declared unconstitutional as to either interstate carriers or private carriers, the entire act will be void, and no fees will be paid by any bus or truck bill under it.

These objections do not apply to the legislative act, "Number 324—Yes" on the ballot.

(4) If this bill should become effective it will, no doubt, require some of the trucks and busses, particularly the smaller operators, to pay more money than they now pay. It will require others, and particularly some of the large interstate companies, to pay less than they now pay. A concrete example: Under the existing law, the Blue Line Stage operates a stage line from Pendleton, Oregon, via Walla Walla, Washington, to Lewiston, Idaho, and pays in Oregon a total fee of \$358 per annum. Under this motor stage bill it would pay only \$344 per annum, or \$14 less than it now pays. Any important bus or truck company could obtain the advantage of these lower rates applicable to interstate lines by establishing one terminal in another state, or occasionally making an interstate trip, for there is no provision in this bill requiring that any bus or truck be operated regularly in interstate trips to obtain this exemption.

(5) Any substantial charge imposed on the unfair and discriminating basis contained in this bill would tend to eliminate the small bus or truck operator, concentrate bus and truck operations in the hands of the large companies and destroy competition to public disadvantage. The handiwork of these large companies in the drafting of this bill is apparent.

For these reasons vote "331—No" on this bill and "324—Yes" on the legislative act.

OREGON STATE ASSOCIATION
COUNTY JUDGES AND COM-
MISSIONERS,

By VICTOR P. MOSES, President,
By J. E. SMITH, Secretary.

WM. DUBY,
H. B. VAN DUZER,
W. H. MALONE,

Constituting Oregon State Highway
Commission.

(On Official Ballot Nos. 332 and 333)

A MEASURE

For an act to protect and conserve fish in the Columbia river; to prohibit the catching or taking of fish by means of fish wheels from the waters of the Columbia river in this state, to prohibit the operation, maintenance or placing of fish wheels therein, to prohibit the taking of fish from the waters of the Columbia river in this state east of Cascade Locks by means of fish traps or seines, to prohibit the operation, maintenance or placing of fish traps or seines in said waters, regulating the licensing of gill nets used in the Columbia river, and providing a penalty; to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, proposed by initiative petition filed in the office of the secretary of state of the state of Oregon, June 30, 1926.

The following is the form and number in which the proposed measure will be printed on the official ballot:

INITIATIVE BILL—Proposed by Initiative Petition

Initiated by Oregon State Grange: By Geo. A. Palmiter, master of Grange, Hood River, Oregon; Bertha J. Beck, secretary, Albany, Oregon, route 3; Oregon State Federation of Labor: By B. W. Sleeman, president, Portland, Oregon; C. U. Taylor, secretary, Portland, Oregon; Fish Commission of Oregon: By John C. Veatch, chairman, Portland, Oregon; W. T. Eakin, commissioner, Astoria, Oregon; J. S. Hayes, commissioner, Bay City, Oregon—**FISH WHEEL, TRAP SEINE AND GILL NET BILL**—Purpose: Its purpose is to prohibit the use of fish wheels for catching fish in the Columbia river in the state of Oregon; to prohibit the use of fish traps and seines for catching fish in the Columbia river in the state Oregon east of Cascade Locks; and to prohibit the issuance of licenses for the use of gill nets of more than 250 fathoms in length for catching fish in the Columbia river in the state of Oregon.

332 Yes. I vote for the proposed law.
Vote YES or NO
333 No. I vote against the proposed law.

A BILL

For an act to protect and conserve fish in the Columbia river; to prohibit the catching or taking of fish by means of fish wheels from the waters of the Columbia river in this state, to prohibit the operation, maintenance or placing of fish wheels therein, to prohibit the taking of fish from the waters of the Columbia river in this state east of Cascade Locks by means of fish traps or seines, to prohibit the operation, maintenance or placing of fish traps or

seines in said waters, regulating the licensing of gill nets used in the Columbia river, and providing a penalty.

Be It Enacted by the People of the State of Oregon:

Section 1. It shall be unlawful, from and after the first day of May, 1927, for any person, firm or corporation, at any time, to catch or take from the waters of the Columbia river in this state any fish of any kind by means of any fish wheel or fish wheels.

Section 2. It shall be unlawful, from and after the first day of May, 1927, for any person, firm or corporation to operate, maintain or place, or suffer or permit to be operated, maintained or placed, any fish wheel, in the waters of the Columbia river in this state.

Section 3. It shall be unlawful, from and after the first day of May, 1927, for any person, firm or corporation to catch or take from the waters of the Columbia river in this state east of Cascade Locks any fish of any kind by means of any fish trap or fish seine.

Section 4. It shall be unlawful, from and after the first day of May, 1927, for any person, firm or corporation to operate, maintain or place, or to suffer or permit to be operated, maintained or placed in the waters of the Columbia river in this state east of Cascade Locks any fish trap or seine.

Section 5. No license shall be issued for any gill net to be used in the waters of the Columbia river in this state which shall exceed two hundred and fifty fathoms in length, and every applicant for such gill net license shall be required to state in his application therefor the length of the gill net he intends to operate under said license.

Section 6. Any violation of this act shall be punished by a fine of not less than \$100 nor more than \$500, or by imprisonment in the county jail for a period of not less than thirty days nor more than ninety days, or by both such fine and imprisonment, in the discretion of the court; provided further, that in addition to such fine or imprisonment, or both, the master fish warden of the state of Oregon is hereby authorized to seize all fishing gear, apparatus and devices used or employed in connection with the violation of this act and the same shall be condemned and sold in the manner provided by law for the condemnation and sale of fishing gear, apparatus and appliances used in violation of law, and the proceeds of such sale or sales, together with all money arising from fines for the violation of this act shall be paid to the master fish warden, who shall deposit the same with the state treasurer for the benefit of the state hatchery fund.

Section 7. All acts and parts of acts in conflict with this act are hereby repealed.

For affirmative argument see pages 74-75.
For negative argument see pages 76-78.

(On Official Ballot, Nos 332 and 333)

ARGUMENT (Affirmative)

Submitted by the Oregon State Grange, the Oregon State Federation of Labor, and the Fish Commission of Oregon, in behalf of the **Fish Wheel, Trap, Seine and Gill Net Bill.**

No matter where you live or what your business may be, if you are a citizen of Oregon you must of necessity be interested in this bill, the object of which is to conserve and perpetuate the public's fish—your fish—and to restore to the people their legal right to share the benefits of the fishing industry.

The fisheries of the state constitute Oregon's greatest wealth producing public resource, and the fishing industry is the third largest industry in the state, ranking next to timber and agriculture, in the order named. It is the chief occupation of thousands of our citizens, and it brings into the state millions of dollars of new money annually.

Under the laws of this state the fish in the public streams belong to the people, who, as the proprietors thereof, have the absolute right to say when, where and by what method and by whom their fish shall be taken. But a few wealthy and powerful individuals have succeeded, through the enactment of special privilege laws, in virtually appropriating the right of public fishery to themselves, to the exclusion of the rest of the citizens of the state.

These few men have now a practical monopoly of the fishing industry on the upper Columbia river, and they control it almost as effectively as though the state had deeded to them the river itself. They have accomplished this by first acquiring every foot of land on the Columbia river above tidewater where a fixed fishing appliance can be installed, and then inducing the legislature to pass laws granting them annual licenses to operate these appliances.

The appliances used by these monopolists are known as fish wheels, the most deadly and effective fishing gear ever devised—and which is prohibited on every stream in the civilized world except the Columbia river. These wheels are located in the eddies of the river where it rushes through the narrow gorge of the Columbia. The territory of the fish wheels extends from the foot of Cascade rapids to the head of Celilo falls, a distance of about fifty miles, and they are so constructed that it is a practical impossibility for any salmon ascending the river to escape them.

As a consequence, for years there has not been a sufficient escapement of seed fish to their spawning grounds to warrant even the establishment of egg-taking stations on the Columbia river, and the salmon run on this, the greatest salmon stream in the world, is maintained, to the benefit of these monopolists, by eggs taken

from the Willamette river and shipped annually to the Columbia river hatcheries.

It is to prohibit the operation of fish wheels, and also of the numerous drag seines used in connection with them above tidewater, that this bill is initiated. Its passage will allow the escapement to their natural spawning grounds and to the hatcheries of the Columbia river of between two and three million pounds of royal spring chinook salmon per year—an escapement which will treble and perhaps quadruple the annual salmon run on this river. This will mean employment to thousands more of individual fishermen and will add millions more annually to the wealth of the state, and very materially reduce the cost of fish to the consumer.

We have space here to present only the most obvious reasons why the fish wheels should be eliminated. They are as follows:

The fact can not be successfully contradicted, that, under the present fishing regulations on the Columbia river, there is not enough seed fish escaping to build up or even maintain the run. This being true, it is essential, in order to protect the interest of the state, that changes be made in the salmon fishing regulations.

The most effective, natural, just and equitable remedy for this condition is the elimination of all fish wheels on the entire river, and all drag seines and traps above the Cascade locks.

The Columbia river is the only stream in the world where fishing with wheels is permitted.

The Columbia river is the only stream in the world where fishing with traps and seines is permitted above tidewater.

The operation of a fish wheel is an exclusive privilege. It is a license to take fish from a particular place in a public stream to the exclusion of every other citizen of the state.

There is neither excuse nor necessity for the operation of a fish wheel. Immediately below the fish wheel is a stretch of tidewater 150 miles long and from one to ten miles wide, on which there is room enough for all of the citizens of the state, who wish to engage in fishing, to participate in that industry.

The fish wheels on the Columbia river, and the drag seines operated in connection with them, take practically all of the fish that are caught above tidewater.

There are 59 fish wheels on the Columbia river, all owned by not to exceed one-half dozen individuals and corporations, and practically all of the most effective wheels are owned by two wealthy families—namely the Seufert and the Warren families. These two families, by virtue of

the wheels they own and control, are permitted by special privilege laws of the state to take fully 85 per cent of all the fish taken above tidewater, and employ not to exceed 25 men in their operation on the average.

The most important feature of the industry, is the early spring chinook, or royal chinook salmon, which ascend the stream in the early spring for the purpose of depositing their spawn. This first run of the royal chinook reaches the Columbia river gorge and is held up there, and as the fishing season opens on May 1, they become prey to the fish wheels located at the Cascades, The Dalles and Celilo rapids.

In the month of May, 1925, the fish wheels took 27 per cent of all of the royal chinook salmon caught during that month on the entire Columbia river. If these had been permitted to pass they would have furnished a supply of eggs to maintain several large hatcheries, with a surplus supply sufficient to seed the unimpaired spawning tributaries, and the fish commission would not be compelled to rob the Willamette river of its spawn, as they have done for the past 20 years.

The elimination of the drag seines, which operate above the Cascade locks during the low-water season, would be of especial interest and value to the sportsmen of the state, in that it would permit hundreds of thousands of pounds of the gamey steelhead trout to ascend the stream to spawn and afford wholesome and profitable sport to the hook and line enthusiasts, as well as the man or woman who goes out to catch a luscious fish for the table.

While the fish wheels are a destructive factor, from the fact that they prey upon the early run of royal chinook salmon, the drag seines are also a serious menace to the fishing industry for the reason that they take hundreds of tons of silverside salmon and steelhead trout.

Three seines which operate above the Cascade rapids, in pools where the tired fish stop to rest after their struggle through the turbulent waters, take hundreds of tons of fish, principally steelheads, allowing very few to escape.

The fish wheel owners, by the continual operation of their appliances, now have almost unlimited amount of money at their command, which is already being used in the spreading of misleading propaganda to defeat this bill. One of the strong points that they are attempting to make against it is that if they are compelled to cease fishing the gill-net or independent fishermen would have a monopoly of the river.

Another argument is that, as a matter of fact, the fish wheels take a very small percentage of the fish.

To any one acquainted with the fishing conditions their arguments are absurd. They will be handled in the reverse order.

While it is true that the fish wheels take a small percentage of the river's catch, the fact remains that they take practically all of the fish that, having escaped the gear in 150 miles of tidewater, should be entitled to proceed, to the spawning

grounds to lay their eggs and perpetuate the industry. The fact that the Columbia river is the only major salmon stream in the world where fishing of any kind is permitted above tidewater is in itself a sufficient refutation of this argument. Percentages in this connection mean absolutely nothing. It does mean something, however, that a single fish wheel has been known to take 24 tons of fish in 24 hours, which is as many tons as the average gill-net fisherman could take in four years of continuous labor each season.

As to the argument that the elimination of the fish wheels will confiscate property, this is even more ridiculous. A fish wheel, as well as all other fish gear, is operated by virtue of the license only and it is installed with the knowledge that the people of the state, who are the legal proprietors, have the right at any time they see fit to abolish this or any other mode of fishing. Besides this, these wheels, which the owners are allowed to operate by permission of the people, have paid for themselves many times over. And some of them have been known in a single season to make for their owners a clear profit greater than the value of the wheel.

As to the argument that the elimination of the fish wheels will give the gill-netters a monopoly of the industry, it is only necessary to repeat that the gill-netters operate in a stretch of river 150 miles long and from one to ten miles wide, and that every citizen of the state is privileged to engage in this kind of fishing. A monopoly under these conditions is an absurdity. Statistics show that the average catch of the gill-netter operating last year under an Oregon license, after paying for his gear and expense of operating, had only two hundred and sixty dollars (\$260) left for his four months' arduous and dangerous labor.

We are confident that the people, having at last the opportunity to vote upon this question, will by an overwhelming majority demand that the murderous fish wheel must go, that the common and unalienable right of fishery must be restored to the people, that the industry must be perpetuated and permitted to expand and that private fishing monopolies in our public streams must cease.

Respectfully submitted,

OREGON STATE GRANGE,
By GEO. A. PALMITER,
Master of Grange, Hood River, Or.

BERTHA J. BECK,
Secretary, Albany, Or., Route 3.

OREGON STATE FEDERATION OF
LABOR,

By B. W. SLEEMAN, President,
Portland, Or.

C. U. TAYLOR,
Secretary, Portland, Or.

FISH COMMISSION OF OREGON,
By JOHN C. VEATCH, Chairman,
Portland, Or.

W. T. EAKIN,
Commissioner, Bay City, Or.

(On Official Ballot, Nos. 332 and 333)

ARGUMENT (Negative)

Submitted by The Dalles-Wasco County Chamber of Commerce, opposing the Fish Wheel, Trap, Seine and Gill Net Bill.

Against the opposition of the Astoria newspapers and chamber of commerce, this bill was initiated by a clique of vote-seeking, payroll politicians, and the Astoria Fishermen's Union, which is composed of a large foreign-born element. They fish with the destructive troll, gill-net, and seine-gear. They take over 88 per cent of all fish—and over 93 per cent of all royal chinook salmon—caught per season in the Columbia river, as against less than 8 per cent of all fish—and less than 7 per cent of royal chinook salmon—taken by the fish wheel and trap fishermen on the upper Columbia river.

The records of the state fish commission for 1925 show that the fishermen in the Astoria district caught 18,075,021 pounds of fish, whereas the upper Columbia fishermen—whose business they ask you to confiscate without compensation—took only 1,340,652 pounds. Here are the authentic fish commission figures by pounds and percentages:

Total pounds of all fish taken by	
Gill nets	11,745,416
Troll	3,386,558
Traps	191,739
Set nets	76,235
Wheels	1,214,720
Seines	2,943,047
Indians	142,042
Total	19,699,757
Per cent taken by	
Gill nets	59.62 plus
Troll	17.19 plus
Traps97 plus
Set nets37 plus
Wheels	6.16 plus
Seines	14.93 plus
Indians72 plus
Total	99.98 per cent

The grossly unjust and un-American purpose of this dangerous bill is to monopolize the fish industry and to control—so as to raise—the price of fish to the consuming public. The first step is to deceive the voters into passing this bill to confiscate exceedingly valuable, tax-paying fishing industries in tax-burdened communities that are generously assisting to pay the taxes from which Astoria was relieved by the legislature following its big fire.

Their hypocritical and baseless excuse for this bill is an alleged scarcity of fish for seed purposes, which they brazenly charge to their competitors, who (fortunately for the public) operate more eco-

nomically. All fish entering the Columbia each season are mature seed fish ascending to their spawning grounds, where they spawn and then perish by nature. The statement that the "deadly" fish wheel gets them all, is made absurd by the fact that the fish wheel is 10 feet wide, while the river at the points of operation varies in width from 400 feet to 1000 feet. The Columbia river is the only river in the world where it is practicable to use fish wheels and gear. Salmon are increasing by the millions of pounds, and peak production was reached in 1925. Therefore, there is no just ground or reason for enacting this bill. We shall now prove by the highest official authority that the largest taker of fish is the device most to blame.

The United States fish commissioner, in a letter under date of May 13, 1926, to Hugh C. Mitchell of Portland, Oregon, a member of the government fish hatchery service, says:

"In recent years, since the ratification of the joint compact (Oregon-Washington treaty), the bureau has been able to fill its hatcheries each season to their capacity and also leave a large number of fish on the spawning beds of the rivers to reproduce naturally.

"I do not see any reason at the present time to impose further stringent regulations upon the salmon fisheries in the Columbia river. There is, however, a form of economic waste occurring outside the Columbia river where trolling operations are conducted. Large quantities of immature salmon are taken and regulations to prevent this are needed. Such waste is comparable to a farmer butchering his calves. Should the time arrive when it is necessary, for conservation purposes, to curtail operations in the river, I believe that the most equitable way would be to provide laws which would place the burden equally on all types of gear. Each form of gear used is responsible for depletion in proportion to the number of fish it takes. I have no statistics before me at the present time, but those of former years fully demonstrate that the percentage of fish taken by wheels as compared with other types of gear in the Columbia river is very small. This apparatus can not be successfully fished at either high or low stages of water. In the regulations formulated for the Alaska salmon fisheries an effort has been made to curtail the catch with equal severity on all forms of apparatus. As I have previously stated to you, I can not recommend the abolishment of any particular type of gear. (Signed) Henry O'Malley, Commissioner.

Since this great authority on fisheries says that "Each form of gear used is responsible for depletion in proportion to

the number of fish it takes," and advises there is no need of more regulation, by what American principle of fair dealing can the takers of 88 per cent of the fish demand confiscation of the large investments in equipment, factories and labor of those who take less than 7 per cent of the fish? Since they mention royal chinook salmon especially, be it known that during last season they took over 93 per cent of these salmon as against less than 7 per cent taken by the victims of this bill.

The affirmative argument deliberately omits and conceals from you the all-controlling fact that this bill wantonly violates the Oregon-Washington fisheries treaty (Laws of 1917, pages 951-953) providing that

"All laws appertaining to commercial fishing over which the said states have concurrent rights and concurrent jurisdiction shall remain unchanged,"

except as to taxes on salmon, etc., and further providing that

"The fishing laws of the Columbia river are subject to modification, only by the joint agreement of both states."

Is it fair or honorable to ask Oregon men and women to blemish their ballot by voting that a treaty, on which Oregon's honor is based, shall become but another "scrap of paper"?

The Astoria Budget, under date of April 6, 1926, says that it has formed an unbiased judgment on this "anti-upper river fishing bill," and then states:

"Having done so, it now wishes to go on record as declaring that, in its opinion, the movement is a most unfortunate, unwise and untimely one. The conclusion is inescapable.

"The reasons dictating our pronouncement we briefly paragraph as follows:

"It is poor political strategy to attack upper river fishing at a time when the salmon industry is on the upgrade instead of on the decline. It will be difficult to convince the thousands of uninformed voters over the state that the fish wheels are a grave menace to the Columbia river fisheries when the actual figures show that the annual pack is increasing to a point where it compares favorably with its best periods.

"The present movement is so linked up with the candidacies of several local office seekers that it can not be considered on its merits alone. One suspects that it was initiated at this particular time for its effect on the political fortunes of these persons."

The Chinook Observer for April 9, 1926, commenting on the editorial in the Astoria Budget, said:

"Many prominent citizens there are strongly against instituting a fish fight, and it is refreshing to note that the Morning Astorian and Evening Budget are most strenuously opposing the move. The Chamber of Commerce there has also declined to approve it."

Thus does the political fish crowd drag the more considerate citizens of Astoria into an uncalled-for fish fight.

The greatest destroyers of salmon have been the upper-country power dams and canals, as the government fish hatchery officials will tell you. To offset this great wastage, the upper-river fishermen—over the opposition of the lower-river fishermen—secured fish hatchery and closed season laws—there are 96 closed days per season. In the fiscal year closing June 30, 1925, the government released twelve million royal chinook fingerlings (baby salmon) in the Idaho district. The state released about eight million more fingerlings in the Wallowa river. The state of Washington has released many millions more. All these releases were far above any commercial fishing areas on the Columbia river. Fifty million were released in the lower Columbia river. The political catch-phrases about "restoring your fishing rights" and about "special privilege legislation" and "scarcity of salmon" are, therefore, designed to deceive you.

The affirmative argument contains the reckless and untruthful assertion that the fish-wheel owners have an unlimited amount of money at their command for propaganda purposes. Since the payroll politicians talk so recklessly about money, let us see how recklessly they handle the taxpayers' money. Through wanton extravagance, the present state fish commission has now spent its entire fund of nearly half a million dollars, including a portion of its \$40,000 sinking fund, and is about \$50,000 in debt. We ask in all sincerity—what right to public confidence has an argument put forth by squanderers of public funds?

Fellow-citizens, for the reason that salmon are increasing; for the reason that this bill is actuated by selfish and revengeful motives; for the reason that it would be unjust to injure your fellow men employed in or conducting the fishing industry; for the reason that your assistance is needed to force the politicians to permit re-payment to the taxpayers of Oregon every dollar heretofore appropriated for fish propagation, you ought in good conscience to defeat this bill. As a plain matter of common sense, if you are not familiar with the basic facts of the fishing industry, you would serve a better purpose by voting "No" on this bill, thus requiring the fishing industry to settle its own problems, as it ought to do, without the interference of politicians and politics.

Respectfully submitted,

THE DALLES-WASCO COUNTY CHAMBER OF COMMERCE,

By L. BARNUM, President,

By W. S. NELSON,

Executive Manager and Secretary.

(On Official Ballot, Nos. 332 and 333)

ARGUMENT (Negative)

Submitted by Erick Enquist, opposing the **Fish Wheel, Trap, Seine and Gill Net Bill.**

To the Voters of Oregon:

I am a practical fisherman and am compelled to buy this space in the Voter's Pamphlet to protect myself against what is known as the "Fish Wheel, Trap, Seine and Gill Net Bill."

I am not one of the wealthy fishermen. For 25 years I have been conducting my own fishing business in the territory that would be affected by the proposed legislation. During that time I have been able to acquire locations for and constructed thereon fish wheels and fishing devices by means of which I conduct my business. All that I have been able to save in my 25 years experience as a fisherman is invested in these devices.

I have relatives and neighbors who likewise have constructed fish wheels or traps in the territory that would be affected by this legislation, who are poor people and who make their living through the use of these fishing devices.

The proposed legislation is really put forth by fishermen on the lower Columbia river, who now catch approximately 90

per cent of all the fish that are caught in the river. They ask you to adopt legislation that will confiscate and destroy the value of all of my property on the 1st day of May, 1927.

On behalf of myself and my neighbors, who are poor people earning their living by fishing, and who have their savings of a lifetime invested in these fishing devices, I appeal to you to defeat this purely confiscatory and monopolistic legislation.

I have three sons who have grown up with me in this business, who have helped me with it and who are interested in it to the extent that it is the family possession. They are now asking me if in this country this property which they have helped me to build up can be taken from me and them without compensation of any kind.

I now submit to you the question of whether in this state such legislation to destroy a family can be passed.

ERICK ENQUIST.

(Official Ballot, Nos. 334 and 335)

A MEASURE

For an act providing for the levying, collecting and paying of taxes on incomes; to be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926; proposed by initiative petition filed in the office of the Secretary of State of the state of Oregon July 1, 1926.

The following is the form and number in which the proposed measure will be printed on the official ballot:

INITIATIVE BILL—Proposed by Initiative Petition

Initiated by Oregon State Grange: Geo. A. Palmiter, master, Hood River, Oregon; Bertha J. Beck, secretary, route 3, Albany, Oregon; Farmers' Union of Oregon, Herbert Egbert, president, P. O. Box 479, The Dalles, Oregon; Mrs. G. B. Jones, secretary, Monmouth, Oregon—**INCOME TAX BILL**—Purpose: Its purpose is to levy and collect annually a progressive state income tax, upon the entire net income of every individual and corporation, resident or nonresident in the state, arising or accruing from every source whatever within the state, and from personal property located for taxation within the state; providing certain deductions and exempting from such tax \$1,500 of net income for a single person, \$3,000 for the head of a family, married person, or husband and wife together, \$400 for each child or dependent under certain conditions, and \$2,000 for each corporation, and allowing other conditional exemptions.

334 Yes. I vote for the proposed law.

Vote YES or NO

335 No. I vote against the proposed law.

A BILL

For an act providing for the levying, collecting and paying of taxes on incomes.

Be It Enacted by the People of the State of Oregon:

ARTICLE I

DEFINITIONS

Section 1. *Short Title*—This act shall be known and cited as the income tax act of 1926.

Section 2. *Definitions*—For the purpose of this act and unless otherwise required by the context:

1. The words "tax commission" mean the state tax commission.

2. The word "commissioner" means the state tax commissioner.

3. The word "taxpayer" includes any individual, fiduciary, partnership or corporation whose income is in whole or in part subject to the tax imposed by this act.

4. The word "individual" means a natural person.

5. The word "fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person whether individual or corporate, acting in any fiduciary capacity for any person, estate or trust.

6. The word "person" includes individuals, fiduciaries, partnerships and corporations.

7. The word "corporation" includes joint stock companies or associations.

8. The words "tax year" mean the calendar year in which the tax is payable.

9. The word "business" includes trade, profession, occupation or employment.

10. The words "income year" mean the calendar year or the fiscal year, upon the basis of which the net income is computed under this act; if no fiscal year has been established, they mean the calendar year.

11. The words "fiscal year" mean an income year or portion thereof ending on the last day of any month other than December.

12. The word "paid" for the purpose of deductions under this act, means "accrued and paid" or "incurred and paid," and the words "accrued and paid," "incurred and paid" and "incurred" shall be construed according to the method of accounting upon the basis of which the net income is computed under this act. The word "received," for the purpose of the computation of the net income under this act, means "received or accrued," and the words "received or accrued" shall be construed according to the method of accounting upon the basis of which the net income is computed under this act.

13. The words "foreign country" mean any jurisdiction other than one embraced within the United States. The words "United States," when used in a geographical sense, include the states, the territories of Alaska and Hawaii, the District of Columbia and the possessions of the United States.

ARTICLE II

IMPOSITION OF TAX

Section 3. 1. A tax is hereby imposed upon every individual and corporation, resident or nonresident, with respect to the taxpayer's entire net income arising or accruing to him from every source whatever within the state of Oregon, and from such personal property as would regularly have its situs for taxation inside the state of Oregon and be lawfully taxable therein, which tax shall be levied, collected and paid annually, with respect to the taxpayer's entire net income as herein defined, computed at the following rates, after deducting the exemptions provided in this act:

- (a) On the first \$1,000 of taxable income or any part thereof, one per cent;
- (b) On the second \$1,000 or any part thereof, two per cent;
- (c) On the third \$1,000 or any part thereof, three per cent;
- (d) On the fourth \$1,000 or any part thereof, three per cent;
- (e) On the fifth \$1,000 or any part thereof, four per cent;
- (f) On the sixth \$1,000 or any part thereof, four per cent;
- (g) On the seventh \$1,000 or any part thereof, five per cent;
- (h) On the eighth \$1,000 or any part thereof, five per cent;
- (i) On the ninth \$1,000 or any part thereof, six per cent;
- (j) On any sum of taxable income in excess of \$9,000, six per cent.

2. Such tax shall first be levied, collected and paid in the year 1927 and with respect to the net income received during the calendar year 1926 or during any income year ending during the twelve months ending December 31, 1926.

Section 4. *Estates and Trusts*—1. The tax imposed by this act shall apply to estates and trusts, which tax shall be levied, collected and paid annually upon and with respect to the income of estates or of any kind of property held in trust, including:

- (a) Income received by estates of deceased persons during the period of administration of settlement of the estate;
- (b) Income accumulated in trust for the benefit of unborn or unascertained persons, or persons with contingent interests;
- (c) Income held for future distribution under the terms of the will or trust;
- (d) Income which is to be distributed to the beneficiaries periodically, whether or not at regular intervals, and the income collected by a guardian of an infant to be held or distributed as the court may direct;
- (e) Income of an estate during the period of administration or settlement

permitted by subdivision 3 to be deducted from the net income upon which the tax is to be paid by the fiduciary;

(f) The net income received during the year by deceased individuals who have died, on or after the date a return was due to be filed without having made a return.

2. The fiduciary shall be responsible for making the return of income for the estate or trust for which he acts, whether such income be taxable to the estate or trust or to the beneficiaries thereof. The net income of an estate or trust shall be computed in the same manner and on the same basis as provided in this article for individual taxpayers, except that there shall also be allowed as a deduction any part of the gross income which pursuant to the terms of the will or deed creating the trust, is during the taxable year paid to or permanently set aside for the United States, any state, territory, or any political subdivision thereof, or the District of Columbia, or any corporation or association organized and operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, and in cases under paragraph (d) and (e) of subdivision 1 of this section, the fiduciary shall include in the return a statement of each beneficiary's distributive share of such net income, whether or not distributed before the close of the taxable year for which the return is made.

3. In cases under paragraphs (a), (b) and (c) of subdivision 1, of this section, the tax shall be imposed upon the estate or trust with respect to the net income of the estate or trust and shall be paid by the fiduciary, except that in determining the net income of the estate of any deceased person during the period of administration or settlement there may be deducted the amount of any income properly paid or credited to any legatee, heir or other beneficiary. In cases under (a), (b) and (c) the estate or trust shall be allowed the same exemptions as are allowed to single persons under section 13 and in cases under paragraph (f) of the same exemption as would be allowed the deceased, if living. In such cases an estate or trust created by a person not a resident and an estate of a person not a resident shall be subject to tax only to the extent to which individuals other than residents are liable under section 6.

4. In cases under paragraphs (d) and (e) of subdivision 1 of this section, the tax shall not be paid by the fiduciary, but there shall be included in computing the net income of each beneficiary his distributive share whether distributed or not, of the net income of the estate or trust for the taxable year, or, if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the estate or trust is

computed, then his distributive share of the net income of the estate or trust for any accounting period of such estate or trust ending within the fiscal or calendar year upon the basis of which such beneficiary's net income is computed. In such cases the income of a beneficiary not a resident, derived through such estate or trust, shall be taxable only to the extent provided in section 6.

ARTICLE III

COMPUTATION OF TAX

Section 5. *Net Income Defined*—1. The term "net income" means the gross income of the taxpayer less the deductions allowed by this act.

Section 6. *Gross Income Defined*—1. The words "gross income" include gains, profits, income derived from salaries, wages or compensation for personal service, of whatever kind and in whatever form paid, or from professions, vocations, trades, business, commerce or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property; also, from interest, rent dividends or the transaction of any business carried on for gain or profit, or gains or profits, and income derived from any source whatever within the state of Oregon and also from such personal property as would regularly have its situs for taxation inside the state of Oregon and be lawfully taxable therein. The amount of all such items shall be included in the gross income of the income year in which received by the taxpayer, unless, under the methods of accounting permitted under this act, any such amounts are to be properly accounted for as of a different period.

2. The term "gross income" does not include the following items, which shall be exempted from taxation under this act:

(a) The proceeds of life insurance policies and contracts paid upon the death of the insured;

(b) The amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract;

(c) The value of property acquired by gift, bequest, devise or descent (but the income from such property shall be included in gross income);

(d) Such interest upon the obligations of the United States or its possessions, agencies or instrumentalities, as is or shall be exempt from state taxation by Federal law;

(e) Such salaries, wages and other compensation received from the United States by officials or employes thereof, as are or shall be exempt from state taxation by Federal law;

(f) Any amounts received through accident or health insurance or under workmen's compensation acts as compensation

for personal injuries or sickness, plus the amount of damages received, whether by suit or agreement, on account of such injuries or sickness;

(g) Income received from any source that may not be lawfully taxed by the state of Oregon.

Section 7. *Basis of Return of Net Income*—1. Taxpayers, who customarily determine their income on a basis other than that of actual cash receipts and disbursements, may, with the approval of the commission, return their net income under this act upon a similar basis. Taxpayers, who customarily determine their income on the basis of an established fiscal year instead of on that of the calendar year, may, with the approval of the commission, and subject to such rules and regulations as it may establish, return their net income under this act on the basis of such fiscal year, in lieu of that of the calendar year.

2. A taxpayer may, with the approval of the tax commission, and under such regulations as it may prescribe, change his income year from the fiscal year to the calendar year or otherwise, in which case his net income shall be computed upon the basis of such new income year.

3. An individual carrying on business in partnership shall be liable for income tax only in his individual capacity and shall include in his gross income the distributive share of the net income of the partnership distributable to him during the income year.

4. If the income from sources within the state cannot be properly segregated from income from without the state, then in that event, the amount of the net income returned shall be that proportion of the taxpayer's total net income which the taxpayer's gross business done in the state of Oregon bears to the total gross business of the taxpayer, and apportionment shall be made under rules and regulations prescribed by the commission.

Section 8. *Determination of Gain or Loss*—1. For the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition of property, real, personal or mixed, the basis shall be, in case of property acquired on or after January 1, 1926, the cost thereof, or the inventory value if the inventory is made in accordance with this article.

2. In case of property acquired prior to January 1, 1926, and disposed of thereafter.

(a) No profit shall be deemed to have been derived if either the cost or the fair market price or value on January 1, 1926, exceeds the value realized.

(b) No loss shall be deemed to have been sustained if either the cost or the fair market price or value on January 1, 1926, is less than the value realized.

(c) Where both the cost and the fair market price or value on January 1, 1926, are less than the value realized,

the basis for computing profit shall be the cost or the fair market price or value on January 1, 1926, whichever is higher.

(d) Where both the cost and the fair market price or value on January 1, 1926, are in excess of the value realized, the basis for computing loss shall be the cost or the fair market price or value on January 1, 1926, whichever is lower.

Section 9. *Exchange of Property*—1. When property is exchanged for other property, the property received in exchange shall, for the purpose of determining gain or loss, be treated as the equivalent of cash to the amount of its fair market value; provided, a market exists in which the property so received can be disposed of at the time of the exchange, for a reasonably certain and definite price in cash; otherwise, such exchange shall be considered as a conversion of assets from one form to another, from which no gain or loss shall be deemed to arise.

2. In the case of the organization of a corporation, the stock or securities received shall be considered to take the place of property transferred therefor and no gain or loss shall be deemed to arise therefrom.

3. When, in connection with the reorganization, merger or consolidation of a corporation, a taxpayer receives, in place of stock or securities, owned by him, new stock or securities, the basis of computing the gain or loss, if any, shall be, in case the stock or securities owned by him were acquired before January 1, 1926, the fair market price or value thereof as of that date, if such price or value exceeds the original cost and in all other cases the cost thereof.

Section 10. *Inventory*—Whenever, in the opinion of the commissioner, the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer, upon such basis as the commissioner may prescribe, conforming as nearly as may be to the best accounting practice in the trade or business and most clearly reflecting the income, and conforming, as far as may be, to the forms and methods prescribed by the United States commissioner of internal revenue, under the acts of congress then providing for the taxation of income.

Section 11. *Deductions*—In computing net income there shall be allowed as deductions:

(a) All the ordinary and necessary expenses, paid during the income year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal service actually rendered, traveling expenses while away from home in pursuit of trade or business, and including rentals or other payments required to be made as a condition to the continued use or possession, for the purpose of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity;

(b) All interest paid during the income

year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities, the interest on which is exempt from taxation under this act;

(c) Taxes, accrued and paid within the income year, imposed by the state of Oregon or any of its political subdivisions or by the authority of the United States and allocable to the state of Oregon except inheritance taxes, and except income taxes imposed by this act and taxes assessed for local benefits, of a kind tending to increase the value of the property assessed;

(d) Losses sustained during the income year and not compensated for by insurance or otherwise, if incurred, in trade or business;

(e) Losses sustained during the income year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit, though not connected with the trade or business;

(f) Losses sustained during the income year, of property not connected with the trade or business, if arising from fires, storm, shipwreck or other casualty, or from theft and not compensated for by insurance or otherwise;

(g) Debts ascertained to be worthless and charged off within the income year;

(h) A reasonable allowance for the depreciation and obsolescence of property used in the trade or business, and in the case of mines, oil and gas wells, other natural deposits, and timber, a reasonable allowance for depletion; provided, that in computing the deductions allowed under this paragraph, the basis shall be the cost (including in the case of mines, oil and gas wells and other natural deposits, the cost of development, not otherwise deducted), and in the case of natural deposits and timber acquired prior to January 1, 1926, the fair market value of the property on that date shall be taken in lieu of cost up to that date. The reasonable allowances under this paragraph shall be made under rules and regulations to be prescribed by the commission. In the case of leases the deductions allowed may be equitably apportioned between the lessor and the lessee;

(i) Contributions or gifts within the taxable year to corporations or associations operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, or to the special fund for vocational rehabilitation authorized by section 7 of the act of congress known as the vocational rehabilitation act, to an amount not in excess of fifteen per centum of the taxpayer's net income as computed without the benefit of this subdivision. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the commission. This deduction shall be allowed only as to contributions or gifts made to

corporations or associations incorporated by or organized under the laws of this state or to the vocational rehabilitation fund above mentioned.

(j) Dividends or income received by any person from stock or interest in any corporation, the income of which shall have been taxed under this act; provided, that when only a part of the income of any corporation shall have been assessed under this act, only a corresponding part of the dividends of income received therefrom shall be deducted;

(k) If for any taxable year beginning after December 31, 1925, it appears on the production of evidence satisfactory to the commission that any taxpayer has sustained a net loss, the amount thereof shall be deducted from the net income of the taxpayer from the succeeding year; and if such net loss is in excess of the net income for such succeeding taxable year the amount of such excess shall be held as a reduction in computing the net income for the next succeeding taxable year; the deduction in all cases to be made under regulations prescribed by the commission;

(l) The deductions allowed in this section shall be allowed only if and to the extent that they are connected with income arising from sources within the state and taxable under this act.

Section 12. *Items Not Deductible*—In computing net income of individuals no deductions shall in any case be allowed in the following:

(a) Personal, living or family expenses;

(b) Any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

(c) Any amount expended in restoring property for which an allowance is or has been made;

(d) Premiums paid on any life insurance policy covering the life of any officer or employe or of any individual financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy.

Section 13. *Exemptions*—1. There shall be deducted from the net income of individuals the following exemptions:

(a) In the case of a single individual, a personal exemption of \$1,500;

(b) In the case of the head of a family, or a married individual living with husband or wife, a personal exemption of \$3,000. A husband and wife living together shall receive but one personal exemption of \$3,000 against their aggregate net income; and in case they make separate returns, the personal exemption of \$3,000 may be taken by either or divided between them;

(c) \$400 for each individual (other than husband and wife) dependent upon and receiving his chief support from the taxpayer, if such dependent individual is

under eighteen years of age or incapable of self-support because mentally or physically defective, or if such dependent individual is attending any school or institution of learning;

(d) In the case of corporations, an exemption of \$2,000.

2. The status on the last day of the income year shall determine the right to the exemptions provided in this section; provided, that a taxpayer shall be entitled to such exemptions for husband or wife or dependent who has died during the income year.

ARTICLE IV

Section 14. *Conditional and Other Exemptions*—The following organizations shall be exempt from taxation under this act:

1. Labor, agricultural or horticultural organizations;

2. Fraternal beneficiary societies, orders or associations (a) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and (b) providing for the payment of life, sick, accident or other benefits to the members of such society, order or association or their dependents;

3. Building and loan associations and cooperative banks without capital stock, organized and operated for mutual purposes, and without profits;

4. Cemetery corporations and corporations organized for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earning of which inures to the benefit of any private stockholder or individual;

5. Business leagues, chambers of commerce or boards of trade, not organized for profit, no part of the net earnings of which inures to the benefit of any private stockholder or individual;

6. Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare;

7. Clubs organized and operated exclusively for pleasure, recreation and other non-profitable purposes, no part of the net earnings of which inures to the benefit of any private stockholder or member;

8. Farmers' or other mutual hail, cyclone or fire insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations of a purely local character, the income of which consists solely of assessments, dues and fees collected from the members for the sole purpose of meeting expenses;

9. Farmers', fruit growers', or like organizations, organized and operated as sales agents for the purpose of marketing the products of members and turning back to them the proceeds of sales, less the necessary selling expenses, on the basis of the quantity of produce furnished by them;

10. Insurance companies, upon which a tax on premiums is levied or placed, shall be exempt from the payment of any tax under the provisions of this act.

ARTICLE V

RETURNS OF INCOME TAX

Section 15. *Returns*—1. Every individual having a net income for the income year from sources taxable under this act, of \$1,500 or over, if single, or if married and not living with husband or wife; or having a net income for the income year of \$3,000 or over, if married, and living with husband or wife, and every corporation doing business in the state of Oregon and every partnership doing business therein shall make a return under oath, stating specifically the items of gross income and the deductions and exemptions allowed by this act;

2. If husband and wife living together have an aggregate net income of \$3,000 or over, each shall make such a return, unless the income of each is included in a single joint return;

3. If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.

Section 16. *Fiduciary Returns*—Every fiduciary (except receivers appointed by authority of law in possession of part only of the property of a taxpayer) shall make under oath a return for the individual or estate or trust for whom he acts, as follows:

1. If he acts for an individual whose entire income from whatever source derived is in his charge and the net income of such individual is \$1,500 or over if single, or if married and not living with husband or wife, and \$3,000 or over if married and living with husband or wife;

2. If he acts (a) for an estate of a deceased person during the period of administration or settlement, whether or not the income of such estate during such period of administration or settlement is properly paid or credited to any legatee, heir or other beneficiary; (b) for an estate or trust the income of which is accumulated in trust for the benefit of unborn or unascertained persons, or persons with contingent interest; or (c) for an estate or trust the income of which is held for future distribution under the terms of the will or trust, if the net income of such estate or trust is \$1,500 or over.

3. If he acts (a) for an estate or trust the income of which is to be distributed to the beneficiaries periodically; or (b) as the guardian of an infant whose income is to be held or distributed as the court may direct; and any beneficiary of such estate or trust who receives or is entitled to a distributive share of the income of the estate or trust of \$1,500 or more. The return made by a fiduciary shall state specifically the items of the

gross income and the deductions, exemptions and credits allowed by this article. Under such regulations as the commission may prescribe, a return made by one of two or more joint fiduciaries shall be a sufficient compliance with the above requirement. The fiduciary shall make oath that he has sufficient knowledge of the affairs of the individual, estate or trust for whom or which he acts to enable him to make the return, and that the same is, to the best of his knowledge and belief, true and correct.

4. Fiduciaries required to make returns under this article shall be subject to all the provisions of this article which apply to taxpayers.

5. Fiduciaries required to make returns under this act, partnership, corporation, joint stock company or association or insurance company, having a place of business in this state, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, employers and all officers and employees of the state or of any political subdivision of the state, having the control, receipt, custody, disposal or payment of interest (other than interest coupons payable to bearer), rent, dividends, salaries, fees, wages, emoluments or other fixed or determinable annual or periodical gains, profits and income, amounting to \$1,500 or over, paid or payable during any year to any taxpayer, shall make complete return thereof under oath, to the commission, under such regulations and in such form and manner and to such extent as it may prescribe.

6. Every partnership, having a place of business in the state, shall make return, stating specifically the items of its gross income and the deductions allowed by this act, and shall include in the return the names and addresses of the individuals who would be entitled to share in the net income if distributed, and the amount of the distributive share of each individual. The return shall be sworn to by any one of the partners.

Section 17. *Time and Place of Filing Returns*—Returns shall be in such form as the commission may, from time to time, prescribe and shall be filed with the commission, at its main office or any branch office which it may establish, within ninety days after the expiration of the income year. In case of sickness, absence or other disability, or whenever in its judgment good cause exists, the commission may allow further time for filing returns. There shall be annexed to the return the affidavit or affirmation of the taxpayer making the return to the effect that the statements contained therein are true. The commission shall cause to be prepared blank forms for said returns and shall cause them to be distributed throughout the state and to be furnished upon application, but failure to receive or secure the form shall not relieve the taxpayer from the obligation of making any return herein required.

Section 18. *Failure to File Returns: Supplementary Returns.* If the commission shall be of the opinion that any taxpayer has failed to file a return, or to include in a return filed, either intentionally or through error, items of taxable income, it may require from such taxpayer a return or supplementary return, under oath, in such form as it shall prescribe, of all the items of income which the taxpayer received during the year for which the return is made, whether or not taxable under the provisions of this act. If from a supplementary return, or otherwise, the commission finds that any items of income, taxable under this act, have been omitted from the original return it may require the items so omitted to be disclosed under oath of the taxpayer, and to be added to the original return. Such supplementary return and the correction of the original return shall not relieve the taxpayer from any of the penalties to which he may be liable under any provisions of this act whether or not the commission required a return or a supplementary return under this section.

Section 19. 1. The return by a corporation shall be sworn to by the president or other principal officer and by the secretary.

2. The return by an individual who, while living, was subject to income tax in the state during the income year and who has died before making the return, shall be made in his name and behalf by the administrator or executor of the estate and the tax shall be levied upon and collected from his estate.

3. Where the tax commission has reason to believe that any taxpayer so conducts his trade or business as either directly or indirectly to distort his true net income and the net income properly attributable to the state, whether by the arbitrary shifting of income, through price fixing, charges for services or otherwise, whereby the net income is arbitrarily assigned to one or another unit in a group of taxpayers carrying on business under a substantially common control, it may require such facts as it deems necessary for the proper computation of the entire net income and the net income properly attributable to the state and in determining the same the commission shall have regard to the fair profits which would normally arise from the conduct of the trade or business.

Section 20. *Returns When Income Year Changed.*—If a taxpayer, with the approval of the commission, changes the income year on the basis of which his net income is computed, he shall, at such time and in such manner as the commission may prescribe, make a separate return of his net income received during the period intervening between the end of his former income year and the beginning of his new income year.

ARTICLE VI

COLLECTION AND ENFORCEMENT OF TAX

Section 21. *Time and Place of Payment of Tax.*—1. The tax may be paid in four installments, each consisting of one-fourth of the total amount of the tax. The first installment shall be paid to the commission at the time fixed by law for filing the return, and the second installment shall be so paid on or before the last day of the third month, the third installment shall be so paid on or before the last day of the sixth month and the fourth installment shall be so paid on or before the last day of the ninth month after the time fixed by law for filing the returns. If any installment is not paid on the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the commission. When at the request of the taxpayer the time for filing the return is extended, interest at the rate of one-half of one per cent per month or fraction thereof from the time when the return was originally required to be filed to the time of payment, shall be added and paid; provided, however, that in case the total amount of the tax shall be \$10 or less, then and in that case, the whole amount of the tax shall be paid at the time of filing the return.

2. The tax may be paid with uncertified check during such time and under such regulation as the commission shall prescribe, but if a check so received is not paid by the bank on which it is drawn, the taxpayer by whom such check is tendered shall remain liable for the payment of the tax and for all legal penalties, the same as if such check had not been tendered.

Section 22. *Examination of Returns.*—1. As soon as practicable after the return is filed the commission shall examine it and compute the tax, and the amount so computed by the commission shall be the tax. If the tax found due shall be greater than the amount theretofore paid, the excess shall be paid to the commission within ten days after notice of the amount shall be mailed by the commission.

2. If the return is made in good faith and the understatement of the tax is not due to any fault of the taxpayer, there shall be no penalty or additional tax added because of the understatement, but interest shall be added to the amount of the deficiency at the rate of one per cent for each month or fraction of a month.

3. If the understatement is due to negligence on the part of the taxpayer, but without intent to defraud, there shall be added to the amount of the deficiency five per cent thereof, and in addition interest at the rate of one per cent per month or fraction of a month.

4. If the understatement is false or fraudulent, with intent to evade the tax, the tax on the additional income discovered to be taxable shall be doubled and an additional one per cent per month or fraction of a month shall be added.

5. The interest provided for in this section shall in all cases be computed from the date the return was originally required to be filed to the date of payment.

6. If the amount of tax found due as computed be less than the amount theretofore paid, the excess shall be refunded by the commission out of the proceeds of the tax retained by it as provided in this act.

7. All payments received must be credited, first to penalty and interest accrued and then to tax due.

Section 23. *Additional Taxes*—1. If the commission discovers from the examination of the return or otherwise that the income of any taxpayer, or any portion thereof, has not been assessed, it may, at any time, within three years after the time when the return was due, compute the tax and give notice to the taxpayer of the proposed assessment, and the taxpayer shall thereupon have an opportunity, within thirty days, to confer with the commission as to such proposed assessment. The limitation of three years to the assessment of such tax or additional tax shall not apply to the assessment of additional taxes upon fraudulent returns. After the expiration of thirty days from such notification the commission shall assess the income of such taxpayer or any portion thereof which it believes has not heretofore been assessed and shall give notice to the taxpayer so assessed of the amount of the tax and interest and penalties, if any, and the amount thereof shall be due and payable within ten days from the date of such notice. The provisions of this act with respect to revision and appeal shall apply to a tax so assessed. No additional tax amounting to less than \$1.00 shall be assessed.

2. If the commission and the taxpayer consent in writing to the assessment of the tax after the expiration of the three-year period prescribed by paragraph 1 of this section, the tax may be assessed at any time prior to the expiration of the period agreed upon.

Section 24. *Warrant for Collection of Taxes*—If any tax imposed by this act or any portion of such tax be not paid within thirty days after the same becomes due, the commission shall issue a warrant under its hand and official seal directed to the sheriff of any county of the state commanding him to levy upon and sell the real and personal property of the taxpayer found within his county, for the payment of the amount thereof, with the added penalties, interest and the cost of executing the warrant, and to return such warrant to the commission and pay to it the money collected by virtue thereof by a time to be therein specified, not

less than sixty days from the date of the warrant. The sheriff shall within five days after the receipt of the warrant file with the clerk of his county a copy thereof, and thereupon the clerk shall enter in the judgment docket, in the column for judgment debtors, the name of the taxpayer mentioned in the warrant and in appropriate columns the amount of the tax or portion thereof and penalties for which the warrant is issued and the date when such copy is filed, and thereupon the amount of such warrant so docketed shall become a lien upon the title to and interest in real property or personal property of the taxpayer against whom it is issued in the same manner as a judgment duly docketed in the office of such clerk. The said sheriff shall thereupon proceed upon the same in all respects, with like effect, and in the same manner prescribed by law in respect to executions issued against property upon judgment of a court of record, and shall be entitled to the same fees for his services in executing the warrant, to be collected in the same manner. In the discretion of the commission a warrant of like terms, force and effect may be issued and directed to any agent authorized to collect income taxes, and in the execution thereof such agent shall have all the powers conferred by law upon sheriffs, but shall be entitled to no fee or compensation in excess of actual expenses paid in the performance of such duty. If a warrant be returned not satisfied in full, the commission shall have the same remedies to enforce the claim for taxes against the taxpayer as if the people of the state had recovered judgment against the taxpayer for the amount of the tax and shall balance his assessment record by transferring the unpaid deficiency to his delinquent record.

Section 25. *Tax a Debt*—Every tax imposed by this act, and all increases, interest and penalties thereon shall become, from the time it is due and payable, a personal debt, from the person or persons liable to pay the same to the state of Oregon.

Section 26. *Action for Recovery of Taxes*—Action may be brought at any time by the attorney general of the state, at the instance of the commission, in the name of the state, to recover the amount of any taxes, penalties and interest due under this act.

Section 27. *Tax Upon Settlement of Fiduciary's Account*—1. No final account of a fiduciary shall be allowed by any court unless such account shows, and the judge of said court finds, that all taxes imposed by the provisions of this act upon said fiduciary, which have become payable, have been paid, and that all taxes which may become due are secured by bond, deposit or otherwise. The certificate of the commission and the receipt for the amount of the tax therein certified shall be conclusive as to the payment of the tax to the extent of said certificate.

2. For the purpose of facilitating the settlement and distribution of estates held by fiduciaries, the commission may, on behalf of the state, agree upon the amount of taxes at any time due or to become due from such fiduciaries under the provisions of this act, and payment in accordance with such agreement shall be full satisfaction of the taxes which the agreement relates.

ARTICLE VII

PENALTIES

Section 28. *Penalties*—1. If any taxpayer, without intent to evade any tax imposed by this act, shall fail to file a return of income or pay a tax, if one is due, at the time required by or under the provisions of this act, but shall voluntarily file a corrected return of income and pay the tax due within sixty days thereafter, there shall be added to and made a part of the tax an additional amount equal to five per cent thereof, plus \$1.00 and an additional one per cent for each month or fraction of a month during which the tax remains unpaid.

2. If any taxpayer fails voluntarily to file a return of income or to pay a tax, if one is due, within sixty days of the time required by or under the provisions of this act, the tax rates shall be increased twenty per cent, and such increased tax shall be further increased by one per cent for each month or fraction of a month from the time the tax was originally due to the date of payment.

3. The commission shall have power, upon making a record of its reasons therefor, to waive or reduce any of the additional taxes or interest provided in subdivisions 1 and 2 of this section or in subdivisions 2, 3 and 4 of section 22, and to credit all payments received first to penalty and interest, then to tax due.

4. If any taxpayer fails to file a return within sixty days of the time prescribed by this act, any judge of the circuit court, upon petition of the commission, or of any ten taxable residents of the state, shall issue a writ of mandamus requiring such persons to file a return. The order of notice upon the petition shall be returnable not later than ten days after the filing of the petition. The petition shall be heard and determined on the return day or on such day thereafter as the court shall fix, having regard to the speediest possible determination of the case, consistent with the rights of the parties. The judgment shall include costs in favor of the prevailing party. All writs and processes may be issued from the clerk's office in any county and, except as aforesaid, shall be returnable as the court shall order.

5. Any person, who, without fraudulent intent, fails to pay any tax or to make, render, sign or verify and return, or to supply any information within the time required by or under the provisions

of this act, shall be liable to a penalty of not more than \$1,000, to be recovered by the attorney general, in the name of the state, by action in any court of competent jurisdiction.

6. Any person or any officer or employe of any corporation, or member or employe of any partnership, who, with intent to evade any requirement of this act or any lawful requirement of the commission thereunder, shall fail to pay any tax or to make, sign or verify any return or to supply any information required by or under the provisions of this act, or who, with like intent, shall make, render, sign or verify any false or fraudulent return or statement, or shall supply any false or fraudulent information, shall be liable to a penalty of not more than \$1,000, to be recovered by the attorney general in the name of the state, by action in any court of competent jurisdiction and shall also be guilty of a misdemeanor and shall, upon conviction, be fined not to exceed \$1,000 or be imprisoned not to exceed one year, or both, at the discretion of the court.

7. The commission shall have the power to compromise any penalty under subdivisions 5 and 6 of this section. The penalties provided by such subdivision shall be additional to all other penalties in this act provided.

8. The failure to do any act required by or under the provisions of this act shall be deemed an act committed in part at the office of the commission in Oregon. The certificate of the commission to the effect that a tax has not been paid, that a return has not been filed or that information has not been supplied, as required by or under the provisions of this act, shall be prima facie evidence that such tax has not been paid, that such return has not been filed or that such information has not been supplied.

9. If any taxpayer, who has failed to file a return or has filed an incorrect or insufficient return and has been notified by the commission of his delinquency, refuses or neglects within twenty days after such notice to file a proper return, or files a fraudulent return, the commission shall determine the income of such taxpayer according to its best information and belief and assess the same at not more than double the amount so determined. The commission may, in its discretion, allow further time for filing a return in such case.

ARTICLE VIII

REVISION AND APPEAL

Section 29. *Revision by Commission*—1. A taxpayer may appeal to the commission for revision of the tax assessed against him, at any time within two years from the time of the filing of the return or from the date of the notice of the assessment of any additional tax. The commission shall grant a hearing thereon and if, upon such hearing it shall determine that the tax is excessive or incorrect, it shall resettle the same accord-

ing to the law and the facts and adjust the computation of the tax accordingly. The commission shall notify the taxpayer of its determination and shall refund to the taxpayer the amount, if any, paid in excess of the tax found by it to be due. If the taxpayer has failed, without good cause, to file a return within the time prescribed by law, or has filed a fraudulent return or, having filed an incorrect return, has failed, after notice, to file a proper return, the commission shall not reduce the tax below the amount for which the taxpayer is found to be properly assessed.

2. In all cases under this act where January 1, 1926, values are to be determined, especial weight shall be given to the assessed value of the property under consideration and the ratio of assessed value to actual value in that county as determined by the tax commission.

Section 30. *Appeal*—The determination of the commission upon application made by a taxpayer for revision of any tax may be reviewed in any court of competent jurisdiction by a complaint filed by the taxpayer against the commission in the county in which the taxpayer resides or has his principal place of business, within thirty days after notice by the commission of its determination, given as provided in section 29 of this act. Thereupon, appropriate proceedings shall be had and the relief, if any, to which the taxpayer may be found entitled may be granted and any such taxes, interest or penalties paid, found by the court to be in excess of those legally assessed, shall be ordered refunded to the taxpayer, with interest from time of payment.

ARTICLE IX

ADMINISTRATION

Section 31. *Commission to Administer This Act: District*—The commission shall administer and enforce the tax herein imposed for which purpose it may divide the state into districts, in each of which a branch office may be established. It may from time to time change the limits of such districts.

Section 32. *Powers of Commission*—The commission, for the purpose of ascertaining the correctness of any return or for the purpose of making an estimate of the taxable income of any taxpayer, shall have power to examine or cause to be examined by any agent or representative designated by it for the purpose, any books, papers, records or memoranda bearing upon the matter required to be included in the return, and may require the attendance of the taxpayer or any other person having knowledge in the premises, and may take testimony and require proof material for the information, with power to administer oath to such person or persons.

Section 33. *Officers, Agents and Employees*—1. The commission may appoint and remove such deputy commissioners, agents, auditors, clerks and employes as

it may deem necessary, such persons to have such duties and powers as the commission may from time to time prescribe.

2. The salaries of all deputy commissioners, agents and employes shall be fixed by the commission, not to exceed the amounts appropriated therefor.

3. All such deputy commissioners, agents and employes shall be allowed such reasonable and necessary traveling and other expenses as may be incurred in the performance of their duties, not to exceed the amounts appropriated therefor.

4. The commission may require such of the officers, agents and employes as it may designate to give bond for the faithful performance of their duties in such sum and with such sureties as it may determine, and all premiums on such bonds shall be paid by the commission out of moneys appropriated for the purpose of this act.

Section 34. *Oath and Acknowledgments*—All officers empowered by law to administer oaths, the commissioner, and all deputy commissioners, agents, auditors, and such other employes, as it may designate, shall have the power to administer an oath to any person or to take the acknowledgment of any person in respect of any return or report required by this act or the rules and regulations of the commission.

Section 35. *Publication of Statistics*—The commission shall prepare and publish, annually, statistics, reasonably available, with respect to the operation of this act, including amounts collected, classification of taxpayers, and such other facts as are deemed pertinent and valuable.

Section 36. *Secrecy Required of Officials: Penalties for Violation*—1. Except in accordance with proper judicial order, or as otherwise provided by law, it shall be unlawful for the commission, any deputy, agent, auditor or other officer or employe, to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required under this act. Nothing herein shall be construed to prohibit the publication of statistics, so classified as to prevent the identification of particular reports or returns and the items thereof, or the inspection by the attorney general or other legal representatives of the state of the report or return of any taxpayer, who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding has been instituted to recover any tax or any penalty imposed by this act. Reports and returns shall be preserved for four years and thereafter until the commission orders them to be destroyed.

2. Any offense against subdivision 1 of this section shall be punished by a fine of not exceeding \$1,000 or by imprisonment not exceeding one year, or both, at the discretion of the court, and if the offender be an officer or employe of the

state, he shall be dismissed from office and shall be incapable of holding any public office in this state for a period of five years thereafter.

3. Notwithstanding the provisions of this section, the commission may permit the commissioner of internal revenue of the United States, or the proper officer of any state imposing an income tax similar to that imposed by this act, or the authorized representative of either such officer, to inspect the income tax returns of any taxpayer, or may furnish to such officer or his authorized representative an abstract of the return of income of any taxpayer or supply him with information concerning any item of income contained in any return, or disclosed by the report of any investigation of the income or return of income of any taxpayer; but such permission shall be granted, or such information furnished to such officer or his representative only if the statutes of the United States or of such other state, as the case may be, grant substantially similar privileges to the proper officer of this state charged with the administration of this act. Every taxpayer shall, upon request of the commission furnish a copy of the return for the corresponding year, which he has filed or may file with the Federal Government of the United States, showing his net income and how obtained and the several sources from which derived.

Section 37. *Regulations*—The commission may from time to time make such rules and regulations not inconsistent with this act as it may deem necessary to enforce its provisions.

ARTICLE X MISCELLANEOUS

Section 38. *Proceeds for State Purposes*—Of the net revenue arising under the operation of this act, not to exceed \$10,000 shall be retained by the commission as a working balance from which refunds shall be paid, the balance, except as otherwise herein provided, shall be paid to the state treasurer and shall become a part of the general fund of the State of Oregon. The proceeds of the state income tax, like the revenue from other miscellaneous sources, shall be taken into account by the state tax commission in making the annual levy for state purposes. It is the expressed intention of this act that the revenue derived from the taxing of incomes shall reduce by a corresponding amount the direct tax levy, which the commission would otherwise apportion to the several counties of the state. In December, 1926, and for every year thereafter, the commission shall estimate the total amount of revenue to be raised under the several millage taxes in force and the amount necessary for miscellaneous state purposes as enumerated under section 4215, Oregon Laws; and shall deduct

therefrom any surplus or estimated surplus remaining in the state treasury from all funds however derived, and also the estimated net proceeds of the state income tax for the next ensuing calendar year, and apportion the remainder left, after subtracting the said surplus and estimated revenue from income taxes, among the several counties of the state as provided by law; provided, that, if the state tax commission shall underestimate the net proceeds of the state income tax for any year and such underestimate shall result in a total state revenue, raised from all sources, which shall exceed the 6 per cent limitation fixed by the constitution, such excess revenue shall not be subject to appropriation by the legislative assembly but shall be used solely for the payment of the state's bonded indebtedness or the interest thereon and shall be credited to a fund for that purpose. The tax levy made during the year 1926 shall be taken as a basis from which to reckon the 6 per cent increase permitted under article XI, section II, of the Oregon Constitution, for the calendar year 1927. The proceeds arising under the income tax for the year 1927, levied on the incomes of 1926, shall not be construed to increase or decrease the base from which the legal levy shall be calculated by the state tax commission.

Section 39. *Unconstitutionality or Invalidity*—If any clause, sentence, paragraph or part of this act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered. No caption of any section or set of sections shall in any way affect the interpretation of this act or any part thereof.

Section 40. The rules and regulations issued by the treasury department of the United States government, relative to the interpretation of the Federal Income Law, shall, in so far as applicable, be used in the construction of this act.

Section 41. For the purpose of carrying out the provisions of this act, there is hereby appropriated from the general fund of the state of Oregon, not otherwise appropriated, the sum of \$30,000.

Section 42. In the event of repeal of this act, unless otherwise specifically provided in the repeal, this act shall remain in full force for the assessment, imposition and collection of the tax and all interest, penalty or forfeitures which have accrued or may accrue in relation to any such tax, for the calendar year in which the tax is repealed.

For affirmative argument see page 90.
For negative argument see page 91.

(On Official Ballot, Nos. 334 and 335)**ARGUMENT (Affirmative)**

Submitted by the Oregon State Grange and Farmers' Union of Oregon, in behalf of the **Income Tax Bill.**

The income tax is the greatest equalizing method of taxation known, and the fairest, because it taxes the individual according to his ability to pay.

It is never a tax on capital, as it is levied only on the net income and under this act after deducting all business expenses, all property taxes, the federal income tax and the following exemptions: \$1,500 for a single person, \$3,000 for the head of a family, \$400 for each child or dependent; and, in the case of corporations, an exemption of \$2,000.

The income tax taps sources of revenue that are not reached by the property tax, and the state tax on property will be reduced accordingly, as provided by this act.

It will reach intangible wealth, that is now escaping its just share of the tax burden that property alone is carrying. Property will thus be relieved of a part of its unequal tax burden, and the result will be that capital will be induced to invest in the state because of the lowering of state taxes on property. Quoting from Dr. Ely of Wisconsin:

"Economists are quite generally agreed that taxation should be in proportion to ability to pay, and they also agree upon progressive rates in accordance with income.

"Now the great evil menacing our civilization is found in the fact that the benefits through public expenditures have not been adequately accompanied by a diffusion

of the burden of tax, and the result is that we are less prosperous than we might be, and that in turn adds to the distress of farmers and home owners.

"Our present taxes are, to an alarming extent, taxes upon thrift. We must, in our readjustment of taxation, make each one carry his fair share of the growing public burden.

"Civilization will perish unless we can keep all of the elements of the population moving together without class hatred and with mutual good will."

Reports on incomes, made to the state tax commission, show that a large per cent of those who will pay an income tax under this act are not on any tax roll of the state.

Under the income tax law of 1923 there has been collected by the tax commission and turned into the state treasury, a total of \$2,902,022.69, and there is still outstanding more than \$100,000. This law was in effect only one year. The amount collected was used to wipe out the deficit in the state treasury and to reduce the state taxes on property, and was collected at a cost of less than 2%.

OREGON STATE GRANGE,
GEO. A. PALMITER, Master.
BERTHA J. BECK, Secretary.

FARMERS' UNION OF OREGON,
HERBERT EGBERT, President.
MRS. G. B. JONES, Secretary.

(On Official Ballot, Nos. 334 and 335)

ARGUMENT (Negative)

Submitted by L. B. Smith, secretary, Greater Oregon Association, opposing the **Income Tax Bill**.

Oregon adopted state income tax—once.

That mistake diverted more than \$40,000,000 of investment from our state. We suffered a reduction of \$40,000,000 in demand for Oregon property, Oregon labor and Oregon crops.

When we woke up to what was happening, we repealed the law.

Before we have recovered from the adverse notoriety of the first income tax law the Grange presents another one, and asks us to make the same mistake the second time.

California has no state income tax. Washington has none. They are our immediate competitors for investment capital.

Yet we are asked to handicap ourselves again by enacting a state income tax law.

Tax experts, tax fanatics and tax bigots get very much excited over taxation methods. Yet they can not find where enactment of state income tax ever caused a state to prosper. It had the opposite effect on Oregon, as we know from experience.

What you and I want is more income— income for our families and ourselves. We want Oregon to prosper, develop and grow, not only because of our pride in our state, but so we, too, may share in the prosperity.

If "income tax" is more important to you and to us than is "income," we should vote for the Grange bill, which is a very good income tax bill—except that it needs fixing as to the bank income.

If "income" is more important to you and I than is any particular method of taxation, we should vote against the Grange income tax bill, for its adoption will make it a lot harder for us to earn an income.

A brisk demand for property, for labor and for crops—that is what we want.

State income tax will not help make times good in Oregon. Rather, it will hinder the coming of good times.

What good does it do us to save a few dollars in property taxes if we have to sacrifice our property at a low price?

State income tax will tend to kill off what little demand there is for Oregon property. It killed the sale of many millions of dollars of Oregon property during the year we had it.

State income tax will not add to the price of farm crops or to the income from wages. Rather, it tends to reduce the home demand for crops by diminishing employment.

It puts a damper on enthusiasm to expand business in Oregon, or to invest in our state.

State income tax deprives the farmers of Oregon of markets that spring from developing home industry, and forces them to remain dependent upon shipping to distant markets.

Whatever industrial expansion would take place would be in spite of state income tax, not because of it. Instead of going forward like our neighbor states, Oregon would drag along with a new handicap.

Only in increased "incomes" can we find solution for our taxation troubles. "Incomes" for you and ourselves and our families.

Larger incomes, such as come in prosperous times, when wages are high and property is on the move.

State income tax will not produce prosperity. It will make it harder for us to prosper.

Encourage the expansion of our industries.

Foster enthusiasm for state development.

Encourage the investment of outside capital in Oregon.

That is what is needed to make Oregon a busy, prosperous, populous state. State income tax has the opposite effect.

Those who are more interested in income tax than in the size of their own incomes, the incomes of their families, and the prosperity of their neighbors and the people generally, will vote for a state income tax bill. You and ourselves, if we are more interested in realizing prosperity than in quarreling over tax methods, will vote "No"!

L. B. SMITH, Secretary,
Greater Oregon Association.

419 Oregon Bldg., Portland, Oregon.

(On Official Ballot, Nos. 336 and 337)

A MEASURE

To be submitted to the legal electors of the state of Oregon for their approval or rejection at the regular general election to be held November 2, 1926, proposed by initiative petition filed in the office of the secretary of state of the state of Oregon July 1, 1926.

The following is the form and number in which the proposed measure will be printed on the official ballot:

Initiative Measure—Proposed by Initiative Petition

Initiated by Housewives' Council, Inc.: Josephine M. Othus, Mary A. Dean, Clara M. Simonton—**OREGON WATER AND POWER BOARD DEVELOPMENT MEASURE**—Creating the Oregon Water and Power Board of five elective members; appointing first members, board filling vacancies; giving said board full authority for conservation, development, storage, distribution of electric energy and water for irrigation and domestic purposes; authorizing state bonds issued not exceeding five per centum of assessed state valuation; bonds issued to pay interest or principal of outstanding bonds; issuance of interest bearing state public utility certificates; paying principal or interest of bonds from state general fund with repayment from bond fund; taxes levied to provide such moneys; appropriating \$250,000 from general fund returnable from water and power revolving fund.

336 Yes. I vote for the foregoing measure.

Vote YES or NO

337 No. I vote against the foregoing measure.

PROPOSED AMENDMENT TO THE
OREGON CONSTITUTION, WATER
AND POWER DEVELOPMENT

SECTION 1

It is hereby declared to be the policy and purpose of the state to conserve, develop and control the waters of the state of Oregon for the use and benefit of the people by publicly owned and operated utilities.

SECTION 2

The Oregon Water and Power Board, hereinafter called the "Board," is hereby established, composed of five members, who shall be elected from the state at large by a vote of the people without regard to political affiliation or nomination, and who shall be citizens of the United States and of the state of Oregon, and shall have been residents of the state of Oregon for a period of five years immediately preceding their election. Members of the board shall hold office for a period of six years, two of whom shall be elected at the general election for two successive elections and one of whom shall be elected at the general election on the sixth year, with the exception of the members of the first board who shall be Waldo Anderson, Albany, Oregon; J. T. Rorick, The Dalles, Oregon; Frank M. Gill, Dufur, Oregon; Kate Bonham, Portland, Oregon, and Dan

Kellaher, Portland, Oregon, whose respective terms shall be determined by lot between themselves, two of whom shall hold office for two years, two for four years, and one for six years.

The members of the board named herein shall serve without pay, but shall receive their necessary expenses. Members of the board shall execute to the state of Oregon such bond as the state bond commission may require, the premium therefor to be paid as other expenses of the commission.

In case of vacancy on the board, the successor to such vacancy shall be chosen by the remaining member or members of the board, and such member so chosen shall hold office until the next general election or until his successor shall have been elected and qualified.

Any member or members of the board may be removed by recall as provided in the case of other elective officers of the state.

A majority of the board shall constitute a quorum for the transaction of business.

SECTION 3

The board shall have power:

(a) To construct or acquire by purchase, lease, condemnation, gift or other legal means, lands, water rights, easements, electric energy, and also to construct, complete and operate works, dams, reservoirs, canals, pipe lines, conduits, power houses, transmission lines, structures, roads, rail-

roads, machinery and equipment and any other property necessary or convenient for the purpose of this article, and to do any and all things necessary or convenient for the conservation, development, storage and distribution of water, and the generation, transmission and distribution of electric energy and water for irrigation and domestic purposes; provided, however, no plant shall be purchased for a consideration of more than five hundred thousand dollars until such purchase shall have been approved by a vote of a majority of the legal voters of the state voting at a general election.

(b) To purchase, acquire, produce or otherwise provide facilities, materials and supplies, raw or finished, or any property or thing necessary or convenient to the accomplishment of the purpose of this article.

(c) To supply water for irrigation or domestic purposes, or electric energy, or both, to the state, political subdivisions thereof, and other users, and subject to the provisions of this article, to prescribe the terms of contracts, and fix a price therefor and collect the same.

(d) To use the water and the lands of the state or any material therein or thereon and to require the reservation from the sale or other disposition of such land and material as in the opinion of the board will be required for the purpose of this article.

(e) To reserve water from appropriation for such periods as it may provide.

(f) In the name of the state of Oregon to apply for and accept under the provisions of the laws of the United States, or of any state, grants, permits, licenses or privileges in the opinion of the board necessary for the accomplishment of the purposes of this article.

(g) To cooperate and contract with political subdivisions of this state, with the United States and other states concerning the conservation and use of interstate and other waters for the generation and use of electric energy, irrigation or other purposes, in the acquisition, construction, completion, maintenance and operation of works necessary or convenient for the accomplishment of the purposes of this article.

(h) To acquire or construct for political subdivisions distributing systems for water or electric energy bought from the state upon terms that, in the opinion of the board, will repay the state within not to exceed 30 years the cost thereof, including interest. The title to or interest of the state in such systems shall vest in the political subdivisions when paid for.

(i) To sue and be sued, and to exercise in the name of the State of Oregon the power of eminent domain for the purpose of acquiring any property or the use or joint use of any property deemed by the board necessary for the purposes of this article, said power of eminent domain to be exercised as provided under the general laws of the state.

(j) To provide itself with suitable office and field facilities and to appoint and

define the duties and fix the compensation of such expert and technical officers, legal and clerical assistants, and other employes as it may require.

(k) To define projects and to adopt rules and regulations to govern their activities.

(l) To exercise all powers needful for the accomplishment of the purpose of this article and such additional powers as may be granted by the legislature.

SECTION 4

Bonds of the State of Oregon, not to exceed five per centum of the assessed valuation of the state may be issued and sold from time to time to carry out the purpose of this article and the full faith and credit of the State of Oregon is hereby pledged for the payment of the principal of said bonds as the same mature, and the interest accruing thereon as the same falls due.

SECTION 5

Bonds herein authorized shall be issued and sold by the Oregon Water and Power Board as herein provided, and shall be serial bonds, payable in not more than fifty years from the time of issuance, and shall be in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding six per cent per annum, payable semi-annually, and time or times of payments of interest as the board from time to time, at or before the issuance thereof, may prescribe. The principal and interest thereof shall be payable in United States gold coin. Said bonds shall be signed by the state treasurer and countersigned by the governor and secretary of state by their engraved signatures, and the great seal of the State of Oregon shall be impressed thereon. All coupons thereto shall be signed by the state treasurer, by his engraved or lithographed signature. The board shall pay from funds available to it, the expenses of issuing and selling such bonds and the necessary expenses of the board in connection therewith.

Bonds herein authorized may from time to time be offered as a popular loan under such regulations prescribed by the board from time to time as will in its opinion give the people, as nearly as may be, an equal opportunity to participate therein, but the board may make allotment in full upon applications for smaller amounts of bonds in advance of any date which it may set for the closing of subscriptions and may reject or reduce allotments upon applications, upon later applications and applications for larger amounts, and may reject or reduce allotments upon applications from incorporated banks and trust companies, for their own account, and make allotments in full or larger allotments to others, and may establish a graduated scale of allotments, and may from time to time adopt any or all of said methods, should any such action be deemed by it to be in the public interest, provided that such reduction or increase or allotments

of such bonds shall be made under general rules to be prescribed by said board, and shall apply to all subscribers similarly situated. Any portion of the bonds so offered and not taken may be otherwise disposed of by the board in such manner and at such price or prices as it may determine. The board may cancel any of the bonds so offered and not taken, and reissue them in different denominations.

SECTION 6

Bonds herein authorized shall be issued and sold only for the acquisition of such property and rights, and for the acquisition, construction, development, completion, operation and maintenance of such projects as the board may deem necessary or convenient for the accomplishment of the purposes of this article; provided, that from time to time the board shall issue and sell bonds not exceeding in the aggregate 5 per centum of the assessed valuation of the state, the proceeds of which shall be placed in the water and power revolving fund in the state treasury, which fund is hereby created to be used by the board for the purpose of defraying its expenses, acquiring property, rights, facilities, materials and supplies, carrying charges during construction, operation of facilities, and meeting other costs incurred in carrying out the purposes of this article; provided, further, that if at any time the revenues from projects shall be insufficient to pay the interest upon and principal of outstanding bonds, as the same shall fall due, the board, in order to avoid appropriations from the general fund and resulting taxation, may issue and sell bonds to provide funds required to make such payments of interest or principal. Except as otherwise provided in this article, the board shall issue and sell bonds only upon the written report of the board filed with its secretary, stating the amount of money required, the purpose for which it is to be used, and accompanied by a duly authorized certificate of the board, describing the property or rights to be acquired or the project proposed, and stating the estimated cost thereof, and showing the same to have been investigated and approved by the board, and in the case of a project, that plans and estimates therefor, a copy of which shall be annexed to such certificate, have been prepared and adopted by the board, and further certifying that, in the opinion of the board, the revenue from the property or rights to be acquired or from the proposed project, together with the revenue available from other projects will be sufficient to pay within 30 years in addition to other necessary expenses, the principal and interest of the bonds to be issued.

SECTION 7

The board is hereby granted power to issue and sell interest bearing public utility certificates for the construction or acquisition by purchase, condemnation or

under this amendment. The certificates otherwise, of any public utility authorized shall be secured by a mortgage or mortgages upon such public utility plant and the revenues derived therefrom, but shall not be a general obligation of the state and shall be paid solely from the plant or the sale thereof.

SECTION 8

The board shall establish such rates for service as in its judgment will provide, in addition to the expenses of operation, maintenance, depreciation, insurance and reserve for losses, funds to pay the principal and interest of all bonds issued under this article, as the same fall due, together with all sums which may be advanced from the general fund and interest thereon as herein provided.

Each project, as the same may be defined by the board, shall be charged by the board with its cost, which shall include its proper share as fixed by the board of all expenditures from the water and power revolving fund, and the share so charged shall be credited to such revolving fund which shall be replenished, to the extent of the amount so credited, from the proceeds of bonds sold to provide funds for the cost of such project. The board shall establish such rates for the service furnished by each project as in its judgment will pay, within 50 years such cost thereof, and the expenses of operation, maintenance, depreciation, interest, insurance and reserve for losses; provided that where the rates are intended to provide for the repayment of expenditures made in acquiring or constructing distributing systems for political subdivisions, they shall be so fixed as in the judgment of the board will repay the amount of such expenditures with interest within 30 years. The board may change rates when in its opinion advisable to meet changed conditions, and shall always keep its rates as near the amount required to pay such costs and expenses as practicable, and shall fix similar rates under substantially similar conditions.

SECTION 9

All revenues of the board, including proceeds from the sale of bonds, shall be paid into the state treasury and shall be applied first, to payment of the expenses of the board, costs of operation, maintenance, depreciation, insurance, and losses, and second, to the payment of interest on and principal of said bonds, and shall only be paid out as other moneys on vouchers or in the manner as other state moneys are paid out by the state treasurer.

If at any time the moneys in the state treasury applicable to the payment of interest or principal of said bonds shall be insufficient to pay the same as it falls due, moneys shall be temporarily advanced from the general fund for that purpose, and there is hereby appropriated from the general fund in the state treasury such sums annually as will be necessary to pay such interest and principal, and there shall be collected each year in the same man-

ner and at the same time as other state revenue is collected such sum in addition to the other revenue of the state as shall be required to pay the sums appropriated for payment of interest and principal as herein provided, and it is hereby made the duty of all officers charged by law with any duty with regard to the levy and collection of said revenue to do and perform each and every act which shall be necessary to collect such additional sum.

All moneys paid from the general fund in the state treasury for principal or interest on such bonds shall be returned into said general fund out of the revenues of the board as soon as the same become available, together with interest thereon from the several dates of such advances until so returned at the rate of 6 per cent per annum.

SECTION 10

Out of any money in the state treasury not otherwise appropriated, the sum of \$250,000 is hereby appropriated to be credited to the board and an equivalent amount shall be returned into the general fund in the state treasury, out of the first moneys available in the water and power revolving fund.

SECTION 11

The board may establish such funds in the state treasury as in its judgment may be required to carry out the purposes of this article.

The board shall keep full and particular account and record of all their proceedings under this article, and shall transmit to the governor annually a report thereof, not less than 1,000 copies of which shall be printed by the state printer and shall be, by the governor, laid before the legislature, biennially, and all books and papers pertaining to the matters provided for in this article shall at all times be opened during business hours to the inspection of any officer or citizen of the state. All accounts of receipts and disbursements shall be audited annually in the same manner that the accounts of the state treasurer are audited.

SECTION 12

The state and political subdivision shall have a preferred right to water and electric energy controlled by the board as against privately owned public utilities selling water or electric energy to the public, and no contract or act of the board shall interfere with such preferred right.

The board shall not supply water to a privately owned public utility for the production of electric energy and shall not supply directly or indirectly to privately owned public utilities which sell electric energy or water to the public more than 20 per cent to the total amount of electric energy or water under its control, and contracts therefor shall contain the rates to be charged the consumer and shall not extend over a longer period than five years, or be renewed before one year prior to their expiration. Before making or renewing such a contract, the board shall

publish a notice of its intention so to do, at least six days each week for a period of 60 days in at least one newspaper published and circulated in this state, and designated by order of the board for that purpose. Public utilities taking such contracts shall be required to provide the board with standby service at reasonable rates.

SECTION 13

Nothing contained in this article shall prevent any political subdivision itself, or in cooperation with other political subdivisions, from developing any water or electric energy owned or controlled by it; but plans for any such development hereafter proposed shall be submitted to the board for suggestions and criticism, so that the cooperation of the board may be secured, if practicable, for the fullest development of the proposed project. The board may acquire and develop any such project unless the political subdivision claiming the same shall have adopted plans and estimates for the development, and authorized bonds to cover the cost thereof, or shall do so, within two years after the board shall have notified such political subdivision of its readiness to proceed with such development.

SECTION 14

In any proceedings in eminent domain brought by the board under the provisions hereof, the determination of the board that the taking of the property described in the complaint is necessary for the purposes hereof shall be conclusive evidence of such necessity.

In any such proceeding the state may take immediate possession and use of any property required for the purposes of this article, by paying into court such amount of money as the court, upon five days' notice to the adverse party, may determine as reasonably adequate to secure to the owner of the property sought to be taken immediate payment of just compensation for such taking, and any damages incident thereto.

SECTION 15

All public officers, boards, commissions and agencies shall make available to the board all data and information in their possession required by the board, and shall render every assistance in their power in carrying out the provisions of this article.

SECTION 16

The term "political subdivision" as used in this article is hereby defined to mean and include any state, county, city, town, public board, public corporation or quasi-public corporation, water district, irrigation district, municipal corporation, having authority to contract for the purchase, sale or use of water, water power, or electric energy, but shall not be construed to include any privately owned public utility.

For affirmative argument see page 96.
For negative argument see pages 97-99.

(On Official Ballot, Nos. 336 and 337)

ARGUMENT (Affirmative)

Submitted by Housewives' Council, Inc., in behalf of **Oregon Water and Power Board Development Measure.**

AMENDMENT TO THE OREGON CONSTITUTION—WATER AND POWER DEVELOPMENT

State-owned electric power is a plan to bring electric service at cost to the people of Oregon, not only for domestic, commercial and power use but for irrigation as well. It will not only take most of the drudgery from the shoulders of those who toil but will mean a higher standard of living, more leisure and better pay.

No more important matter than this development and control of power for the future of our state can be imagined. The wheels of industry depend upon it and the best interests of the public will be served only through the state owning, controlling and developing it. This is proved by the outstanding examples of the publicly owned and operated power projects of Los Angeles, Seattle and Tacoma that are furnishing electric power to their citizens at rates that are one-half to one-fifth of what we are paying private companies in Oregon—this without one cent of taxes, for these projects are meeting every possible expense, paying interest, retiring bonds as they become due, setting aside a surplus besides paying for their systems, as is proved by the following:

A manufacturer in Portland who used 92,640 K.W.H. in one month paid \$1,114.73, while the same amount used in Tacoma cost \$490—a difference of \$624.73 per month, or \$7,496.76 per year. This difference would more than pay his taxes—city, county and state—which amounted to \$7,000 per year.

A small factory using 875 K.W.H. per month cost \$33 in Portland, while Seattle furnished the same service for \$12.55—a difference of \$20.45 per month or \$245.40 per year. The exorbitant charges of the Portland private company are eight times the taxes, city, county and state, of this industry. Public records prove these statements.

It may well be said that "Oregon lights no public lamps of electric progress. * * * Oregon looks on while other states supply light and power to consumers at cost of service." Now is the time for honest thinking citizens to study their own interest in hydro-electric power for in the near future it will control the success of every business as well as the comfort of every home.

What farmer would not lessen the burden and toil of his farm and home by

making it possible to light, cook, wash, clean, iron, sew, pump, grind, milk, churn, heat and cool by electric power in addition to the innumerable comforts and conveniences this power servant gives? All this is enjoyed by 1,100 farmers (121,000 acres) in the Minidoka reclamation project in Idaho at a cost of 2 cents per K.W.H. What our government can do, Oregon can do, and we shall have a new era of industrial, commercial and agricultural progress and prosperity never before enjoyed.

Pledging the public credit does not increase expenses which the people are required to meet in securing the service of a utility. Capital charges must be paid whether publicly or privately operated. Publicly owned projects amortize their capital, thereby lopping off the interest charges.

Theodore Roosevelt, in a message vetoing a private power grab from the public domain in California, said:

"Our water power alone, if fully developed and wisely used, is probably sufficient for our present transportation, industrial, municipal and domestic needs. Most of it is undeveloped and still in national or state control. To give away this, one of the greatest of our resources, without compensation would be an act of folly. If we are guilty of it our children will be forced to pay an annual return upon a capitalization based upon the highest prices which 'the traffic will bear.' They will find themselves face to face with the powerful interests entrenched behind the doctrine of 'vested rights' and strengthened by every defense which money can buy and the ingenuity of able corporation lawyers can devise. Long before that time they may and very probably will have become a consolidated interest, controlled from the great financial centers, dictating the terms upon which the citizen can conduct his business and earn his livelihood and not amenable to the wholesome check of local opinion."

Vote for this amendment and Oregon can unite with Washington in developing the Columbia, which will allow Oregon to enjoy house heating at ½-cent per K.W.H., as Washington cities now enjoy.

"Help Oregon Grow."

HOUSEWIVES' COUNCIL, INC.,
JOSEPHINE M. OTHUS,
MARY A. DEAN,
CLARA M. SIMONTON.

(On Official Ballot, Nos. 336 and 337)

ARGUMENT (Negative)

Submitted by J. C. Ainsworth, President, United States National Bank, Portland; I. Abraham, Merchant, Roseburg; O. O. Alenderfer, Contractor Dealer, Medford; C. F. Adams, Vice President, First National Bank, Portland; and others, opposing the **Oregon Water and Power Board Development Measure.**

The passage of this act would definitely place the State of Oregon in the hydro-electric business. This is essentially a private business, and we believe should remain in private hands. There is no more reason why the state should go into the hydro-electric business than there is for the state to publish newspapers, run the banks, engage in mercantile business, operate mines or take over any other activity in which private individuals are now engaged.

Under the present laws the rights of the public, so far as hydro-electric development is concerned, are fully protected by the federal power act and by an elective public service commission. This commission is responsible for its acts to the public, and the people have it in their hands to fully protect themselves by choosing the men who fill the office of commissioner. Conditions can not possibly be changed by creating a new commission and placing at its disposal the expenditure of a vast sum of money. We believe it better to leave the regulation of rates and the development of hydro-electric projects in the hands of the public service commission and the federal power commission than for the state to undertake such things for itself. In that way the interests of the public will be fully protected and the risks will be borne by private individuals and not by the taxpayers of the state.

The passage of this act will mean an inevitable increase in taxes. Oregon has already suffered because it has been heralded far and wide that her taxes constitute a grave burden on her citizens. This fact more than any other, in our judgment, has deterred the location of industries in our state and has dimmed her

attractiveness as a place in which to establish homes. The passage of this act would simply aggravate these conditions.

This commission is clothed with the power to sell bonds and to expend \$54,000,000 of the taxpayers' money. These bonds will have to be paid. The interest will have to be met. The proponents say that they will be able to do that from the projects which they own, but if they are unsuccessful in their efforts, and experience in the past is almost conclusive that they will be unsuccessful, this burden must be taken care of by the general taxpayer. In fact the commission, without any act on the part of the legislature and without the approval of any budget board, is clothed with the power to go into the general funds of the state to pay deficits of this nature. The taxpayers take the risk of new projects and the risk of mistaken policies in the management of old ones. The passage of this act means an inevitable increase in the taxes of our state.

We urge the people of the state of Oregon to vote against this measure for the following reasons:

1. That we believe the state should not engage in private business.
2. The proposed commission is given unlimited power, without supervision, and without any provision whatever for approval of its acts by the citizens of the state, to spend \$54,000,000 of the taxpayers' money.
3. The passage of this act will result in increasing the taxes of the state.
4. We believe that the public interest is now properly safeguarded by an elective public service commission.

J. C. AINSWORTH, President, United States National Bank, Portland.

I. ABRAHAM, Merchant, Roseburg.

O. O. ALENDERFER, Contractor Dealer, Medford.

C. F. ADAMS, Vice President, First National Bank, Portland.

[Continued on page 98]

[Continued from page 97]

- CHAS. E. BEAN, Merchant and Banker, Elgin.
 O. C. BOGGS, Secretary, Jackson County Building & Loan Association, Medford.
 O. M. BERRIE, Manager, Standard Oil Co., Roseburg.
 WILL W. BALDWIN, Hardware Dealer, Klamath Falls.
 A. N. BUSH, Banker, Salem.
 C. P. BISHOP, Merchant, Salem.
 G. CLIFFORD BARLOW, Newspaper Publisher, Warrenton.
 A. L. BOE, Orchardist, Parkdale.
 A. F. BICKFORD, Farmer, Pine Grove.
 GEORGE C. COCHRAN, Attorney-at-Law, La Grande.
 F. E. CALLISTER, Banker, Albany.
 ALBERT W. COOPER, Secretary, Western Pine Manufacturers Association, Portland.
 C. CARLSON, Farmer, Shedd.
 C. E. COPPLE, Farmer, Hood River.
 CHARLES H. CAUFIELD, Banker, Oregon City.
 THOMAS W. DELZELL, Klamath Falls.
 H. E. DIXON, Attorney-at-Law, La Grande.
 WALTER M. DALY, President, Title and Trust Co., Portland.
 F. DEMENT, Bend.
 D. W. EYRE, President, United States National Bank, Salem.
 FRED M. FOX, Banker, La Grande.
 D. W. FRENCH, Merchant, Baker.
 R. C. FRISBIE, Automobile Dealer, Baker.
 C. J. FORSSTRUM, Merchant, La Grande.
 HENRY W. FRIES, Real Estate, Portland.
 DAN J. FRY, President, First National Bank, Salem.
 E. L. GETZ, Automobile Dealer, Corvallis.
 B. E. HARDER, Banker, Medford.
 W. F. HARRIS, President, Douglas County Abstract Co., Roseburg.
 M. H. HARLOW, Farmer, Eugene.
 A. L. HILL, Insurance Agency, Medford.
 OSCAR HAYTER, Attorney-at-Law, Dallas.
 E. B. HALL, Hotel Proprietor, Klamath Falls.
 A. T. HILL, Banker and Merchant, La Grande.
 C. A. HAYDEN, Insurance Agency, Klamath Falls.
 J. F. HUTCHINSON, Banker, La Grande.
 T. P. HENDERSON, of Klamath Development Co., Klamath Falls.
 JOS. E. HEDGES, Attorney-at-Law, Oregon City.
 JOHN R. HUMPHREYS, Banker, Oregon City.
 W. R. HUNTLEY, Druggist, Oregon City.
 W. F. ISAACS, Men's Furnishing Goods, Medford.
 E. D. JASPER, Farmer, La Grande.
 C. M. KIDD, Shoe Merchant, Medford.

[Concluded on page 99]

[Continued from page 98]

- D. V. KUYKENDALL, Attorney-at-Law, Klamath Falls.
THOS. B. KAY, State Treasurer, Salem.
JAMES B. KERR, Attorney-at-Law, Portland.
R. P. LANDIS, Physician, La Grande.
M. S. LEVY, Merchant, La Grande.
LOUIS LACHMUND, Capitalist, Salem.
A. M. LaFOLLETT, Farmer and Orchardist, Salem.
EMIL MOHR, Hotel Proprietor, Medford.
A. L. MALLERY, Newspaper Editor, Tillamook.
F. L. MEYERS, Banker, La Grande.
E. B. MacNAUGHTON, of Strong & MacNaughton Investment Bankers, Portland.
JOHN H. McNARY, Attorney-at-Law, Salem.
G. B. McLEOD, Lumberman, Portland.
A. L. MILLS, President, First National Bank, Portland.
E. P. MAHAFFEY, Banker, Bend.
J. O. NEWLAND, Automobile Dealer, Roseburg.
A. N. ORCUTT, Attorney-at-Law, Roseburg.
EMERY OLMSTEAD, President, Northwestern National Bank, Portland.
H. H. OLINGER, Dentist, Salem.
WM. POLLMAN, Banker, Baker.
CHARLES I. ROBERTS, Hardware Dealer, Klamath Falls.
L. T. REYNOLDS, Prune Grower, Salem.
S. S. SMITH, Newspaper Manager, Medford.
J. W. STUCHELL, Merchant, Baker.
G. E. STODDARD, Lumberman, La Grande.
W. O. SMITH, Printer, Klamath Falls.
CHARLES K. SPAULDING, Lumberman, Salem.
T. J. SCROGGIN, Banker, La Grande.
M. SENDERS, Hay, Grain and Feed Merchant, Albany.
AUG. J. STRANGE, Lumberman, La Grande.
A. S. SHOCKLEY, Lumberman and Stockman, Baker.
F. L. SHOEMAKER, Banker, La Grande.
JOSEPH STODDARD, Lumberman, Baker.
R. E. SCOTT, Farmer, Hood River.
NATHAN STRAUSS, Merchant, Portland.
C. SCHEUBEL, Attorney-at-Law, Oregon City.
THE DALLES WASCO COUNTY CHAMBER OF COMMERCE,
By L. Barnum, President, W. S. Nelson, Secretary, The Dalles.
G. V. WIMBERLY, Banker, Roseburg.
HERMAN F. WHITE, Manufacturer, La Grande.
F. R. WETHERBEE, Merchant, Eugene.
R. B. WILCOX, of Wilcox-Hayes Co., Importers and Exporters, Portland.
J. B. YEON, Capitalist, Portland.

	Page
ACT APPROPRIATING 10 PER CENT OF SELF-SUSTAINING BOARDS' RECEIPTS	53
ACTS PROPOSED—	
Bus and Truck Operating License Bill	67-69
Eastern Oregon Normal School Act	20
Eastern Oregon Tuberculosis Hospital Act	32, 33
Fish Wheel, Trap, Seine and Gill Net Bill	72, 73
Income Tax Bill	79-89
Income Tax Bill With Property Tax Offset	54-64
Seaside Normal School Act	18
ACTS REFERRED—	
Act Appropriating 10 Per Cent of Self-sustaining Boards' Receipts	53
Cigarette and Tobacco Tax Bill	35-37
Motor Bus and Truck Bill	39-49
AMENDMENTS, PROPOSED CONSTITUTIONAL—	
Amendment Prohibiting Inheritance and Income Taxes	10
Amendment Relating to Elections to Fill Vacancies in Public Offices	27
Curry County Bonding or Tax Levy Amendment	24, 25
Klamath County Bonding Amendment	3, 4
Klamath and Clackamas County Bonding Amendment	29, 30
Oregon Water and Power Board Development Measure	92-95
Recall Amendment	22
Repeal of Free Negro and Mulatto Section of the Constitution	8
Six Per Cent Limitation Amendment	5, 6
AMENDMENT RELATING TO ELECTIONS TO FILL VACANCIES IN PUBLIC OFFICES	27
Affirmative Argument	28
AMENDMENT PROHIBITING INHERITANCE AND INCOME TAXES	10
Affirmative Argument	11-14
Negative Argument	15-17
ARGUMENTS, AFFIRMATIVE—	
Amendment Prohibiting Inheritance and Income Taxes	11-14
Amendment Relating to Elections to Fill Vacancies in Public Offices	28
Bus and Truck Operating License Bill	70
Curry County Bonding or Tax Levy Amendment	24, 25
Eastern Oregon State Normal School Act	21
Eastern Oregon Tuberculosis Act	34
Fish Wheel, Trap, Seine and Gill Net Bill	74, 75
Income Tax Bill	90
Income Tax Bill With Property Tax Offset	65
Klamath and Clackamas County Bonding Amendment	31
Klamath County Bonding Amendment	4
Motor Bus and Truck Bill	50, 51
Oregon Water and Power Board Development Measure	96
Repeal of Free Negro and Mulatto Section of the Constitution	9
Seaside Normal School Act	19
Six Per Cent Limitation Amendment	6
The Recall Amendment	23
ARGUMENTS, NEGATIVE—	
Amendment Prohibiting Inheritance and Income Taxes	15-17
Bus and Truck Operating License Bill	71
Cigarette and Tobacco Tax Bill	38
Fish Wheel, Trap, Seine and Gill Net Bill	76-78
Motor Bus and Truck Bill	52
Oregon Water and Power Board Development Measure	97-99
Income Tax Bill	91
Income Tax Bill With Property Tax Offset	66
Six Per Cent Limitation Amendment	7
BALLOT, How Measures Will Appear On	102-104
BUS AND TRUCK OPERATING LICENSE BILL	67-69
Affirmative Argument	70
Negative Argument	71
CIGARETTE AND TOBACCO TAX BILL	35-37
Negative Argument	38
CONSTITUTIONAL AMENDMENTS—see Amendments, Proposed Constitutional—	

	Page
CONSTITUTION, REPEAL OF FREE NEGRO AND MULATTO SECTION OF THE	8
CLACKAMAS AND KLAMATH COUNTY BONDING AMENDMENT	29, 30
CURRY COUNTY BONDING OR TAX LEVY AMENDMENT	24, 25
Affirmative Argument	26
EASTERN OREGON STATE NORMAL SCHOOL ACT	20
Affirmative Argument	21
EASTERN OREGON TUBERCULOSIS HOSPITAL ACT, THE	32, 33
Affirmative Argument	34
ELECTIONS TO FILL VACANCIES IN PUBLIC OFFICES, AMENDMENT RELATING TO	27
FISH WHEEL, TRAP, SEINE AND GILL NET BILL	72, 73
Affirmative Argument	74, 75
Negative Argument	76-78
GILL NET, TRAP, SEINE AND FISH WHEEL BILL	72, 73
INCOME TAX BILL	79-89
Affirmative Argument	90
Negative Argument	91
INCOME TAX BILL WITH PROPERTY TAX OFFSET	54-64
Affirmative Argument	65
Negative Argument	66
INHERITANCE AND INCOME TAXES, AMENDMENT PROHIBITING	10
KLAMATH COUNTY BONDING AMENDMENT	3, 4
Affirmative Argument	4
KLAMATH AND CLACKAMAS COUNTY BONDING AMENDMENT	29, 30
Affirmative Argument	31
LAW AUTHORIZING THIS PUBLICATION	2
LAWS PROPOSED—see Acts Proposed—	
MEASURES REFERRED—see Acts Referred—	
MOTOR BUS AND TRUCK BILL	39-49
Affirmative Argument	50, 51
Negative Argument	52
NEGRO AND MULATTO SECTION OF THE CONSTITUTION, REPEAL OF	8
NORMAL SCHOOLS—	
Eastern Oregon State Normal School Act	20
Seaside Normal School Act	18
OREGON WATER AND POWER BOARD DEVELOPMENT MEASURE	92-95
Affirmative Argument	96
Negative Argument	97-99
POWER BOARD AND WATER DEVELOPMENT MEASURE, OREGON	92-95
RECALL AMENDMENT, THE	22
Affirmative Argument	23
REPEAL OF FREE NEGRO AND MULATTO SECTION OF THE CONSTITUTION	8
Affirmative Argument	9
SEASIDE NORMAL SCHOOL ACT	18
Affirmative Argument	19
SEINE, GILL NET, FISH WHEEL AND TRAP BILL	72, 73
SELF-SUSTAINING BOARDS' RECEIPTS, ACT APPROPRIATING 10 PER CENT OF	53
SIX PER CENT LIMITATION AMENDMENT	5, 6
Affirmative Argument	6
Negative Argument	7
TOBACCO TAX AND CIGARETTE BILL	35-37
TRAP, SEINE, GILL NET AND FISH WHEEL BILL	72, 73
TRUCK AND BUS OPERATING LICENSE BILL	67-69
TUBERCULOSIS HOSPITAL ACT, EASTERN OREGON	32, 33
WATER AND POWER BOARD DEVELOPMENT MEASURE, OREGON	92-95

This Is the Way the Proposed Constitutional Amendments and Measures Will Appear on the Official Ballot

NOTE—The following list of ballot titles and numbers has been compiled for the convenience of the voters, so that if desired they may prepare in advance marked lists of all measures in order to expedite the marking of their ballots while at the polls.—**SECRETARY OF STATE.**

REFERRED TO THE PEOPLE BY THE LEGISLATIVE ASSEMBLY

- Submitted by the Legislature—**KLAMATH COUNTY BONDING AMENDMENT**—Purpose: To amend section 10 of article XI of the constitution of the state of Oregon so as to permit the issuance of bonds by Klamath county when authorized by a majority vote of the people of said county voting thereon, in an amount equal to the amount of warrants of said county outstanding on April 1, 1915, and interest thereon to date of such election, for the payment of which no funds were then available, and the payment of such warrants with the proceeds from the sale of such bonds.
- 300 Yes. 1 vote for the amendment. Vote YES or NO
 301 No. 1 vote against the amendment.
- Submitted by the Legislature—**SIX PER CENT LIMITATION AMENDMENT**—Purpose: To amend section 11 of article XI of the constitution of the state of Oregon, so as to permit the board of directors of the Portland school district to levy a tax on the 1925 assessment roll in a sum not to exceed \$900,000 in excess of the six per cent limitation contained in said section of the constitution, and providing that the amount of such increase shall be included in determining the amount of taxes which may be levied on the assessment rolls of 1926 and subsequent years.
- 302 Yes. 1 vote for the amendment. Vote YES or NO
 303 No. 1 vote against the amendment.
- Submitted by the Legislature—**REPEAL OF FREE NEGRO AND MULA TO SECTION OF THE CONSTITUTION**—Purpose: To repeal section 35 of article I of the constitution of Oregon which is invalid because it is in conflict with the United States constitution. Said section attempts to forbid free negroes and mulattoes coming into, residing or being in the state of Oregon, or having any civil rights therein.
- 304 Yes. 1 vote for repealing the section. Vote YES or NO
 305 No. 1 vote against repealing the section.
- Submitted by the Legislature—**AMENDMENT PROHIBITING INHERITANCE AND INCOME TAXES**—Purpose: To amend article IX of the constitution of Oregon, so as to prohibit the levying of any tax upon inheritance or upon the income of residents or citizens of this state by the state of Oregon or under its authority and forbidding the submission to the people of any amendment of this provision before the year 1940.
- 306 Yes. 1 vote for the amendment. Vote YES or NO
 307 No. 1 vote against the amendment.
- Submitted by the Legislature—**THE SEASIDE NORMAL SCHOOL ACT**—Purpose: To create and establish a normal school to be permanently located at Seaside, Clatsop county, Oregon, to be known as "The Western Oregon Normal School and College."
- 308 Yes. 1 vote for the proposed law. Vote YES or NO
 309 No. 1 vote against the proposed law.
- Submitted by the Legislature—**THE EASTERN OREGON STATE NORMAL SCHOOL ACT**—Purpose: To create and establish a state normal school to be permanently located in one of the following named counties, to wit: Hood River, Wasco, Sherman, Gilliam, Morrow, Umatilla, Union, Wallowa, Baker, Grant, Wheeler, Jefferson, Deschutes, Crook, Klamath, Lake, Harney or Malheur, which shall be known as "The Eastern Oregon State Normal School"; the board of regents of state normal schools to choose the location thereof.
- 310 Yes. 1 vote for the proposed law. Vote YES or NO
 311 No. 1 vote against the proposed law.
- Submitted by the Legislature—**THE RECALL AMENDMENT**—Purpose: To amend section 18 of article II of the constitution of Oregon, providing for recall of public officers, so as to provide that if an officer is recalled the vacancy shall be filled immediately in the manner provided by law for filling any vacancy in that office, instead of the present provision requiring two votes at the same recall election, one upon the question of his recall, and the other upon the election of his successor, and that he shall be a candidate and other candidates may also be nominated, and the one receiving the highest vote elected.
- 312 Yes. 1 vote for the amendment. Vote YES or NO
 313 No. 1 vote against the amendment.
- Submitted by the Legislature—**CURRY COUNTY BONDING OR TAX LEVY AMENDMENT**—Purpose: To amend section 10 of article XI of the constitution of the state of Oregon so as to authorize Curry county, Oregon, upon vote of its people to ratify, validate and pay all unpaid warrants outstanding January 1, 1925, and the accrued interest thereon, and all claims for labor, material and supplies outstanding on said date; authorizing said county to issue bonds or levy taxes annually not exceeding 10 mills on the dollar, and permitting such levy to be made in excess of the limitations fixed by section 10 of article XI.
- 314 Yes. 1 vote for the amendment. Vote YES or NO
 315 No. 1 vote against the amendment.

Submitted by the Legislature—**AMENDMENT RELATING TO ELECTIONS TO FILL VACANCIES IN PUBLIC OFFICES**—Purpose: To amend section 16 of article V of the constitution of Oregon which authorizes the governor to make appointments to fill vacancies in office, such appointees holding until their successors are elected and qualified, so as to provide that if any vacancy occur in the office of United States senator or in any elective office of the state or of any district, county or precinct thereof, the same shall be filled at the next general election, provided such vacancy occur more than twenty days prior to such general election.

316 Yes. 1 vote for the amendment.

Vote YES or NO

317 No. 1 vote against the amendment.

Submitted by the Legislature—**KLAMATH AND CLACKAMAS COUNTY BONDING AMENDMENT**—Purpose: To amend section 10 of article XI of the constitution of the state of Oregon, to permit the issuance of bonds by Klamath and Clackamas counties when authorized by a majority vote of the people of said counties, respectively, voting thereon, in an amount, respectively, not to exceed the amount of warrants of Klamath county outstanding on April 1, 1919, and of Clackamas county outstanding on December 31, 1924, and interest thereon to date of said election, for the payment of which no funds were then available, and to pay such warrants with the proceeds of such bond sales.

318 Yes. 1 vote for the amendment.

Vote YES or NO

319 No. 1 vote against the amendment.

Submitted by the Legislature—**THE EASTERN OREGON TUBERCULOSIS HOSPITAL ACT**—Purpose: To provide for the establishment, construction, equipment, maintenance and operation of a branch tuberculosis hospital at some point in the state of Oregon east of the Cascade mountains, to be selected by the governor, secretary of state and state treasurer, constituting the state board of control.

320 Yes. 1 vote for the proposed law.

Vote YES or NO

321 No. 1 vote against the proposed law.

REFERENDUM ORDERED BY PETITION OF THE PEOPLE

Referred by the Oregon Retail Cigar Dealers Association, 734 Morgan building, Portland, Oregon; Oscar T. Olsen, secretary and treasurer, 408 East Fiftieth street, Portland, Oregon; Edward G. Gavin, president, 867 East Yamhill street, Portland, Oregon; W. G. Keady, 983 Stephens street, Portland, Oregon; A. E. Melin, box 373E, route 6, Portland, Oregon; J. H. Oliver, 715 East Sixteenth street north, Portland, Oregon; S. S. Rich, 666 Flanders street, Portland, Oregon—**CIGARETTE AND TOBACCO TAX BILL**—Purpose: To require retail dealers in cigarettes, cigarette papers, wrappers, tubes, smoking tobacco and snuff to pay an excise tax to the state upon the sale of such articles and to attach to every package thereof tax stamps purchased from the state as evidence of such payment, when or before selling the same, the proceeds to go into the general fund of the state, and to require such dealers to procure licenses from the county clerks before transacting such business, the counties retaining half of such license money, the state receiving the remainder.

322 Yes. 1 vote for the proposed law.

Vote YES or NO

323 No. 1 vote against the proposed law.

Referred by Oregon Motor Stage Association, 704 Journal building, Portland, Oregon; A. Jaloff, president, 759 East Fifteenth street north, Portland, Oregon; J. M. Hutson, secretary, 415 Tenth street, Portland, Oregon; Max H. Clark, treasurer, 1248 East Alder street, Portland, Oregon; and Auto Freight Transportation Association of Oregon and Washington; George V. Bishop, president, 733 East Tenth street, Portland, Oregon; Oscar W. Horne, secretary-treasurer, 115 East Forty-eighth street, Portland, Oregon—**MOTOR BUS AND TRUCK BILL**—Purpose: To levy a license tax upon the use of motor vehicles when used as common carriers upon the public highways for transporting persons and property for hire, appropriating such revenue to the payment of expenses heretofore or hereafter incurred for construction, maintenance, repair and reconstruction of highways; providing for the supervision, regulation and control of such motor vehicle transportation; conferring jurisdiction over the same upon the public service commission; providing for enforcement and penalties for violations of the act; and repealing chapter 10, General Laws of Oregon, special session of 1921, and chapter 205, General Laws of Oregon of 1923.

324 Yes. 1 vote for the proposed law.

Vote YES or NO

325 No. 1 vote against the proposed law.

Referred by Tom E. Shea, 433 Morris street, Portland, Oregon—**ACT APPROPRIATING TEN PER CENT OF SELF-SUSTAINING BOARDS' RECEIPTS**—Purpose: To transfer to the state general fund, for the payment of general expenses of the state, 10 per centum of the receipts of the state boards and commissions therein named, constituting practically all of those supported by and collecting fees, licenses and taxes, and to deduct the same from the revenues available for such boards and commissions.

326 Yes. 1 vote for the proposed law.

327 No. 1 vote against the proposed law.

PROPOSED BY INITIATIVE PETITION

Initiated by Public Service League: L. D. Ferguson, president, 1334 Delaware street, Portland, Oregon; J. C. Potter, secretary and treasurer, 640 East 49th street north, Portland, Oregon—**INCOME TAX BILL WITH PROPERTY TAX OFFSET**—Purpose: To levy and collect annually state progressive income taxes upon entire net incomes arising or accruing from every source whatever within the state, and from personal property located for taxation within state; deducting as an offset from such tax all property taxes levied during preceding year and actually paid during income year; providing certain deductions and exempting from tax \$1,500 net income for single person, \$3,000 for head of family, married person, or husband and wife together, \$400 for each child or dependent under certain conditions, and \$2,000 for each corporation, and other conditional exemptions.

328 Yes. I vote for the proposed law.

Vote YES or NO

329 No. I vote against the proposed law.

Initiated by Oregon Motor Stage Association: Leland James, president, 944 Regents drive, Portland, Oregon; W. T. Crawford, treasurer, Roosevelt hotel, Portland, Oregon; J. M. Hutson, secretary-manager, 730 Quimby street, Portland, Oregon—**BUS AND TRUCK OPERATING LICENSE BILL**—Purpose: To require payment of annual license fees therein specified to the public service commission for operation of busses and trucks on public highways by transportation companies, according to number, weight and size of such vehicles, for defraying expenses of regulation and supervision of such transportation companies and construction, repair, reconstruction and maintenance of public highways of the state; providing for deduction or set-off from such fees of amounts paid the secretary of state for registering such vehicles; and distribution of funds arising therefrom less regulation expenses, three-fourths to state highway fund and one-fourth to respective counties, for highway purposes.

330 Yes. I vote for the proposed law.

Vote YES or NO

331 No. I vote against the proposed law.

Initiated by Oregon State Grange: By Geo. A. Palmiter, master of Grange, Hood River, Oregon; Bertha J. Beck, secretary, Albany, Oregon, route 3; Oregon State Federation of Labor: By B. W. Sleeman, president, Portland, Oregon; C. U. Taylor, secretary, Portland, Oregon; Fish Commission of Oregon: By John C. Veatch, chairman, Portland, Oregon; W. T. Eakin, commissioner, Astoria, Oregon; J. S. Hayes, commissioner, Bay City, Oregon—**FISH WHEEL, TRAP, SEINE AND GILL NET BILL**—Purpose: Its purpose is to prohibit the use of fish wheels for catching fish in the Columbia river in the state of Oregon; to prohibit the use of fish traps and seines for catching fish in the Columbia river in the state of Oregon east of Cascade Locks; and to prohibit the issuance of licenses for the use of gill nets of more than 250 fathoms in length for catching fish in the Columbia river in the state of Oregon.

332 Yes. I vote for the proposed law.

Vote YES or NO

333 No. I vote against the proposed law.

Initiated by Oregon State Grange: Geo. A. Palmiter, master, Hood River, Oregon; Bertha J. Beck, secretary, route 3, Albany, Oregon; Farmers' Union of Oregon: Herbert Egbert, president, P. O. box 479, The Dalles, Oregon; Mrs. G. B. Jones, secretary, Monmouth, Oregon—**INCOME TAX BILL**—Purpose: Its purpose is to levy and collect annually a progressive state income tax, upon the entire net income of every individual and corporation, resident or nonresident in the state, arising or accruing from every source whatever within the state, and from personal property located for taxation within the state; providing certain deductions and exempting from such tax \$1,500 of net income for a single person, \$3,000 for the head of a family, married person or husband and wife together, \$400 for each child or dependent under certain conditions, and \$2,000 for each corporation, and allowing other conditional exemptions.

334 Yes. I vote for the proposed law.

Vote YES or NO

335 No. I vote against the proposed law.

Initiated by Housewives' Council, Inc.: Josephine M. Othus, Mary A. Dean, Clara M. Simonton—**OREGON WATER AND POWER BOARD DEVELOPMENT MEASURE**—Creating the Oregon Water and Power Board of five elective members; appointing first members, board filling vacancies; giving said board full authority for conservation, development, storage, distribution of electric energy and water for irrigation and domestic purposes; authorizing state bonds issued not exceeding five per centum of assessed state valuation; bonds issued to pay interest or principal of outstanding bonds; issuance of interest bearing state public utility certificates; paying principal or interest of bonds from state general fund with repayment from bond fund; taxes levied to provide such moneys; appropriating \$250,000 from general fund returnable from water and power revolving fund.

336 Yes. I vote for the foregoing measure.

Vote YES or NO

337 No. I vote against the foregoing measure.