



PROCEEDINGS
OF THE
CONFERENCE

OF THE
MEMBERS OF THE SEVERAL
COUNTY BOARDS OF
EQUALIZATION

WITH THE
MEMBERS OF THE TERRITORIAL
BOARD OF EQUALIZATION

HELD AT
PHOENIX, ARIZONA

JUNE 29, 1906

PROCEEDINGS

OF THE

Conference of the Members of the Several County Boards of Equalization with the Members of the Territorial Board of Equalization.

Phoenix, Ariz., June 29th, 1906.

The meeting was called to order by John H. Page, Territorial Auditor and Chairman of the Territorial Board of Equalization.

The roll being called the following were noted present:

Apache County: Isaac Isaacson.

Cochise County: Wm. M. Riggs.

Gila County: David Devore.

Graham County: B. F. Billingsley.

Maricopa County: John P. Orme, T. N. Clanton, C. S. Steward.

Mohave County: John S. Kolar.

Navajo County: R. C. Creswell, H. B. Smith, A. F. McAllister (Clerk).

Pima County: E. L. Vail, C. F. Richardson, P. S. Hughes.

Pinal County: S. A. Bartleson, C. G. Powell.

Santa Cruz County: J. A. Harrison.

Yavapai County: D. G. Sinclair, Barney Smith, Fred Sattes, J. H. Robinson (Clerk).

Yuma County: H. H. Donkersley.

Territorial Board of Equalization: John H. Page, Thomas F. Wilson, Charles Bowman, Frank H. Parker, F. A. Tritle, Jr. (Secretary.)

Attorney General: E. S. Clark.

Upon motion duly seconded and unanimously carried, Mr. E. L. Vail of Pima County was chosen Chairman of the meeting.

Upon motion duly seconded and unanimously carried, J. H. Robinson, Clerk of Board of Supervisors of Yavapai County, was elected Secretary.

John H. Page, Chairman of the Territorial Board of Equalization, then addressed the meeting and stated the reason and purposes of the conference.

Upon motion duly seconded and carried, in the absence of the Governor, a visit was paid to Acting Governor

W. F. Nichols, who addressed the members on equal taxation of all classes of property.

John H. Page stated to the meeting that Mr. Sims Ely, Private Secretary to the Governor, was present with an address from the Hon. Joseph H. Kibbey, Governor of Arizona, who was unable to be present owing to his absence from the Territory.

Upon motion duly seconded and unanimously carried, Mr. Ely was asked to read the address, the same was duly read and

Upon motion of Mr. Bowman, seconded by Mr. Harrison, and unanimously carried, it was ordered that the address of the Governor be incorporated in the minutes of this meeting.

To the County Supervisors of the Territory, Assembled at Phoenix

Gentlemen:—

I regret that I am not able to meet with you. At the time the day was fixed for this meeting, it was thought that the date was fixed to suit the convenience of everyone concerned. Business of the territory, however, called me away some three weeks earlier than I had at first arranged.

Probably one of the most perplexing things connected with the administration of government is the fair apportionment of the cost of that government. The theory and the practice are widely divergent. Many schemes of taxation have been devised and attempted in practice. It is conceded that the revenue system by which the burden of the cost of government is so distributed as to be borne with the least inconvenience and hardship by all is the ideal one. The statement of that principle seems simple enough;

but the next step in whatever direction it may be taken, involves us at once in difficulties.

It would be interesting to examine into the various attempts of just taxation or revenue systems, but it would require too much of time and might not serve us any practical purpose. It is sufficient for us to know that our revenue system is, with the exception of certain exemptions and license taxes, based on the requirement that contributions to the revenue shall be made by owners of property in proportion to the full cash value of that property.

Cash value as defined in our statute (Par. 3836 R. S. 1901) is "the amount at which the property would be taken in payment of a just debt from a solvent debtor." This excludes the notion that property is to be valued for the purposes of taxation at what it would bring at a forced sale—the standard is what would a creditor voluntarily take it for in discharge of his debt from his debtor who was able and willing to pay in cash.

It is made the plain, unquestioned duty of the assessor to fix these values at their "full cash value" and it is made their further duty to value all the property in his county that is subject to taxation. We fail in this respect in both particulars. The assessor does not get all the property subject to taxation and he does not value it at its "full cash value."

As they fall short in either of these particulars injustice in just that proportion is imposed upon taxpayers whose property is found and assessed.

I know that it is a custom to value property at less than its "full cash value"—it is a custom however, in violation of the law and would be better honored in the breach than in the observance.

It is weak to say that the assessor cannot ascertain the "full cash value" and consequently that he takes some percentage of it—the weakness of this position is at once apparent. How can any one ascertain 60, 50 or any other percentage of "the full cash value" without ascertaining "the full cash value?" Having 50, 60 or any other percentage of the "full cash value" is not the "full cash value" instantly determinable?

It has been objected to me that the average assessor is not an "expert" in values of given classes of property and

that therefore he cannot value that class of property. To that the answer is very simple; he took the office knowing his duty and he swore to do it. The plea by an officer that he does not possess the skill or knowledge to properly discharge the duties of his office would in any court and ought before any community, instantly cost him his office. But my observation is that this plea is not made in good faith. An assessor can always very nearly approach the value of property which he is to list.

If it should be admitted that it is impossible to ascertain the values of certain classes of property we should expect that certain classes of property, (whether of horses, lands, mines or railroads or whatever class) would as often be over-valued as under-valued. If the assessor cannot know the exact value, but is conscientiously striving to approach it the chances are even that he will over-estimate or that he will under-estimate it. But the observation shows us that over-valuation is so seldom that we must attribute almost universal under-valuation to some other cause than the inability of the assessor to ascertain the "full cash value." It is worthy of note too, that it is the large properties of large holders, whether individual or corporate, that are the most, and I might say only, subjects of this under-valuation.

These things are not creditable—they may be accidental. If they are accidental, and therefore, of course, unpremeditated, our self respect, our regard for our own integrity, our sense of justness and fair dealing suggest that in the future we avoid as nearly as we can such accidents. The continuance will lead others to believe that it is not accidental.

I say these things with no desire to criticize—and no criticism is intended beyond what the admitted facts necessarily in themselves imply. I do not attribute these inequalities, generally, to any corrupt purpose—I think it more due to carelessness and timidity.

It seems a remarkable fact—and gentlemen, is it not a fact—that there is less courage, less freedom of action, a more distant approach to just assessment in the case of the property in the hands of large owners, individual and corporate, than in cases of the property of the small holder!

Is it not a fact that the property of the mining and the railroad companies for some reason has more tender treatment at the hands of the taxing officers, than the property of the owner of the small home, the small shop, the small store or the small ranch? And yet of these the property of the large owners bears the ratio in the aggregate of only, or perhaps less, than one-fifth, while the property of the small holders bears the ratio of at least four-fifths of the aggregate taxable property of the territory.

It is true that the owners of this one-fifth have always their able, skillful and alert representatives before the boards and the courts urging amelioration of their burdens, while the owner of the four-fifths bearing ever the greater proportionate burden, because of the smallness of his individual interest is not represented before these tribunals, and is heard only at his fire-side, and among his associates there helplessly and hopelessly decry the injustice and corruption of government.

That situation ought not to exist that the smaller taxpayers need representation by employes or counsel before those charged with the administration of our revenue laws, to urge their fair treatment, and if those charged with the duty of assessment of taxes will conscientiously perform that duty justice itself follows.

If timidity, fear of the large (though in the aggregate really much the smaller) concentrated interest, has heretofore led to the disregard of the small individually, but in the aggregate, much the larger interest, it must be humiliating to confess it. It ought not to require courage to do the right thing.

We are too apt to let matters drift - to follow old precedents even though we know them to be wrong. We are all of us a little fearful that a change, though it be confessedly in the right direction, even though justice demands it, and our own conscience approves it, will result in a jar to progress—will unsettle conditions, will cause uncertainties. It is so argued by many, but it is specious—it is cowardly, and it is not with those who urge it sincere.

It may be laid down as axiomatic that any interest that cannot bear its just share of the burden of the cost of government should not be encouraged

—just as it fails to do its share that burden is shifted unjustly to others. As it fails in this respect it has no right to the care or protection of government.

I am not here condemning the policy of the legislature to exempt for a time certain interests from taxation, neither do I say that I approve it—it is not here a matter for discussion. I only mention it here as it might appear to be an exception to the general rule I state that all property should bear its just share of taxation.

And while the subject of exemptions from taxation has suggested itself I want it impressed on us that we can neither legally nor morally extend the exemption, directly or indirectly, a single inch beyond that expressed by the legislative enactments. We cannot by construction, or by practice, enlarge the scope of the exemptions expressly provided for by the legislatures—they are matters purely of legislative policy, and not for the determination of the administrative department of the territorial government.

If the assessors found and listed all property within their respective counties, subject to taxation, and valued and returned it at its full cash value there would be no need of a county board of equalization. for the value would be equalized.

But in practice it has been so often found that property is not valued by the assessors at its "full cash value" nor does the value fixed bear an equal ratio to that fixed upon other property in the county. Hence the necessity for a reviewing board whose function it is to equalize these values; and this board is the county board of equalization.

It is the duty of that board to examine the individual assessments and where inequality of valuation is found, whether of the same kind of property or of different kinds, to so adjust them that they will be relatively equal. The rule of valuation to govern the county board is the same as that governing the assessor, that is "the full cash value." And if upon examination of the lists returned by the assessor the board should rate all property at its "full cash value" there would, of course, result absolute equalization.

There is a tendency, conscious or unconscious, on the part of every community, which is called upon to make its contribution to the cost of the gen-

eral government, to undervalue the property of the owners of that community. Hence while the local board may have equalized as among individuals listed it may nevertheless, ignoring the rule of valuing at "full cash value" have fixed upon a ratio of valuation either much lower or much higher than that fixed in other communities. This has proved to be of such frequent occurrence that a territorial board was established to equalize, not among individuals as the county board does, but among counties. Again if the territorial board should observe the rule of valuing at the "full cash value" just equalization would take place, if relative equalization had been observed by the local board.

The territorial board cannot deal with local assessments—it can only deal with classes of property. I cannot impress upon you, gentlemen of the county boards, too strongly the importance of a just equalization by you of the individual assessments. Whatever of inequality you may have in your local equalization must, in the very nature of things, if changes are made by the territorial board be not only perpetuated but exaggerated.

Let me illustrate. Of three given acres of ranch property one acre is worth ten dollars, another twenty dollars and another thirty dollars. But suppose these acres have in fact been all assessed equally, and in the aggregate at only thirty dollars. Now if it should appear to the territorial board that like property in other counties was assessed at sixty dollars, that is, one hundred per cent higher than in our supposed case, then it would be the duty to raise the valuation as returned by the county board. Now note the result:

The \$10 acre was assessed at \$10, the \$20 acre was assessed at \$10, and the \$30 acre was assessed at \$10, making the aggregate of the three acres \$30.

Now if the territorial board makes, as it is in duty bound to do, a raise of 100 per cent the list would stand:

The \$10 land raised to \$20, the \$20 land remains at \$20, and the \$30 land is in fact lowered to \$20, making 100 per cent raise, or \$60.

It is apparent at once that one acre of land is assessed at twice its value, one at its actual value and the third at only two-thirds of its value. And this wholly without fault of the terri-

torial board—indeed without any power on its part to remedy the palpable injustice; not only that, the territorial board could not know that it was perpetrating an injustice. And just such inequalities do occur, wholly beyond the power of the territorial board to prevent.

Let me illustrate again. Let us suppose that there are ten patented mines in a given county. Let us suppose that nine of them are undeveloped and unproductive, and that one is enormously and continuously productive. Suppose that they are returned by the assessor and left by the local board at one thousand dollars each; that is, ten patented mines assessed at ten thousand dollars in the aggregate and it is so returned to the territorial board; suppose it is made to appear to the territorial board that the mines in that county are worth one hundred thousand dollars and the raise is made to that sum; then the result is: Ten mines at \$10,000 each, aggregate \$100,000.

There is no distinction, you see, between "productive" and "unproductive" mines, and solely because no such discrimination was made by the assessor and local board, by whom it must be made if at all. But we have the absurd injustice of assessing unproductive mines at the same value as productive ones.

The county returns showed: Ten mines at \$1000 each, \$10,000. The territorial board made it ten mines, \$10,000 each, \$100,000. And the fact is that the ten mines are worth the \$100,000, but it is more than likely that nine of them were worth only \$1000 each, while the tenth was worth \$91,000, and that a proper equalization (not a proper valuation) by the local board would have been:

Nine mines at \$100 each, \$900; one mine at \$9100; total ten mines aggregating \$10,000. If they had been so returned to the territorial board, then the raise would have been applied and the result would have been:

Nine mines at \$1000 each, \$9000; one mine at \$91,000; total ten mines aggregating \$100,000.

In one case where the local board neglected to equalize, a gross injustice is worked to the unproductive mines. Had the local board made the proper discrimination the raise would have not affected the relative valuations

and the actual valuations determined by the territorial board would have been just.

But it seems to me needless to multiply illustrations. It must be understood that any lack of proper equalization by the local board, if a raise is ordered by the territorial board, however just and proper, will magnify the inequality and multiply the wrong done by the neglect of the local board.

The duty of all of us is plain: The assessor to find and value all the property at its cash value. The local board to see that individual assessments bear a just relation to each other. The territorial board to see that classes of property in the several counties bear a just relation not only to like classes in other counties but to all classes in all the counties. And the rule is that the value shall be the actual cash value.

A fair discharge of these duties will result in a more just distribution of the burdens of taxation—a departure from them is bound to result in gross injustice.

It seems reasonable to suggest that with an increased valuation the rate of taxation will diminish, not only in the ratio of increase of valuation but at a greater ratio, for it will induce economy, excite greater interest in public affairs and gratify our local pride.

It certainly will not be contended that one interest of the varied interests of our rapidly developing territory should bear an undue handicap—and the greatest of all handicaps is our tax rate. It suggests extravagance, uncertainty, crudeness, laxity and inability to manage public affairs and it suggests where it does us the most harm.

Arizona has been on trial before the country for two or three years last past. Many unjust accusations have been made against her and against her people—the trial is not yet over—the nation is our judge. By straightforward honesty, by an exhibition of courage to do the right thing we can confuse our accusers and with confidence assert our right and our ability to govern ourselves.

Again I wish to express my regret for my inability to be present at your meeting.

Very respectfully,
JOSEPH H. KIBBEY.
Governor.

Upon motion duly seconded and carried, the Members of the Territorial Board of Equalization in attendance were asked to address the meeting on the purposes of the call.

Mr. Page further explained the purpose of the meeting and stated that it should have a good effect towards causing a uniform assessment, on all classes of property throughout the Territory, to be returned to the Territorial Board of Equalization.

Mr. Wilson, Mr. Bowman and Mr. Parker, members of the Territorial Board then addressed the meeting on the subject of taxation.

Mr. McAllister addressed the meeting on "Equal Valuation of Railroad Lands."

Hon. E. S. Clark, spoke on the "Valuation of Railroad Lands and Land Grants,"

Mr. David Devore on "Unpatented Mines and the Relation they bear to Unpatented Lands" and

Mr. Clark on "Unpatented Mines and the Relation they bear to Unpatented Lands and the Means of Determining the Value of Each."

Mr. Smith of Yavapai County, asked how unpatented mines should be assessed where there are thousands of locations shown on the records and where there are no means of telling if the claims are valid.

Mr. Bowman stated that it was the duty of the Assessor to determine if the unpatented mines showed value and if so it was his duty to assess them.

Mr. Wilson stated that it was the duty of Assessors to assess all unpatented mines regardless of value.

After several minor discussions, it was moved, seconded and carried that the Chair appoint a committee of three on "Order of Business," and David Devore of Gila County, Wm. M. Riggs of Pima County and John P. Orme of Maricopa County were appointed as such Committee.

Upon motion duly carried, a recess was then had until 1:30 o'clock P. M. with all present.

Mr. Devore, Chairman of the Committee on order of business stated that the Committee was ready to report and that it recommended that the order of business be as follows:

Cultivated lands,
Uncultivated lands,
Railroad lands,

Land Grants,
 Patented mines,
 Improvements on Patented mines.
 Improvements on Unpatented mines,
 Town and City lots,
 Horses, Range,
 Horses, Work,
 Horses, Saddle,
 Horses, Stallions,
 Mules,
 Asses,
 Cattle, range,
 Cattle, milch,
 Cattle, bulls,
 Sheep,
 Goats,
 Swine.

The report of the Committee was received and upon motion adopted.

It was moved by Mr. Orme and seconded by Mr. Riggs, that it was the sense of the meeting that all assessable lands be assessed at a valuation of not less than \$1.25 per acre; the motion being put was declared carried and so ordered.

Mr. Billingsly of Graham County, presented a copy of the assessments of the Arizona Copper Company, Detroit Copper Mining Company and the Shannon Copper Company, for the years 1905 and 1906 and it was moved by Mr. Devore, seconded by Mr. Riggs and unanimously carried that a copy of the assessments be furnished each member of the meeting.

It was moved by Mr. Wilson and seconded by Mr. Devore that it was the sense of the meeting that the returns of the producing patented mines of Graham County be adopted as a basis of taxation of other mines of a similar class in the Territory, the question being put, Mr. Smith of Yavapai objected to the list being used as a basis as the list of the "Arizona Copper Company's" assessment showed that there were only 15 claims listed and that the Company owned 89 patented mines, and asked that the returns of producing patented mines of Yavapai County, be adopted as a basis of valuation, and produced a sworn statement showing that certain patented mines in Yavapai County were assessed higher than other mines of a similar character in the Territory, the roll being called upon the adoption of the motion of Mr. Wilson, the vote was as follows:

Isaac Isaacson, Passed.
 W. M. Riggs, Nay.
 David Devore, Nay.

B. F. Billingsly, Aye.
 John P. Orme, Aye.
 T. N. Clanton, Aye.
 C. S. Steward, Aye.
 John S. Kolar, Aye.
 R. S. Cresswell, Aye.
 H. V. Smith, (Navajo) Aye.
 E. L. Vail, Nay.
 C. F. Richardson, Aye.
 S. A. Bartleson, Aye.
 C. G. Powell, Aye.
 J. A. Harrison, Nay.
 D. G. Sinclair, Nay.
 B. H. Smith, (Yavapai) Nay.
 H. H. Donkersley, Aye.
 Chas. Bowman, Passed.
 F. H. Parker, Aye.
 Thomas F. Wilson, Aye.
 John H. Page, Aye.

The motion was declared carried and so ordered.

It was moved by Mr. Parker and seconded by Mr. Riggs and unanimously carried that it was the sense of the meeting that the counties of Cochise, Gila, Mohave, Santa Cruz, Yuma and Yavapai send to each other a list of the valuations of the producing patented mines.

It was moved by Mr. Steward and seconded by Mr. Harrison that it was the sense of the meeting that the valuation of sheep be fixed at \$3.00 per head, the motion being put was carried.

It was moved by Mr. Orme and seconded by Mr. Riggs and unanimously carried that it was the sense of the meeting that the valuation of swine as assessed be raised 50%.

The matter of the valuation of all other property consisting of bank stock and miscellaneous property was taken up but no action was taken as regards assessment.

Mr. David Devore, J. A. Harrison, E. S. Clark and Thomas F. Wilson again addressed the meeting on the assessment of unpatented mines.

It was then moved by Mr. Harrison and seconded by Mr. Devore and duly carried that it was the sense of the meeting that all unpatented mines of value be assessed and that the Attorney General furnish to each county board a form showing the manner of so assessing.

It was moved by Mr. Wilson and seconded by Mr. Bowman and unanimously carried that the resolution bearing on patented lands be changed to read 40c per acre instead of \$1.25

per acre as heretofore passed.

The matter of the making of the Duplicate Assessment Roll was taken up and after a general discussion, the same was referred to Attorney General Clark who stated that the Board could hire extra help in the making of said Roll, but that the several Clerks could not be paid any extra compensation.

It was moved by Mr. Wilson and seconded by Mr. Bowman, that a vote

of thanks be extended to Attorney General E. S. Clark and the officers of the meeting for their services, and the motion being put by Mr. Wilson, was unanimously carried.

Upon motion the meeting adjourned.

(Signed) E. L. VAIL,
Chairman.

Attest: J. H. ROBINSON,
Secretary.