

RAILROAD TAX QUESTION

MR. M'NEILL ONLY OBEYED LAW.

As Under Which Chairman of the Corporation Commission Proceeded Was Recommended by Governor Aycock...

From the correspondence below it will be clearly seen that the settlement of the railroad tax question, which Mr. Jacob A. Long complains of, and attacks Mr. Franklin McNeill, corporation commissioner, for, was recommended by the Honorable Charles B. Aycock, then Governor of the State, enacted into a law by the General Assembly of 1901, which was very largely Democratic.

The administration of Governor Aycock and the other State officers was endorsed by the Democratic convention of 1902, as will be seen by reference to the platform of that convention. The matter was fully discussed in the platform of 1902, and endorsed at the polls by a large majority.

At the Democratic convention held at Greensboro in June, 1904, the largest ever held in the State, Governor Aycock made a speech, reviewing his administration, and, in terms, told what had been done with reference to the settlement of this railroad tax question in 1901.

The heartiness and enthusiasm with which this speech was received by the large assembly of delegates who were present, and the platform was adopted, heartily and unequivocally endorsing the administration of Governor Aycock and other State officers.

So that Mr. Long's attack is in effect a direct charge against the Democratic conventions of 1902 and 1904. To nominate him in face of these charges and in face of the facts as they actually exist would be to repudiate the above Governor, Legislature and Democratic conventions, which I am satisfied the Democratic party of North Carolina will not do.

P. M. PEARSALE, Raleigh, May 24, 1906. Hon. Chas. B. Aycock, Goldsboro, N. C. Dear Governor: J. A. Long has charged, in a circular which he is distributing in this State, that I and the other members of the corporation commission suspended the machinery of the State for the purpose of assessing railroad property that year.

Of course, it is untrue that the commission suspended the operation of any law or refused to perform any duty required of them, but on the other hand, they obeyed the plain provision of the act which required them to assess property at the same time that they assessed the tax.

As you recommended the passage of the act to the Legislature and are familiar with all of the facts connected therewith, I would thank you to write me a letter showing the facts as they actually occurred. I would like for this to be done not only in justice to myself and my associates, but also in justice to the Democratic party, who have recommended and whose Legislature passed the act under which the commission acted.

Thanking you in advance, I am, Very truly yours, FRANKLIN M'NEILL, Goldsboro, N. C., May 26, 1906. Hon. Franklin McNeill, Raleigh, N. C.

My dear Sir:—I am in receipt of your letter of May 24th. I think you will find my message to the General Assembly touching the railroad taxation cases full information concerning the whole matter. That message is as follows: To the Honorable, The General Assembly:

I transmit herewith the second annual report of the North Carolina corporation commission. You will observe from said report that the cases known as the railroad taxation cases pending in the Circuit Court of the United States for the eastern district of North Carolina have been compromised and settled.

Under the provisions of the corporation commission in 1899 assessed the property of the Atlantic Coast Line at \$12,885,775, the Southern Railway at \$14,713,850, and the Seaboard Air Line at \$7,940,245, making a total assessment of \$35,539,870 which was a total increase in the three systems over the assessment of \$9,922,875. The assessment of the three systems named in 1900 was \$26,373,282. In a short time after these assessments were made the three systems named secured an injunction from the Circuit Court of the United States for the Eastern District of North Carolina restraining the collection of the taxes on the assessments over and above the assessment of 1899.

During the pendency of these suits much evidence was taken on both sides, that on the part of the railroads tending to show a fair and systematic undervaluation of the property of the State, and that on the part of the State, while showing undervaluation in many instances, tending to show that the undervaluation was erratic and not systematic. During the pendency of the investigation and while evidence was being taken at Wilmington early in January of this year I received a telegram from Hon. H. G. Connor, of counsel for the State of North Carolina, asking me to come to Wilmington.

Upon my arrival at Wilmington I found that propositions of settlement were being discussed between those representing the railroads and those representing the State. The railroads insisted upon a reduction of the assessment made in 1899, but were willing to pay on the assessment of 1900 provided their assessable property should not again be assessed until there had been an assessment of the other property in the State.

If such a law shall be passed the railroad will no longer be assessed until 1902.

There are many good men, I am aware, who would have preferred to continue the litigation and to pass other and more stringent tax laws against the railroads, but to do so involves continued litigation, which so far has cost the State \$13,373.25 with a considerable sum still due for services already rendered, and which cannot be continued at less than the cost of \$30,000 per year to the State.

The railroads constitute considerable and valuable part of the property of North Carolina, and they are of great importance in its industrial development. No fair-minded man desires in any way to hamper their growth and development. On the other hand no just man can assent to their having an advantage in taxation. They ought to bear the burden of the State in proportion to their ability to meet them, but it is not a violation of this rule to act upon the assessment made by our corporation commission, who have conscientiously and earnestly striven to do justice in the taxation.

In the settlement of a law suit it never happens, so far as my experience and observation go, that either side is dissatisfied with the result of the settlement, but it is frequently wiser to settle litigation than to continue it. I am persuaded that this is our instance in which it would be wiser, both for the State and the railroad to come to an agreement.

It rests with the General Assembly to carry out or not the terms upon which the settlement has been made. The question is no longer for me further than to say that in my judgment what has been done is but just and wise. Charles B. Aycock, By the Governor. (Signed) P. M. PEARSALE, Private Secretary.

The General Assembly of 1901 changed the law requiring the assessment of railroad property annually so as to require the assessment only when real estate should be assessed. This I know, from conversation with members of the Legislature, had before and after the change of the law, was the intention of the Legislature. Pursuant to the change in the law, the corporation commission did not assess railroad property for the year 1901; thereupon the suit of Jackson vs. the corporation commission was brought. Knowing the intention of the Legislature in changing the law, and the fact, therefore, I employed counsel to aid the Attorney General in representing the corporation commission in that suit. I did this as a matter of good faith, and to the representative of the railroads that if the taxes assessed by the commission were paid in full, together with all cost, and the suit was dismissed, I would send a message to the Legislature recommending that the property be assessed quadrennially as real estate. This was done after consultation with Judge Connor and Col. John W. Hinsdale, who were of counsel for the State, in those cases. Judge Connor was also a member of the Legislature in 1901. He said many of the associates in that body were perfectly cognizant of all negotiations leading to a settlement of the railroad taxation cases, and I knew it was their purpose to carry out that settlement in good faith. Whether the change in the law had carried out the settlement in good faith was, of course, a question to be determined by the court. In the case of Jackson vs. the corporation commission at a majority of the court held the view for which I was contending. I thought at the time the settlement and still think that the State was greatly benefited by stopping the litigation. We had just come through a period of great political, social and industrial disturbances, and it was desired to see all instrumentalities of progress freed for a great forward movement. The State needed revenue and needed it at once. By that compromise the \$22,000,000 of the State Treasury, \$12,054,100 into the school fund, and \$101,559 to the counties, cities and towns.

The Circuit Court of the United States for the eastern district of North Carolina has restrained the collection of these taxes, and it appeared to me probable that the restraining order would be made permanent. By the compromise the cases were settled, these large sums were secured for the State, the school fund, the counties, cities and towns, and the law passed by which the future a proper assessment could be made of railroad property with less risk of restraining orders from Federal Courts.

In consequence of that law the corporation commission in 1902 assessed the railroad property at \$70,628,523, and I was able to say in the speech which I made in the Democratic convention in Greensboro in 1904, that the railroads in that State are to-day paying taxes on an assessment more than twice as large as when I was inaugurated Governor. This result was achieved without litigation without expense and without friction.

Two Democratic conventions have met since the settlement, and both of them by a vast majority have approved of the course of my administration. I count among the achievements of that administration the settlement of the railroad taxation cases, and the passage of a law by which the railroads can be properly taxed with less danger of having the assessment overturned by the Federal Courts.

I am, with great respect, Very truly yours, C. B. AYCOCK. A RURAL SANGERFEST.

A Verbatim et Literatim et Punctatim et Ducktown Report. "A Friend" in Ducktown, Tenn., Gazette. Sunday, May 20, was one of the greatest days Liberty, N. C., ever had when the two singing classes at Liberty and the one at Copper Hill met at 10:30 a. m. to entertain with their sweet melodies of song. The large crowd that had gathered for 15 miles around when promptly at 10:30 a. m. the sweet strains of music began, the Copper Hill choir second to none in the State, led by Prof. Bramlet, with the estimable young lady Miss Nola Stanley as organist and Mr. Jesse Campbell as leader on the part of the Liberty choir, and held spell bound for one hour the large and eager crowd, with their melodies after which the Liberty choir entertained the crowd awhile. After partaking of a sumptuous dinner Prof. Bramlet and Jesse Campbell got more out of a piece of music than any one I think I ever heard, and well but not least, Miss Nola Stanley certainly can get all the music in the State in her hands, and she will do you good.

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COMMERCE AND FINANCE

NEW ORLEANS COTTON QUIET. Closing of New York Market for Weather News Produced Bullish—Closed Unchanged to 3 Points. New Orleans, May 30.—Spots were easy at a decline of 1-16 on total sales of 1,000 bales, 800 of which were on the spot and 200 to arrive; middling 11 1/4.

Futures opened quiet on an absence of weather news and New York telegram, owing to the Federal Decoration Day, and the market was dull all day. On the close the market was called steady and prices were unchanged to 3 points off for the day, the whole list considered.

New Orleans, May 30.—Cotton futures closed steady. May 10.90 nominal; June 10.85; July 10.80; Aug. 10.75; Sept. 10.70; Oct. 10.65; Nov. 10.60; Dec. 10.55; Jan. 10.50; Feb. 10.45; March 10.40; April 10.35.

Liverpool Cotton. Liverpool, May 30.—Closing cotton, spot quiet; prices 6 points lower. American middling fair 4 1/2; good middling 5 1/2; middling 6 1/2; low middling 6 1/2; ordinary 6 1/2; ordinary 5 1/2. The sales of the day were 3,000 bales of which 2,500 were for speculation and export and included 1,700 American. Receipts 4,000 bales, including 300 American. Futures opened quiet and closed steady. American middling g. o. c. May 5.8; May-June 5.8; June-July 5.8; July-Aug. 5.8; Aug-Sept. 5.8; Sept-Oct. 5.7; Oct-Nov. 5.7; Nov-Dec. 5.6; Jan-Feb. 5.6; Feb-March 5.5; March-April 5.4.

Charlotte Cotton Market. These prices represent the prices paid to growers. May 30. Good middling 11 1/4; Strict middling 11 1/4; Middling 11 1/4; Good middling, tinged 11 1/4; Stains 11 1/4.

Naval Stores. Savannah, Ga., May 30.—Turpentine firm 5 1/2; sales 200; receipts 1,120; shipments 284. Rosin dull; sales 500; receipts 2,400; shipments 320; stock 64,447. Quote: A B C \$2.65 to \$2.70; D \$2.50 to \$2.55; E \$2.45; F \$2.40; G \$2.35; H \$2.30; I \$2.25; K \$2.20; L \$2.15; M \$2.10; N \$2.05; W \$2.00.

Wilmington, May 30.—Sprits turpentine nothing doing; receipts 30 casks. Rosin nothing doing; receipts 27. Tar firm \$1.90; receipts 25. Crude turpentine firm; hard \$2.00, dip \$1.90; Virgin \$2.00; receipts 11 1/2.

SOUTHERN COTTON MILL STOCKS. Quotations on Southern Cotton Mill Stocks, week ending May 22, 1906. HUGH MACRAE & COMPANY, Bankers, Wilmington, N. C.

Table listing various cotton mill stocks and their prices, including Abbeville Cotton Mills, Aiken Mfg. Co., Anderson Cotton Mills, etc.

COTTON MILL MACHINERY. STUART W. CRAMER, ENGINEER AND CONTRACTOR. Main Office: SOUTH TRYON ST., CHARLOTTE, N. C. Branch Office: EQUITABLE BUILDING, ATLANTA, GA. Whittin: Revolving Flat Cards, Railway Heads, Drawing Frames, Spinning Frames, Twisters and Spoolers, Quillers and Reels, Looms, COMBERS, ETC., ETC. Woonsocket: Slubbers, intermedates, Roving Frames, Jack Frames, ETC., ETC. Kitson: Automatic Feeders, Openers and Trunk, Breaker, Intermediate and Finisher Lappers, Kirschner Carding Beaters, Thread Extractors, Waste Pickers, etc., Raw Stock Dryers, ETC., ETC.

CATLIN & CO. Commission Merchants. 345 and 347 Broadway, New York. Boston, Philadelphia, COTTON YARNS. All numbers, Skeins, Warps, Cops and Cones. COTTON GOODS.

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Manufacturers and Jobbers. Frequently find it necessary to have Banking Facilities in addition to those offered by local banks. THE First National Bank of Richmond, Virginia.

First National Bank of Richmond, Virginia. Capital \$1,250,000.00. Deposits \$5,000,000.00. Total Resources \$7,000,000.00. Offers Just the Additional Facilities Required. Jno. B. Purcell, President; Jno. M. Miller, Jr., Vice President; Chas. R. Burnett, Assistant Cashier; J. C. Joplin, Assistant Cashier.

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RICHARD A. BLYTHE, Commission Merchant. COTTON WARPS AND YARNS. No. 114 Chestnut Street. PHILADELPHIA, PA.

A. D. SALKELD & BRO., COMMISSION MERCHANTS. 66-72 Leonard St., NEW YORK. COTTON YARNS. WITH—Fred'k Viator & Achels.

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