

# TO FIGHT THAT EDDY TAX LAW

The Eddy corporation tax law, in so far as it affects mining corporations, is, if the plans outlined by a mass meeting of citizens in Hotel Sumpter last Wednesday night do not miscarry, a dead one.

The meeting, which was held under the auspices of the Sumpter district branch of the Oregon Miners' association, was largely attended, not only by representative mining men from all parts of the Sumpter camp, but by nearly all the prominent merchants and business men of the city.

The concrete results of the meeting were the appointment of a committee of five to prepare resolutions embodying the sense of the meeting, the appointment of a finance committee and adjournment until Saturday evening, December 31.

It was practically decided that an attempt at the forthcoming session of the legislature to repeal the Eddy law in toto would be doomed to failure. Therefore, an effort will be made by Representative A. P. Smith, assisted by a strong lobby of mining men, to amend the bill so as to exempt mining corporations from its taxation provision.

Among the representative mining men who thronged the hotel lobby appeared the following: Emil Melzer, general manager, and A. A. May, assistant superintendent of the North Pole; John Wyatt, of the E. & E; Prof. H. H. Nicholson, of the Standard, Morning, Oregon Monarch and Black Jack; Tony Mohr, of the St. Joe, St. Louis, Buffalo and Wisconsin; A. P. Smith, of the Emma; Tom C. Gray, of the Valley Queen; O. C. Wright, of the Blue Bird, Buckhorn and Black Butte; L. V. Swiggett, of the Golden Charriot and Orleans; W. C. Calder, of the Quebec; L. G. Lilly, of the Baby McKee; Nell Sorenson and J. F. Shelton, of the Friday and Highland; Don Willard, of the Little Cracker; J. E. Reed, of the Auburn Deep; C. P. Holly, of the Holly group; Judge W. S. Newbury, of the Morning Star; J. Win Wilson, of the Listen Lake; L. R. Bellman, of the Cracker Oregon and California.

Sumpter's mercantile and professional world was represented by C. H. Chance, Judge G. E. Allen, Maj. H. S. Buck, Joseph Schwartz, F. P. McDevitt, H. Falk, B. W. Levens, Clark Snyder, W. E. Kahler, Joe Stenuff, S. H. Bell, S. S. Start, L. Markham, B. S. Love, P. J. Bannon, Dr. C. M. Pearce, J. P. Holland, Grant Thornburg, C. K. DeNeffe, R. H. Benedict and others.

The meeting was called to order by J. F. Shelton, chairman of the Sumpter district association and ex-officio member of the State Miners' association, who briefly outlined the purposes of the gathering, stating that the object aimed at was to discuss ways and means for relieving the mining industry of this state from the onerous burdens imposed upon it by the Eddy corporation tax law.

"During the last session of the legislature," said Chairman Shelton,

"laws were passed affecting the mining industry of this state. A tax was imposed upon the development of our mineral resources. It now seems to be the consensus of competent opinion that these laws are not conducive to the best interests of one of the most important industries of the state.

"There are two classes of corporations in Oregon—mining and industrial. In point of numbers the former are greatly preponderant, and in point of importance, as affecting the development of latent state resources and in direct wealth production, there is no comparison. These two classes of corporations, it seems, are antagonistic. I take it that one of the purposes of this meeting is to teach the industrial class that in this mining camp, two or three big producing mines are today creating more wealth—adding directly to the wealth of the world without coming into competition with any other producing agency—than any one other industry in the entire state."

Secretary Anthony Mohr then read a letter from President W. D. B. Dodson, of the Oregon Miners' association, who said that he is formulating a campaign against such parts of the Eddy law as affects mining.

"I think it impracticable," writes Dodson, "to repeal the entire law, and feel that the only hope of success is to centralize influence to have mining companies excepted."

Mr. Calder said that he wanted to hear a plan for exempting mining companies. The chair explained that no definite plan had yet been evolved, and that this meeting was for that purpose.

Secretary Mohr said that when a delegate to the American Mining Congress he talked at length with other Oregon delegates, who thought then that it would be unwise to attempt to utterly repeal the Eddy law, but that every delegate pledged himself to work for the exemption of mining corporations. "The Eddy law," said the secretary, "is one of the most obnoxious legislative measures ever perpetrated on a mining community."

J. Win Wilson said that the Eddy law should be repealed, and that in its place should be enacted a general omnibus mining law, containing provisions for the fostering of the mining industry.

Hon. A. P. Smith agreed with Mr. Wilson. He recited the mining legislation history of Colorado, in which state an attempt was once made to enact a measure very much like the Eddy law. "The mining men of Colorado flocked to the legislature," said Mr. Smith, "and instead of a law taxing mines, a bill was passed absolutely placing them on the exemption list. This shows what co-operation can accomplish.

"It is evident to my mind," continued Representative Smith, "that all the majority of the Oregon legislature wants its revenue, caring little or nothing about sources, which is very much in the nature of a hold-up. An attempt, therefore, on our part, to repeal the Eddy law, which

is a revenue law pure and simple, is doomed to meet with violent opposition. I have therefore been considering the advisability of introducing a substitute revenue law, taxing franchises and companies making a profit from public utilities. I believe that such a measure would appeal to the members of the legislature."

Mr. Smith advocated the sending of a delegation of mining men to Salem during the coming session to show the revenue men how important it is that the mining industry of Oregon should not be imposed upon.

"The Eddy law is driving capital from this into other mining states," said Mr. Smith. "It must either be repealed or so amended as to remedy such an evil condition of affairs."

Mr. Calder wanted to know what specific arguments were to be submitted to the legislature. Good reasons, he said, must be shown why mining corporations should be exempted from taxation.

Mr. Chance thought as Mr. Calder did, and therefore moved that a committee of five be appointed to prepare a set of resolutions for submission to the legislature, setting forth the reasons why mining companies should be absolved from taxation.

The chair named the following committee: C. H. Chance, Emil Melzer, H. H. Nicholson, L. G. Lilly and Seymour H. Bell, with Hon. A. P. Smith as ex-officio member.

After considerable discussion as to the powers of this committee, led on one side by Commodore Tom C. Gray, who wanted the committee to have full power, and by C. H. Chance on the other, who believed that the committee's report should be discussed and adopted at a future meeting, it was decided that when the meeting adjourns, it adjourn to meet Saturday evening, Dec. 31, to hear the committee's report.

A general discussion of ways and means of fighting the Eddy law then followed. Seymour Bell said that it would be a hard job to repeal the law. He pointed out that comparatively few of the inhabitants of Oregon were interested in mining and that the majority are anti-corporationists by birth and training. He recited the history of a similar legislative mixup in Washington seven years ago, drawing the conclusion that an attempt to exempt corporations from state taxation is doomed to failure, and that the proposition to utterly absolve mining companies is impossible. He suggested a mere modification of the Eddy law—a reduction of tax. "The Eddy tax as it is, is not particularly burdensome," continued the speaker. "The worst feature of the law is that the word has gone out to eastern investment centers that Oregon laws are unfriendly to the mining industry. That is the most objectionable part of the bill.

"A bill to repeal the Eddy law, or an amendment exempting mining companies, would not pass. If it did, Governor Chamberlain would veto it, because he is a corporation tax advocate."

Chance suggested that there could be no objection to mining companies being placed on the same basis as insurance companies, which are exempt from taxation under the Eddy law, but which are required to pay an organization fee and then a tax on their net profits.

Mohr demanded that these insurance companies be placed under the Eddy law and mining corporations exempted, giving cogent reasons.

Calder could not see any good

reason why the miners should fight the insurance men.

J. Win Wilson could. He lambasted the insurance companies operating in Oregon, whose sole investment consists of a roll top desk, and whose incomes are fabulous. "Do they create any wealth?" thundered the speaker. "Do they dig holes in the ground and make producing mines out of prospects? Do they develop the latent natural resources of this state? Then why should they be exempt from taxation, and heavy burdens be imposed upon the miners who do these things?"

Bell suggested that the strongest point to be made against the Eddy tax law as applied to mining corporations is the high capitalization of this class of companies. "We cannot disguise the fact that the high capitalization of mining companies is for the benefit of the promoter. And nobody has any kick coming. The promoter is a very necessary person. He occupies a legitimate position. He is an integral part of the mining industry. He built this western country. Without him there would be no new mining enterprises in the nation.

"Industrial corporations usually have a low capital stock, and under the Eddy law are therefore taxed but a small sum. Mining companies, on the other hand, get it in the neck."

Markham said that the big producing mines can stand taxation, but it worked a hardship on the little fellows. Chance asked the assembled representatives of big mines in this camp if they were willing to pay a tax for the privilege of producing wealth. Melzer said no. Wyatt ditto. Nicholson also responded in the negative.

Then followed a discussion as to the advisability of sending a delegation to Salem to help Representative Smith fight the battles of the miners.

Seymour Bell called upon Mr. Wyatt, whom he said operates a mine owned by a man who wields more influence at Salem than any 75 men in Oregon—Jonathan Bourne, of Portland. Bell humorously told his own experience as a lobbyist, in which capacity he was usually a white chip. "If we can enlist the services of Hon. Jonathan Bourne in our behalf, we can knock the Eddy law galley-west and crooked."

Wyatt said that while he had no authority to speak for Mr. Bourne, still he believed that his principal was heartily in accord with any movement for a betterment of mining conditions in Oregon. "However, Mr. Bourne will be absent from the state during the next legislative session."

McDevitt also threw a few bouquets at Bourne, whom he said is perhaps the most powerful political figure in Oregon.

Mr. Smith said that he would certainly enjoy being mixed up with Mr. Bourne in a common cause, and suggested that a lobby be sent to Salem to lay siege to the Honorable Jonathan.

Mohr said that Mr. Bourne would be a good man to call on for aid, but that the real hard work would be done by the men most vitally interested.

Levens recalled the good work of the assessor and of the equalization board in assessing the Sumpter smelter.

Then followed the three best speeches of the evening. Said Seymour H. Bell: "This association will need some sinews of war. I will be one of 25 men to contribute \$100 each."

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