EXECUTIVE AND OFFICIAL COMMUNICATION.

STATE OF MINNESOTA,
EXECUTIVE DEPARTMENT.

Paul Minnesota April 2, 1025

St. Paul, Minnesota, April 2, 1935.

Hon. Hjalmar Petersen, President of the Senate:
Dear Sir:

I am returning to you without my approval Senate Files No. 39, 40 and 41.

I object to the bills upon the ground that they do not adequately accomplish the purposes for which they were designed.

On November 19, 1934 the Oliver Iron Mining Company, through its president, in a communication to the North Hibbing Civic Improvement Association, agreed in substance to purchase certain privately owned property in an area known as North Hibbing, provided that the tax-levying bodies of the Village of Hibbing, the Hibbing School District, and the Town of Stuntz, would reduce the tax levies in such political subdivisions, and provided that the people of such political subdivisions would secure legislation limiting the taxing powers of such subdivision to such an extent that future tax savings of the mining company would provide such mining company with sufficient funds with which to purchase such privately owned property. Other affected mining companies agreed to the same proposal.

It appears that the property situated in North Hibbing has depreciated considerably in value because of certain mining operations resulted in its isolation from the principal part of the village of Hibbing. It appears that in 1929 an appraisal was made of the property in North Hibbing, upon the basis of replacement value, which is known as the Dyer appraisal. It appears that people situated in North Hibbing have been unable to collect any damages from the mining companies or from the Village of Hibbing by reason of the isolation of North Hibbing.

It is contended that unless these bills are enacted into law, the owners of property in North Hibbing will be unable to collect adequate moneys for damages resulting to them by reason of the depreciation of their property.

The proposal offered by the Oliver Iron Mining Company was submitted to a referendum of the people of Hibbing on December 4, 1934, and the voters therein determined by a substantial majority to accept the proposal. The voters living within the Hibbing School District and the Town of Stuntz did not participate in the referendum. At the time the referendum was taken the people of the Village of Hibbing undoubtedly assumed that the proposal made by the Oliver Iron Mining Company was legally binding upon the company, and that it and other mining companies would be obliged to pay out of moneys accruing to such mining companies by reason of the reduction in taxes, an amount for each tract of property situated in North Hibbing equal to the appraisal put thereon under the so-called Dyer appraisal. Neither conclusion is correct. Under this proposed legislation, the Oliver Iron Mining Company and other mining companies could, at any time, repudiate the proposals submitted by

them. Furthermore, under the proposals themselves, the mining companies are not obliged to pay any property owner a sum equal to the appraisal put upon his property by the Dyer appraisal.

In my opinion the mining companies now consider the proposal favorable to them. But at any time they deem it unfavorable they will repudiate it. They will also endeavor to purchase the property tracts in North Hibbing for as small a price as possible. Under the terms of these bills the mining companies could wait for eight years before even negotiating with a property owner. The payment of taxes by him during the 8-year period, and the payment of interest upon any mortgage which may exist upon his property, might practically equal the amount ultimately obtained from the mining companies.

The history of the conduct and actions of the Oliver Iron Mining Company in northern Minnesota toward the people thereof has been such that no citizen can conscientiously rely upon any promise made by them, save and except such a promise as is enforceable in a court of law. Every proponent of this measure admits that the proposal of the Oliver Iron Mining Company is not enforceable in court, and every proponent must also admit that the mining companies could eventually compel all but certain favored property owners to sell their property at a price far below its replacement value.

I am highly mindful of the mandate of the people of Hibbing, expressed through the referendum, but the reasons cited by me are, in my opinion, in no sense a repudiation of that mandate. Many of them undoubtedly assumed that their endorsement of the proposal would result in a sale of the property in North Hibbing to the mining companies at a price equal to the Dyer appraisal. They were mistaken in that assumption. If it was definite and certain that the people of North Hibbing would receive a price for their properties equal to the replacement value thereof, and that their rights thereto were enforceable in a court of law, I would feel constrained to permit these bills to become law, because of the referendum.

I have no doubt as to the sincerity and probity of Judge Hughes and others who sponsor this legislation. But if I had been a citizen of Hibbing, I would have voted "No" on the referendum, because I do not believe that it would be wise for the people of Hibbing to contract away their taxing power for this and future generations, with respect to a natural resource which it was intended should be the common heritage of all the people of this state, and not the subject of exploitation by the United States Steel Corporation, or anybody else.

It is true that the mining companies might, if they carried out their agreements, use all of their tax savings for the purpose of purchasing this property. It is also true that after the expiration of the eight years they would have, over a period of years, the benefit of savings of millions of dollars in taxes, because these reductions are permanent.

The people who would really pay the bill in this matter would be the people who would be unable to secure public employment and public relief by reason of the reduction in the revenues of the Village of Hibbing, and the consequent reduction in expenditures for public employment and relief.

I would be pleased to sign a bill authorizing the Village of Hibbing to purchase the North Hibbing tracts for public purposes. The mining companies would then pay a major part of the bill, through taxes imposed upon them, instead of the people paying it through reducing their public income.

Respectfully,
FLOYD B. OLSON,
Governor.

MOTIONS AND RESOLUTIONS.

Mr. Farnand moved that S. F. No. 39 be now placed on its repassage, the veto of his Excellency, the Governor, not withstanding.

CALL OF THE SENATE.

Mr. Farnand moved a call of the Senate.

The roll being called, the following Senators answered to their names:

Adams	Finstad	Loftsgaarden	Orr	Sprung
Almen	Galvin	Lommen	Pederson	Starks
Anderson	Gardner	${f MacKenzie}$	Rice	Stiening
Berg	Hausler	McLeod	Richardson	Sullivan
Berglund	Imm	Marshall	Rockne	Tungseth
Bonniwell	Johnson, C. E.	Mellon	Roepke	Weber
Bridgeman	Johnson, T. H.	Miller, A. H.	Romberg	Wing
Carley	Kingsley	Miller, F. J.	Ruotsinoja	Wolfe
Cashman	Kozlak	Mullin	Schmechel	Woolsey
Cravens	Larson	Murphy	Sell	Wright
Crowlev	Lawson	Neumeier	Siegel	
Dietz	Lightner	Novak	Sletvold	
Farnand	Lodin	Oliver	Solstad	
	Lightner	Novak		

With the unanimous consent of the Senate, the following business was transacted pending the Call of the Senate.

SUSPENSION OF RULES.

Mr. Orr moved that the rules be suspended, that S. F. No. 1161, No. 29 on the Calendar be given its third reading and placed on its final passage.

Which motion prevailed.

S. F. No. 1161, A bill for an act directing the Minnesota Tax Commission to compromise taxes assessed upon shareholders of banks.

Was read the third time and placed on its final passage.

The question being taken on the passage of the bill,

And the roll being called, there were yeas 51, and nays none, as follows:

Those who voted in the affirmative were:

Adams	Berglund	Cravens	Finstad	Johnson, C. E.
Almen	Bonniwell	Crowley	Gardner	Johnson, T. H.
Anderson	Carley	Dietz	Hausler	Kingsley
Berg	Cashman	Farnand	Imm	Kozlak