Initiative Measure No. 52

BALLOT TITLE

"AN ACT authorizing cities and towns to purchase, sell and dispose of electric current, inside or outside their corporate limits, without the payment of any tax thereon; authorizing the acquisition, construction, operation and maintenance of facilities in connection therewith, and authorizing cities and towns to condemn private property, including the right to use and damage railroads, not common carriers, booming, rafting and sorting works, for such purposes."

AN ACT authorizing cities and towns to use, purchase, sell and dispose of electric current inside or outside their corporate limits; to acquire, construct, maintain and operate inter-tie lines, transmission lines and distribution systems; and to exercise the right of eminent domain in aid of the acquisition, construction, repair, operation, extension or betterment of any plant or system for generating, transmitting or distributing electricity.

Be it enacted by the People of the State of Washington:

SECTION 1. Any city or town shall have the right to sell and dispose of electric current to any other city or town, governmental agency or municipal corporation, or to any person, firm or corporation, inside or outside its corporate limits, and to purchase electric current therefrom. No such purchase or sale of electric current shall subject or make liable any city or town, or any other purchaser or seller of such electric current, to any tax on account of such purchase or sale.

SEC. 2. Any city or town is hereby authorized to acquire, construct, purchase, condemn and purchase, own, operate, control, add to and maintain, electric generating plants, lands, easements, rights, rights-of-way, franchises, distribution systems, sub-stations, inter-tie or transmission lines, to enable it to use, purchase, sell and dispose of electric current inside or outside its corporate limits, or to connect its plant with any other electric plant or system, or to connect parts of its own electric system.

SEC. 3. Whenever in aid of the work of construction, repair, operation, extension or betterment of any electric plant or system of any city or town, or in aid of the work of logging or clearing a reservoir or impounding site therefor, the owner, lessee or operator of any railroad not a common carrier, shall refuse, for a reasonable consideration to be mutually agreed upon, to transport any materials, machinery, equipment, logs, timber products, supplies or labor, to or from the place or places on said railroad nearest or most convenient to the point or points where such work of construction, repair, operation, extension or betterment, or such work of clearing or logging in such reservoir or impounding site, is being done or performed; or whenever the owner, lessee or operator of any booming, rafting or sorting works, shall refuse, for a reasonable consideration to be mutually agreed upon, to boom, raft or sort, any logs, or lumber products, removed or to be removed by or under the direction of such city or town, from any lands used in such work, then and in that event such city or town shall be and is hereby empowered to acquire by condemnation, the right to use and damage such railroad, and sufficient of its equipment, and such booming, rafting or sorting works, for such time as shall be deemed reasonably necessary by such city or town to accomplish such work, after just compensation has been first made or paid into court for such owner, operator or lessee.

SEC. 4. Any city or town is hereby authorized to exercise the power of eminent domain hereby granted, under the same provisions and procedure as

is or shall be provided by law for the condemnation of private property for any of the corporate uses or purposes of such city or town. In exercising the power of eminent domain for the public purposes herein enumerated or specified, by such city or town, it shall not be a defense or an objection thereto that a portion of the electric current generated or sold by such city or town will be applied to private purposes, provided the principal uses intended are public.

SEC. 5. Nothing in this act shall authorize or entitle any city or town to acquire by eminent domain any electric plant or any part of such utility now or hereafter owned by any other city, town or municipal corporation.

SEC. 6. If any part of this act shall be adjudged to be invalid or unconstitutional, such adjudication of invalidity or unconstitutionality shall not affect the validity or constitutionality of the act as a whole, or of any part thereof not adjudged invalid or unconstitutional. The provisions of this act shall be cumulative, and nothing herein contained shall abridge or limit the powers of cities or towns under existing laws.

STATE OF WASHINGTON—*ss.*

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J. GRANT HINKLE, *Secretary of State.*

ARGUMENT AGAINST INITIATIVE No. 52

THE SO-CALLED "BONE POWER BILL."

NO ARGUMENT FILED FOR INITIATIVE MEASURE No. 52. It is a significant fact that no argument has been filed in support of this measure. The reason is obvious. The people of Seattle were told that this bill must be passed to enable Seattle to complete the costly Skagit project; that it would place a large portion of the burden of paying for this plant upon the rest of the state. They were reminded that for the current which Seattle now sells outside its city limits it charges a rate of 45% in excess of that paid by the citizens of Seattle. That the Bone bill would give the city a monopoly on all of the light and power business in the Puget Sound district at a high rate, since the municipal plant is not subject to state regulation.

Elsewhere in the state the people were told that the passage of the Bone bill meant cheaper rates, as well as conservation of the state's power resources.

The proponents of the Bone bill evidently found it impossible to reconcile their conflicting statements and promises in one argument which was to reach all the voters.

THE HISTORY OF INITIATIVE No. 52. This initiative is the first step in a carefully prepared program of state ownership. It originated in Initiative Measure No. 44, which gave cities the right to engage in practically every line of business. This measure was so radical that it failed to obtain a place on the ballot. The same group organized the Washington State Superpower League to initiate the so-called Erickson bill. This measure also was repudiated by the taxpayers. The League then took up the Bone bill, first adding sections 2 and 4, so as to include these features of the Erickson bill. Their official announcement was as follows: "We will spend until July 1st obtaining the 50,000 signatures needed to put the Bone bill on the ballot and then our time will be devoted to the Erickson bill." Their ultimate plan of complete state ownership is disclosed by George Wheeler Hinman, Hearst newspaper writer, in the Seattle Post-Intelligencer of March 7th, entitled: "Common Ownership of Farms, Socialism Aim":

"In the United States we have not gone far enough yet to see these things as they really are. The Socialists who go to eastern Washington and North Dakota wheat farmers, for instance, soft pedal the proposition about nationalizing land and dwell on the proposition to nationalize factories, notably large factories and trusts. But, as a main 'means of production,' the farms are marked for the same fate as the factories. Every student of revolutionary socialism knows it. The course of events in England proves it. Only farmer Socialists seem to be totally ignorant of it."

WATER POWERS. Initiative Measure No. 52 has nothing to do with conservation of the state's water powers. They are not mentioned.

MUNICIPAL OWNERSHIP. The principles of municipal ownership are in no way involved in the measure nor does it affect completion of any municipal projects now under way, or to be constructed.

RATES. The measure contains no guarantee of any electric service or of rates to be charged if furnished. These will be subject to arbitrary decisions by the city officials of Seattle and Tacoma.

FALSE CLAIMS. The measure is printed in this pamphlet. Read it carefully and determine for yourself the falsity of the claims made by its proponents.

CONDEMNATION. This is not simply a measure to permit Seattle and Tacoma to sell electric energy outside their city limits. Sections 2 and 4 give these cities the right to condemn all light and power properties now furnishing service in this state. Under present laws any city desiring to furnish its citizens with light and power has the right to condemn the distributing system and any property of a private power company within the city limits. This measure permits Seattle or Tacoma to condemn a privately owned distributing system within the limits of any other city without the consent of such city. But if such city should later wish to furnish its own citizens with light and power, it is prohibited by the bill (read section 5)

from retaking such property by condemnation for its own use. The monopoly once acquired by Seattle or Tacoma would forever prohibit other cities from owning and operating their own municipal plants.

The granting of such power would be extremely dangerous and without precedent. That they expect to exercise this power has been repeatedly admitted by proponents of the measure.

MUNICIPAL MONOPOLY. This measure does not provide competition in the light and power field. The right to condemn privately owned properties will give the cities absolute monopoly.

REGULATION. Privately owned public utilities are regulated by the state, both as to service and rates. Every community and every individual has the right of appeal to the regulatory body if dissatisfied. Municipal plants are subject to no regulation. In event this measure becomes law, the City of Seattle, for instance, having obtained a monopoly of the light and power business in any district, could charge any rate for service which it saw fit. These rates would be fixed by Seattle officials in whose election the people living outside the city limits would have no voice. There would be no appeal on the part of the consumer. Electric power for large industries can now be purchased at a practically uniform rate all over the state. No city is handicapped by reason of any material difference in power rates for industries. If Seattle obtains its monopoly under the Bone bill, does anyone believe it would give a power rate to any other city which would permit that city to compete for new industries?

TAXES. Practically every taxpayer in the state demands that taxes be reduced.

The proponents of Initiative No. 52 have decided that taxes shall be increased.

The light and power properties in the state are today paying in excess of $2,000,000 a year in taxes; over $5,000 a day. The passage of this bill means that all this property will be removed from the tax rolls and placed with the other tax exempt property of Seattle and Tacoma. Who is to pay the taxes when these properties become exempt? How much more of a burden can home owners and taxpayers stand?

YOUR DECISION FINAL. Initiative No. 52 is a complete law in itself. Having once granted these extraordinary powers to the cities they can exercise them at any time without further action by the people. It is not necessary that bond issues to provide money to take over the properties be submitted to the people. City councils have the right to issue such bonds at will. The bill, if it becomes a law, is self-operative and Seattle and Tacoma can launch their announced program of state-wide ownership and operation of all light and power properties without further vote of the people or legislative action.

THE REAL ISSUE. Stripped of all false pretenses—such as "free power" —the Bone bill presents but one issue. Do the people of Washington desire that the light and power industry, with its tax payments of $2,000,000 a year, its annual payroll of over $7,000,000 and its average annual expenditure of more than $9,000,000 in creating new taxable wealth, remain in business under strict state regulation, or do they wish this entire property taken from the tax rolls and the light and power business of this state conducted by the politicians and shifting office holders of Seattle and Tacoma?

NORTHWEST ELECTRIC LIGHT & POWER ASSOCIATION,

By NORWOOD W. BROCKETT, Vice-President.

NORWOOD W. BROCKETT.

STATE OF WASHINGTON—*ss.*

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J. GRANT HINKLE, *Secretary of State.*

ARGUMENT AGAINST INITIATIVE No. 52

I am not concerned with the problems of municipal ownership, nor is this question raised in this measure.

I am concerned, however, with the effect that all legislation has upon people living outside of the larger cities of the state.

When the Bone bill was introduced at the last session of the Legislature, it merely empowered cities owning municipal plants to sell their surplus light and power outside their limits. While I am willing to concede that the furnishing of light and power by a city to its own inhabitants might be a governmental function, I believed that when such cities sought to do business outside their limits that they were departing from any governmental function and were engaging in the light and power business.

Since the cities of this state are not permitted by law to go into any other kind of business, such as banking, manufacturing, or retailing, I believed that they were asking an unusual privilege.

An investigation was made by the Department of Taxation and the Department of Public Works of the state, and it was found that the light and power companies were paying over 9% of their gross earnings in taxes, thus helping to carry the tax burden for state, school, road, county, municipal and all other purposes. I believed that granting these cities the right to sell light and power generally throughout the state would result in the elimination of the privately owned companies and the taking of their property from the tax rolls. This would necessarily decrease the tax revenue.

I also believed that the undeveloped water powers of the state of Washington belong to all the people. That they were not the property either of the private companies nor of Seattle and Tacoma. That when they are developed by private capital all the expenditures made went upon the tax rolls and that their annual tax payments were in the nature of a rental for the use of the people's water powers.

Since neither Seattle nor Tacoma own these water powers, I believed it only fair that they also should pay some compensation to all of the people for their use. For these reasons, a law was passed granting the cities the right to sell their electric light and power outside their city limits but imposing a gross earnings tax of 5% in the event the cities should exercise the right granted by the law. The tax does not have to be paid unless the city elects to sell current outside its city limits, nor is the tax cumulative. It is paid only by the city which generates and sells the light and power. If purchased by another city and re-sold by it to its citizens, the latter city would pay no tax.

This bill carried a referendum clause. It will be on the ballot at the November election. It is commonly called the Reed bill.

Initiative Measure No. 52 is not the same measure as introduced by Mr. Bone at the last session of the Legislature. It grants to the cities not only the right to sell electric light and power outside their city limits, but gives to such cities the power to condemn all existing light and power properties. I have every reason to believe that these sections were written into the measure for the purpose of having the cities exercise them if the bill is passed. This would of course take from the tax rolls properties which are today paying a large amount of taxes each year. This will necessarily throw a heavier burden of taxation upon all other property.

In Seattle and King County alone there is now over $215,000,000 in tax exempt property. Investigation shows that approximately $60,000,000 of this is in public utilities, including the recently acquired street railway system. Were this property upon the tax rolls, the tax burden of every other taxpayer in the state would be correspondingly decreased. Initiative No. 52 appears to be another plan to make the rest of the state pay, through increased taxes, for more experiments in municipal ownership.

I believe that the best interests of the State of Washington can be served by the acquiring of new industries and the creation of new taxable property within this state rather than by taking property now paying taxes from the tax rolls.

SENATOR WM. BISHOP.

STATE OF WASHINGTON—*ss.*

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