

or similar public service corporation differs, as between bonds and stocks, chiefly in point of security. Though the bondholders have no voice in the management of the corporation, yet, in actual practice, the majority of the ordinary stockholders have just as little voice in policy or administration. From the point of view of taxation bonds and stocks must be taken together as representing capital invested in the corporate enterprise. That range of territory, however wide it may be, representing at once the region of investment and of revenue, must be the region of taxation and not the place of residence of the holder of the securities. Moreover, the taxes should be levied upon the corporations and not upon the individual security holders.

In what form, then, does the property of such a corporation exist? Taking its chief terms, it is represented by long strips of land, expanded here and there for the location of switches, station yards, city terminals, etc. On this land is constructed the roadbed with its cuttings, embankments, viaducts, bridges and tunnels, and these carry the track with its ties, rails, switching and signal systems, etc. There are also the station buildings, freight sheds, elevators, machine shops, round houses, coaling stations and the costly city terminals and offices. Then there is the vast amount of rolling stock of all kinds and its equipment. To maintain and operate this great array of property there is employed an army of men, from general managers to porters, involving a heavy payroll. I leave out of account all the secondary enterprises in which a railroad company may be involved, in the way of hotels, parks, mines, timber limits, mills, lands, etc., as being not strictly essential to the functions of a railway as a public service corporation.

Here, then, is a vast organization extending over scores of taxing units, state and municipal, and serving many more which it may not actually enter, but from which it nevertheless derives revenue. The extent of territory covered and the capital expenditure involved in any given taxing unit has frequently little or no relation to the amount of service rendered within that area, the amount of revenue derived from it or the benefit obtained by the corporation from the expenditure of the taxes. Consider, for instance, the equity of taxing a