in no case, be less than the hourly wage paid by the state highway commission for common labor on its highways, thus giving some flexibility to the minimum wage to be paid. The wage so stipulated by the successful bidder shall become and be a part of the contract, and, for failure to comply with his wage stipulation, the contractor shall be liable as he would be for failure to comply with any other provision of contract.

Since the enactment of this law, effective August 17, 1932, the lowest wage paid for common labor on state highway work has been thirty cents an hour.

OTHER HIGHWAY LEGISLATION

Other highway legislation enacted at the 1932 Special Session of the Indiana General Assembly is of a minor nature, especially as compared with the foregoing: Chapter 52, Acts of 1932, amends Section 22 of the State Highway Law with especial reference to the widening of streets to a width greater than that of the highway outside city or town and provides a method of payment therefor. Chapter 62 of the Acts of 1932 provides a method of procedure for the construction of viaducts by the state highway commission and authorizes the commission to defray the total cost of such construction from its funds. Chapter 2 of the Acts of 1932 repeals an act concerning the construction and maintenance of highways connecting cemeteries or graveyards with improved highways.

THE RELATIONSHIP OF THE STATE BOARD OF TAX COMMISSIONERS TO HIGHWAY IMPROVEMENT

By James Showalter, Member, Indiana State Board of Tax Commissioners, Indianapolis, Indiana

This subject opens the field to a wide discussion on a question of vital importance to the people in the State of Indiana. A good highway system to accommodate our modern transportation needs is an essential to a prosperous and happy civilization.

The improvement of highways in Indiana has progressed in a general way in harmony with the development of all other activities. The advent of the automobile and truck has revolutionized the systems and methods of road construction. Their construction has necessitated the provision of plans and methods of financing by taxation, which involves bond issues and tax levies upon the taxpayers of the state.

In 1919, the State Board of Tax Commissioners was established and it was clothed with the power to approve all bond
issues in excess of $5,000 and all tax levies made for any purpose. The tax commission in the year 1919 was called upon to bring about a more equitable and proper assessment of all property in the state. They found that in many counties property was so grossly undervalued that it was necessary to take action to correct this condition. The legislature sensed the danger of greatly increasing the valuations and borrowing power of local units without some form of control, and no doubt that was the purpose of imposing this important function on the State Board of Tax Commissioners.

In that year, valuations were increased from $2,250,000,000 to $5,750,000,000. This automatically increased the borrowing power of every taxing unit in the state to an average of about 2 1/2 times what it had been. At that time, in every community there was a great clamor for the issuance of bonds for the construction of highways to absorb all the borrowing power available under the new valuation. The Board, feeling that their responsibility was of serious consequence to the public, adopted a policy of trying to hold down public expenditures to the minimum of necessity. The Board disapproved numerous bond issues during the year 1919 and up until the special session of the legislature in 1920, at which time an act was passed repealing this control provision to satisfy the clamor for home rule. From March 11, 1919, to December 31, 1920, during which time the State Board had jurisdiction over all bond issues, they approved county unit road bonds for $5,186,750 and disapproved $2,235,664, and for township roads, the Board approved $21,249,993 and disapproved $2,598,562.

Immediately upon the repeal of this provision, local communities, sensing their opportunity to proceed without hindrance, proposed millions of dollars of new bond issues. When the legislature met in 1921, they immediately passed an act providing for an appeal by ten or more taxpayers to the State Board of Tax Commissioners from the determination to issue bonds in local communities wherein they deemed it not advisable to make the proposed improvement.

The Board adopted policies and rules which developed into what is commonly known as “the Indiana Plan” of controlling bond issues and tax levies in local communities. This act became effective March 10, 1921, and the Board, between this date and October 1, 1931, approved $9,064,686 in bonds and disapproved $7,330,655 for county-unit roads. The Board, during this same period, approved $8,247,646 and disapproved $13,080,536 for township-unit roads.

From the above figures, it is evident that when appeals were taken, the tax commission disapproved a great many proposed road improvements. The Board, in its conclusions, was required to exercise judgment on the questions of the
necessity for the improvement, the ability of the taxpayers to absorb the increase in tax rates, proper competition in the letting of contracts, and in a general way to determine whether the taxpayers needed the proposed improvement and would receive full value for the money to be spent. These policies of the tax commission were responsible in reducing costs and eliminating pavement projects which were not of sufficient general public utility to warrant the expenditure proposed.

The highway commission act of 1919 provided for the levy of a tax not to exceed ten cents upon each one hundred dollars on the assessed valuation of all the property in the State of Indiana.

The tax board was one of the first proponents of the gasoline tax law upon the theory that the expense of the construction and maintenance of highways should be assumed to a greater extent by the users of the highways and should relieve property taxpayers as much as possible. This proposition met with opposition from the automotive industry everywhere. Their objection was that it was unfair to put this extra burden on the users of automobiles and that it would injure their business. However, this objection soon disappeared. The gasoline tax has been a great relief to property taxpayers and has produced for the state a system of highways well maintained, practically all paved with hard surface, carrying sixty-five per cent of all the rural traffic, and aggregating a total mileage of over eight thousand miles. The tax has been a very lucrative source of revenue for the construction and maintenance of highways and has met with little objection on the part of the public.

This means that the highway system has been well managed and the highways taken into the system fairly well allocated. There have been some objections to allocations, which would naturally come up under any management. With a few exceptions, it can be truthfully said that the results have been satisfactory to the general public.

The legislature in its special session in 1932 took a step in the right direction when they provided that another cent of the gasoline tax and one-half the automobile license fees should be distributed back to counties, cities, and towns for the maintenance and construction of highways locally, thereby eliminating a substantial amount of property taxes heretofore levied for that purpose. This is bound to bring relief to the burden of taxes heretofore imposed on property for this purpose.

DIVERSION UNWISE

Since the system has been fairly well established, suggestions are being offered that some of this income might be diverted to other expenses of government as an additional
relief to property tax. I think it would be well to be cautious in taking action of this kind for the reason that with a federal tax of one cent and a state tax of four cents per gallon on gasoline, the users of gasoline are now called upon to assume a large annual obligation. So long as they are receiving direct benefit, little objection will come to paying a reasonable tax. If large sums are to be diverted for other purposes, it will only naturally follow that an effort will be made to reduce the gasoline tax.

A great deal of loose thinking has been going on among legislators, editors, and taxpayers in Indiana concerning proposals to apply a portion of the gasoline tax to state, county, city, or school funds. Such a movement would be certain to disrupt the system and wipe our gasoline tax law from the statute books.

Under a constitution similar to ours, Illinois first provided a two-cent gasoline tax. That statute also provided that a portion of the proceeds should be applied to purposes other than the maintenance and construction of roads. The Illinois supreme court held the law unconstitutional on the ground that a gasoline tax law could not be valid except upon the theory that it was levied entirely for the benefit of gasoline-driven vehicles to provide roads for them. So Illinois went two more years without a gasoline tax and then passed a law applying all the proceeds to road purposes.

Our Indiana statute applies our gasoline tax wholly to roads. A vigorous attack on the constitutionality of the law was carried to the supreme court by a Mr. Gafill, a large operator of oil stations and trucks in South Bend. Our supreme court in declaring the law valid stated that it was valid only because no portion of the gasoline tax under the statute was applied by the law to any purpose other than roads.

I am of the opinion that when highways, both local and state, can be maintained by other sources of revenue than through property tax levies, an achievement of good consequence has been accomplished.

The necessity and demand by the public for a good system of highways, well maintained, will always be urgent. The problem should always be met by wise administration of laws governing costs of construction, proper location, and the elimination of unnecessary roads. A thorough traffic survey should be made before any improvement is undertaken. A hit-and-miss policy on the location of improvements often results in the construction of high-priced pavements beginning and ending nowhere. People generally will approve good roads if they get 100 per cent value for every dollar spent and the construction is not too spasmodic. It ought to be carried on at such a pace as the people are able and willing to pay for and confined to highways carrying the greatest traffic.
There is a lull in general highway construction at the present time which is occasioned by the general depression in business, but my notion is that upon the return of normal times, highways will receive the same interest and attention which they have had in the past two decades.

OPERATION OF THE NEW TRUCK AND BUS REGULATIONS IN INDIANA

By A. H. Hinkle, Superintendent of Maintenance, Indiana State Highway Commission

During the past decade, highway development and its corollary, highway transportation, have made a phenomenal growth. The rapid growth in good roads is well illustrated in the statistics for the miles of high-type (dustless) pavement in Indiana, which increased from 2,837 miles in 1925 to 8,450 miles in 1932, or nearly 200 per cent in 7 years. The increase in miles of road on which some kind of a surface better than earth exists, has been from 48,120 miles in 1925 to 59,100 miles in 1932, or an increase of 22 per cent in 7 years. The miles of surfaced state roads increased from 3,106 in 1923 to 8,125 in 1933, or 160 per cent in 10 years. The miles of pavement (dustless type) on state roads have increased from 432 miles in 1922 to 6,744 miles in 1932, or 1,460 per cent.

The increase in highway transportation has kept pace with that in highway development. This is illustrated by the increase in registration of motor vehicles and gasoline consumption. During the last decade, the registration of motor vehicles has increased from 479,045 in 1922 to 821,062 in 1932, or 71 per cent. During the last four years, the registration has decreased each year, the peak of 901,740 having been reached in 1929. In the United States, nearly 35,000 miles of state highways were surfaced in 1931, bringing the total up to 242,700 miles, or an increase of nearly 17 per cent in one year.

The increase in good roads invited the increase in highway transportation, and likewise the increase in highway transportation stimulated the demand for improved highways. They are corollary in their relations, one encouraging and inviting the other. Perhaps the mechanical inventions and improvements in the machine had more to do with forcing improvements in the highways; nevertheless, the improvement of the highways was instrumental in bringing much of the increased transportation. This is proved by the much slower development of highway transportation in foreign countries where good roads have not been built so extensively.