

COUNTY BOARD HEARS PROTEST OF CITY OUTFIT

7-26-37
L.A. Representatives Demand Assessments Be Stricken From Rolls

Right of the state of Nevada or any of its political subdivisions to levy and collect taxes on transmission lines leading from the Boulder Dam power houses, was challenged this week by representatives of the city of Los Angeles appearing before the board of county commissioners.

These representatives demanded that the board strike from the tax rolls the assessments of properties owned by the city of Los Angeles within Clark County amounting to \$600,000, and challenged the jurisdiction of the state to enforce payment.

TWO GROUNDS were stated in the demand:

1.—That all property owned by the city of Los Angeles and situated in the state of Nevada is necessary for use by the city in fulfillment of the contract between the city and the United States for utilization of power from the Boulder Dam.

2.—That all of the property of the city of Los Angeles located within the boundaries of the "federal reservation" the government attempted to set up in the Boulder Dam area is exempt from taxation because of the asserted establishment of the reservation by the Secretary of Interior, Ray Lyman Wilbur.

While the city of Los Angeles speaks only for itself, all other agencies that have constructed transmission lines from the Boulder Dam power houses to other points, are affected by the city's action.

IT IS ESTIMATED by those who have studied the situation that approximately \$3,000,000 in assessed valuation is jeopardized by the action involving about \$100,000 a year in tax payments.

In addition to the city of Los Angeles, the Metropolitan Water District, Southern California Edison Company Sierra Pacific Power Company, Southern Nevada Power Company and Lincoln County Power district have built or plan to build transmission lines and will be affected by the success of the action inaugurated before the local board of county commissioners.

Appearance here is the first step in a long-range battle to
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avoid payment of taxes, it was stated. The commissioners, acting as a board of equalization, refused the request, opening the way for an appeal to the state tax commission.

IF THE STATE body refuses the relief demanded, the next step would be to file suit in the courts to secure a judicial determination of the issues.

The action is an echo of the attempt of Interior Secretary Ray Lyman Wilbur to set up a tax-free federal reservation in the Boulder Dam area, which ended with the decision of Federal Judge Frank H. Norcross that the reservation had not been legally created.

This decision was handed down in the case of Six Companies Incorporated, and the Boulder dam contractors subsequently paid the taxes levied on their holdings by Clark county.

THE STATE act, ceding jurisdiction to the federal government under certain conditions, was repealed in January 1933, after having been on the books since 1921. It was under this act that the secretary of interior attempted to create the reservation.

The city of Los Angeles, thru the representatives appearing here, renewed the claim advanced by Six Companies that the reservation had been legally created, and demanded exemption from taxation on all property within its boundaries.

THE ADDITIONAL allegation that because their power lines are attached to a federal power project, they are exempt from taxation, has never been raised in the courts, so far as is known, and is likely to prove a far-reaching case in the annals of tax litigation in the United States, observers state.