at this place. As many as are of the opinion that the motion prevail will say aye; contrary no.

The ayes have it; the motion prevails, and the meeting is adjourned until to-morrow at 3 o'clock p. m.

SECOND DAY.

BISMARCK, Wednesday, July 17, 1889.

The Commission met at 2:30 p. m., Mr. Camp in the chair.

Mr. KELLAM moved that two assistant secretaries be selected to assist in the meetings during joint sessions.

Which motion was carried.

W. G. HAYDEN was nominated by the North Dakota Commission and L. M. McClaren by the South Dakota Commission, and both were elected.

Under head of Unfinished Business, call was made for the resolution offered yesterday by Mr. Camp. A vote was called for, and the resolution was lost by the following vote: South Dakota voted yeas, 2; nays, 5. North Dakota, yeas, 6: nays, 1.

The following resolution was offered by Mr. Caldwell:

Resolved, That any agreement arrived at by the Joint Commission regarding disposition of the public records of the Territory shall be communicated by the Representatives of North Dakota and South Dakota to their respective Conventions, to be by them communicated to the Legislatures of the two States for action in regard to such disposition.

Upon motion of Mr. Purcell, the resolution was laid on the table.

Mr. KELLAM. It seems to me that we should discuss in an informal way some plan for making the division of property. For myself I should be glad if we could relieve ourselves somewhat of this formality. It does not seem to me that we are near enough to each other; it is a little too cold-blooded. I would like to have a man say what he thinks in specific terms; if he has a thought, express it, but without so very much formality. I get through my business easier that way than any other, and my experience

satisfies me that we will get along faster than if we attempt to observe very much proper form in our deliberations. We have got to make a fairly intelligible record, but I still think that the less formality and the less coldness we can have about our consultations and discussions, the quicker we shall arrive at an understanding between ourselves. I have simply expressed in a general way the feeling of our people. We have not any plan. We came here so far as I know without any discussion whatever as to what would be the easiest or most expeditious or the fairest way to get at the result that we are after. Since we have been here we have talked in a general way of the possible methods that might be pursued, but we have no plan-no course marked out that we desire to pur-We are all at sea as to what particular method and line to work on, and it is for this purpose that it is desirable for each gentleman here if he has an idea as to how we can most directly get at the division of this property and the division of these liabilities in the most business like way, to state his views.

Mr. SCOTT. Have you any suggestions as to methods?

Mr. KELLAM. Not any. There might be two or three methods, but I have no choice. Of course I desire that we shall reach a reasonably correct result—not a result that will be mathematically correct, for I don't suppose there is any gentleman here that expects a settlement by this Commission which will be mathematically correct. That will be without the range of possibility. Further than the general thought of taking each institution and putting upon it its proper indebtedness, and turning it over to the new State, I have no plan. I suppose that in discussing this matter each gentleman must speak for himself, for in speaking on this subject I don't presume to be speaking for our Commission.

Mr. SPALDING. I supposed when we entered into this informal talk we were to get down to some definite basis, but so far, with the exception of the remarks of Major Kellam, the suggestions have been mere glittering generalities. It seems that if we are ever going to arrive at any conclusion, it is necessary that we establish a start on some principle on which we are going to work, and then "hew to the line, and let the chips fall where they may." I don't believe that there is a man in this Commission who has any desire or wish to accomplish any result here which shall not be as near as possible equitable and fair to both parts of this Territory and both of the incoming states. I don't believe that anyone of us was sent here for any such purpose, and it does not take

any talking to convince me that we were sent here to arrive at a fair and equitable result. I don't believe that we can split dimes or nickels, and the only result we can expect to arrive at will be such as under all the circumstances will be equitable, and follow the lines of equity. The first thing, it seems to me, will be to arrive at some rule on which we are to proceed, and then we can commence with one institution or more, and figure out our basis or conclusions from our basis. That was the object, as I supposed, of this informal discussion, and I would like to hear from Major Kellam or Mr. Caldwell or Mr. Price as to what would be such an equitable rule to start on.

Mr. PRICE. It seems to me that we would like to hear from you on that matter.

Mr. SPALDING. I mention Mr. Caldwell because there is no man on our Commission that has had any connection with public institutions or knows anything about them—what the public institutions are, or the system of bookkeeping under which they work, or anything connected with them. Mr. Caldwell is the only gentleman on the South Dakota Commission who has been so connected with the public service. In my remarks I have mentioned him because he is better posted and better able to speak and advance the ideas that we want.

Mr. CALDWELL. Well, the Territory has a number of public institutions, and there are more in the South than in the North. It is a fact that the Territory has not paid anything on these; the bonds are out, and so far as the institutions are concerned, the commonwealth which takes the institutions and pays these bonds, pays for the institutions. It would seem to me that an entirely fair basis would be something like this—let South Dakota take what public institutions and public buildings may be located within her borders, and become responsible for the indebtedness which has been incurred, and let North Dakota take such public institutions as are included in her territory, including the Capitol, and let North Dakota pay the indebtedness on them. That is the matter in a nutshell, as it has been suggested to me by an examination of the matter. It seems to me to be a perfectly fair proposition for the reason that whatever one commonwealth gets, it gets something that it will have to pay for itself. These bonds are all out, and the new State will have to ultimately assume them and pay them.

Mr. SCOTT. I ask for information—is it a fact that all the

public institutions in the Territory have been bonded for the full payment of the institutions—for what they cost the Territory, or has the Territory from time to time made certain appropriations to certain public institutions which have been used in the construction fund?

Mr. CALDWELL. I would say that there has been paid by the Territory for the construction, or for matters pertaining to construction of public institutions, of South Dakota, otherwise than from the proceeds of bonds, about \$70,000. For public institutions in North Dakota there has been paid, otherwise than by bonds, for matters pertaining to the construction or permanent accounts, or for something which becomes part of the property, \$143,000. So that there has been paid out of the general funds of the Territory, as shown by the Auditor's reports, for a series of years, ever since the Territory has had an institution, about \$143,000 for construction, or furnishing, or betterments or repairs for North Dakota, and \$69,900 for South Dakota.

Mr. PURCELL. Have you the figures for each institution?

Mr. CALDWELL. I have the figures somewhere. I will read here a list of the institutions. The first established was the Yankton Insane Hospital in 1881, \$40,000 worth of bonds; in 1883 \$77,-500, and in 1887, \$92,500 worth of bonds. I will say without going into details that the bonded indebtedness of institutions in South Dakota is \$666,700 up to 1888. That takes into account the institutions already in existence, and it does not take in the Soldiers' For North Dakota institutions the bonded indebtedness is \$433,600. That makes in round figures \$233,000 more of bonded indebtedness for South Dakota than for North Dakota. But the query of Mr. Scott was as to how much had been matters of current appropriation that had not been realized from the sale of bonds, but paid out of the general funds of the territory. I would say again that the amount is \$143,000 for North Dakota and \$69,000 for South Dakota. A little less than half as much has been paid for North Dakota institutions out of the general funds, than for South Dakota. I would say on personal honor, that in making this proposition there is not the least design or intention, nor as I believe the least opportunity, for either section to have the advantage of the other, other than as is perfectly plain on the face of it. I have examined the figures, and as the gentleman said, I had charge of the accounts of the Territory for a couple of years, and have paid more or less attention to such matters since,

and with this knowledge of the condition of affairs, and with a disposition to be fair, I have made this suggestion. It seems to me to be perfectly fair and equitable as between the two commonwealths so far as the division of the public institutions and the indebtedness incurred in their construction, are concerned.

Mr. SCOTT. If we establish a general proposition as you suggest, then would it not be necessary to take up each institution by itself, see what the bonded indebtedness for that particular institution was, what the cost of construction was, and what means were appropriated to each particular institution out of the current funds that is not included in the bonded indebtedness?

Mr. CALDWELL. No, that is not necessary. The money you speak of that did not come from the sale of bonds, has been paid out of the current revenues of the Territory.

Mr. SCOTT. I don't think you catch my point. You say that we have had in North Dakota \$143,000 for our institutions in addition to the amount realized from the sale of their bonds, while you in South Dakota have had only \$69,000.

Mr. CALDWELL. I, as a South Dakota man, knowing that fact, and desiring to make this adjustment without any red tape, would not ask that we go into minutia. I am willing that South Dakota shall take the property in South Dakota on the basis I have suggested, and let the North have the benefit of the extra money that her institutions have had out of the general funds. This is to be borne in mind, that when the Commission shall go to work and fix some definite basis of division, there arises a new equity for each side in the case. While in general equity we may agree on a basis such as I have indicated, that is that each commonwealth shall take the institutions located within its borders and assume the indebtedness which has been incurred by the Territory in regard thereto—when we do that, in my judgment that will prove to be equitable if we agree to it. If on the other hand we determine that our basis shall be that we will figure and figure and figure, until we determine the precise value of all these institutions, then if there should be any item overlooked by this Commission, the result would be inequitable to that extent, and if we should go into the matter of determining all these details, we would, as I say, arrive at a conclusion that would be inequitable in so far as we deviated from the standpoint. To illustrate, this question came before the Auditor's office, not only when I was Auditor, but every year, as to the matter of equalizing the taxes between the various counties. There were two methods of going about this-for instance-the matter of equalizing for territorial purposes with reference to the lands of the Territory. There was one way by saying the average acre of land in every county shall be regarded as of the same value as the average acre in every other county. If that should be determined on as a basis, it was with entire equity that the average acre of land in Cass County should be regarded as of the exact value of the average acre in Burleigh or Stutsman or Potter or Minnehaha. Of course, it is a fact, that is known to every citizen, that this is not the case. But if you should attempt to take that fact into account and undertake to adjust with reference to what is the actual value of the average acre in these counties, necessarily no Territorial equalizing board could know anything about it; and if you establish that as a principle and equalize on that basis, in those cases in which you would charge one county a higher valuation than the real merits of the case demanded, so far you would do an injustice to that county, which you would not do if you took the general basis referred to. So in this matter we may make a general basis, as I have said, and then the details will be a matter of very small concern. If we go into all the details, we may figure and figure and figure, and when we get done we will not have included all that should be included on the basis which we have adopted, and in so far as we may have omitted, so far an injustice will have been done. I am not stickling on this matter, further than to say that, in my candid judgment, after such an investigation of the question as I have been able to give, the basis proposed would give us the quickest results, and at the same time give us results nearest to equity.

Mr. SPALDING. Your idea is to let North Dakota take the North Dakota institutions and assume the bonds, and South Dakota take the South Dakota institutions and assume the bonds, regardless of whatever cost there may have been attached to them. What would you do with regard to any other assets or liabilities?

Mr. CALDWELL. Whatever each gets it has to pay for. These institutions were built almost entirely with bonds.

Mr. PRICE. The law provides that each State shall assume the bonds for the institutions located within its borders.

Mr. SPALDING. You propose then, that North Dakota shall take North Dakota institutions and South Dakota take South Da-

kota institutions, and each State assume the indebtedness of the bonds, and then that we don't figure any difference?

Mr. CALDWELL. That is what I propose, so far as the institutions are concerned. There are other matters of indebtedness that will come up, but I have been speaking now about the institutions.

Mr. SCOTT. Do you know what the floating indebtedness of the Territory is now?

Mr. CALDWELL. There is none. There will be, however, shortly. I understand that the funds are now exhausted, and have been for some days, and there is no money with which to pay warrants. It will be necessary for the Governor and the Treasurer and the Auditor to make a temporary loan for the purpose of meeting the obligations of the Territory.

Mr. SCOTT. What do you propose to do with the delinquent taxes due from counties in North Dakota and South Dakota?

Mr. CALDWELL. In regard to that I would say let the delinquencies due from counties in North Dakota be made payable to North Dakota, and those from South Dakota let them be payable to the State of South Dakota.

Mr. SCOTT. In other words, North Dakota should, in your opinion, assume the delinquent taxes of North Dakota, and charge up that amount.

Mr. CALDWELL. There is no charge about the matter. The account of the county will be due to the State of North Dakota instead of to the Territory of Dakota.

Mr. SCOTT. That might be unjust. South Dakota may have nearly paid her taxes, while we may be largely in default. In our case we have had, let us say, the benefit of a large amount of your money; it has gone into our public institutions. There may be \$30,000 due from North Dakota counties for delinquent taxes, and there may be \$60,000 due from South Dakota. In case it is like that, and you get the \$60,000 and we get the \$30,000 what will we have in return for the difference between the \$60,000 and the \$30,000.

Mr. CALDWELL. Of course I am not empowered to speak for the Commission, and I have as an individual member made the suggestion I have with reference to the public institutions. It seems to me that it might be wise for us to attend to these questions one at a time. They cannot have any relation to each other, and all I started out to do was to give my opinions as to the best way to adjust the matters of the public institutions.

Mr. NEILL. When you suggested the idea of each state assuming the bonded indebtedness of its public institutions, you meant to include in the value of that institution the money that had been appropriated out of the general fund?

Mr. CALDWELL. I suggested that each state take its public institutions with all its appurtenances—whatever money it may have had out of the general fund, let it go with it. I was personally willing to give to North Dakota the advantage of which I have spoken.

Mr. McGILLYCUDDY. It is your intention, then, that we should deal with the public institutions first, and finally dispose of them before we pass on to anything else?

Mr. CALDWELL. It seemed to me that that would be a wise thing to do.

Mr. PURCELL. How do your institutions in the South compare with those in the North? Are they equally good or better?

Mr. CALDWELL. I don't know about that. Your insane hospital is more of an institution than ours. I believe so, though it has been a long time since I have seen it. I simply know as to the bonds that were issued for the two.

Mr. PURCELL. The statements you made as to the bonds that have been issued, and the sums of money that have been paid for the institutions out of the general funds of the Territory, are all a matter of record? Your information was gained from the records?

Mr. CALDWELL. Yes; there is in the statements of the Auditor a summary of the expenditures for each institution.

Mr. PURCELL. Is there a record anywhere showing whether or not appropriations made for maintenance were used for construction?

Mr. CALDWELL. Nothing but the vouchers in the office of the Anditor.

Mr. PRICE. The acts of the Legislature show that money was appropriated for certain specific purposes.

Mr. PURCELL. I believe that it was the impression of some of the members that that there was a portion of the maintenance fund that had been used in construction.

Mr. CALDWELL. If there has been, I know nothing about

it. I have heard an intimation to that effect, but there could not have been enough of it to have amounted to any great figure. It would be well nigh impossible that anything of any dimensions could possibly be so diverted, for every item that comes to the Auditor's office has to specify the party to whom the payment is made, not only out of the maintenance fund, but out of the construction fund. Not only has the amount to be specified, but the precise article, and of course no Auditor would pass a voucher, which, for instance, should be drawn on fuel or lights fund, or clothing—draw his warrant on a voucher which showed that it was for digging a trench or erecting a wall.

Mr. SPALDING. Have any of the bonds issued for any of the institutions been paid?

Mr. CALDWELL. No sir. There have been \$95,000 worth of bonds refunded, but the amount is the same.

Mr. CAMP. Has there been any amount covered back into the Treasury?

Mr. CALDWELL. No; there are some balances still unexpended, and that would be a matter likewise for adjustment. This would have to come in in the question of the adjustment of the public institutions, and it would have to be agreed upon that the title of the institution should pass to the State, and that the State should assume the indebtedness, and that it should likewise have the benefit of unexpended balances. That would be particularly the case with reference to the Insane Hospital at Yankton. There is some \$30,000 to \$40,000 of the proceeds of the bonds, still in the treasury. Of course this should go to South Dakota, as the State of South Dakota will have to pay the bonds from which this money was realized.

Mr. SCOTT. Where would the money go?

Mr. CALDWELL. It is now in the treasury. There are some balances which were in the treasury a short time ago which have been expended since, and on due vouchers, and in the regular way-

Mr. CAMP. That \$143,000 includes the Capitol warrants?

Mr. CALDWELL. I don't know. I think it includes the \$23,000 or \$24,000 paid out of the general fund for furniture, carpets, plumbing, which have been paid for out of the general funds of the Territory.

Mr. HARRIS. Of course it does not include the Capitol warrants which were funded?

Mr. CALDWELL. No; the act creating them fixes the payment

on the State of North Dakota. It becomes a part of the contract of the purchaser, that he shall look to the State in which the institution is located, for payment of his bond.

Mr. SCOTT. I don't know how the other members of the Commission feel, but it looks to me somewhat as follows: South Dakota has the Yankton Asylum, the Reform School, the Penitentiary, the Soldiers' Home, the Agricultural College, the School of Mines, the University at Vermillion, the Normal Schools at Madison and Spearfish, and the institutions in the North are the Capitol at Bismarck, the Insane Asylum at Jamestown, the University at Grand Forks, and the Penitentiary at Bismarck. We have thus four institutions to about twice as many in South Dakota, and yet it would seem that we are bonded for \$433,000 and South Dakota for \$666,000. It occurs to me that we are getting the worst of the bargain, if we get these institutions and assume so much indebtedness.

Mr. CALDWELL. But you must remember that our institutions are many of them much smaller than yours. You have one with bonds a great deal larger than any one of ours—the Jamestown Asylum, with bonds of \$266,000.

Mr. SCOTT. What is the other property belonging to the Territory which we have to divide?

Mr. CALDWELL. There is nothing but little driblets. There are the books for distribution to the counties in the Secretary's office, the Revised Laws, Session Laws, fittings and furnishings of the general offices, the Railroad Commission, the general offices of the Board of Health, the Adjutant General, the Superintendent of Public Schools, and the Territorial Library. Of course, the institutions are the big thing to be divided.

Mr. PURCELL. Your institutions, you say, are smaller?

Mr. CALDWELL. Yes; there is the Rapid City School of Mines, which is only \$33,000; the Plankinton Reform School, only \$30,000; the Spearfish Normal School, only \$25,000; the Madison Normal School is \$44,100.

Mr. SPALDING. The bonds cover all that have been paid for these institutions except the amounts referred to that have been paid out of the general fund?

Mr. CALDWELL. Yes.

Mr. SPALDING. And that amount out of the general fund in North Dakota has been \$143,000 and in South Dakota \$69,900?

Mr. SCOTT. The money for the Soldiers' Home was derived from the sale of bonds?

Mr. CALDWELL. Yes; and there has been nothing done with that institution yet.

Mr. SCOTT. Are there not other articles of property for us to divide—the Militia appurtenances?

Mr. CALDWELL. I believe that those don't belong to the Territory.

Mr. SCOTT. I presume that it will be necessary for us to agree on some general basis. We cannot go into details until we get some general understanding as to how we shall arrive at our results. It is 5 o'clock now, and I don't presume the members of either Commission are ready to vote on the matter.

Mr. CALDWELL. As I have been doing the chief part of the talking I should like to hear from the gentlemen on the other side as to how my suggestions strike them. Of course this is a merely informal talk.

Mr. PURCELL. Speaking for myself, your experience in these matters enables you to answer questions more rapidly and with greater accuracy than any other member of the Commission. I don't think that any member of the North Dakota Commission has given much attention to the affairs of the Territory, so far as its public institutions are concerned. Many of the matters you have stated here were entirely new to me. Before we take any vote or definite action on the matter I should like to be able to inform myself thoroughly as to the appropriations for the buildings, and probably that is what every member of the North Dakota Commission would like to do.

Mr. GRIGGS. As I understand it you propose to take up each institution by itself and dispose of it by itself.

Mr. CALDWELL. Agree on a general basis first as to what we will do.

Mr. GRIGGS. Take up Yankton asylum, for instance, and dispose of that and then take up another.

Mr. CALDWELL. It would dispose of all of them to make that general provision that I have suggested.

Mr. GRIGGS. Yes, but there is a certain amount of money that has been used out of the general fund of the Territory.

Mr. HARRIS. Yes, but they are willing to call that a stand-off. Mr. CAMP. That proposition if it is accepted will settled a great many questions, and it is one of exceedingly large impor-

tance, and one that we should not pass on without being sure of our ground. I assume that it was hardly expected that we should decide it to-day.

Mr. CALDWELL. No, certainly not. While I have been speaking I wish it distinctly understood that I have been speaking merely for one member of the South Dakota Commission, expecting that every member would express himself in regard to it.

Mr. KELLAM. As the Chairman has indicated, if such a plan as has been suggested should be ultimately adopted it will dispose of one of the largest items we have to deal with. Still, I want to say for myself that these figures from Mr. Caldwell are many of them entirely new to me, and I would not want it to be understood that this was a proposition we had discussed and agreed on. this thought had occurred to some of us, as doubtless it had occurred to some of you, that as each institution had been entirely with perhaps a very small payment out of the general fund—had been substantially built from the proceeds of bonds that are still unpaid, and as the Legislature in authorizing the issuance of the bonds, had in such cases, except one, provided that in case of division the bonds should be assumed by that part of the Territory within which the institution was located, a very simple way of disposing of this question and one that on the surface at least looks fair, would be for each part of the Territory north and south, to take the institutions within its borders and pay the bonds. so doing they would be simply building their own institutions. would be precisely as though South Dakota had built her institutions and North Dakota hers. Each would have just the institutions it had built and paid for. I did not know of these payments out of the general fund. It is new to me. With what light I had had on the subject and with what thought I had given it, it had seemed to me that the Legislature had contemplated that would be the simple effect—that North Dakota would take her institutions and pay for them and South Dakota would do the same with If after an examination of this subject it should be found that this was a fair way to dispose of these institutions and the liabilities growing out of them, it will relieve us of a great deal of work that might come to us if we started out and adopted some other plan. I started out to say that this plan as outlined by Mr. CALDWELL had not been agreed on by us, and it might be that all of us would not agree with Mr. CALDWELL as to what was the best

way to get at this matter. Anyhow I think that it is a matter of sufficient importance for us to take a little time to think it over.

Mr. HARRIS. To my mind we will get through with our labors a good deal quicker if we take plenty of time to consider this basis, and when we are satisfied we can go ahead. For myself I have not had time to give this matter a great deal of thought. We have all been busy with Convention matters and committee work, and have had to give a great deal of time and attention to them, and I think we had better give plenty of time to the consideration of this question. When the basis is agreed on I think it will not take us long to settle the details.

Mr. CALDWELL. I would say that I have gone through the Auditor's report and just noted down the amount paid as shown by the reports for each biennial period from 1880 to 1888. amount paid by Auditor's warrants for construction or improvements or repairs or furnishing of the several institutions, and the amount paid for maintenance—we just noted it in two columns, and then we just added up what the reports of the Auditor showed to have been the expenditures for this series of years, and then, knowing what had been the bonded indebtedness of these institutions, we subtracted the amount of the bonds from the amount that had been paid, and found these balances of which I have spoken—\$143,000 more paid for North Dakota than is represented by bonds, and \$69,000 paid more for South Dakota institutions by his warrants on the general fund or the bond fund. Of course it is possible, though I don't see how it is possible, that some other showing may be made, but where and how I don't see.

Mr. GRIGGS. You would not know of any other funds but the bond fund and the general fund?

Mr. CALDWELL. There could not have been any other paid by the Territory. There could not have been anything paid except on the Auditor's warrant, and the Auditor's warrants show these amounts as stated.

Mr. KELLAM. When we have decided upon our basis, we can go to work. If we decide to adopt this plan it removes a good deal of difficulty, and it makes our work a good deal shorter. For that reason I would not feel like shortening the time for deliberation over this question. Let this question be decided intelligently, and if it is decided that this is a fair plan for both sides, we will have comparatively little else to do. We should feel obliged if you feel that you could have a session to-morrow afternoon. We

are away from home. We want to stay as long as may be necessary to do this work carefully and deliberately, but at the same time we would like to have an hour set for meeting to-morrow afternoon.

Mr. HARRIS. If we can meet to-morrow afternoon we can decide this preliminary question, but if we can't decide it then, we can take more time. If we can possibly get at it then, it would be well for us to do so.

Mr. PURCELL. I move that we adjourn till to-morrow at 3:30 in the afternoon.

The motion was seconded and carried.

THIRD DAY.

BISMARCK, Thursday, July 18, 1889.

The Commission was called to order at 3:30 p.m.

A. G. Kellam in the chair.

Mr. KELLAM. When we adjourned yesterday, I think we were informally discussing plans to see if we could agree upon some starting point, or basis from which to work, in the division of the property of the Territory, and particularly the institutions of the Territory and the debts incident to them; and I suppose unless some other course is indicated, perhaps it would be well enough to take them up and dispose of them in some way.

Mr. CALDWELL. Owing to an error, which I had no opportunity for knowing, there was a very large bull in the figuring I stated to the Commission yesterday. I stated here yesterday that there had been paid for South Dakota institutions, for instance, on account of bonds issued therefor, about \$70,000, while there had been paid to North Dakota institutions in excess, or bonds which were issued, \$143,000. The error arose from including in one of the columns a very large account which had no business there, and which arose in this manner: Looking over the figures we called out the amounts and the gentleman who assisted me copying two columns with reference to construction and with reference to