

the T-bill rate is there to show the cost of money. If you are out and you've got money in your pocket and you want to invest that money, the appropriate return on your investment, in the market place, the best way you could measure that was what you could get if you put it in T-bills. That is why we used that rate to show the value of money over time, the investment or equity value of money over time. That is the T-bill rate. If you've got a dollar to invest and you want a good and safe return on your money, you stick it in a T-bill, that is your percentage figure. That is what we've decided is the equity portion of the capitalization rate. That is the place to be able to get the value of money over time.

SENATOR HALL: So in other words you would say that the T-bill rate would be, in essence, the cost of money at any given time?

SENATOR LANDIS: Yes.

SENATOR HALL: Thank you.

SENATOR BEUTLER: Senator Schmit.

SENATOR SCHMIT: Mr. President, members of the Legislature, I guess that I would have to say that I am getting conflicting signals. I know that during the previous legislative session I was informed, and apparently I'm sure others were informed, that commercial property was valued based upon at least a partial amount of its income earning capacity and some of it on market oriented. The Revenue Department now has apparently just given one of my assistants the information that commercial property is market oriented based upon location, past sales and topography. Residential property is totally market oriented, and the railroads are market and income. Now I would like to find out, if I could, if anyone can answer me, the type of formula that is used to determine the portion of the railroad valuation that is based upon income. Is there anyone here who can give me that answer? Senator Vard Johnson could perhaps answer that for me.

SENATOR V. JOHNSON: The railroads had a unique method of valuation over a long period of time which simply requires the Department of Revenue, frankly, the State Board of Equalization an assessment up until this body blithely