

Mueller Municipal Ownership Bill.

Following is the text of the Mueller municipal ownership bill which recently passed both branches of the Illinois legislature:

A bill for an act entitled, "An act to authorize cities to acquire, construct, own, operate and lease street railways, and to provide the means therefor."

Be it enacted by the people of the state of Illinois, represented in the general assembly:

Section 1. That every city in this state shall have the power to own, construct, acquire, purchase, maintain and operate street railways within its corporate limits, and to lease the same or any part of the same to any company incorporated under the laws of this state for the purpose of operating street railways for any period not longer than twenty years on such terms and conditions as the city council shall deem for the best interests of the public.

But no city shall proceed to operate street railways unless the proposition to operate shall first have been submitted to the electors of such city as a separate proposition and approved by three-fifths of those voting thereon. It shall be lawful for any such city to incorporate in any grant of the right to construct or operate street railways a reservation of the right on the part of such city to take over all or part of such street railways at or before the expiration of such grant upon such terms and conditions as may be provided in the grant; it shall also be lawful to provide in any such grant that in case such reserved right be not exercised by the city, and it shall grant a right to any company to operate a street railway in the streets and parts of streets occupied by its grantee under the former grant, the new grantee shall purchase and take over the street railway of the former grantee upon the terms that the city might have taken it over; and it shall be lawful for the city council of any city to make a grant containing such a reservation, for either the construction or operation, or both the construction and operation of a street railway in, upon and along any of the streets or public ways therein, or portions thereof, in which street railway tracks are already located at the time of the making of such grant, without the petition or consent of any of the owners of the land abutting or fronting upon any street or public way, or portions thereof, covered by such grant.

No ordinance authorizing a lease for a longer period than five years, nor any ordinance renewing any lease shall go into effect until the expiration of sixty days from any after its passage. And if within such sixty days there is filed with the city clerk of such city a petition signed by 10 per cent of the voters voting at the last preceding election for mayor, in such city, asking that such ordinance be submitted to a popular vote, then such ordinance shall not go into effect unless the question of the adoption of such ordinance shall first be submitted to the electors of such city and approved by a majority of those voting thereon.

The signatures to such petition need not all be appended to one paper, but each signer shall add to his signature, which shall be in his own handwriting, his place of residence, giving the street and number. One of the signers of each such paper shall make oath before an officer competent to administer oaths that each signature to the

paper appended is the genuine signature of the person whose name purports to be thereto subscribed.

The city council of any city that shall decide by popular vote, as in this act provided, to operate street railways, shall have the power to make all needful rules and regulations respecting the operation of the same, including the power to fix and prescribe rates and charges, but such rates and charges shall be high enough to produce a revenue sufficient to bear all costs of maintenance and operation and to meet interest charges on all bonds or certificates issued on account of such railways, and to permit the accumulation of a surplus or sinking fund that shall be sufficient to meet all such outstanding bonds or certificates at maturity. Street railways owned and operated by any such city, or owned by the city and leased for operating purposes to a private company, may carry passengers and their ordinary baggage, parcels, packages and United States mail, and may be utilized for such other purposes as the city council of such city may deem proper. Such street railways may be operated by such motive power as the city council may approve, except steam locomotives.

For the purpose of acquiring street railways either by purchase or construction, as provided for in this act, or for the equipment of any such street railways, any city may borrow money and issue its negotiable bonds therefor, pledging the faith and credit of the city, but no such bonds shall be issued unless the proposition to issue the same shall first have been submitted to the electors of such city and approved by two-thirds of those voting thereon, nor in an amount in excess of the cost to the city of the property for which said bonds are issued, ascertained as elsewhere provided in this act, and 10 per cent of such cost in addition thereto in the exercise of the powers, or any of them, granted by this act, and such city shall have the power to acquire, take and hold any and all necessary property, real, personal, or mixed, for the purposes specified in this act, either by public purchase or condemnation in the manner provided by law for the taking and condemning of private property for public use, but in no valuation of street railway property for the purpose of any such acquisition except of street railways now operated under existing franchises, shall any sum be included as the value of any earning power of such property or of the unexpired portion of any franchise granted by said city.

In case of the leasing by any city of any street railway owned by it, the rental reserved shall be based on both the actual value of the tangible property and the franchise contained in such lease, and such rental shall not be less than a sufficient sum to meet the annual interest upon all outstanding bonds or street railway certificates issued by said city on account of such street railway.

Sec. 2. In lieu of issuing bonds pledging the faith and credit of the city, as provided in section 1 of this act, any city may issue and dispose of interest-bearing certificates, to be known as "street railway certificates" which shall under no circumstances be or become an obligation or liability of the city or payable out of any general fund thereof, but shall be payable solely out of a specified portion of the revenues or income to be derived from the street railway property for the acquisition of which they were issued. Such certificates shall not be issued and secured on any street railway property in amount in excess of the cost to the city of such

property as hereinbefore provided, and ten (10) per cent of such cost in addition thereto.

In order to secure the payment of any such street railway certificates and the interest thereon the city may convey, by way of mortgage or deed of trust, any or all of the street railway property acquired or to be acquired through the issue thereof, which mortgage or deed of trust shall be executed in such manner as may be directed by the city council and acknowledged and recorded in the manner provided by law for the acknowledgment and recording of mortgages of real estate, and may contain such provisions and conditions not in conflict with the provisions of this act as may be deemed necessary to fully secure the payment of the street railway certificates described therein.

Any such mortgage or deed of trust may carry the grant of a privilege or right to maintain or operate the street railway property covered thereby for a period not exceeding twenty years from the date such property may come into the possession of any person or corporation as the result of foreclosure proceedings, which privilege or right may fix the rates of fare which the person or corporation securing the same as the result of foreclosure proceedings shall be entitled to charge in the operation of said property for a period not exceeding twenty (20) years.

Whenever, and as often as default shall be made in the payment of any street railway certificates issued and secured by a mortgage or deed of trust as aforesaid, or in the payment of the interest thereon when due, and any such default shall have continued for the space of twelve (12) months, after notice thereof has been given to the mayor and financial officer of the city issuing such certificates, it shall be lawful for any such mortgagee or trustee upon the request of the holder or holders of a majority in amount of the certificates issued and outstanding under such mortgage or deed of trust, to declare the whole of the principal or all such certificates as may be outstanding, to be at once due and payable, and to proceed to foreclose such mortgage or deed of trust in any court of competent jurisdiction. At a foreclosure sale the mortgagee or the holders of such certificates may become the purchaser or purchasers of the property and the rights and privileges sold, if he or they be the highest bidders.

Any street railway acquired by any such foreclosure shall be subject to regulation by the corporate authorities of the city to the same extent as if the right to construct, maintain and operate such property had been acquired through a direct grant without the intervention of foreclosure proceedings; provided, however, that no street railway certificates or mortgage shall ever be issued by any city under the provisions of this act unless and until the question of the adoption of the ordinance of the city council making provision for the issue thereof shall have first been submitted to popular vote and approved by a majority of the qualified voters of the city voting on such question.

Sec. 3. Every such city, owning, or owning and operating street railways, shall keep the books of account for such street railways distinct from other city accounts and in such manner as to show the true and complete financial results of such city ownership, or ownership and operation, as the case may be. Such accounts shall be so kept as to show the actual cost to such city of street railways owned, all costs of maintenance, extension and improvement, all operating expenses of every description, in case of such city operation, the amounts set aside for sinking fund purposes; if water or other service shall be furnished for the use of such street railway without

charge, the accounts shall show, as nearly as possible, the value of such service and also the value of such similar service rendered by the street railways to any other city department without charge; such accounts shall also show reasonable allowances for interest, depreciation and insurance, and also estimates of the amount of taxes that would be chargeable against such property if owned by a private corporation.

The city council shall cause to be printed annually for public distribution a report showing the financial results, in form as aforesaid, of such city ownership, or ownership and operation. The accounts of such street railways kept as aforesaid shall be examined at least once a year by an expert accountant, who shall report to the city council the results of his examination. Such expert accountant shall be selected in such manner as the city council may direct, and he shall receive for his services such compensation, to be paid out of the income or revenues for such street railways, as the city council may prescribe.

Sec. 4. This act shall not be in force in any city until the question of its adoption in such city shall first have been submitted to the electors of such city and approved by a majority of those voting thereon. The city council of any such city may, by ordinance, direct that the question of the adoption of this act in such city be submitted to popular vote at any general, city or special election in and for the entire city, coming not sooner than thirty days from and after the passage of the ordinance. If the city council of any city shall incorporate in any grant to any company the right to construct or operate street railways a provision reserving to such city the right to take over such street railways at or before the expiration of the grant if the people of such city shall adopt this act as herein provided; this provision shall be as valid and effective for all purposes in case such city shall later adopt this act as herein provided as if the said provision were made a part of such grant after the adoption of this act.

Sec. 5. In all cases provided in this act for the submission of questions or propositions to popular vote, the city council shall pass an ordinance stating the substance of the proposition or question to be voted upon and designating the election at which such question or proposition is to be submitted, which may be any general, city, or special election, in and for the entire city, coming not sooner than sixty days from and after the passage of said ordinance.

The city clerk of said city shall promptly certify the passage of such ordinance to the proper election officials, and it shall thereon be the duty of such election officials to submit such question or proposition to popular vote.

Sec. 6. Nothing in this act contained shall be construed to authorize any city to make any act or grant or to lease any street railway property for a period exceeding twenty (20) years from the making of such grant.

Provided, that when a right to maintain and operate a street railway for a period not exceeding twenty (20) years is contained in a mortgage or deed of trust to secure street railway certificates (and no such right shall be implied) such period shall commence as provided in section two (2) of this act.

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