

RAILROADS:

METHODS OF VALUING OPERATING PROPERTY

AND

THE AMOUNTS OF TAX PAYMENTS

A REPORT TO THE 1986 MINNESOTA LEGISLATURE

**Prepared by the
Minnesota Department of Revenue
February 1986**

PREFACE

State law requires the Department of Revenue to report to the legislature in February 1986 on:

- 1) the formula the Department of Revenue has used to determine the market value of the operating property of the state's railroads;
- 2) the values it has determined for each company according to the formula; and
- 3) the property taxes it has determined for each company.

**A BRIEF HISTORY OF
WHY THIS REPORT IS REQUIRED**

The requirement for this report can be traced back to 1979. It grows out of a major development—which occurred in 1979—in the long history of the taxation of railroads in Minnesota.

To understand this report and make use of the information it contains, it is necessary to know some of that history— especially what has occurred since 1979.

From before the turn of the century through 1979, railroads did not pay a property tax. Instead of a property tax, state law imposed on railroads a five percent gross earnings tax. For 1979, the amount of revenue collected from the gross earnings tax on railroads was \$25 million.

A major change in the taxation of railroads in Minnesota occurred in 1979 when the state legislature passed a law providing for a shift from the gross earnings tax on railroads to a property tax. The property tax on railroads was first assessed for 1980.

The shift from the gross earnings tax on railroads to a property tax was the state legislature's response to the 1976 Federal Railroad Revitalization and Regulatory Reform Act (the 4R Act). The 4R Act prohibited states from taxing railroad property in a discriminatory manner and at a rate higher than other commercial-industrial property.

The Department of Revenue had been responsible for collecting the railroad gross earnings tax, and under the 1979 law ordering the shift to a property tax, the department was assigned the responsibility of valuing railroad property for the property tax.

The law called on the department—under its rule-making authority—to develop a method for determining the values.

(The department was also assigned the responsibility of collecting the tax for 1980 and 1981. From 1982 onward, state law has given the responsibility for collecting tax to the local governments. The department remains responsible for valuing railroad property.)

But, since railroad property had never been valued for property tax purposes, the legislature wanted to see what methods the department developed to determine the valuation and what were the results.

As a result, in its 1979 law the legislature required the department to report to it in February 1980 and in February 1981 on:

1. the formula the department used to determine the market value of the operating property of the railroads;
2. the values it determined for each company according to the formula; and
3. the property taxes it determined for each company.

The law went on to state:

The legislature may review the formula, the valuation, and the resulting taxes, and may make changes in the formula that it deems necessary.

Clearly, the intent of the legislature was to closely watch the valuing of railroad property so that, if it saw fit, it could enact changes in the methods of determining the values.

The Department of Revenue made the required reports to the legislature for 1980 and for 1981.

In the 1979 law, no reports were called for after 1981.

But in 1984 the legislature revised its 1979 legislation calling again for the Department of Revenue to develop a formula under its rule-making authority for valuing railroad property and again asking for a report—this report—in February, 1985 and in February, 1986 on the formula used, the values determined, and the tax determined for each railroad.

The legislature again asked the department to develop a formula for valuing railroad property and report back to it because of a decision handed down by the Minnesota Tax Court in 1983.

From 1980 to 1983, five Minnesota railroads brought a total of 14 suits against the department to the Minnesota Tax Court claiming that the methods the department had used to value their property were wrong and had resulted in values—and ultimately property taxes—which were too high.

In 1983 the Tax Court issued a ruling in a suit brought by one railroad which agreed that its property had been over-valued. The court then outlined its own methods of determining the value of railroad property. Under the court's methods, the value was reduced and the property tax on the railroad was recalculated.

DEVELOPMENTS IN RESPONSE TO THE 1983 TAX COURT DECISION

Following the Tax Court decision, the remaining suits have all been settled in negotiations between the railroads and the department based on the guidelines for determining values which the court outlined in its decision. The negotiations resulted in tax reductions in every case.

As a result of these actions, the total property taxes paid by the railroads in 1982 were reduced from \$10.9 million based on the Department of Revenue's original methods for determining values to \$6.8 million based on the Tax Court's methods. For 1983 the recalculation of railroad property values according to the court's methods saw a reduction in property taxes from \$11.5 million to \$6.7 million, and for 1984 the reduction was from \$12.2 million to \$6.7 million. (A table comparing the amounts of property tax paid by railroads based on the department's original methods with the amounts paid based on the Tax Court's methods by year appears on page 10 of the appendix.)

The legislature responded to the 1983 Tax Court Decision by requiring the state government to reimburse the local governments for \$8.2 million of the total of \$10 million which they were required to refund to the railroads as a result of the overvaluation of their property in 1982 and 1983. This reimbursement program was expanded to include the 1984 railroad refunds. The 1984 reimbursement will amount to approximately \$3.6 million. A listing of the amount the state reimbursed local governments in each county for refunds made to the railroads for 1984 taxes, appears on pages 12 - 14 of the appendix. Also, the legislature responded by again calling for the department to develop rules for valuing railroad property and to report the rules and the results to the legislature.

Using the valuation methods developed by the department under its rule-making authority since the court decision, the amount of property taxes owed by the state's railroads for 1985 was approximately \$8 million and for 1986 will be approximately \$9.1 million. The department is currently not aware of any active appeals or suits filed by any railroad regarding their 1985 or 1986 property taxes.

This report describes the methods the department has developed for valuing railroad property, and it details what the department intends to consider for future changes in the methods of valuing railroad property.

METHODS FOR VALUING RAILROADS

The methods developed by the department for estimating the value of railroad operating property in 1985 for use in determining property tax payment amounts in 1986 are described below. The methods for the valuing of railroads were developed by the department under its authority to adopt emergency rules granted by Laws of 1984, Chapter 502, Article 9, Section 2. The methods were originally developed in 1984 and modified slightly in 1985. The allowance for obsolescence and the capitalization rate were the two areas modified.

Although not required by law, the first step in the department's procedures is to determine the "unit value" of each railroad. This means estimating the value of the entire system of a railroad company rather than determining the value of the component parts of its system.

The department's rules call for the use of three approaches in estimating the unit value of each railroad company:

- . restated cost less an allowance for depreciation and obsolescence;
- . capitalized earnings through the use of a capitalization rate developed under the guidelines of the Minnesota Tax Court in its 1983 ruling; and
- . the stock and debt value of the railroad adjusted for any non-operating property it owned.

The definitions of these approaches and the steps to follow for estimating the value of railroads under each are explained on pages 96 - 110, Volume 9, Number 2 of the State Register published on July 9, 1984 and pages 2336 - 2340, Volume 9, Number 42 of the State Register published April 15, 1985. A further description of the three approaches to value, together with examples of how values are determined according to each method, is not provided here because it would require fourteen pages of print—the same number of pages to provide the same explanations already published in the State Register.

If a railroad company is operating in more than one state, the next step in the department's procedures is to determine the portion of its unit value to allocate to Minnesota. Four measures are used by the department to determine the portion of a railroad's unit value to assign to Minnesota: miles of track; ton miles of revenue freight; gross revenue; and the cost of railroad property.

The total amount in the railroad system of each measure is divided into the portion of the total of the measure determined by the department to be in Minnesota. The result is a percentage for each of the four measures. Next, the percentages for each measure are added together and the total of the percentages divided by four. The result is an arithmetic average of the four percentages. The average is then multiplied by the unit value of the railroad to determine the portion of its system value to allocate to Minnesota.

The portion of the unit value allocated to Minnesota is now reduced for the property of a railroad that is not taxed by state law. An estimated 42 percent of a railroad's total value is made up of items exempted from the property tax. The substantial portion of this property represents locomotive and freight cars owned by the railroads. The result of this process is the value of a railroad's property that is taxed in Minnesota. (The market values as determined by the department for the assessment years 1980 to 1985 are listed on pages 16 and 17 of the appendix.)

The value of the railroad's property taxed in the state is then allocated to local units of government through the use of a formula using three factors: miles of track of the railroad; values of land for the railroad; and buildings owned by railroad with a cost of more than \$10,000.

The next step in the department's procedure calls for reducing the value of a railroad's property allocated to each local unit of government so that the value is taxed at the same percentage of its market value as other commercial and industrial property within a county. The department uses the median ratio of sales prices to assessors' estimates of market value for commercial and industrial property by county to determine the reduction in the value of railroad properties. The resulting value of the railroad is multiplied by 43 percent to determine the assessed value of its property in each local unit of government within a county.

The requirement that the values of railroad properties be reduced by the sales-to-assessment ratio for commercial and industrial property in each county is required by the Federal 4R Act, the Minnesota Tax court in its ruling in 1983, and by state law. This process resulted in a reduction of 21 percent in the department's estimates of railroad property for the 1985 assessment used in determining property taxes payable in 1986 (see page 18 of the appendix for the amount of reduction by railroad).

The department estimates, based on the values it has determined for railroads as a result of the 1985 assessment, that about \$9.1 million in property taxes will be paid by the railroad companies in 1986. This estimate was determined by multiplying the value of the railroad property that is taxed in Minnesota by the statewide average mill rate.

FUTURE DEVELOPMENTS

For the 1986 assessment of railroad operating property used in determining property tax amounts in 1987, the department will be focusing on adopting permanent valuation rules to fill the void created when the emergency valuation rules expired. These rules will be patterned almost entirely after the emergency rules which were used for the previous two assessment years. The department believes that the absence of litigation means that the emergency valuation rules were reasonable and workable and should be used for the near future.

At the suggestion of various county assessors, the department proposes to make only minor changes in the equalization process in order to provide for more representative rules and equalization rates in rural counties.

Meanwhile, the department will continue to work closely with and monitor the results of other states as a means of improving its estimates of the value of railroad operating property. As new developments occur, the department will explore adopting those changes in the factors, procedures, or methods in the valuing of railroad operating properties.

Any changes in the methods of valuing railroad property will have to be cautiously done. The reason for this is that the Federal 4R Act plays a substantial role in how railroad companies are taxed. And because railroad companies have actively challenged the methods of valuation or tax adopted by states as a result of the provisions of the Federal 4R Act, any changes must proceed in a cautious way to reduce the expense of litigation to the department and the loss of property tax revenues to local units of government.

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CHRONOLOGY OF EVENTS IN RAILROAD PROPERTY TAXATION IN MINNESOTA

1. **1800-'s - 1979** - Railroads paid a 5% gross earnings tax in place of property taxes on railroad operating property.
 - a. State tax collections amounted to \$25,000,000 a year.
2. **1976** - Federal legislation titled the Railroad Revitalization and Regulatory Reform Act (4R Act) became law.
 - a. Act had a 3 year phase in period; became effective February 1979.
 - b. 4R Act provided that states could not:
 - 1) tax railroad property in a discriminatory manner;
 - 2) tax railroad property at a higher tax rate than other commercial and industrial property; and not
 - 3) assess railroad property at a higher assessment ratio than other commercial and industrial property.
3. **1979** - Minnesota responds to the 4R Act by requiring railroads to pay a property tax in place of a gross earnings tax.
 - a. Minnesota law has in 2 years phase in period 1980-1981* during which proceeds of tax are paid to state.
 - b. For all years after 1981 property taxes are paid to local units of government.
 - c. Property tax collections amount to approximately \$12,000,000 per year.
4. **1980** - First appeals filed by the DW & P and Soo Line Railways with the Minnesota Tax Court concerning the valuation and equalization of their railroad operating property.
 - a. Other railroads, the BN and Milwaukee Road, followed suit.
5. **1982** - Soo Line's 1981 and 1982 appeals heard by Tax Court.
 - a. Appeals contained two major issues:
 - 1) the railroad was overvalued, and
 - 2) the value of the railroad was not equalized with the valuation level of other commercial and industrial property.
6. **1983** - Soo Line decision handed down by Minnesota Tax Court. Court ruled:
 - a. Railroad's taxable value was overstated by approximately 30%.
 - b. Lower value must be equalized to assessment level of other commercial and industrial property. Ratio determined by the court to be 85%.
 - c. Combined result was a 40% reduction in taxable value.
7. **1984** - Impact of Soo Line case.
 - a. Refunds made to the Soo Line, Burlington Northern, Chicago and Northwestern as a result of the Tax Court decision. Refunds due but not made to Duluth, Winnipeg and Pacific, Duluth Missabe and Iron Range and, Milwaukee Road.

- b. States responsibility for refund of 1981 taxes and interest of approximately \$1,000,000.
 - c. Local taxing districts have responsibility of refunding 1982, 1983, 1984 taxes. State will partially reimburse local governments for 1982 and 1983 refunds.
8. **1984** - Legislature responds to Railroad tax appeals.
- a. Revenue Department given authority to establish temporary valuation rules for railroad property.
 - b. Legislation passed to provide equalization to railroads commensurate with the 4R Act.
 - c. Reimbursement program authorized to mitigate the effect of railroad property tax refunds on taxing jurisdictions.
9. **1985** - Revenue Department implements legislation.
- a. Emergency valuation rules used to value railroads resulting in property tax collection of approximately \$8,000,000.
 - b. Reimbursements made to taxing districts of approximately \$8,250,000 for 1982 and 1983 railroad refunds.
 - c. Legislature expands reimbursement program to include 1984 refund.
 - d. Permanent valuation rules in the process of being promulgated.

*Note years referred to are years taxes are payable; i.e. 1979 assessment, taxes payable in 1980.

6 YEAR SUMMARY - RAILROAD TAXES

ASSESSMENT YEAR

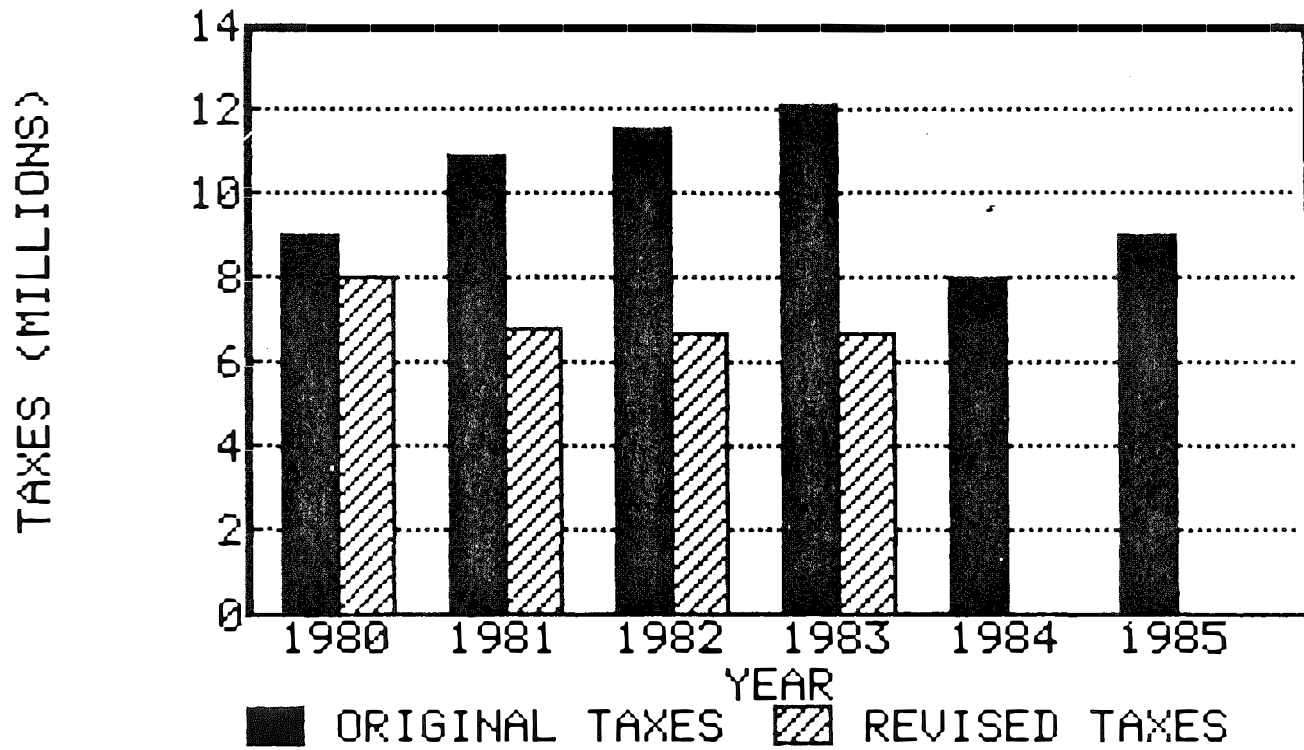
	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Original Taxes ⁽¹⁾	\$9,058,000	\$10,871,000	\$11,550,000	\$12,215,000	\$7,964,000	\$9,106,000
Revised Taxes ^{(1) (2)}	\$8,140,000	\$ 6,751,000	\$ 6,720,00	\$ 6,689,000	-	-
Percentage Decrease	(10.1%)	(37.9%)	(41.8%)	(54.7%)	-	-

(1) Taxes estimated by using Statewide Average Mill Rates

1980 = 87.006
 1981 = 92.153
 1982 = 92.101
 1983 = 98.140
 1984 = 99.000
 1985 = 105.000

(2) Revised taxes are due to the effect of the railroad tax appeals on value and thus taxes.

6-YEAR SUMMARY RR TAXES



Total Property Tax Reduction Compared to Total State Reimbursement Estimates for
Taxes Payable Year 1984 for the Burlington Northern, Soo Line, Duluth,
Winnipeg Pacific, Milwaukee Road, Duluth Missabe and Iron Range Railroads Combined

County	(1) Estimated Total Property Tax Reduction	(2) Estimated Total State Reimbursement	(3) Difference (1-2)
Aitkin	\$ 28,470	\$ 21,883	\$ 6,587
Anoka	\$ 301,182	\$ 209,895	\$ 91,287
Becker	\$ 51,662	\$ 35,243	\$ 16,419
Beltrami	\$ 53,904	\$ 38,219	\$ 15,685
Benton	\$ 38,264	\$ 26,372	\$ 11,892
Big Stone	\$ 5,163	\$ 1,734	\$ 3,429
Blue Earth	\$ 0	\$ 0	\$ 0
Brown	\$ 2,429	\$ 0	\$ 2,429
Carlton	\$ 71,299	\$ 52,664	\$ 18,635
Carver	\$ 5,836	\$ 1,708	\$ 4,128
Cass	\$ 60,480	\$ 49,544	\$ 10,936
Chippewa	\$ 12,324	\$ 5,143	\$ 7,181
Chisago	\$ 25,751	\$ 14,505	\$ 11,246
Clay	\$ 210,673	\$ 179,714	\$ 30,959
Clearwater	\$ 19,933	\$ 14,919	\$ 5,014
Cook	\$ 0	\$ 0	\$ 0
Cottonwood	\$ 0	\$ 0	\$ 0
Crow Wing	\$ 99,915	\$ 76,209	\$ 23,706
Dakota	\$ 35,061	\$ 942	\$ 34,119
Dodge	\$ 0	\$ 0	\$ 0
Douglas	\$ 42,165	\$ 26,401	\$ 15,764
Faribault	\$ 3,122	\$ 77	\$ 3,045
Fillmore	\$ 0	\$ 0	\$ 0
Freeborn	\$ 5,473	\$ 233	\$ 5,240
Goodhue	\$ 765	\$ 0	\$ 765
Grant	\$ 17,094	\$ 12,690	\$ 4,404
Hennepin	\$ 761,541	\$ 325,532	\$ 436,009
Houston	\$ 5,455	\$ 678	\$ 4,777
Hubbard	\$ 10,185	\$ 4,508	\$ 5,677
Isanti	\$ 22,989	\$ 11,392	\$ 11,597
Itasca	\$ 138,849	\$ 114,209	\$ 24,640
Jackson	\$ 43	\$ 0	\$ 43
Kanabec	\$ 19,780	\$ 13,079	\$ 6,701
Kandiyohi	\$ 44,722	\$ 25,097	\$ 19,625
Kittson	\$ 33,600	\$ 29,594	\$ 4,006
Koochiching	\$ 63,785	\$ 54,976	\$ 8,809

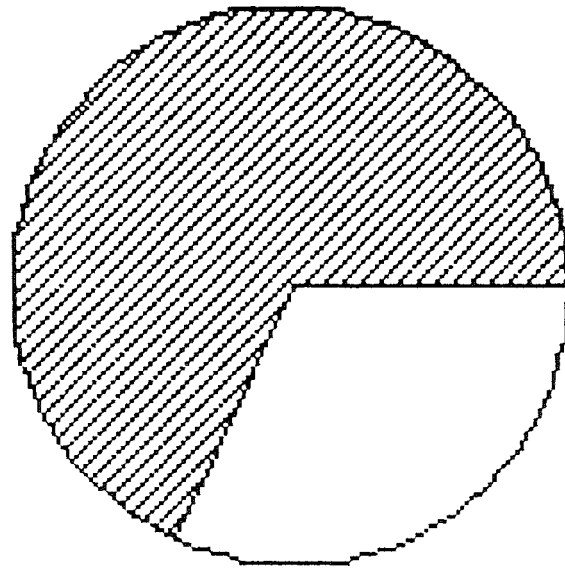
Total Property Tax Reduction Compared to Total State Reimbursement Estimates for
Taxes Payable Year 1984 for the Burlington Northern, Soo Line, Duluth,
Winnipeg Pacific, Milwaukee Road, Duluth Missabe and Iron Range Railroads Combined

County	(1) Estimated Total Property Tax Reduction	(2) Estimated Total State Reimbursement	(3) Difference (1-2)
Lac Qui Parle	\$ 4,769	\$ 2,530	\$ 2,239
Lake	\$ 0	\$ 0	\$ 0
Lake of the Woods	\$ 0	\$ 0	\$ 0
Lê Sueur	\$ 3,058	\$ 49	\$ 3,009
Lincoln	\$ 1,543	\$ 680	\$ 863
Lyon	\$ 19,319	\$ 8,411	\$ 10,908
Mc Leod	\$ 19,573	\$ 4,669	\$ 14,904
Mahnomen	\$ 14,029	\$ 10,524	\$ 3,505
Marshall	\$ 48,258	\$ 39,737	\$ 8,521
Martin	\$ 1,637	\$ 0	\$ 1,637
Meeker	\$ 28,746	\$ 16,479	\$ 12,267
Mille Lacs	\$ 25,305	\$ 14,501	\$ 10,804
Morrison	\$ 61,736	\$ 46,150	\$ 15,586
Mower	\$ 5,958	\$ 0	\$ 5,958
Murray	\$ 40	\$ 0	\$ 40
Nicollet	\$ 0	\$ 0	\$ 0
Nobles	\$ 1,119	\$ 0	\$ 1,119
Norman	\$ 23,784	\$ 17,292	\$ 6,492
Olmsted	\$ 5,264	\$ 0	\$ 5,264
Otter Tail	\$ 96,816	\$ 66,046	\$ 30,770
Pennington	\$ 21,395	\$ 13,233	\$ 8,162
Pine	\$ 59,412	\$ 48,608	\$ 10,804
Pipestone	\$ 17,549	\$ 11,824	\$ 5,725
Polk	\$ 122,841	\$ 101,747	\$ 21,094
Pope	\$ 27,508	\$ 21,616	\$ 5,892
Ramsey	\$ 543,970	\$ 267,589	\$ 276,381
Red Lake	\$ 15,632	\$ 9,230	\$ 6,402
Redwood	\$ 33	\$ 0	\$ 33
Renville	\$ 3,294	\$ 37	\$ 3,257
Rice	\$ 5,214	\$ 468	\$ 4,746
Rock	\$ 6,038	\$ 3,045	\$ 2,993
Roseau	\$ 21,213	\$ 13,110	\$ 8,103
St. Louis	\$1,349,824	\$1,221,889	\$ 127,935
Scott	\$ 4,168	\$ 0	\$ 4,168
Sherburne	\$ 42,668	\$ 24,704	\$ 17,964
Sibley	\$ 0	\$ 0	\$ 0

Total Property Tax Reduction Compared to Total State Reimbursement Estimates for
Taxes Payable Year 1984 for the Burlington Northern, Soo Line, Duluth,
Winnipeg Pacific, Milwaukee Road, Duluth Missabe and Iron Range Railroads Combined

County	(1) Estimated Total Property Tax Reduction	(2) Estimated Total State Reimbursement	(3) Difference (1-2)
Stearns	\$ 235,472	\$ 168,910	\$ 66,562
Steele	\$ 3,284	\$ 0	\$ 3,284
Stevens	\$ 16,643	\$ 10,398	\$ 6,245
Swift	\$ 17,732	\$ 10,129	\$ 7,603
Todd	\$ 53,321	\$ 40,689	\$ 12,632
Traverse	\$ 2,366	\$ 853	\$ 1,513
Wabasha	\$ 5,315	\$ 1,187	\$ 4,128
Wadena	\$ 26,065	\$ 17,587	\$ 8,478
Waseca	\$ 1,034	\$ 0	\$ 1,034
Washington	\$ 37,794	\$ 1,878	\$ 35,916
Watonwan	\$ 0	\$ 0	\$ 0
Wilkin	\$ 31,774	\$ 26,943	\$ 4,831
Winona	\$ 15,754	\$ 1,856	\$ 13,898
Wright	\$ 58,560	\$ 24,644	\$ 33,916
Yellow Medicine	\$ 5,865	\$ 2,511	\$ 3,354
TOTALS	\$5,304,606	\$3,618,913	\$1,685,693

REIMBURSEMENT PROGRAM-RR'S
TAXES PAYABLE 1984



▨ 68%
AMT. REIMBURSED
□ 32%
AMOUNT ABSORBED

RAILROADS STATISTICS
ASSESSMENT DATE - JANUARY 2, 1985
AD VALOREM RESULTS

<u>RAILROAD NAME</u>	<u>Unit Value</u>	<u>Minnesota Portion of Unit Value</u>	<u>Exempt Property Deduction</u>	<u>Personal Property Deduction</u>	<u>Unequalized Minnesota Market Value</u>
BURLINGTON NORTHERN	\$ 2,763,626,442	\$ 232,144,621	\$ 6,665,972	\$ 70,845,391	\$ 154,633,258
CEDAR VALLEY RAILROAD	1,153,320	195,488	0.00	8,132	187,356
CHICAGO & NORTHWESTERN	360,234,271	35,122,841	62,760	21,512,866	13,547,215
MILWAUKEE ROAD	101,198,599	24,156,106	35,213	7,778,988	16,341,905
DULUTH & NORTHEASTERN	1,868,990	1,868,990	0.00	1,080,089	788,901
DULUTH, MISSABE & IRON RANGE	36,518,440	35,941,449	1,371,477	18,778,409	15,791,563
DULUTH, WINNIPEG & PACIFIC	36,102,108	32,701,289	5,975	14,856,751	17,838,563
GREEN BAY & WESTERN	7,944,027	34,954	0.00	1,618	33,336
MINNESOTA, DAKOTA & WESTERN	2,062,481	2,062,481	0.00	339,278	1,723,203
MINNESOTA & MANITOBA	1,289,434	1,289,434	0.00	1,676	1,287,758
MINNESOTA TRANSFER	896,709	896,709	4,616	171,014	721,079
SOO LINE RAILROAD	187,766,133	58,263,831	393,085	25,266,368	32,604,378
SOUTHEAST CORPORATION	18,033	18,033	0.00	0.00	18,033
TOTALS	\$ 3,500,678,987	\$ 424,696,226	\$ 8,539,098	\$ 160,640,580	\$ 255,516,548

SIX YEAR SUMMARY OF UNEQUALIZED MARKET VALUES

<u>RAILROAD</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
BN	\$119,746,124	\$ 139,760,974	\$ 149,684,100	\$154,137,928	\$ 127,031,420	\$ 154,633,258
CVR	0.00	0.00	0.00	0.00	0.00	187,356
C & NW	3,266,858	4,474,010	5,470,000	5,297,490	7,349,922	13,547,215
MR	19,391,268	18,519,459	18,880,600	17,034,388	16,463,590	16,341,905
C RI & P	2,537,001	2,023,898	1,764,200	1,700,385	Part of C. & NW	Part of C. & NW
D & NE	1,064,004	1,211,144	1,183,400	1,141,421	979,064	788,901
D M & IR	31,902,441	36,228,555	37,655,700	37,390,889	21,764,995	15,791,563
D W & P	23,906,702	27,625,488	30,536,500	26,739,064	20,000,003	17,838,563
GB & W	35,906	39,845	41,500	41,781	37,049	33,336
ICG	368,147	376,602	374,300	376,624	370,837	0.00
M N & S	3,403,695	3,355,000	2,587,000	Part of Soo Line	Part of Soo Line	Part of Soo Line
M D & W	2,134,814	2,520,267	2,632,500	2,219,407	1,725,088	1,723,203
M & M	1,183,457	1,180,732	1,185,700	1,343,078	1,093,322	1,287,758
MTR	887,893	856,988	879,800	900,497	718,703	721,079
SOO	32,960,040	36,158,882	38,774,000	41,114,332	35,110,175	32,604,378
SE Corp	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>25,089</u>	<u>17,451</u>	<u>18,033</u>
TOTALS	<u>\$242,788,350</u>	<u>\$ 274,331,844</u>	<u>\$ 291,649,300</u>	<u>\$289,462,373</u>	<u>\$ 232,661,619</u>	<u>\$ 255,516,548</u>

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RAILROAD STATISTICS

EFFECTS OF EQUALIZATION ON 1985
MARKET VALUES

<u>RAILROAD</u>	<u>Unequalized 1985 Market Values</u>	<u>Equalized 1985 Market Values</u>	<u>Percentage Decrease In Value</u>	<u>Effective Equalization Percent</u>
Burlington Northern	\$ 154,633,258	\$ 122,248,083	20.94%	79.06%
Cedar Valley Railroad	187,356	147,572	21.23%	78.77%
Chicago and Northwestern	13,547,215	10,212,501	24.62%	75.38%
Milwaukee Road	16,341,905	12,667,405	22.49%	77.51%
Duluth and Northeastern	788,901	611,551	22.48%	77.52%
Duluth, Missabe and Iron Range	15,791,563	12,839,029	18.70%	81.30%
Duluth, Winnipeg and Pacific	17,838,563	13,577,712	23.89%	76.11%
Green Bay and Western	33,336	19,068	42.80%	57.20%
Minnesota, Dakota and Western	1,723,203	1,077,002	37.50%	62.50%
Minnesota and Manitoba	1,287,758	1,031,407	19.91%	80.09%
Minnesota Transfer	721,079	592,490	17.83%	82.17%
Soo Line Railroad	32,604,378	26,635,620	18.31%	81.69%
Southeast Corporation	18,033	15,851	12.10%	87.90%
TOTALS	\$ 255,516,548	\$ 201,675,291	21.07%	78.93%