

things, the Commission agreed to pay the first \$460,000.00 towards construction of the road and the City agreed to pay the balance. The agreement provided that "the final adjustment between the Commission and the City will be made on the basis of actual cost".

On October 23, 1952, a bill was submitted to the Department of Aviation in the amount of \$46,365.07, said sum being the amount claimed by the Commission under the above contract. This figure was arrived at in the following manner:

Payment to Williams Construction Co.....	\$448,388.42
Salaries, expenses, etc. of engineering during construction.	29,746.53
Portion of Administrative and General Expense.....	28,230.12
	<u>\$506,365.07</u>
Less Amt. paid by SRC.....	<u>460,000.00</u>
Due from City of Baltimore.....	\$ 46,365.07

The City has disputed the \$28,230.12 item on the basis that administrative and general expenses of the State Roads Commission should not be considered as "actual costs" in this case. After a thorough examination of the cases that have been litigated where the meaning of the term "actual costs" has been discussed, it appears that the following cases are similar to the situation with which we are faced.

In the case of Territory of Honolulu vs. Rapid Transit and Land Co., 23 Haw. 387, the Court stated that the term "actual cost" means money actually "paid out" or "real costs" which may be considered synonymous with "expense" and as excluding all profit.

In State v. Tonopah Extension Mining Co. 248 P. 835 (Nev. 1926), the Nevada Court had to determine the meaning of the phrase, "actual costs of extraction, transportation, reduction, or sale of ores, . . ." so as to determine the net proceeds from the operation of mines for purposes of State taxation. The Court defined "actual costs" as meaning the money actually expended,