

**THE ECONOMIC SITUATION OF PASSENGER  
RAILROAD TRAFFIC IN VIRGINIA**

**REPORT OF THE  
VIRGINIA ADVISORY LEGISLATIVE COUNCIL  
to  
THE GOVERNOR  
and  
THE GENERAL ASSEMBLY OF VIRGINIA**



1962

**SENATE DOCUMENT No. 14**

COMMONWEALTH OF VIRGINIA  
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Richmond  
1961



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THE ECONOMIC SITUATION OF PASSENGER  
RAILROAD TRAFFIC IN VIRGINIA  
A REPORT OF  
THE VIRGINIA ADVISORY LEGISLATIVE COUNCIL

RICHMOND, VIRGINIA, December 7, 1961

To:

HONORABLE J. LINDSAY ALMOND, JR., *Governor of Virginia*

and

THE GENERAL ASSEMBLY OF VIRGINIA

During the years between 1941 and 1946, when new automobiles were virtually unobtainable in this country, and gasoline and rubber were strictly rationed, and with the population of the nation being on the move to an unprecedented extent, the railroads of the United States transported passengers almost to their full capacity. With the end of World War II, however, there began a decline in passenger travel on railroads, which has continued and become more acute during the intervening years.

At its 1960 Session, the General Assembly, being cognizant of the importance of the railroads to the well-being and convenience of the public and to the economy of the Commonwealth, and being concerned about both immediate and long range effects of the decline of railway passenger travel, directed the Virginia Advisory Legislative Council to make a study of the subject. The Resolution directing the study was

SENATE JOINT RESOLUTION NO. 9

*Directing the Virginia Advisory Legislative Council to study the economic situation of passenger railroad traffic and to suggest, plan and present legislative measures for the relief thereof.*

Whereas, The railroads of the Commonwealth have for many years provided a convenient, safe and rapid method of transportation for the people of the Commonwealth and for travelers visiting Virginia, and have provided for their own terminal facilities and for the construction and maintenance of the right of way; and

Whereas, The interest of the Commonwealth and its people will be promoted by the preservation of a railroad economy; and

Whereas, Although the Governor's Highway Safety Committee has scored marked successes in reducing highway deaths and personal injuries, nevertheless, death and injury on the public highways continue at an alarming rate; and

Whereas, The preservation of a railroad economy with its many benefits to public health, convenience and necessity, depends upon a modern approach to the problems of maintaining good service, suitable terminals and right of way; now, therefore, be it

Resolved by the Senate of Virginia, the House of Delegates concurring, That the Virginia Advisory Legislative Council is directed to make a study of the economic situation of passenger railroad traffic and to suggest, plan, and present legislative measures for the relief thereof.

In making this study the Council shall have the following duties :

1. To inquire into the economic situation of passenger railroad traffic, with particular reference to the cost of maintaining terminals and rights of way.

2. To formulate methods of attracting greater passenger traffic.

3. To formulate methods of providing increased passenger service.

4. To suggest, plan and present legislative measures for tax relief, with particular reference to the equities involved in competition with other modes of public travel.

5. To suggest, plan and present legislative measures for State and/or public subsidy, with particular reference to the equities involved in competition with other modes of public travel.

The Council shall complete its study and make its report to the Governor and General Assembly not later than October thirty-one, nineteen hundred sixty-one. All agencies of the State shall assist the Council in its study.

The Council selected Tom N. Frost, of Warrenton, member of the House of Delegates and member of the Council, as Chairman of a Committee to make the initial study and report to it. Chosen to serve with Mr. Frost on the Committee were the following: Hiram T. Askew, General Passenger Traffic Manager, The Chesapeake and Ohio Railway Company, Richmond; J. S. Brittingham, State Representative, Brotherhood of Railroad Trainmen, Suffolk; John A. K. Donovan, member of the Senate of Virginia, Falls Church; J. R. Getty, General Passenger Traffic Manager, Seaboard Air Line Railroad Company, Richmond; C. E. Lex, Jr., Tax Commissioner, Norfolk and Western Railway Company, Roanoke; C. E. Mervine, Jr., Assistant to the President, Richmond, Fredericksburg and Potomac Railroad Company, Richmond; Robert F. Nelson, Managing Director, Virginia Travel Council, Richmond; Archer A. Page, Special Representative, The Chesapeake and Ohio Railway Company, Richmond; Julian L. Palmore, Local Chairman, Brotherhood of Railroad Trainmen, Alexandria; and L. L. Waters, General Superintendent of Transportation, Southern Railway System, Washington, D.C.

The Committee organized by electing Senator Donovan Vice-Chairman. John B. Boatwright, Jr. and Wildman S. Kincheloe, Jr. served as Secretary and Recording Secretary, respectively, to the Committee.

The Committee met a number of times and held a public hearing in Richmond which was well attended and at which much valuable information was presented. It conferred with various individuals, including the members of the State Corporation Commission, and assembled information from many sources relating to the subject of its study. Members of the Committee conferred with representatives of the President's Task Force on Railway Passenger Traffic, known as the Transportation Policy Group; thereafter members of that Group met with the Committee in Richmond.

After consideration of the material before it, the Committee made its report to the Council. The Council has reviewed the report of the Committee, and now submits its report, containing its findings and recommendations as set forth below.

## GENERAL DISCUSSION

Early in the course of the study it was determined that paragraph 5 of the Resolution directing the study, which deals with governmental subsidies, was contrary both to the basic philosophy of government in this State and to the desires of the railroads themselves. No further consideration, therefore, was given to this subject except insofar as it relates to the program of the federal government, which is discussed in more detail hereinafter.

We realize the importance, if not the necessity, of halting the elimination of railway passenger traffic which has accelerated in pace since 1946. Along with other states, Virginia has been keeping up with this pace. According to a statement made by Stuart Shumate, President of the Richmond, Fredericksburg and Potomac Railroad, the total number of passengers by rail, wholly within the State, has declined by approximately 90% since 1946.

The Council believes that substantial readjustment, both from the governmental standpoint and from the standpoint of sound business, is required. As pointed out by the Interstate Commerce Commission in its "Recommendations" of May 18, 1959:

"The specific public need and demand for future railroad passenger service cannot be foretold. It is clear, however, that any degree of railroad participation in the travel market on a sound financial basis, requires adjustment of its services and facilities to determine needs."

The rail carriers have been adjusting their service to realities and in conformity with sound business principles. It is apparent that the current trend toward elimination of passenger service is substantially related to governmental handling of the transportation problem. In this sense we quote from the report issued January 8, 1961, prepared by the Special Study Group on Transportation Policies in the United States and entitled "National Transportation Policy":

"The various source data we have received are replete with indications of a general dissatisfaction with the present-day organization for promotion and regulation of transportation directed principally to lack of coordination, delay, inconsistency and failure to adjust to changing conditions.

"We can fairly attribute failure to keep up with the times to the lack of an agency specifically charged with continuing research and review of transportation trends as they affect present and future policies. Our practice has been to await the buildup of sufficient pressure to generate alleged corrective action which is then taken with little regard for its overall effect. One objective of organization should be to provide such a research and review facility.

"Inconsistency is partly a result of obsolescent policy, partly a result of procedures which have grown up within the regulatory agencies and partly rapid turnover of officials dealing with problems on a case-by-case basis. Organization should seek to stabilize personnel and to produce a broad policy framework known to all concerned and within which individual problems would be considered.

"Delay can be charged to staffing unrelated to workload, to policies inviting conflict and to legalistic procedures applied to administrative type problems. All of these are susceptible of correction under a proper organizational structure.

“Lack of coordination in the federal government in regard to policy, promotional and regulatory actions affecting transportation is unquestionably the most serious criticism directed toward our present system.”

The preservation of essential passenger train service in Virginia—and nationally—being in the best interests of the Commonwealth, we urge recognition of the governmental economic assistance furnished other transportation services as placing the rail carriers in an unfair competitive position, and action by federal and State authorities to put these competing forces more in harmony.

In the metropolitan areas where commuter service either exists or may develop in the foreseeable future, the findings of competent authorities on urban matters have shown the present trend to provide ever-increasing networks of throughways for the movement of the individual automobile to be uneconomical, removing as it does valuable land from the tax rolls, entailing vast outlays of public money for acquisition and construction, and increasing congestion in the metropolitan center. Their recommendations for suburban service by fast rail transit, the inclusion of median strips in throughway planning for the present or future use by such fast rail transit, should receive serious study and consideration. An example of what this means is best illustrated by the experience in Chicago where a double track rail line, provided in the Congress Street Expressway, can handle as many people as twenty-four highway lanes like those in the Expressway, and the cost of the rail line was \$4 millions per mile as compared with \$10 millions per highway mile.

We also commend for special consideration the overriding importance of the rail carriers in the matter of national well-being and national defense. The Railroad Magna Carta, promulgated in March, 1961, by the Association of American Railroads, gives this succinctly:

“Railroads haul nearly half of the nation’s freight during normal times, much more in wartime (71 percent in the World War II year 1943). They carry more than a fourth of all commercial passenger traffic, and three-fourths of all non-local mail. The 219,000 miles of right-of-way of Class 1 lines (370,000 miles of track) provide links of steel between virtually all our cities.”

In the light of our investigation, it is felt that a new and helpful approach is needed in the Commonwealth. Hence, the following findings and recommendations are made.

#### FINDINGS

(1) Governmental regulation of passenger railway traffic in Virginia, under present law, is high in quality. The State Corporation Commission is to be commended for its careful and orderly attention to the question of eliminating uneconomical railway operations in favor of giving support to operations which are more necessary and economical.

(2) Efforts to promote passenger traffic in Virginia by means of public relations are high in quality. The work of the Department of Conservation and Economic Development and the Virginia Travel Council in such respect should be commended.

(3) The President’s Task Force on Railway Passenger Traffic, known as the Transportation Policy Group, is considering the promotion of a pilot project in Virginia. A maximum of cooperation within the Commonwealth should be afforded in aid and support of such project.

(4) Legislation has been enacted to permit the removal of taxes on money and intangibles of certain public service corporations; similar legislation should be enacted as to the railroads.

(5) The ten per centum federal excise tax on public passenger traffic is not in the public interest. Congress should be memorialized to repeal this tax, and to enact other legislation as suggested in the Railroad Magna Carta, in particular, legislation to permit the railroads to retain the full benefit of any tax reductions granted by the states and by political subdivisions thereof.

(6) The Commonwealth ought to have the legal right to provide matching funds whenever federal funds are available to aid railway passenger service.

(7) The Commonwealth and its political subdivisions ought to have the legal right to grant tax relief in certain cases in order to aid railway passenger traffic.

(8) Section 181 of the Constitution empowers the General Assembly to grant tax relief in cases where the State Corporation Commission finds certain passenger trains to be necessary in the public interest; this should be implemented.

(9) Median strips for rights-of-way for fast rail transit service should be provided for where appropriate in future acquisitions of land for public highways.

#### RECOMMENDATIONS

1. That a joint resolution be introduced recommending that the Governor and appropriate State agencies request the Federal Transportation Policy Group and the United States Department of Commerce to initiate a pilot project to stimulate railroad passenger travel within the State, and that as the pilot project progresses, all necessary or desirable legislation be enacted to permit the cooperation of State agencies and local political subdivisions and the railroads and to provide for State matching funds if necessary; that, to this end, a joint resolution be introduced continuing the work of this Committee, and, in order that the railroad problems be considered in proper perspective, that the study be broadened to include taxation of railroads in relation to other forms of transportation and business.

2. That a bill be introduced to amend § 58-516 of the Code, in order to eliminate the tax of fifty cents on every hundred dollars of assessed value of intangibles owned by railroads; to amend § 58-517 in order to eliminate the tax of twenty cents on every hundred dollars of money owned by railroads; and to amend § 58-524, which requires annual reports to be filed with the State Corporation Commission by railroads, so as to provide for the repeal of subsections (8), (9) and (10) of the section in order to eliminate the requirements of reporting the ownership of intangibles and money. In order not to unduly complicate the budget situation during the next biennium, we recommend that the bill be made effective for the tax year 1965 and succeeding years.

3. That a bill be introduced to amend § 58-519 of the Code, in order to reduce, effective January 1, 1965, the franchise tax on gross railway transportation receipts from the present 2.00 per centum to the 1.5 per centum levied prior to 1948.

4. That a bill be introduced to amend § 58-515 of the Code, in order to reduce, effective January 1, 1965, the tax on railroad rolling stock from the present \$2.50 per \$100.00 assessed value to the pre-1948 rate of \$1.60 (1 3/5%) per \$100.00 assessed value.

5. That a bill be introduced to allow a credit against the gross receipts tax on certain railway passenger trains designated by the State Corporation Commission.

6. That a bill be introduced to enable the State Highway Commission to acquire median strips for fast rail transit service in future highway acquisitions, where appropriate, using general State funds for such purpose.

7. That a joint resolution be introduced memorializing Congress to repeal the ten per centum transportation excise tax on passenger railway traffic.

8. That a joint resolution be introduced memorializing Congress to enact legislation in accordance with the Railroad Magna Carta, in particular, legislation to permit the railroads to retain the full benefits of tax reductions granted by the states and by political subdivisions thereof.

9. That a joint resolution be introduced to set in motion the procedures for amending Section 185 of the Constitution of Virginia in order to permit the State to provide matching funds for the purpose of stimulating railroad passenger service.

10. That a joint resolution be introduced to set in motion the procedures for amending Section 189 of the Constitution of Virginia in order to permit the General Assembly, by general law, to authorize the governing bodies of counties, cities and towns to exempt the properties of the railroads from local taxation for appropriate periods as an inducement to their location and the continuance of their operations.

Respectfully submitted,

CHARLES K. HUTCHENS, Vice-Chairman

\*C. W. CLEATON

JOHN WARREN COOKE

\*JOHN H. DANIEL

CHARLES R. FENWICK

TOM N. FROST

\*J. D. HAGOOD

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LEWIS A. McMURRAN, JR.

MOSBY G. PERROW, JR.

AUTHUR H. RICHARDSON

EDWARD E. WILLEY

\*See attached statement.

Edward M. Hudgins disqualified himself from consideration of this report.

STATEMENT OF  
C. W. CLEATON, JOHN H. DANIEL, J. D. HAGOOD AND  
BALDWIN G. LOCHER

We concur in the conclusions expressed in this report to the effect that the maintenance in a sound economic condition of the railroad industry is of vital importance to the Commonwealth; that the decrease in revenues of the railroads is a matter of such grave concern that all feasible steps should be taken to arrest it; and that there may be inequities in taxation.

We are not, however, willing to concur in the specific recommendations for tax relief proposed in the report without a more comprehensive consideration of these recommendations in the light of the known and anticipated revenue needs and the tax resources of the State government.

C. W. Cleaton  
John H. Daniel  
J. D. Hagood  
Baldwin G. Locher

HOUSE JOINT RESOLUTION NO.

*To direct the formulation and transmission of a request to the Federal Transportation Policy Group and the United States Department of Commerce for the initiation of a pilot project to stimulate railway passenger travel within the State.*

Whereas, the overall decline in passenger traffic on the railroads of the nation and especially the decline of such traffic in the vicinity of and between metropolitan areas throughout the country has been a cause of great concern in this State and elsewhere; and

Whereas, unless action is taken to reverse the trend which has been developing in recent years in this respect, grave danger exists of deterioration in available facilities and services offered by the railroads to the point where the national safety might be impaired in time of emergency; and

Whereas, the Congress has taken cognizance of this situation by providing funds for pilot projects looking toward the stimulation of railway passenger traffic by the provision of improved services; now, therefore,

Resolved by the House of Delegates, the Senate concurring, That the State Corporation Commission is directed to work with the Federal Transportation Policy Group and the United States Department of Commerce in the formulation of a plan for a pilot project to stimulate railroad passenger travel within the State; and the Governor is requested to seek the cooperation of the named federal agencies in the planning and carrying out of such a project.

HOUSE JOINT RESOLUTION NO.

*Directing the Virginia Advisory Legislative Council to continue its study of railroad passenger traffic, and to study the taxation of railroads.*

Whereas, at the direction of the General Assembly of 1960, the Virginia Advisory Legislative Council made a study of certain matters affecting railroad passenger traffic and in the course of such study became aware of plans being made by certain federal agencies for the stimulation of such traffic by federal programs looking toward the provision of better passenger service by railroads in certain instances; and

Whereas, the effect of such activities should be evaluated and further action, if any, which might appear desirable on the part of the State of Virginia should be brought to the attention of the General Assembly; and

Whereas, railroads were originally taxed and are now taxed as a monopoly, which they have ceased to be; now, therefore,

Resolved by the House of Delegates, the Senate concurring, That the Virginia Advisory Legislative Council is directed to continue the study initiated by Senate Joint Resolution No. 9, 1960 Session of the General Assembly, of railroad passenger traffic and means which may be provided to enable the railroads to better serve the public by improvement in passenger service.

Be it further resolved that the Council study the taxation of railroads generally to determine if railroads are being equitably taxed in relation to other forms of transportation and business.

The Council shall complete its study and make its report to the Governor and the General Assembly not later than October thirty-one, nineteen hundred sixty-three. All agencies of the State shall assist the Council in its study.

*A BILL to amend and reenact §§ 58-516, 58-517, and 58-524 as amended, of the Code of Virginia, relating, respectively, to State taxes on intangible personal property and money of railway and canal corporations, and annual property reports required of such corporations.*

Be it enacted by the General Assembly of Virginia :

1. That §§ 58-516, 58-517, and 58-524 as amended, of the Code of Virginia, be amended and reenacted as follows:

§ 58-516. The State tax on the intangible personal property as assessed in §§ 58-530 and 58-531 (other than shares of stock, bonds or other evidences of debt not assessable under § 58-534 and bonds issued by counties, cities and towns or other political subdivisions of this State) owned by every railway and canal corporation shall be at the rate of fifty cents on every hundred dollars of the assessed value thereof. *For the tax year beginning January first, nineteen hundred sixty-five and for every tax year thereafter until otherwise provided by law, the franchise tax levied by § 58-519 shall be in lieu of the tax levied by this section.*

§ 58-517. The State tax on the money of every railway and canal corporation shall be twenty cents on every hundred dollars assessed value thereof. *For the tax year beginning January first nineteen hundred sixty five and for every tax year thereafter until otherwise provided by law, the franchise tax levied by § 58-519 shall be in lieu of the tax levied by this section.*

§ 58-524. Every railway and canal corporation of this State, not exempt from taxation by virtue of its charter, and every railway and canal corporation incorporated under the laws of any other state doing business in this State shall report on or before the fifteenth day of April, to the State Corporation Commission, all of its real and personal property of every description, as of the thirty-first day of December preceding, the fair cash value thereof, showing particularly in what county or corporation and school district in this State such property is located, except only such part thereof as is segregated exclusively for State taxation and in what county or corporation the principal office or agency of such corporation is located. The lien of the State or subdivision thereof for taxes levied on such property for all purposes for the year 1961 and each year thereafter shall attach to such property on the 31st day of December next preceding.

The report shall classify such property under the following heads :

(1) Right-of-way, terminal and yard lands, and roadbed and track-age or canal bed, bridges, trestles and tunnels and all signals (track and crossing), and interlockers, buildings, structures and other improvements thereon, except only such improvements as are provided for in classes below mentioned;

(2) Depot and shop grounds and lots and all other lands used for common carrier purposes, except those included in class (1) above, and all buildings, structures and other improvements thereon, except only such improvements as are provided for in classes below mentioned;

(3) Real estate not included in other classes and all buildings, structures and other improvements thereon, except only such improvements as are provided for in classes below mentioned;

(4) Telephone and telegraph lines, together with telephone apparatus and equipment, power transmission and power distribution lines, with



*A BILL to amend and reenact § 58-519 of the Code of Virginia, relating to State franchise tax on gross transportation receipts of railway and canal corporations.*

Be it enacted by the General Assembly of Virginia:

1. That § 58-519 of the Code of Virginia be amended and reenacted as follows:

§ 58-519. Every such railway or canal corporation shall pay to the State an annual State franchise tax for each calendar year equal to \* *one and five-tenths* per centum upon the gross transportation receipts, hereinafter specified, for the privilege of exercising its franchise in this State, except that every such railway corporation operating an electric railway or railways shall pay to the State an annual State franchise tax equal to two and one-tenth per centum upon the gross transportation receipts, hereinafter specified, for the privilege of exercising its franchise in this State. Such franchise tax, with the taxes hereinbefore provided for, shall be in lieu of all taxes or license charges whatsoever upon the franchises of such corporations and the shares of stock issued by them and upon all of their property, as hereinbefore provided; provided:

(1) That nothing herein contained shall exempt such corporations from the annual fee required by Section 157 of the Constitution of Virginia or from assessment for street and other local improvements which shall be authorized by law, or from the county, city, town, district or road levies hereinafter provided for other than a franchise tax;

(2) That nothing herein contained shall annul, interfere with or prevent any contract or agreement by ordinance between street railway corporations and municipalities as to compensation for use of the streets or alleys of such municipalities by such railway corporation;

(3) That in case of any railway or canal corporation operated wholly within this State, whose actual operating expenses exceed its gross transportation receipts, the annual State franchise tax shall be equal to one and three-sixteenths per centum upon the gross transportation receipts; and

(4) That any steam railway company in which nine-tenths of the stock of such company is owned by a city or county of this State and which is operated at a loss shall pay to the State an annual State franchise tax of only five dollars.

The provisions of this section shall apply to the assessment for the tax year nineteen hundred \* *sixty-five* and annually thereafter unless otherwise provided by law.

*A BILL to amend and reenact § 58-515 of the Code of Virginia, relating to State tax on rolling stock of railway corporations.*

Be it enacted by the General Assembly of Virginia:

1. That § 58-515 of the Code of Virginia be amended and reenacted as follows:

§ 58-515. The State tax on the rolling stock of all corporations operating railroads by steam doing business in this State, so far as the same is taxable in this State, shall be at the rate of \* *one dollar and sixty cents* on each one hundred dollars of the assessed value thereof and there shall be no local levies assessed on such rolling stock. The rolling stock of all corporations which now operate or which have heretofore operated railroads by steam shall be taxed as if they have continued to operate railroads by steam, notwithstanding the fact that they have changed or may change the motive power by which such railroads are operated.

*The provisions of this section shall apply to the assessment for the tax year nineteen hundred sixty-five and annually thereafter unless otherwise provided by law.*

*A BILL to amend the Code of Virginia by adding a section numbered 58-520.1, to allow certain credits against the annual State franchise tax imposed on railway corporations.*

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding a section numbered 58-520.1, as follows:

§ 58-520.1. In order to bring about a greater use of railways, the credits hereinafter described shall be allowed against the franchise tax imposed by § 58-519 of the Code of Virginia.

A railway corporation may present to the State Corporation Commission a plan for establishing or improving passenger service between stations in Virginia or between stations in Virginia and the District of Columbia. The plan shall describe the equipment to be used, the services to be rendered, the fares to be charged and the timetable.

If the Commission finds:

1. That by giving good service at low rates the railway will probably attract enough passengers to cover approximately fifty-five per cent of the out-of-pocket cost of furnishing the service;

2. That the proposed service is essential to the welfare of Virginia; and

3. That the service could not be rendered in the absence of the tax relief herein provided for,

The Commission shall enter an order approving the plan.

An amount equal to the gross revenue derived from the sale of passenger tickets in compliance with an approved plan shall be allowed as a deduction from the franchise tax imposed by § 58-519 of the Code of Virginia.

The Commission may order discontinuance of an approved plan on thirty days' notice to the railway corporation; and the railway corporation may discontinue service under an approved plan on thirty days' notice to the Commission.

*A BILL to amend the Code of Virginia by adding a section numbered 33-38.1 to enable the State Highway Commisisoner to acquire median strips for railroad trackage when acquiring rights-of-way for certain highway purposes; and to provide for disposition of property so acquired.*

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding a section numbered 33-38.1, as follows:

§ 33-38.1. When acquiring land for highway purposes in connection with construction of limited access highways, the State Highway Commissioner may also acquire, in addition to the land necessary for highway rights-of-way, sufficient land for use as median strips for railroad trackage, where appropriate. The cost of property acquired for such median strips shall be paid out of funds appropriated therefor. Any land so acquired may be sold or leased to any public service corporation which will undertake to construct thereon and operate facilities for transportation of passengers.

#### HOUSE JOINT RESOLUTION NO.

*Requesting the Congress of the United States to repeal the Federal excise tax on the transportation of persons and property.*

Whereas, the Federal excise tax on the transportation of persons and property was adopted in 1942 for the purpose of discouraging nonessential use of common carrier transportation facilities during emergency wartime conditions;

Whereas, such excise tax is no longer necessary or desirable for this purpose and its continued imposition is detrimental to the welfare of all common carriers of persons and property; now, therefore, be it

Resolved by the House of Delegates, the Senate of Virginia concurring:

That the General Assembly of Virginia favors the repeal of the Federal excise tax on the transportation of persons and property,

That the Congress of the United States is requested to enact legislation to repeal such tax,

That the Senators and Representatives of the Commonwealth of Virginia in the Congress of the United States are urged to support legislation providing for the repeal of such tax, and

That suitable copies of this resolution be sent to the President of the Senate and the Speaker of the House of Representatives of the United States and to each of the Senators and Representatives of the Commonwealth of Virginia in the Congress of the United States.

HOUSE JOINT RESOLUTION NO.

*Requesting the Congress of the United States to adopt certain legislation to alleviate certain problems being faced by American railroads.*

Whereas, the Congress of the United States and many state legislatures and local governing bodies have recognized that circumstances exist which have placed the railroads in this nation in a position where, due to economic factors, their operations may have to be curtailed to a point which can seriously affect the services they are able to render to the public; and

Whereas, certain suggested remedies have been proposed by the Association of American Railroads in a document entitled "Magna Carta for Transportation" and these should be given careful consideration by the Congress of the United States; now, therefore,

Resolved by the House of Delegates, the Senate concurring, That the Congress of the United States is requested to give careful consideration to the proposals made by the railroads of America for relief from certain restrictions, regulations, and burdensome taxes, to the end that they may continue to render service to the American public on an economically sound basis; and the Congress is specifically requested to give consideration to the enactment of legislation which will permit any tax reductions, made by State or local governments seeking to assure their citizens of adequate service from the railroads, to inure wholly to the benefits of the railroads concerned rather than resulting indirectly in an increase in the tax burden imposed on the railroads by the federal government; and

Resolved, further, That the Senators and Representatives of the Commonwealth of Virginia in the Congress of the United States are urged to support such legislation; and

Resolved, finally, That the Clerk of the House of Delegates is directed to send copies of this resolution to the President of the Senate and the Speaker of the House of Representatives of the United States and to each of the Senators and Representatives of the Commonwealth of Virginia in the Congress of the United States.

## HOUSE JOINT RESOLUTION NO.

### *Proposing an amendment to Section 185 of the Constitution of Virginia.*

Resolved by the House of Delegates, the Senate concurring, a majority of the members elected to each house agreeing, that the following amendment to the Constitution of Virginia be, and the same is hereby, proposed and referred to the General Assembly at its first regular session held after the next general election of members of the House of Delegates for its concurrence, in conformity with the provisions of Section 196 of the Constitution of Virginia, namely:

Strike from the Constitution of Virginia Section 185, which is as follows:

Section 185. Lending of credit to, or subscription to stock of corporations or persons by State, county, city or town prohibited; State shall become interested in no work of internal improvements except public roads and public parks; exceptions as to counties, cities and towns.—Neither the credit of the State, nor of any county, city, or town, shall be directly or indirectly, under any device or pretense whatsoever, granted to or in aid of any person, association, or corporation, nor shall the State, or any county, city, or town subscribe to or become interested in the stock or obligations of any company, association, or corporation, for the purpose of aiding in the construction or maintenance of its work; nor shall the State become a party to or become interested in any work of internal improvement, except public roads and public parks, or engage in carrying on any such work; nor assume any indebtedness of any county, city, or town, nor lend its credit to the same; but this section shall not prevent a county, city, or town from perfecting a subscription to the capital stock of a railroad company authorized by existing charter conditioned upon the affirmative vote of the voters and freeholders of such county, city, or town in favor of such subscription; provided, that such vote was had prior to July first, nineteen hundred and three.

And insert in lieu thereof the following:

Section 185. Neither the credit of the State, nor of any county, city, or town, shall be directly or indirectly, under any device or pretense whatsoever, granted to or in aid of any person, association, or corporation, nor shall the State, or any county, city, or town subscribe to or become interested in the stock or obligations of any company, association, or corporation, for the purpose of aiding in the construction or maintenance of its work; nor shall the State become a party to or become interested in any work of internal improvement, except public roads and public parks, or engage in carrying on any such work; nor assume any indebtedness of any county, city, or town, nor lend its credit to the same; but this section shall not prevent a county, city, or town from perfecting a subscription to the capital stock of a railroad company authorized by existing charter conditioned upon the affirmative vote of the voters and freeholders of such county, city, or town in favor of such subscription; provided, that such vote was had prior to July first, nineteen hundred and three. Nor shall this section prevent the State from contributing funds toward any program which may be undertaken jointly by the State, the United States Government, and one or more railroad companies operating in Virginia designed to enable such company or companies to provide essential transportation services.

HOUSE JOINT RESOLUTION NO.

*Proposing an amendment to Section 189 of the Constitution of Virginia.*

Resolved by the House of Delegates, the Senate concurring, a majority of the members elected to each house agreeing, that the following amendment to the Constitution of Virginia be, and the same is hereby, proposed and referred to the General Assembly at its first regular session held after the next general election of members of the House of Delegates for its concurrence, in conformity with the provisions of Section 196 of the Constitution of Virginia, namely:

Strike from the Constitution of Virginia Section 189 which is as follows:

Section 189. Athorization of exemption of manufactories from local taxation.—The General Assembly may, by general law, authorize the governing bodies of cities, towns and counties to exempt manufacturing establishments and works of internal improvement from local taxation for a period not exceeding five years, as an inducement to their location.

And insert in lieu thereof the following:

Section 189. The General Assembly, may by general law, authorize the governing bodies of cities, towns and counties to exempt manufacturing establishments and works of internal improvement from local taxation for a period not exceeding five years, as an inducement to their location; and to exempt the properties of railroad companies from local taxation, as an inducement to their location, or as an inducement to continuance of operation by such companies already located, in such city, town or county, for fixed periods of time to be agreed upon by the governing bodies and such railroad companies.

