

The taxes necessary to pay the interest on the remainder of the public debt, for which no offset is available, would be a trifling matter if so distributed as to be borne by all the wealth, capital and property of the State. This debt having been contracted almost exclusively for assistance to internal improvement Companies, it is right and proper that these Companies should contribute largely to the taxes necessary for the payment of the interest and principal so incurred for their benefit. The justice and fairness of this proposition will hardly be openly controverted. As I have heretofore said, the property interests generally, have cheerfully borne the burdens of taxation for this purpose, for a great number of years, until the success of many of these enterprises has been established, and they have become wealthy and powerful corporations. Other interests, the agricultural particularly, have, from various untoward events, been impoverished and reduced, and it seems fair and just that, as far as practicable, relief should now be afforded by the great institutions, for the advancement of which taxation has been so long borne. A safe conclusion, as to what particular method of taxation will most effectually and equitably reach these companies, is attainable only by study and reflection.

After much attention to the Revenue Laws of other States, and deliberation over the different methods of taxation, I am induced to believe that the proper basis of taxation of Rail Road and Canal Companies, and of all other Corporations other than Banks and purely monetary institutions, (for State purposes,) should be their gross receipts. These are capable of exact ascertainment and absolute certainty, and are not liable to evasion, and nothing but fraud or perjury can render them intentionally uncertain or unintelligible.

Apart from the fact that provisions, for the exemptions of the capital stock and property of our principal railroads from taxation, are contained in their charters, and questions as to the right and power of a subsequent Legislature to repeal those exemptions, may possibly arise and produce delay and litigation; it is clear to me, that neither the *capital stock* nor the *property* of railroads or canals is the proper basis of State taxation.

The *property* of railroads and canals may very properly be liable to county and municipal taxation, but it is too uncertain, and frequently too insignificant, to be relied upon to produce a proper revenue to the State.

The rolling stock of a railroad, for instance, may be owned by some other company than the one using it, frequently perhaps by a company outside of the State, the termini of the road and its principal depots