

may either be situated beyond the limits of the State, or be owned by another company, and thus the basis of State taxation be reduced to the *bed of the road*, the iron rails, the cross-ties and a few insignificant way station-houses. The taxation of these, as an equivalent for an important franchise granted by the State, would be a mere bagatelle. The franchise granted and secured by the power of the State is the proper subject of State taxation, and this can be best reached through the *gross receipts*. A tax upon *net receipts* would not answer, because it would involve questions of bookkeeping and homologation, which would result in constant trouble and litigation, beside being wrong in principle; from the fact that it would be giving aggregations of capital an unwarrantable advantage over individual possessions, which are liable to taxation whether producing profit or not. These remarks apply to all other corporations not purely and entirely of a monetary nature.

I therefore recommend the repeal of the second section of the Act of 1870, chapter 362, so far as the same relates to State taxation, and the imposition by law of a tax of one-half of one per centum on the gross receipts of all Rail Road and Canal Companies in this State, to be paid by said Companies into the State Treasury, and that provision for its prompt collection be made by law, said tax when duly paid to be in full of all State taxes not specifically laid in the acts of incorporation of said Companies.

I also recommend that a tax be laid on the gross receipts of all incorporated institutions chartered by this State, except Banks and Savings Institutions, and that the tax so laid be in lieu of all other State taxation

It may be objected, perhaps, that some of these Companies have small clear profits and possibly some no net revenue at all; and that such Companies should be exonerated from State taxation. In answer to this objection, it is only necessary to state that investments in ordinary property are taxed in proportion to their value and possible productiveness, and not according to their actual income, and if individual enterprise, in the purchase of property and its employment, turns out to be unremunerative, freedom from taxation does not by any means ensue in consequence. As long as the *property* employed has value and capability, it cannot escape its share of public burdens; *capital*, therefore, employed in any enterprise, should contribute, to some extent, to the same purpose. Although the tax on the gross receipts of many of our railroads will be very small, and not very sensibly felt by *any*, the aggregate from *all* will be a very material relief to the Trea-