

April 9, 1962

Mr. Richard C. Holmquist
Executive Director
Virginia Industrialization Group
803 State Office Building
Richmond, Virginia

Dear Dick:

I have just read with much interest your report to members of the Virginia Industrialization Group.

My warm congratulations on an excellent summary. All that I hear about your work is most complimentary.

I am reminded of the question which you raised last November in a letter to Stuart Saunders as to the possibility of setting up a "deferred tax annuity". I do not know whether you have pursued this idea any further. Brice Graves looked into it in a preliminary way, and came up with a rather discouraging tentative conclusion that the type of annuity contract with the deferred tax feature (which I assume is what you had in mind) is available only to employees of corporations, funds or foundations "organized and operating exclusively for religious, charitable, scientific . . . or educational purposes." It seems quite doubtful that the activities of the Industrialization Group could properly be brought within this statutory definition.

Mr. Richard C. Holmquist
Page Two
April 9, 1962

If, however, you would like to pursue this further, I suggest that you talk to Brice Graves.

With best wishes, I remain

Sincerely,

24/166

8870-85

NORFOLK AND WESTERN RAILWAY COMPANY

STUART T. SAUNDERS
PRESIDENT

ROANOKE, VIRGINIA

June 23, 1962.



Mr. Frank Batten, Publisher,
Norfolk-Portsmouth News, Inc.,
Norfolk, Virginia.

Mr. Henry E. McWane, President,
Lynchburg Foundry Company,
Lynchburg, Virginia.

Lewis F. Powell, Jr., Esquire,
Electric Building,
Richmond, Virginia.

Mr. J. Mervin Wilkinson, Jr., President,
State-Planters Bank of Commerce & Trusts,
Richmond, Virginia.

Mr. E. H. Will, Chairman of the Board,
Virginia Electric and Power Company,
Richmond 9, Virginia.

Mr. John B. Woodward, Jr., Director,
Newport News Shipbuilding and Dry Dock Co.,
Newport News, Virginia.

Gentlemen:

In view of the fact that the Department of Conservation and Economic Development is going to be split and that Mr. Joseph G. Hamrick, instead of Mr. Marvin M. Sutherland, is going to be in charge of the Department's industrial development program, I think it would be wise for Mr. Hamrick, rather than Mr. Sutherland, to be responsible for approving expenditures from the Virginia Industrialization Group Fund.

Won't you please let me know promptly whether any of you have any objection to my so advising Mr. Robert A. Browning, Jr., Corporate Trust Officer of the State Planters Bank of Commerce and Trusts.

Sincerely,

Stuart

July 31, 1962

8870-85

Stuart T. Saunders, Esquire
President
Norfolk and Western Railway Co.
Roanoke, Virginia

Dear Stuart:

I will be flying back from New Orleans on September 12, and do not believe I will reach Richmond in time for the dinner that night.

My thanks for your invitation, and again my congratulations for all that you are doing in this important area.

I will miss being with you.

Sincerely,

24/166



State-Planters Bank of Commerce and Trusts

RICHMOND, VIRGINIA

September 17, 1962

3493



Mr. Stuart T. Saunders, President
Norfolk and Western Railway Company
Roanoke, Virginia

RE: Virginia Industrialization Group Fund

Dear Mr. Saunders:

Mr. Richard C. Holmquist came to see me this morning concerning the authority to pay to Joseph G. Hamrick the amount of \$750 which represents the difference between the salary to be paid to Mr. Hamrick by the State and the amount agreed upon with the Virginia Industrialization Group Fund prior to his hiring. I understand that this amount will only apply to the current year as it is anticipated that his salary will be increased by the Governor at the first of the year.

In addition, Mr. Holmquist also left with me a statement covering \$166.14 for traveling expenses incurred by Mr. Hamrick during the negotiations prior to his employment. It was felt that these items could not easily be added to the vouchers previously submitted by Mr. Holmquist and approved by Mr. Hamrick since it would not be proper for Mr. Hamrick to approve payments to himself from this Fund.

I would greatly appreciate your directing a letter to us and authorizing payment to Mr. Hamrick in the amount of \$916.14 representing the total of the two statements enclosed.

Very truly yours,

R. A. Browning, Jr.
Corporate Trust Officer

RAB:jhr

Enclosures

STATEMENT



TO: VIRGINIA INDUSTRIALIZATION GROUP

To reimburse Joseph G. Hamrick, Director of Industrial
Development and Planning for moving expenses incident
to transfer to Richmond, Virginia.....\$750.00

September 14, 1962

STATEMENT

TO: VIRGINIA INDUSTRIALIZATION GROUP

Due Kahn-Southern for reimbursement of travel expenses of Joseph G. Hamrick, during negotiations and prior to July 1, 1962, as follows:

1.	Hertz - June 19, 20, 21 - Governor Harrison's reception for Advisory Board and first meeting thereof.....	\$21.70
2.	Eastern Air Lines, June 19, 20, 21 - Governor Harrison's reception for Advisory Board and first meeting thereof.....	
	981-380 - Mrs. Hamrick	27.94
	752-356 - Mrs. Hamrick	27.94
3.	Eastern Air Lines :	
	837-423 6/4/62..Mr.. Hamrick.....	27.94
	837 -424 6/4/62, Mrs. Hamrick.....	18.65
4.	Eastern Air Lines:	
	477-386, Mrs. Hamrick. 6/6/62.....	17.44
	539-792, Mr. Hamrick, 6/7/62.....	10.01
5.	Piedmont Air Lines:	
	978-977, Mr. Hamrick, 6/6/62.....	14.52
	TOTAL.....	<u>\$ 166.14</u>

September 14, 1962

Va Industrial Development 8870-84

NORFOLK AND WESTERN RAILWAY COMPANY

STUART T. SAUNDERS
PRESIDENT

ROANOKE, VIRGINIA

September 19, 1962.



Mr. R. A. Browning, Jr.,
Corporate Trust Officer,
State-Planters Bank of Commerce and Trusts,
Richmond, Virginia.

Dear Mr. Browning:

I approve the payment to Mr. Joseph G. Hamrick of the monies, in the amount of \$916.14, mentioned in your letter of September 17.

I am sending copies of this letter and yours, with enclosures, to the other members of the Executive Committee of our informal group. If any of them are not agreeable to this, I am sure that they will let you know promptly.

Sincerely,

(Signed) Stuart T. Saunders

cc: Messrs. Frank Batten
Henry E. McWane
✓ Lewis F. Powell, Jr.
J. Harvie Wilkinson, Jr.
E. H. Will
John B. Woodward, Jr.

VIRGINIA *Industrialization Group*

803 STATE OFFICE BUILDING
RICHMOND 19, VIRGINIA

MILTON 4-4111, EXT. 2255

April 23, 1963

Mr. Stuart T. Saunders
President
Norfolk and Western Railway Company
Roanoke, Virginia

Dear Stuart:

Shortly after beginning my job 18 months ago, I met with you to discuss a number of details and to determine a priority list of areas needing attention. I then prepared a suggested 18-point program covering what the State could do to "tool up" for the job.

Since then, considerable time has been devoted to helping get this program in place. Each of the 18 recommendations has now been accomplished or they are under study, except perhaps for my recommendations for intensifying the State's public relations efforts. The new Director of Industrial Development and Planning for the State is well established in his job and has control of the situation. A number of other specific programs have been started in other areas as well, such as the move on the part of the State Chamber of Commerce to provide an educational program in the labor-management field.

In addition to many of the above activities, I have devoted considerable time to making speeches on certain subjects when I thought it appropriate, and in visiting communities throughout the State. I am continuing to do this, but at a somewhat slower pace in view of General Denniston's activity in this area.

Now that the first phase of my job has been completed -- the State program is underway and a director is in place -- I believe we ought to re-examine my job objectives. I would suggest, for example, that I:

- Spend more time with non-State industrial development organizations in connection with specific prospects or programs (Utilities, Railroads, Banks, Regional Organizations, etc.)

April 23, 1963

- Concentrate on three or four specific projects that will have a major impact on the State's industrial development effort. The Virginia Industrialization Group's Executive Committee ought to agree on what these should be, with the concurrence of the Division of Industrial Development and Planning. (See attached list of some suggested areas that might be considered.)
- Concentrate on working with a few specific large companies that appear to be good industrial prospects in the long run.
- Continue to make speeches and write articles when appropriate.
- Continue to serve as consultant to the State on a more limited basis.

I would like to suggest that our Executive Committee get together next time you are in Richmond. Meanwhile, may I discuss this subject with you when I am in Roanoke on May 17 or 27?

Sincerely,

Richard C. Holmquist
Executive Director

RCH:keg

**AREAS DESERVING SPECIAL ATTENTION IN
VIRGINIA'S ECONOMIC DEVELOPMENT**

"National Institute of Technology" (Northern Virginia).

Virginia Associated Research Center (Peninsula).

Vocational-Technical Educational Program for the State.

**Stimulation of trade and investment in Virginia from the Common
Market and other countries.**

Unemployment problem in Southwest Virginia.

**New Federal Government facilities that might be placed in
Virginia, such as:**

- Environmental Health Center**
- Coast and Geodetic Survey Headquarters**
- Patent Office**
- "West Point for Foreign Service"**

Visitations to major employers now located in Virginia.

NORFOLK AND WESTERN RAILWAY COMPANY

STUART T. SAUNDERS
PRESIDENT

ROANOKE, VIRGINIA

June 11, 1963.



Dear Lewis,

There will be a meeting of the Executive Committee of the Virginia Industrial Group in the Duck Room of the Commonwealth Club in Richmond at 4:00 p.m. on June 17. I hope that you will be able to attend, as some very important questions have arisen regarding the future work of Mr. Holmquist with our group.

I look forward to seeing you on this occasion.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stuart", written in a cursive style.

Lewis F. Powell, Jr., Esquire,
Electric Building,
Richmond, Virginia.

NORFOLK AND WESTERN RAILWAY COMPANY

STUART T. SAUNDERS
PRESIDENT

ROANOKE, VIRGINIA

June 12, 1963.



To Executive Committee of the
Virginia Industrialization Group:

In connection with my yesterday's letter calling a meeting in Richmond on June 17, I enclose copy of letter which Dick Holmquist wrote me recently. This will give you a better insight into the question which we will discuss.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stuart T. Saunders", with a long horizontal flourish extending to the right.

Enc.

June 15, 1963

Mr. Stuart T. Saunders
President
Norfolk and Western Railway Company
Roanoke, Virginia

Dear Stuart:

I have a case set for Monday, June 17, and this may prevent my attending your 4:00 p.m. meeting on that day.

I will do the best I can.

Sincerely,

24/167

cc: Mr. J. Harvie Wilkinson, Jr.

8870-85

NORFOLK AND WESTERN RAILWAY COMPANY

STUART T. SAUNDERS
PRESIDENT

ROANOKE, VIRGINIA

August 20, 1963



Dear Lewis:

There will be a luncheon meeting of the Executive Committee of the Virginia Industrial Group in the Board Room of the Commonwealth Club in Richmond at 12:30 p.m. on September 19. This is a very important meeting and I hope that you can attend.

I look forward to seeing you on this occasion.

Sincerely,

A handwritten signature in dark ink, appearing to be "Stuart".

Lewis F. Powell, Jr., Esquire,
Electric Building,
Richmond, Virginia.

August 28, 1963

PERSONAL

Mr. Stuart T. Saunders
President
Norfolk and Western Railway Company
Roanoke, Virginia

Dear Stuart:

The regular monthly meeting of the Board of Directors of the Ethyl Corporation is scheduled for September 19, and so I cannot meet with the Virginia Industrial Group on that day.

This reminds me that, in view of my other responsibilities (with which you are familiar), I have intended asking you and Harvie to relieve me of membership on the Executive Committee. Although I am keenly interested in industrial development, I do not think I will be in a position to give the Executive Committee the time and attention which it deserves.

I want both you and Harvie to know how much I appreciate your giving me this opportunity, which has been stimulating and interesting over the past three years.

Changing the subject, I was talking to Ben Parrott yesterday about your departure from Virginia, and what an irreparable loss it will be to all of us here. You have certainly given more than generously of yourself to public causes in Virginia, and the quality and effectiveness of your leadership simply cannot be replaced. As I am sure you know, I have watched your expanding career down through the years with

Mr. Stuart T. Saunders

- 2 -

August 28, 1963

respect and admiration. You will always have my warm best wishes, and I do hope that Jo and I will have the opportunity to see something of you and Dorothy from time to time.

Sincerely,

24/167

cc: Mr. J. Harvie Wilkinson, Jr.

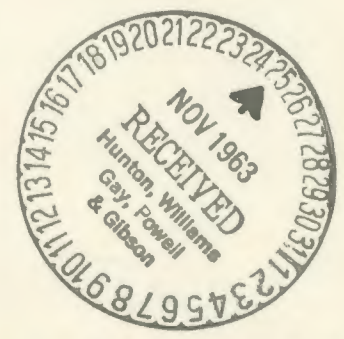
8870-85

*advised
give me in
N.Y.
call me
Wm. W. W.*

VIRGINIA Industrialization Group

STATE OFFICE BUILDING
RICHMOND 19, VIRGINIA
MILTON 4-4111, EXT. 2223

November 23, 1963



Mr. Lewis F. Powell, Jr.
Attorney at Law
Electric Building
Richmond, Virginia

Dear Lewis:

Upon Stuart Saunders' leaving Virginia I agreed, at the request of the Executive Committee, to assume the chairmanship of our Virginia Industrialization Group. In this capacity I am calling a most important meeting here in Richmond at the Commonwealth Club at 4:00 P.M. Tuesday, December 10th. We greatly need your presence and urgently need your help. Cocktails and dinner will be at 6:30 P.M.

The recommendations of the Tax Study Commission, to be in the press this Sunday, if enacted into law, can result in great benefit to Virginia. In strengthening the finances of our State and local governments and in restoring equity between segments of State and local taxpayers the recommendations can be of consequential benefit to the economic health and progress of the entire state. In attending to particular flaws in the taxation of business and industry, the report offers responsible businessmen an opportunity to achieve what could well be considered one of the soundest and most favorable tax climates offered by any state in the union.

All of us know that many a sound report goes unread -- largely, I suppose, because each of us is too busy with our own affairs and hopes the other fellow is going to attend to it. I believe this report is far too important for us to take this risk, and the purpose of my letter is to provide you a brief outline of the report believing that upon reading this you will want to study the full report. After that, we will be in a position to discuss the degree to which our Virginia Industrialization Group cares to support it.

This study was ordered by the 1962 General Assembly, recognizing that the State and local tax system was due a major review. I particularly call your attention to the brief Introduction, Section II of the report, in which it is pointed out that Virginia's basic tax system, designed in 1928, has in general served Virginia well in accommodating great change and at the same time providing for steady increase in the quality and quantity of local governmental services. The most recent broad increase in State tax rates was made in 1948. In recent years, however, the rate of increase in expenditures has exceeded the rate of increase in revenues. Deficits in recent years have been avoided only through a series of "windfall" taxes. It is recognized that there are no remaining "windfalls" and that the extension of the "selective sales" tax practice must lead to inequitable treatment of certain industries and segments of the taxpaying public.

It is also recognized that shifts in population and productivity have created new problems for local governments, particularly the larger cities and the more remote rural counties. There are a number of localities which take advantage of our tax system to avoid carrying a fair share of the cost of their own needs. This results in a harsh imposition on other localities and on the State General Fund. It should be noted that 60 of the 91 rural counties receive over 50% of their total revenues in State grants.

Section III of the report lists 29 specific recommendations. Section IV of the report provides the rationale for these recommendations.

You will be particularly interested in this very sound and plain statement: "It is apparent that the only alternative to more burdensome taxation or curtailment of vital governmental services is the creation of new wealth through industrial growth." On this general conviction there are recommendations which would prohibit local license or gross receipt tax on manufacturers, prohibit any locality from levying a tax on machinery and tools in excess of \$1 per \$100 of actual value, exclude money from the definition of capital not otherwise taxed, reduce the rate of remaining capital, levy only once the tax on agricultural products normally stored for more than one year prior to manufacture, and reduce the wholesale license tax. You will recognize that these recommendations include most of the major concerns which businessmen have expressed over the years about the Virginia tax system. If these recommendations are followed, business and industry will have the opportunity of proving that they can generate the new wealth required to provide vital governmental services.

Chapter II in Section IV describes the generally uncomprehended process of local assessment and taxation of non-utility real estate and personal property. It shows quite clearly that many localities are in fact passing the cost of their local services on to their neighbors and to the State General Fund. The recommendations on this subject would lead to a concerted effort to obtain equal assessment treatment of real estate between taxing districts. You will be impressed, I think, with the weakness of the present procedure and convinced, I am sure, of the specific corrective recommendations.

Chapter III of Section IV treats what some refer to as "the central flaw in Virginia's tax system", that is, the statewide assessment of public service property at a uniform 40%. This enables and encourages the people of one locality with large public service values to tax public service corporations disproportionately, and thereby pass the cost of their own government on to the public service consumers of another locality. For example, one county has a 6.2% assessment ratio on local non-utility property and a \$9.30 rate, achieving a 58¢ true tax rate on locally owned property and a \$3.72 rate on a public service generating plant which serves a large area of the State.

This problem has defied solution for many years, but this report contains two plans for correction. I believe this is the first time that a specific plan has been offered in detail. Both plans allow a reasonable adjustment period and sources of revenue to the locality which might suffer from correction. The inequities resulting from the 40% assessment become rapidly more serious; public utilities are expanding at a faster rate than the general economy, and their installations are increasingly concentrated. Detailed figures are included in the report showing the magnitude of the imposition by some localities on their neighbors and on the General Fund of the State.

Chapter IV of Section IV is concerned with Grants-in-Aid. Though nothing is more baffling than the formulae for the distribution of school money, you will certainly be enlightened if you read this Section. Clearly, the State will bear an unconscionable burden if the present practices on distribution of school money are continued. Here again the essential problem is that a number of localities have, through the weaknesses in these formulae and their application, been able to draw from the State General Fund rather than make a reasonable local effort. Though the total value of locally taxable wealth increased from \$14.5 billion in 1956 to over \$21 billion in 1962, the 1956 values were used as a measurement of local ability. This simply resulted in the shift of \$16 million for each year in the current biennium from the locality (where it was supposed to be) to the State General Fund.

An imaginative and forthright plan for correction of the basic flaws is included in the report.

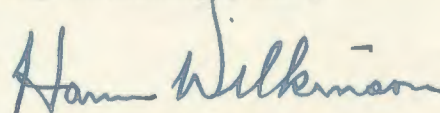
In Chapter V it is indicated that a relatively small amount of new revenue is needed to balance the 1964-66 General Fund Budget. Of course, the Commission has had to estimate the General Fund revenue needs for the next biennium. This Chapter indicates that a sales tax does not appear to be necessary for the coming biennium. It does recommend further changes in the tax system which should be made when the sales tax is enacted. The report contains an analysis which shows revenue and expenditure estimates, together with losses which would result from certain recommendations and a listing of yield of all possible new tax sources.

Section V is the conclusion, consisting of a seven-point general summary of principal observations. I particularly call your attention to this statement: "The surest and soundest way to raise the living standards of Virginians, to meet the cost of wider and better government service, and to do so with a reasonable tax system is to accelerate the rate of growth of Virginia's economy."

I believe if you reflect on these points and study the report you will agree with me that the business leadership of the State simply cannot afford to risk the cost of letting this report go unheeded. We have here a blueprint which can be of enormous consequence to the economy and general welfare of our State. Our group has a particular responsibility to evaluate these recommendations in the first place, and, in the second place, if we find them sound, to promote their understanding and enactment.

Will you kindly mark the attached postal card indicating whether or not you can be with us. We shall look forward to seeing you.

Very sincerely yours,



J. Harvie Wilkinson, Jr.
Chairman

December 21, 1963

Mr. Richard C. Holmquist
803 State Office Building
Richmond, Virginia

Dear Dick:

Your communication of December 19 reminds me that I have wanted to write you a note, as the year ends, to say that I think you are doing a great job for Virginia.

Although my own professional responsibilities have made it impossible for me to work closely with the Industrialization Group during the past year, I have followed your work with much interest and warmly congratulate you on the intelligent and imaginative way in which you function.

With best wishes, I remain

Sincerely,

24/167

cc: Mr. J. Harvie Wilkinson, Jr.