

**General Railway Signal Co. Vs. Virginia**

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**Court :** US Supreme Court

**Decided On :** Apr-15-1918

**Appeal No. :** 246 U.S. 500

**Appellant :** General Railway Signal Co.

**Respondent :** Virginia

**Judgement :**

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U.S. Supreme Court General Railway Signal Co. v. Virginia, 246 U.S. 500 (1918)

**General Railway Signal Company v. Virginia**

**No. 177**

**Argued March 11, 1918**

**Decided April 15, 1918**

**246 U.S. 500**

*ERROR TO THE SUPREME COURT OF APPEALS*

*OF THE STATE OF VIRGINIA*

## SYLLABUS

A foreign corporation, for lump sums, made and performed contracts to furnish completed automatic railway signal systems in Virginia, in the performance of which the materials, supplies, machinery, devices, and equipment were brought from without, but their installation, as structures permanently attached to the soil, required employment of local labor, digging of ditches, construction of concrete foundations, and painting. *Held* that local business was involved, separate and distinct from interstate commerce, and subject to the licensing power of the state. *Browning v. Waycross*, [233 U. S. 16](#) . The Virginia law imposing a fee for the privilege of doing local business of \$1,000 on foreign corporations with capital over \$1,000,000 and not exceeding \$10,000,000 (Acts 1910, c. 53, 38a), *upheld* as not arbitrary or unreasonable under all the circumstances, though the case is on the border line.

118 Va. 301 affirmed.

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The case is stated in the opinion.

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MR. JUSTICE Mc REYNOLDS delivered the opinion of the Court.

Plaintiff in error seeks reversal of a judgment of the Supreme Court of Appeals of Virginia which affirmed an order of the Corporation Commission imposing a fine upon it for doing business within the state without first obtaining proper authority.

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The essential facts concerning business done as found by the Commission and approved by Supreme Court are these:

"The defendant is a corporation of the State of New York, having an authorized capital of \$5,000,000. Its principal office and factory is at Rochester, N.Y. where it owns and operates a large manufacturing plant devoted to the manufacture of materials chiefly used in the construction of railway signals which it sells and constructs all over the world. It has a branch factory at Montreal, Canada, and maintains branch offices in New York City, Chicago, and San Francisco."

"By contract dated the 5th day of May, 1914, with the Southern Railway Company, the defendant agreed to furnish certain materials, supplies, machinery, devices and equipment, as well as all necessary labor, and to install, erect, and put in place certain signals and apparatus shown on the plans described in the specifications, from Amherst to Whittles, Virginia, fifty-eight miles, and to 'complete the entire system and turn same over to the railway company as a finished job,' subject to inspection and acceptance, for \$85,597. Similar contracts had been previously made and fully performed, one dated September 6, 1911, covering the lines of the Southern Railway in Virginia from Monroe to Montview, Virginia, thirteen miles, for \$16,015, and one dated July 18, 1913, from Orange to Seminary, Virginia, seventy-six miles, for \$112,428. The aggregate distance in this state covered by these contracts being 147 miles, and the total consideration being \$214,040."

"The purpose of these signals is to promote safety of railway operation, and they operate automatically."

"In order to construct these signals as required by the contract, it was necessary to employ in this state labor, skilled and unskilled, to dig ditches in which conduits for the wires are placed, to construct concrete foundations,

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and to paint the completed structures. The completed structures are along the side of the railway track, about two miles apart, and are twenty-two or twenty-three feet high. In the language of the witness, Moffett:"

"It is necessary to erect the signal mechanism, the masts supporting the mechanism, the houses for protecting the relays, reactors, reactants, and other similar electrical devices protected from the weather, then the transformers, high tension line arresters, and low tension line arrestors."

"The completed structures are permanently attached to the freehold upon concrete bases."

We think the recited facts clearly show local business separate and distinct from interstate commerce within the doctrine announced and applied in *Browning v. Waycross*, [233 U. S. 16](#) .

It is further insisted that, as the amount of prescribed entrance fee is based upon maximum capital stock, it constitutes a burden on interstate commerce, contrary to the federal Constitution.

Section 38a, c. 53, Acts of Virginia 1910 (copied in margin [\\*](#) ), requires every foreign corporation with capital

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over one million and not exceeding ten million dollars when it obtains a certificate of authority to do local business to pay a fee of one thousand dollars. Inspection of the statute shows that prescribed fees do not vary in direct proportion to capital stock, and that a maximum is fixed. In the class to which plaintiff in error belongs, the amount specified is one thousand dollars and, under all the circumstances, we cannot say this is wholly arbitrary or unreasonable.

Considering what we said in *Baltic Mining Co. v. Massachusetts*, [231 U. S. 68](#) ; *St. Louis Southwestern Ry. Co. v. Arkansas*, [235 U. S. 350](#) ; *Kansas City, Fort Scott & Memphis Ry. Co. v. Kansas*, [240 U. S. 227](#) ; *Kansas City, Memphis & Birmingham R. Co. v. Stiles*, [242 U. S. 111](#) , the two characteristics of the statute just referred to must be regarded as sufficient to save its validity. It seems proper, however, to add that the case is on the border line. See *Looney v. Crane Co.*, [245 U. S. 178](#) ; *International Paper Co. v. Massachusetts*, *ante*, [246 U. S. 135](#) ,

and *Locomobile Co. v. Massachusetts*, ante, [246 U. S. 146](#) .

The judgment of the court below is

*Affirmed.*

\*

"Sec. 38a. Every foreign corporation, when it obtains from the state Corporation Commission a certificate of authority to do business in this state, shall pay an entrance fee into the treasury of Virginia, to be ascertained and fixed as follows:"

"For a company whose maximum capital stock is fifty thousand dollars or less, thirty dollars; for a company whose capital stock is over fifty thousand dollars, and not to exceed one million dollars, sixty cents for each one thousand dollars or fraction thereof; over one million dollars, and not to exceed ten million dollars, one thousand dollars; over ten million dollars, and not to exceed twenty million dollars, one thousand two hundred and fifty dollars; over twenty million dollars, and not to exceed thirty million dollars, one thousand five hundred dollars; over thirty million dollars, and not to exceed forty million dollars, one thousand seven hundred and fifty dollars; over forty million dollars, and not to exceed fifty million dollars, two thousand dollars; over fifty million dollars, and not to exceed sixty million dollars, two thousand two hundred and fifty dollars; over sixty million dollars, and not to exceed seventy million dollars, two thousand five hundred dollars; over seventy million dollars, and not to exceed eighty million dollars, two thousand seven hundred and fifty dollars; over eighty million dollars, and not to exceed ninety million dollars, three thousand dollars; over ninety million dollars, five thousand dollars, provided, however, that foreign corporations without capital stock shall pay fifty dollars only for such certificate of authority to do business in this state."

"For the purpose of this act, the amount to which the company is authorized by the terms of its charter to increase its capital stock shall be considered its maximum capital stock."

