



COMMONWEALTH OF VIRGINIA
GOVERNOR'S OFFICE
DIVISION OF INDUSTRIAL DEVELOPMENT AND PLANNING
1010 STATE OFFICE BUILDING • RICHMOND, VIRGINIA 23219

ALBERT S. HARRISON, JR.
GOVERNOR
JOSEPH G. HAMRICK
DIRECTOR

April 2, 1965

Mr. Stanley S. Surrey
Assistant Secretary
Treasury Department
Washington, D. C. 20220

Dear Mr. Surrey:

Thank you for your response to my letter to Secretary Dillon. Your comments tend to do the very thing many of us object to.

1) The question of industrial revenue bond financing is not by any stretch of the imagination limited to the "less developed areas." Certainly New York, Michigan and other such states presently pursuing this question are not undeveloped. You may find the attached tabulation of industrial development incentives of interest. The practice is not limited to the South. It is not limited to the less developed. By now it is virtually nationwide.

2) Virginia has never proselyted or sought in any way the removal of a single job from another state to Virginia. We are actively seeking growth elements in the industrial economy.

3) The distinguished Intergovernmental Relations Commission was by no means unanimous in its report to which you refer. As a matter of fact, the final draft of that report, which we have, was a ringing endorsement of industrial revenue bonds based upon the increased economic activity generated by new manufacturing jobs. Apparently attendance at the final session to authorize the printing of the report changed in character somewhat, and the majority opinion suddenly became the minority opinion.


Clearly, there is reason to question the tax-exempt feature of industrial revenue bonds from the standpoint of their impact upon federal revenue. It has not been established that added economic activity compensates for this loss. On the other hand, to say that industrial revenue bonds impair competitive business relationships and conventional financing institutions is rather ridiculous.

With us all of the arguments pro and con simply boil down to a question of competition. Virginia is not as of today issuing industrial development revenue bonds. However, we have recognized our competitive disadvantage with nearly every other state in the union.

I have no quarrel with your position or comments attributed to Secretary Dillon, except in the area where he accuses the South of using this device to proselyte factories. This is a statement right out of the AFL-CIO and is a fabrication of the first order.

Thank you for your courtesy.

Sincerely,



Joseph G. Hamrick
Director

JGH:tpt