1

Proposed Amendment to Article Tenth of the Constitution in regard to Private Corporations

By Geo. Venable Smith

Oct. 10 – 1878

Article 10 — Private Corporations.

Section 1. Corporations may be formed under general laws, but shall not be created by special Act. All general laws passed pursuant to this section, may altered from time to time, or repealed.

Section 2. Each stockholder shall be individually and personally liable for his proportion of all debts and liabilities of a corporation created or incurred while he remains such stockholder.

Art. 10th.

Section 3. The exercise of the right of eminent domain shall never be abridged, or so construed as to prevent the Legislature from taking the property and franchises of corporations, and subjecting them to public use, the same as the property of individuals; and the exercise of the police Power of the State shall never be abridged, or so construed as to permit corporations to conduct their business in such manner as to infringe the equal rights ~~of equal rights~~ of individuals, or the general well being of the State.

Art. Cont.

Section 4. In all elections for directors or managers of any incorporated company, each shareholder shall have the right to cast as many votes in the aggregate as shall equal the number of shares so held by him or her in said company, multiplied by the number of directors or managers to be elected at such election; and each shareholder may cast the whole number of votes, either in person or by proxy, for one candidate, or distribute such votes among two or more candidates; and such directors or managers shall not be elected in any other manner.

5

Art. VI

Section 5. — No corporation shall engage in any business other than that expressly authorized in its charter; nor shall it take or hold any real estate, except such as may be necessary and proper for its legitimate business.

Article.

Section 6. No corporation shall issue stocks or bonds, except for money, labor done, or property actually received; and all fictitious increase of stock or indebtedness shall be void. The stock of corporations shall not be increased, except in pursuance of general law; nor without the consent of the persons holding the two thirds in value of the stock, first obtained at a meeting to be held after sixty days notice given in pursuance of law.

7

Section 7. — No railroad or telegraph company shall consolidate with or hold an interest in the stock or bonds of any other railroad or telegraph company; nor shall the same persons be officers in corporations owning competing lines of railroads or telegraphs.

Art. Cont.

Section 8. No railroad or telegraph company shall lease, or in any manner manage or control the railroad or telegraph line of another company.

Art. 10.

Section 9. — All individuals, associations, and corporations shall have equal rights to have persons and property transported over railroads; and no undue or unreasonable discrimination shall be made in charges for or in facilities for transportation of freight or passengers within the State. Persons and property transported over any railroad shall be delivered at any station, at charges not exceeding the the charges for transportation of persons and property of the same class in the same direction to any more distant station; but excursion and commutation tickets may be issued at special rates.

Sec. 10. The Legislature shall pass statutes to correct abuses and prevent unjust discrimination and extortion in the rates of freights and fares on the railroads in the state, and provide for the enforcement of such statutes by adequate penalties to the extent, if necessary for that purpose, of forfeiture of property and franchise; and shall from time to time, pass laws establishing reasonable maximum and minimum rates of charges for the transportation of passengers and freight on said railroads, and enforce all such laws by adequate penalties to the extent of forfeitures if necessary.

Section 11. Every railroad corporation organized in this State shall maintain an office therein where transfers of its stock shall be made, and where its books shall be kept for inspection by any stockholder or creditor of such corporation, in which books shall be recorded the amount of capital stock subscribed or paid in, and by whom, the names of the owners of its stock, and the amounts owned by them, respectively, the transfers of said stock, and the names and places of residence of its officers.

Art. ten.

Section 12. All railroads shall be public highways, and all railroad companies shall be common carriers. Any corporation organized for the purpose, shall have the right to construct and operate a railroad between any points within this State, and to connect at the State line with railroads in other States. Every railroad company shall have the right with its roads to intersect, connect with, or cross any other railroad; and shall receive and transport each others passengers, tonnage, and cars, loaded or empty, without delay or discrimination, in such manner as may be prescribed by general statute.

Art. Ten.

Section 13. No President, Director, officer, or employee of any railroad company shall be interested, directly or indirectly, in the furnishing of material or supplies to such company, or in the business of transportation as a common carrier of freight or passenger over the works owned, leased, controlled, or worked by such company.

Sec. 14 No railroad, railway or other transportation company, shall grant free passes, or passes at a discount, to any public officer

Sec. 15
No foreign corporation shall do any business in this State, without having one or more known places of business, and an authorized agent or agents in the same upon whom process may be served.

Sec. 16 The rolling stock and all other movable property belonging to any railroad company, corporation or individual in this State shall be considered personal property, and shall be liable to execution and sale in the same manner as the personal property of individuals; and the Legislature shall pass no laws exempting such property from execution and sale.

Sec. 17. No railroad or other corporation or the lessees, purchasers or managers of any railroad corporation shall consolidate the stock, property or franchises of such corporation, with, or lease or purchase the works or franchise of, or in

any way control any railway or railroad corporation owning or having under its control a parallel or competing line: nor shall any officer of such railroad corporation act as an officer of any other railroad corporation owning or having the control of a parallel or competing line. The question whether railroads are parallel or competing lines shall, when demanded, be decided by a jury, as in other civil cases.

Resume

Sec 18. If any railroad company organized under the laws of this State shall consolidate, by sale or otherwise, with any railroad company organized under the laws of any other State, or of the United States, the same shall not thereby become a foreign corporation: but the courts of this State shall retain in all matters which may arise, as if said consolidation had not taken place. In no case shall any consolidation take place, except upon public notice of at least sixty days to all stockholders in such manner as may be provided by law.

Sec. 19. No law shall be passed for the benefit of a railroad or other corporation or any individual or association of individuals, retrospective in its operation, or which imposes on the people of any County or Municipal subdivision of the State a new liability in respect to transactions or considerations already past.

Sec. 20. No law shall be passed granting the right to construct and operate a street railroad within any City, town, Village, or on any public highway, without first acquiring the Consent of ~~three fourths of~~ the local authorities having control of the street or highway proposed to be occupied by such street railroad; and the franchise so granted shall not be transferred without similar assent first obtained

Sec. 21. No railroad Corporation in Existence at the time of the adoption of this Constitution, or any individual shall have the benefit of any future legislation, Except on condition of Complete acceptance of all the provisions of this Constitution applicable to railroads

Introduced by Geo. Venable Smith
Oct. 10— 1878

Amendment No 157

Relative to Private Corporations

Oct 10 78

Read & referred to Com on Corporations other than Municipal

Thornton
Ass Sec

Oct 30. 78

~~Reported~~ back & recommend that no further action be taken

Thornton
Ass Sec

Gen. Venable Smith