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Statement and arguments.

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NOTE.

At the same time with the preceding case was adjudged another, from the same court, the two cases being of kindred character, and alike in their essential features, the difference between the two consisting chiefly in the extent of the exemption. It was the case of

THE RALEIGH AND GASTON RAILROAD CO. v. REID, SHERIFF.

The principle of the preceding case affirmed in a case where the exemption from taxation was limited to a term of years, and where the dividends did not exceed a certain sum.

In the case just above adjudged and reported, the property of the railroad company could not by its charter be taxed under any circumstances. In the case of the charter of the railroad company now under consideration the exemption was limited to a term of fifteen years. After this limitation expired the legislature was at liberty to tax the individual shares of the stockholders whenever their annual profits exceeded 8 per cent., provided that the tax did not exceed twenty-five cents a share per annum. The pleadings in the case showed that the annual profits on the shares never reached 8 per cent.

*Messrs. Carlisle, McPherson, and B. F. Moore, for the plaintiff in error:*

It is laid down in Lord Hobart's Reports\* that affirmatives in statutes that introduce a new rule imply a negative of all else. Father Plowden† equally declares that when a statute limits a thing to be done in a particular mode, it includes a negative of any other mode.

The tax is in violation of rules thus anciently and authoritatively laid down; rules conformed to obvious sense and justice.

*Mr. W. H. Battle, contra,* argued that such exemptions were so grossly impolitic that they could not be considered as legitimate exercise of legislative power.

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\* *Slade v. Drake*, 298.

† *Stradling v. Morgan*, 206 b.

## Syllabus.

Mr. Justice DAVIS delivered the opinion of the court.

The only way in which the property of this company could be reached for taxation at all was after the limitation of the fifteen years had expired. The legislature was then at liberty to tax the individual shares of the stockholders, whenever their annual profits exceeded 8 per cent. When a statute limits a thing to be done in a particular mode, it includes a negative of any other mode. It was the manifest object of the legislation which incorporated this company to invite the investment of capital in the enterprise of building this road; and no means better adapted for the purpose could have been devised, short of total immunity from taxation. As long as the capital was unproductive it contributed nothing to the support of the government, and even after it became remunerative, its contribution was fixed by the terms of the charter, and could not, in any event, exceed twenty-five cents on the share of stock. The impolicy of this legislation is apparent, but there is no relief to the State, for the rights secured by the contract are protected from invasion by the Constitution of the United States.

As the pleadings show that the annual profits on the shares of stock have never reached 8 per cent., it follows that they were not subject to any public charge or tax.

JUDGMENT REVERSED, and the cause remanded for further proceedings,

IN CONFORMITY WITH THIS OPINION.

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RAILWAY COMPANY *v.* WHITTON'S ADMINISTRATOR.

1. Although a corporation, being an artificial body created by legislative power, is not a citizen, within several provisions of the Constitution; yet where rights of action are to be enforced by or against a corporation, it will be considered as a citizen of the State where it was created, within the clause extending the judicial power of the United States to controversies between citizens of different States.
2. Where a corporation is created by the laws of a State, it is, in suits brought in a Federal court in that State, to be considered as a citizen of such State whatever its status or citizenship may be elsewhere by the legislation of other States.