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Universal Leaf Tobacco Company, Inc.

John Shephard, Jr., Yorktown

Deborah Weber, Richmond
Philip Morris USA

Chuck Bogatie, Hopewell
Smurfit-Stone Container Corp.

Daniel Williams, Jr., Richmond
Richmond Corrugated, Inc.

May 3, 2006

The Honorable Tim Kaine
Patrick Henry Building, 3rd Floor
1111 East Broad Street
P.O. Box 1475
Richmond, Virginia 23218

Fax: 804.786.3895

Dear Governor Kaine:

The Board of Directors of the Virginia Manufacturers Association requests your support for House Bill 1290 and Senate Bill 260 – Machinery and Tools Tax Reform.

Rather than detail the billions in annual taxes and economic activity that our industry creates annually, we will simply state the facts supporting this legislation.

1. Localities have no legal authority to tax the idle equipment of a manufacturer under current law.
2. There is no current uniformity regarding the proper classification and definition of idle equipment.
3. A handful of local governments, such as Richmond, disregard current law and treat idle equipment as a valuation issue, not a classification issue.
4. The legislature, with overwhelming bi-partisan support, has passed this legislation four (4) times and has judged the legislation worth codifying.

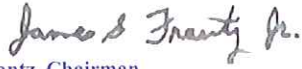
We are not asking for the taxes improperly collected for years by local government to be rebated. We are simply asking you to join the industry and legislature in replacing the “case-by-case” test recently suggested by Commissioner Thorson with a “bright line” test that will be an aid to everyone.

Predictability and equity are valuable qualities of any tax legislation – particularly taxation on the most vulnerable in our industry. House Bill 1290 and Senate Bill 260 creates predictability and demonstrates your and the legislature’s willingness to insure equity in our system of taxation.

This legislation also creates an equally important independent appraisal process and working group that may consider true machinery and tools taxation reform. The legislation before you is but a first step toward “surgically” correcting the inequities in the current tax system that make Virginia’s effective manufacturing tax rate the highest among the southern states of AL, GA, KY, NC and SC (Ernst & Young, Manufacturing Taxation, 2005). **Inappropriately taxing unused equipment simply leaves fewer dollars available for us to invest in new technology and training that will insure our competitiveness and the future prosperity of our companies, employees and communities.**

We, the undersigned, ask for your support of SB 260 and HB 1290.

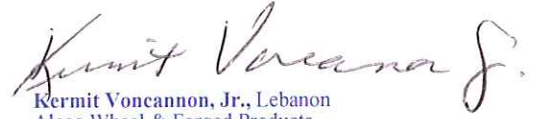
Sincerely,



James Frantz, Chairman
Graham-White Manufacturing
Salem



Scott Denicourt, Richmond
Wyeth Consumer Healthcare



Kermit Vancannon, Jr., Lebanon
Alcoa Wheel & Forged Products



Richard Higbie, Vice Chairman
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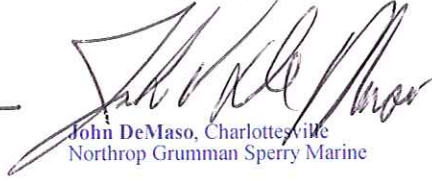
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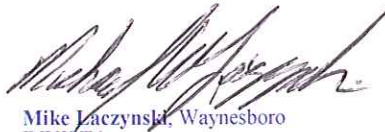


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Cc: Printing Industries of Virginia
Virginia Chamber of Commerce
Virginia Seafood Council
Virginia Poultry Federation
Virginia Waste Industries Association

The Honorable Patrick Gottschalk
The Honorable Bill Bolling
The Honorable Doug Wilder

The Honorable Chris Saxman
The Honorable Frank Wagner

The Honorable Walter Stosch
The Honorable John Chichester
The Honorable Thomas Norment
The Honorable John Watkins
Speaker William Howell
The Honorable Frank Hall
The Honorable Brian Moran