

# **New York Mortgage Endorsement, Secured Debts, and Investments Stamp Taxes, 1911–20**

## **2. Secured Debts Tax, 1911–16**

**by Michael Mahler**

### **Summary.**

**Prelude: the Mortgage Tax.** In the early years of the twentieth century, an **annual property tax** was levied in New York, not only on real property (i.e., real estate) but also on **personal property, both tangible and intangible**, including mortgages and **mortgage bonds**. As mortgages of the day typically yielded about 4% per year, and the **tax was roughly 2%**, it was considered **confiscatory** and was **widely evaded**. In an attempt to salvage at least some tax revenue from **mortgages**, the state in **1905 exempted them from personal property tax** provided an **annual mortgage tax of 0.5%** was paid. In **1906** the tax was changed from an annual one to a **one-time recording tax** at essentially the same rate, **50¢ per \$100**. In 1910 the use of adhesive stamps to indicate payment of the tax on **mortgage bonds** by individual bondholders was authorized, and these **Mortgage Endorsement stamps** came into use **early in 1911**. They were used only on **bonds secured by a mortgage of property wholly or partly within the state**.

Encouraged by the success of this tax, the **state widened its net**. The **Secured Debts tax**, effective **September 1, 1911**, offered residents the same inducement—**permanent exemption from personal property taxes contingent upon a one-time payment of 0.5%**—for **all bonds**, excepting of course those already subject to the Mortgage tax, and mandated creation of **Secured Debt stamps** to pay it.

Effective **May 1, 1915**, the tax was increased to **0.75%**, which now secured **exemption** from all other taxes for **five years only**. This rate was in effect **only until October 31, 1915**.

The Secured Debts tax was **revived** between **April 21, 1916, and December 31, 1916**, at the essentially equivalent rate of 75¢ per \$100, at which time **stamps in four new denominations—25¢, 75¢, \$3.75 and \$7.50—**were created to facilitate payment of the new rate.

The tax was a **qualified success**, bringing in about **\$1 million per year** despite the fact that **only about 10% of eligible bonds were stamped**.

The accompanying **census lists 65 different bonds** taxed at the **0.5%** rate, **43** at the **1915–16 rates**, and **stamped certificates** of the **Comptroller's Office** attesting to tax payment at both rates.

The **Investments tax** of **1917–20** was essentially a **renewal of the Secured Debts tax** with a different name and increased rate.

For **additions, corrections, or comments**, or to **buy, sell or trade** bonds bearing these stamps, please contact the author at **mikemahler@roadrunner.com**.