

New York Mortgage Endorsement, Secured Debt, and Investments Stamp Taxes, 1911–20

1. Mortgage Endorsement Tax

by Michael Mahler

Summary.

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 it applied to mortgages, the tax was considered **confiscatory**, and was widely evaded. Mortgages of the day typically yielded about 4% per year, and the **tax was roughly 2%**. Unwilling to see half their profit whisked away by the tax, investors found inventive ways to **avoid paying it**, or simply chose other investments.

In an attempt to salvage at least some tax revenue from **mortgages**, the state in **1905 exempted them from the personal property tax** provided an **annual mortgage tax of 0.5%** was paid. The tax was obligatory on new mortgages and optional for those already recorded.

In **1906** the tax was changed from an annual one to a **one-time recording tax** at essentially the same rate, **50¢ per \$100**.

The Mortgage tax became **philatelically interesting** with passage of the Act of **June 23, 1910**, which allowed **individual bondholders to pay the tax** on their holdings, thus making them exempt from property tax. In order to conform to Stock Exchange regulations, the Attorney General now authorized use of **“engraved adhesive stamps” on bonds** to indicate payment of the tax, and on December 29, 1910, County Clerks were sent **Mortgage Endorsement stamps in green, imperforate**.

Some nine months later **perforated stamps** came into use, and in **1915** the color of the stamps was changed to **orange**.

Effective **May 10, 1920**, **intangible personal property** was made **exempt from all state and local taxation**, and the use of **Mortgage Endorsement stamps** was **discontinued**.

These stamps were used only on **bonds** secured by a mortgage of **property wholly or partly within the state**. The accompanying **census lists 29 different bonds of 13 New York railroads** bearing Mortgage Endorsement stamps.

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