

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

## 3. Tax on Investments, 1917–20

by Michael Mahler

### Summary:

**Prelude: the Mortgage and Secured Debts Taxes.** In the early years of the twentieth century, New York residents were subject to an **annual tax on personal property, both tangible and intangible**, including mortgages and **mortgage bonds**. As mortgages of the day typically yielded about 4% annually, 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 property tax** provided an **annual mortgage tax of 0.5%** was paid. In **1906** this was changed to a **one-time recording tax** at essentially the same rate, **50¢ per \$100**. The **Mortgage Endorsement stamps** of 1911–20 indicate payment of this tax on **bonds** secured by 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 New York residents the **same inducement—permanent exemption from 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**. The Secured Debts tax was **allowed to expire** at the end of 1916.

The **Investments tax**, effective **June 1, 1917**, was **essentially a renewal of the Secured Debts tax** with a different name and increased rate, now **20¢ per \$100 per year, for up to five years**.

**Tax on Investments stamps** were created to pay the new rate, but were **not available for nearly four months**, during which the old **Secured Debt stamps** were used.

The accompanying **census** lists **46 different bonds** showing payment of the Investments tax, with face values **\$500 to \$100,000** and tax paid for **one, two, three or five years**, resulting in **14 different tax rates** from **\$1 to \$200**; all 14 are known paid by Secured Debt stamps, and 11 by Investments stamps.

**Distinctive cancels** were utilized to indicate payment for **one, two, three, four or five years**.

Where previously bonds could be stamped only at the offices of the Comptroller in Albany or his Deputy in New York City, a **traveling agent, A. A. Kemter**, was now appointed to collect the tax in other cities. Kemter used **distinctive cancels** identifiable by his **initials AAK**, first **manuscript**, later **handstamped**. He was very briefly succeeded by an agent so far identified only via his canceller incorporating the **initials JGM**, first used in late 1919.

At **Albany**, agent **W. B. LeRoy** utilized handstamp cancelers incorporating his **initials WBL**. Bonds showing these traveling agent and Albany cancels are all rare.

Effective **May 10, 1920**, **intangible personal property** was made exempt from all state and local taxation, thus rendering the **Investments tax meaningless**, and it was simultaneously **repealed**.

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