

of the stock on which such dividend was paid, hereafter called old stock, by a fraction whose numerator is the fair market value of the new stock when acquired, and whose denominator is the fair market value of both the old and the new stock when acquired; (h) the basis of rights to purchase securities acquired as a distribution shall be zero; (i) the basis of property acquired in a non-taxable exchange shall be the basis of the property exchanged therefor; and (j) the basis of property acquired in a taxable exchange shall be the fair market value of the property at the time of the exchange.

In the case of real or tangible personal property, the foregoing basis shall be diminished by the amount of depreciation allowable to the taxpayer under the provisions of this chapter and corresponding provisions of earlier laws. For determining loss in the case of real property, the rental income from which is exempt under this chapter, the foregoing basis shall be reduced by depreciation sustained during the period such property was rented. In the case of undeveloped land, the foregoing basis shall be increased by the excess of the property taxes paid over the rental income received after that date.

In the case of intangible personal property: First, if the property has constituted the basis of a non-taxable stock dividend, the foregoing basis shall be reduced by the amount apportioned as the basis of the new stock acquired in accordance with subsection (g); and second, the foregoing basis shall be reduced by any amounts which do not constitute a dividend as defined in subsection (b) of section sixty-one.

*Approved March 7, 1958.*

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CHAP. 153. AN ACT AUTHORIZING THE CITY OF QUINCY TO CONTRIBUTE ONE HALF THE COST OF THE INSTALLATION OF WARNING LIGHTS AND BELLS AT THE NORFOLK DOWNS RAILROAD STATION.

*Be it enacted, etc., as follows:*

SECTION 1. The city of Quincy is hereby authorized to appropriate the sum of eight thousand one hundred and seventy-five dollars for the purpose of contributing one half the cost of the installation of warning lights and bells at the Norfolk Downs railroad station in said city; provided, however, that said city shall not be responsible for the operation and maintenance of said lights and bells, nor shall it be liable for personal injuries or death, or for property damage, suffered by any person by reason of said maintenance or operation or failure thereof; and provided, further, that said city shall not, by reason of the passage of this act or the expenditure herein authorized, be liable for personal injuries or death, or for property damage, suffered by any person by reason of any defect or want of repair in the way at said station.

SECTION 2. This act shall take effect upon its acceptance by the city council of said city, subject to the provisions of its charter, but not otherwise.

*Approved March 7, 1958.*