

HOUSE No. 732.

Bill accompanying the petition of Charles A. Dean for legislation to impose an excise tax on all sales, agreements to sell or memoranda of sales, delivery or transfer of shares or certificates of stocks or bonds. Taxation. January 22.

Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Seven.

AN ACT

To provide for taxing Transfers of Stock.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Amount of tax. There is hereby im-
2 posed, and there shall immediately accrue and be col-
3 lected, a tax as herein provided, on all sales, or agreements
4 to sell, or memoranda of sales or deliveries or transfers
5 of shares or certificates of stock in any domestic or for-
6 eign association, company or corporation made after the
7 first day of June, nineteen hundred and seven, whether
8 made upon or shown by the books of the association, com-
9 pany or corporation, or by any assignment in blank, or
10 by any delivery, or by any paper or agreement or memo-
11 randum or other evidence of transfer or sale, whether en-

12 titling the holder in any manner to the benefit of such
13 stock, or to secure the future payment of money or the
14 future transfer of any stock, on each hundred dollars of
15 market value or fraction thereof, two cents.

16 It is not intended by this act to impose a tax upon an
17 agreement, evidencing the deposit of stock certificates as
18 collateral security for money loaned thereon which stock
19 certificates are not actually sold, nor upon such stock cer-
20 tificates so deposited. The payment of such tax shall be
21 denoted by an adhesive stamp or stamps affixed as fol-
22 lows: in case of sale where the evidence of transfer is
23 shown only by the books of the company, the stamps
24 shall be placed upon such books; and where the change
25 of ownership is by transfer of certificate, the stamp shall
26 be placed upon the certificate; and in case of an agree-
27 ment to sell, or where the transfer is by delivery of the
28 certificate assigned in blank, there shall be made and
29 delivered by the seller to the buyer a bill or memorandum
30 of such sale to which the stamp provided for by this act
31 shall be affixed; and every bill or memorandum of sale,
32 or agreement to sell, shall show the date thereof, the name
33 of the seller, the amount of the sale, and the matter or
34 thing to which it refers, and no further tax is hereby im-
35 posed upon the delivery of the certificate of stock, or
36 upon the actual issue of a new certificate when the orig-
37 inal certificate of stock is accompanied by the duly stamped
38 memorandum of sale.

1 SECTION 2. Adhesive stamps for the purpose of pay-
2 ing the state tax provided for by this act shall be prepared
3 by the tax commissioner in such form, and of such de-
4 nominations and in such quantities as he may from time
5 to time prescribe, and shall be sold to him by the person
6 or persons desiring to purchase the same; he shall make

7 provision for the sale of such stamps in such places and
8 at such times as in his judgment he may deem necessary.

1 SECTION 3. Any person or persons who shall make
2 any sale, without paying the tax by this act imposed, or
3 who shall, in pursuance of any sale, deliver any stock,
4 or evidence of the sale of any stock or bill or memo-
5 randum thereof, without having the stamps provided for
6 in this act affixed thereto, shall be deemed guilty of a
7 misdemeanor, and upon conviction thereof shall pay a
8 fine of not less than five hundred or more than one thou-
9 sand dollars, or be imprisoned for not more than six
10 months, or by both such fine and imprisonment at the
11 discretion of the court.

1 SECTION 4. In every case where an adhesive stamp
2 shall be used to denote the payment of a state tax pro-
3 vided by this act, the person using or affixing the same
4 shall write or stamp thereon the initials of his name
5 and the date upon which the same shall be attached or
6 used, and shall cut or perforate the stamp in a substantial
7 manner so that such stamp cannot be again used; and if
8 any person fraudulently makes use of an adhesive stamp
9 to denote the state tax imposed by this act, without so
10 effectually cancelling and obliterating such stamp, such
11 person shall be deemed guilty of a misdemeanor, and
12 upon conviction thereof shall pay a fine of not less than
13 two hundred or more than five hundred dollars, or be
14 imprisoned for not less than six months, or both, at the
15 discretion of the court.

1 SECTION 5. The tax commissioner is hereby directed
2 to make, enter into and execute for and in behalf of the
3 state such contract or contracts for dies, plates and print-
4 ing necessary for the manufacture of the stamp provided

5 for in this act, and provide such stationery and clerk
6 hire, together with such books and blanks as in his
7 discretion may be necessary for putting into operation
8 the provisions of this act; he shall be the custodian of all
9 stamps, dies, plates or other material or thing furnished
10 by him or used in the manufacture of such state tax
11 stamps, and all expenses incurred by him and under his
12 direction in carrying out the provisions of this article,
13 shall be taken from moneys appropriated for such pur-
14 pose.

1 SECTION 6. Any person who shall wilfully remove or
2 cause to be removed, alter or cause to be altered the can-
3 celling or defacing marks of any adhesive stamp pro-
4 vided for by this act, with intent to use the same or to
5 cause the use of the same after it shall have been once
6 used, or shall knowingly or wilfully sell or buy any
7 marked or restored stamp, or offer the same for sale, or
8 give or expose the same to any person for use, knowingly
9 use the same or prepare the same with intent for the
10 further use thereof; or shall wilfully use any counterfeit
11 stamp or any forged stamp with intent to defraud the
12 Commonwealth of Massachusetts, shall be guilty of a
13 misdemeanor, and, on conviction thereof, shall be liable
14 to a fine of not less than five hundred nor more than one
15 thousand dollars, or by imprisonment for not more than
16 six months, or by both such fine and imprisonment at the
17 discretion of the court.

1 SECTION 7. The tax commissioner may at any time
2 after transfers of stock, which by the provisions of this
3 article are subject to a state stamp tax, inquire into and
4 ascertain whether the tax imposed by the provisions of
5 this act have been paid.

6 For the purpose of ascertaining such fact the tax com-
7 missioner shall have the right, and it shall be his duty,
8 to examine the books and papers of any person, firm,
9 company, association or corporation. If from such ex-
10 amination the tax commissioner ascertains that the tax
11 provided for in this act has not been paid, he shall bring
12 an action in any court of competent jurisdiction for the
13 recovery of such tax, and for any penalty incurred by
14 any person under the provisions of this act.

1 SECTION 8. Any person who shall violate the provi-
2 sions of this act shall, in addition to the penalties herein
3 provided, forfeit to the people of the Commonwealth a
4 civil penalty of five hundred dollars for each violation.
5 The tax commissioner shall bring an action in his name
6 as such tax commissioner in any court of competent ju-
7 risdiction for the recovery of any civil penalty, and all
8 moneys collected by him shall be paid into the state
9 treasury.

1 SECTION 9. No transfer of stock, made after June
2 first, nineteen hundred and seven, on which a state tax
3 is imposed by this act, and which tax is not paid at the
4 time of such transfer, shall be made the basis of any
5 action or legal proceedings; nor shall proof thereof be
6 offered or received in evidence in any court in this Com-
7 monwealth.

1 SECTION 10. The taxes imposed under this act, and
2 the revenues thereof, shall be paid by the tax commis-
3 sioner into the state treasury and be applicable to the
4 general fund, and to the payment of all claims and de-
5 mands which are a lawful charge thereon.

