

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE: May 24, 1934.

TO Mr. Eccles.

FROM R. L. Hoguet, Jr. Re: State Taxation of National Banks.

Sec. 5219 R.S.

I (c) reads in part as follows at present:

"In the case of a tax on said shares the tax is imposed shall not be at a greater rate than is assessed upon other moneied capital in the hands of individual citizens of such State coming into competition with the business of national banks"

S. 2788 would have it read in part as follows:

"In the case of a tax on said shares, no tax burden shall be imposed in any taxing district upon said shares greater than the average burden imposed in that district on other taxable intangible personal property therein."

S. 2788 has been reported favorably by the Senate Banking & Currency Committee and is on the Calendar. However, Mr. Upham doubts very much that anyone^{is} pushing it and that it will be called this Session. The Treasury submitted a favorable opinion on this bill. According to a note in your file, S. 2788 has the approval and active support of the American Bankers Association.

S. 3009 and H. R. 9045 are companion bills reading in part as follows:

"The legislature of each State may determine and direct the manner and place of taxing national banking associations located within its limits, provided such taxation shall not be at a greater rate than is imposed upon the shares, business income, and/or property of State banks. * * *

S. 3009 is still in sub-committee. H. R. 9045 has been ordered reported out of committee, but is being held by Mr. Seagall. Mr. Upham states this is because Steagall is hoping to see S. 2788 passed by the Senate, whereupon he can substitute his bill H. R. 9045. The Treasury submitted an unfavorable report on S. 3009.

R.L.H.J.