

CITY OF HARTFORD
CONNECTICUT

WILLIAM H. MORTENSEN
MAYOR
SAMUEL GOULD
EXECUTIVE SECRETARY

OFFICE OF
THE MAYOR

April 12, 1945

Mr. Marriner S. Eccles
Chairman of the Board of Governors
Federal Reserve System
Washington, D. C.

Dear Mr. Eccles:

My office has had a number of inquiries regarding the implications of your recent statement about the capital gains tax. People are principally interested in the question of the manner in which any change in the capital gains tax law would apply to gains being made at this time.

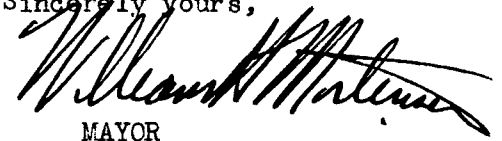
I know that you will not be writing the law, and that you cannot foretell the vagaries of Congress, but I am wondering whether, in your opinion, the new law (if there is to be one) would be likely to apply to all capital gains taken during the calendar year of 1945.

Or would it more probably apply to transactions taking place after the date on which the measure goes into effect.

Inasmuch as this is a financial community, we have a widespread interest in this question, and I shall appreciate any light that your office might be able to give us on the matter.

Thank you for whatever courtesy you can extend us.

Sincerely yours,


MAYOR

*I am particularly interested
in its effect on real estate transfers.*

April 19, 1945.

Honorable William H. Mortensen,
Mayor of the City of Hartford,
Connecticut.

Dear Mayor Mortensen:

This is to acknowledge your letter of April 12 in regard to my suggestion for a special wartime capital gains tax.

While I proposed that such a tax be retroactive to the first of this year in line with the usual practice of having tax laws cover the calendar year, in my judgment the Congress would not be likely to have it apply earlier than the date of introduction of the measure, if one were to be enacted. At the present moment, I am extremely doubtful that anything will be done, notwithstanding the fact that the proposal has been strongly endorsed by the leading agricultural and labor groups, among others, including public officials concerned with the stabilization program. As was to be expected such a proposal met with violent objection in the brokerage community, which thrives on volume and instability in the stock market.

It occurred to me that you might care to see a copy of an explanatory statement I gave out after I was unexpectedly questioned on this matter when I testified before the Senate Banking and Currency Committee on an entirely different subject.

I wish to add that I appreciate the spirit in which you write and the interest you have in this question.

Sincerely yours,

M. S. Eccles,
Chairman.

Enclosure

ET:b