

TAXATION:

NATIONAL MORTGAGE ASSOCIATIONS: exempt from taxation.

Bonds and/or debentures of
National Mortgage Associations

May 25, 1938

5-76



Mr. Andy W. Wilcox,
Commissioner, State Tax Commission,
Jefferson City, Missouri.

Dear Sir:

This is in reply to yours of May 21 requesting an official opinion from this department based upon the following letter:

"As you know the National Housing Act, a law recently established by Congress, provides for the incorporating of national mortgage associations, which associations shall have the power to issue bonds and/or debentures. The State Tax Commission would appreciate your opinion advising us if the bonds and/or debentures of such national mortgage associations will be taxable under the laws of the State of Missouri.

We would appreciate an opinion on or before the first of June, date of the next assessment."

Section 1722 of Title 12, Banks and Banking, U. S. C. A., as amended by congress February 3, 1938, Laws 1937-1938, U. S. C. A., page 250, provides as follows:

"All notes, bonds, debentures, or other obligations issued by any national mortgage association shall

be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Every national mortgage association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock, shall be exempt from taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Nothing herein shall be construed to exempt the real property of such association from taxation by any State, county, municipality, or local taxing authority to the same extent according to its value as other real property is taxed. As amended Feb. 3, 1938, c. 13, Section 8, 52 Stat. 24."

From the foregoing section it is evident that congress has placed the notes and bond debentures or other obligations issued by National Mortgage Associations in the same class as that of personal property belonging to national banks. In the case of Bank of California, N. A., v. King County et al, 16 Federal Supplement, page 976, the court said:

"National banks are instrumentalities of the federal government, and states and counties are without power to tax the personal property of such banks."* * * * *

Mr. Andy W. Wilcox

-3-

May 25, 1938

CONCLUSION

From the foregoing this office is of the opinion that the bonds and/or debentures which are issued by National Mortgage Associations are exempt from any and all taxes assessed and levied by virtue of the laws of the state of Missouri or any subdivision thereof.

Respectfully submitted

TYRE W. BURTON
Assistant Attorney General

APPROVED:

J. E. TAYLOR
(Acting) Attorney General

TWB:DA