

# MAINE STATE LEGISLATURE

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*Stevens & Sayward*  
DOCUMENTS

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THE LEGISLATURE

OF THE

STATE OF MAINE.

1863.

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AUGUSTA:  
STEVENS & SAYWARD, PRINTERS TO THE STATE.  
1863.

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# FORTY-SECOND LEGISLATURE.

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HOUSE.

No. 6.

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## REPORT.

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The Committee on Banks and Banking, to whom was referred an order to inquire into the expediency of taxing bank stocks owned out of the State, and unknown, have attended to the duty assigned them, and

### REPORT:

That we have at this time in the State sixty-nine banks, having a capital of seven millions nine hundred and eighty-three thousand dollars, all of which have *partially* complied with the law requiring cashiers of banks to make returns of the stockholders, place of residence, and amount of stock owned by each, except the Veazie Bank of Bangor, and the American Bank of Hallowell: Neither of these banks have complied with the law, as we understand it; one of them giving neither the name of county or town of any stockholder's residence, and the other giving neither the name of the State, county or town of *any* of the stockholders—making themselves liable for the penalty of five hundred dollars each, if the State sees fit to enforce it.

That by the Bank Commissioners' last report we find capital owned out of the State, and unknown, one million four hundred and nineteen thousand dollars. But by a careful examination of all the returns recently made by cashiers of banks to the Secretary of State, your committee believe there is not much *less* than one million nine hundred thousand dollars, or nearly one quarter part of all the bank capital in this State, entered in these returns in such a *peculiar* manner as to enable the owners of the same to *wholly escape taxation in this or any other State.*

Your committee also have reason to believe that but a *small proportion* of said one million nine hundred thousand dollars capital is *actually* owned out of the State, and they can conceive of no good reason *why* such as is *actually* owned out of the State should not pay its proportion of taxes in *this* State, where it is *protected*, and where it *earns* its dividends. Why should a capitalist *out* of the State fare any better than one *in* the State? Fifteen or twenty years ago the answer would have been easy. It would have been simply to invite cash capital into the State. But not so now; foreign cash capital was then *needed*, now it is not. Maine as a State has become wealthy; she can go *alone*. She is of age, and *independent*, so far as cash capital for banking operations is concerned. Her stocks are high in the market. She has now a large surplus cash capital seeking investment, not only in her *own* but in *other* States. Her banks have now a large amount of cash deposited in the Boston banks, much of which is paying no interest whatever.

The citizens of Maine have now a large amount of cash deposited in the banks of this State, and *have had* for the last two or three years, as any one can see by examining the bank reports; and nine-tenths of which is paying no interest at this time.

Under these circumstances Maine wishes no *outsider* to purchase any of her sound bank stocks—she wants the *privilege* of owning them herself—and her citizens will deem it a *privilege* to be allowed to do so. They would be delighted with an opportunity to purchase such stocks of people *out of the State*, (if they do not like to hold and pay taxes,) at a full fair market price, with some of the funds now deposited in our banks, and otherwise held, paying now no interest.

Consequently your committee are *clearly* of opinion that capital owned out of the State (at this late day,) should pay its proportion of taxes precisely the same as capital owned in the State, for the reasons given. Your committee also believe, what no one, we think, will fail to discover by a close *scrutiny* of these bank returns, that a very large proportion of this (\$1,900,000) one million nine hundred thousand dollars is *now actually owned* in this State, although it is difficult to fix the exact amount, as these returns are made *evidently* with the intention to prevent our doing so. For instance: in *many* cases neither the county or town of a stockholder is stated, and in some not even the State is named. Some stocks are trans-

ferred to real or fictitious names in a foreign State—some entered as owned in Dixie, some in Cuba, in Oregon, Canada, England and unknown, with no county, city or town named.

There is almost an endless variety of these Foxy entries in these bank returns—enough to satisfy your committee that there is but *one sure way* to reach and to hold these slippery parties, and that is to tax all bank stocks, whether owned out of the State or in it, or unknown.

In view of our large and increasing State debt, we believe that justice to the State demands this to be done—that there shall be no more *skulking* or *dodging* this tax operation—that every individual, high or low, rich or poor, liable to be taxed, should be made to pay his fair proportion of taxes, necessary for the support of our State and national governments.

The accompanying bill is herewith submitted.

P. R. HAZELTINE.

# STATE OF MAINE.

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IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED AND  
SIXTY-THREE.

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AN ACT to provide for taxing bank stock.

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*Be it enacted by the Senate and House of Representatives  
in Legislature assembled, as follows :*

SECTION 1. The stock of any bank, held by persons  
2 out of the state, or unknown, and that has not been  
3 certified according to the provisions of chapter forty-  
4 six, section twenty-one, of the revised statutes, in any  
5 city or town in this state, and is not there assessed ;  
6 and the stock of any bank, appearing by the books of  
7 such bank to be held by persons residing beyond the  
8 limits of this state or unknown ; shall be assessed for  
9 its proportion of any state, county or town tax in, and  
10 by the assessors of, the city or town where such bank  
11 is located, or transacts its ordinary business ; and such  
12 city or town making the assessment aforesaid, shall  
13 have a lien attaching from and after the date of such  
14 assessment, to such stock and all dividends thereon,  
15 until such tax and any cost or expenses arising in the

16 assessment, and collection thereof has been fully paid.  
17 No assignment, sale, transfer or attachment shall pass  
18 any property in such stock unless the vendee shall  
19 first pay such tax and cost ; and the cashiers of banks  
20 required by the chapter and section aforesaid to make  
21 annual returns to assessors, are hereby directed to  
22 return to the assessors of the city or town where such  
23 bank is located, or transacts its business as aforesaid,  
24 all the stock in such bank not returned to the assessors  
25 of other cities or towns according to the provisions of  
26 said section ; and such returns shall be made at the  
27 time and in the manner prescribed in said section, and  
28 shall be the basis of taxation of such property.

SECT. 2. The cashier or other officer of each bank,  
2 is hereby required to exhibit on demand, to the as-  
3 sessors of any city or town, all the books of such bank  
4 that contain any record of the stock of such bank, or  
5 any dividend declared or paid thereon, and if requested  
6 shall deliver to such assessors a true and certified copy of  
7 so much of said record as they may require. Should  
8 any cashier neglect or refuse to perform the duties  
9 required by this and the preceding section, the assessors  
10 aforesaid may proceed to *doom* such bank in such sum  
11 as they deem reasonable, and the assessment shall bind  
12 the bank and the tax thereon shall not be abated ; and

13 such cashier shall be liable for such neglect or refusal,  
14 to the penalty prescribed in section twenty-three,  
15 chapter forty-six of the revised statutes.

SECT. 3. The collector of any city or town to whom  
2 has been committed a tax upon the stock of any bank,  
3 shall within thirty days after the bills of assessment are  
4 delivered to him, cause a notice in writing to be  
5 delivered to the cashier of such bank, president or  
6 director, stating the description contained in the bills  
7 to him committed, of the stock taxed, to whom asses-  
8 sed, if stated in the bills, and the tax thereon. No  
9 dividend shall be paid on such stock, after the service  
10 aforesaid, until the tax and any cost thereon has been  
11 paid. The cashier aforesaid may pay such tax, and such  
12 payment shall constitute a lawful charge in offset  
13 against any dividend on the stock taxed. Should such  
14 tax remain unpaid ninety days after the service afore-  
15 said, the collector may proceed to sell such stock in  
16 the manner specified in chapter six, section ninety-four  
17 and ninety-five of the revised statutes. For the  
18 purpose of collecting taxes on bank stock, the limits  
19 and powers of collectors of taxes are extended and  
20 enlarged, and they may act in any city, town or  
21 plantation in this state, for such purpose.

SECT. 4. In addition to the remedies now provided



2 by law, for collecting taxes upon stocks of banks the  
3 treasurer of any city, town or plantation for the time  
4 being, may maintain an action on the case, against  
5 any bank aforesaid, and may recover therein the tax  
6 assessed and the lawful charges upon any share  
7 thereof, provided there has been declared or paid after  
8 such tax was assessed, any dividend upon any share  
9 of said bank ; but judgment shall not be rendered in  
10 such action for a larger sum in damages than the  
11 dividend thus declared or paid on any share of said stock  
12 taxed as aforesaid. The cashier of any bank, is hereby  
13 prohibited from paying any dividend to any stockhol-  
14 der on any share of such bank, until the tax assessed  
15 on such share, has been paid.

SECT. 5. The provisions of this act shall not be  
2 construed as repealing any of the provisions of chapter  
3 sixth, of the revised statutes, but as enlarging the  
4 same, for the purposes contemplated in the first section  
5 of this act.

SECT. 6. Assessors of cities, towns and plantations  
2 shall add the amount of such tax assessed as aforesaid,  
3 to the amount of the state tax, assessed or to be  
4 assessed in each city, town, plantation or other place  
5 respectively.

SECT. 7. The treasurer of this state shall, in the

2 month of May annually, send his warrant, directed to  
3 the mayor and aldermen, selectmen or assessors of  
4 each city, town and plantation, wherever any bank is  
5 located in this state, taxed or to be taxed as aforesaid,  
6 requiring them respectively to pay ; or to issue their  
7 several warrant or warrants, requiring the collectors of  
8 their several cities, towns and plantations to pay the  
9 said treasurer, on or before the first day of January  
10 annually, the sums against said cities, towns and  
11 plantations respectively in this act contained, less five  
12 per cent., to be allowed said cities, towns and planta-  
13 tions for assessing, collecting and paying the same,  
14 which percentage shall be paid by said collectors, to  
15 the treasurers of said cities, towns and plantations, and  
16 said treasurer shall credit the same to said cities, towns  
17 and plantations respectively, and said mayor, selectmen  
18 and assessors, shall return a certificate of the names  
19 of such collectors with the sum which each may be  
20 required to collect, to said treasurer, sometime before  
21 the first day of December annually.

SECT. 8. Whenever for the period of forty days after  
2 the time fixed for the payment of this tax, there shall  
3 be any delinquency to pay the same on the part of the  
4 collector of any city, town or plantation, it shall be  
5 the duty of the treasurer of state to issue his warrant

6 for enforcing the collection of the same, against such  
7 collector. The warrant shall be directed to the sheriff  
8 or his deputy, of the appropriate county, and made in  
9 accordance with the laws already existing on that  
10 subject, except that it shall be returnable in ninety  
11 days from date ; and in addition to the tax itself, it  
12 shall require the officer to collect interest thereon at  
13 the rate of six per cent. yearly, from the day when the  
14 tax became payable, with fifty cents more, for the  
15 warrant, and the lawful fees of such sheriff or deputy  
16 arising thereon.

SECT. 9. Whenever any state tax assessed as afore-  
2 said, upon any city, town or plantation, remains  
3 unpaid, such city, town or plantation is precluded from  
4 drawing from the state treasury the school fund set  
5 apart for such city, town or plantation so long as such  
6 tax remains unpaid.

SECT. 10. All acts or parts of acts inconsistent with  
2 this act, are hereby repealed.

SECT. 11. This act shall take effect when approved  
2 by the governor.

STATE OF MAINE.

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IN HOUSE OF REPRESENTATIVES, }  
February 20, 1863. }

Reported by Mr. HAZELTINE from Committee on Banks and Banking, and on motion of Mr. CROSBY of Dexter, laid upon the table, and 350 copies of the report and bill ordered to be printed for the use of the Legislature.

CHARLES A. MILLER, *Clerk.*