

File No. 7356 Continued.

OPINION.

come Bond Mortgage itself and also the agreement providing for the funding of the coupons as well as the two letters from Mr. France, dated respectively January 16th 1908 and January 21st 1908. My opinion is that the Income Bonds are not assessable for 1908 for the reason that interest is not "actually paid" thereon within the meaning of the Maryland Statute. I have made my report as full as it is, first because of the importance of the inquiry and secondly, because I have been unable to find any authorities directly in point and the matter had, therefore, to be worked out on principle.

Very truly yours,

(Signed) Albert C. Ritchie,
Assistant City Solicitor.

File No. 7356.

POWER TO ASSESS AND TAX THE UNITED RAILWAYS
INCOME BONDS FOR 1908.

5529

Code 1904, Art. 81, sec. 210 provides that bonds "upon which no interest shall be actually paid shall not be valued at all". Interest upon the United Railway Income Bonds is not paid in cash, but as to all of these bonds which have assented to a certain funding agreement, the interest coupons as they mature are exchanged for the Railway's funding bonds. The bonds which did not assent to this arrangement receive nothing at all on account of their coupons so that these non-assenting bonds clearly receive no interest, and are not, therefore, taxable. Nearly all of the income bonds, however, assented to the funding arrangement, and as to these bonds the right to tax depends upon whether or not the exchange of the funding bonds for the interest coupons constitutes an actual payment of interest, within the meaning of the statute. The agreement under which the interest on the income bonds was funded is dated July 25, 1905, and is entered into between the United Railways and Electric Company, the depositing bondholders and the Maryland Trust Company, Trustees. In order to