File No. 7948 Continued. CORRESPONDENCE.

6107 that it would have exactly the opposite effect, since it could then be shown that the increased revenues from this source would go far to meet the additional expenditures for interest and sinking funds.

Whether others, who have not delved, as I have, into the facts and history of the City stock deduction practice, agree with me or not in maintaining that the holders of City stock have already secured vastly more tha.. an equivalent for the purchase price received by the City, there are two serious consequences which the act, if not upset, will produce.

First, it postpones indefinitely the time when Baltimore City stock, like state stock and many issues of town and county bonds, will be exempted by law from specific taxation for state and local purposes. All authorities agree that a tax on such a public obligation, in its ultimate incidence, is a tax on an instrumentality of government and virtually a tax on public property. It was on this theory that the holders of government bonds were declared by the Supreme Court to be exempt from direct taxation by the states. As long as the law offers a premium to those whose City stock is taxed for state purposes, it will be hopeless to attempt to get a square deal for Baltimore City on this score.

Secondly, it is now generally recognized that in the public interest, banking capital should bear not more than a moderate tax. I, personally, am thoroughly in accord with this view, and have never hesitated to do what I could to bring about such a condition; but I realize that a fair, uniform and rational system of taxation of financial institutions can never be brought about so long as the law sanctions a special privilege in favor of the few to whom a harsh and uneven system (with exceptional benefits to them) is more attractive than a fair, rational and uniform system, applied to all the members of the class. This is a consideration which vitally affects the interests of the whole community.

Very truly yours,

(Signed) Oscar Leser.