

1973 S.C. Op. Atty. Gen. 31 (S.C.A.G.), 1973 S.C. Op. Atty. Gen. No. 3458, 1973 WL 20922

Office of the Attorney General

State of South Carolina

Opinion No. 3458

January 17, 1973

***1 Notes made payable to the Federal Land Bank are exempt from documentary stamp taxes.**

Director

License Tax Division

This is in reply to your request for an opinion from this office on the question of whether certain promissory notes are subject to the South Carolina documentary stamp tax imposed by Sections 65–681 and 65–688 of the Code. The notes are made payable to the Federal Land Bank of Columbia by private borrowers and are held by the bank, along with mortgages which secure the bank's loans.

[Section 931 of Title 12, U.S.C.A.](#), provides as follows:

‘Every Federal land bank * * *, including the capital and reserve or surplus therein and the income derived therefrom, shall be exempt from Federal, State, municipal and local taxation, except taxes upon real estate * * *.’

It has been the long-standing administrative interpretation of the South Carolina Tax Commission that notes executed to the Federal Land Bank are not subject to the documentary stamp tax. (Two letters written to the Bank evidence this construction.)

The wording of the statute has been substantially the same since its enactment and no reason is apparent to change this long-standing construction of the broad language of this exemption. See 2 Am. Jur. 2d, *Administrative Law, Section 241*, citing numerous cases.

There is no doubt as to the validity of the exemption statute. See *Federal Land Bank of New Orleans v. Crosland*, 261 U. S. 374, 43 S. Ct. 385 (1923).

It is therefore the opinion of this office that notes made payable to and held by the Federal Land Bank of Columbia are exempt from the South Carolina documentary stamp tax.

John C. von Lehe

Assistant Attorney General

1973 S.C. Op. Atty. Gen. 31 (S.C.A.G.), 1973 S.C. Op. Atty. Gen. No. 3458, 1973 WL 20922