

INCOME TAX:  
INTANGIBLE PERSONAL PROPERTY TAX:  
ST. LOUIS HOUSING AUTHORITY:

- (1) Interest derived from bonds of St. Louis Housing Authority is subject to Missouri Income Tax.
- (2) The bonds of the St. Louis Housing Authority are subject to the Missouri Intangible Personal Property Tax.



June 8, 1954

Honorable Samuel B. Murphy  
Member, Missouri House of Representatives  
1202 N. Geyer Road  
Kirkwood 22, Missouri

Dear Sir:

Reference is made to your request for an official opinion of this department reading as follows:

"I would appreciate it if you would furnish me, as soon as possible, with an opinion as to whether or not bonds issued by the St. Louis Housing Authority are subject to the Missouri intangible tax.

"I would also like to be advised as to whether the income from such bonds is subject to Missouri income tax.

"My understanding is that such bonds are guaranteed in some way by the United States Government through the Federal Housing Administration."

We wish to say at the outset that the matter referred to in the last paragraph of your letter of inquiry has no application, in our opinion, to the taxability of the interest received upon the bonds referred to in your letter.

We have examined the provisions of Chapter 99, RSMo 1949, particularly Sections 99.010 to 99.230, inclusive. We do not find that any specific statutory exemption has been

Honorable Samuel B. Murphy

granted from the payment of Missouri Income Tax with respect to interest received upon bonds issued by a Housing Authority created pursuant to the provisions of the statutes mentioned.

We have given consideration to Subsection (5) of Section 143.150, RSMo 1949, which reads as follows:

"The following income shall be exempt from the provisions of this chapter:

\* \* \*

"(5) Interest upon the obligations of this state or of any political subdivision thereof, or upon the obligations of the United States or its possessions; \* \* \*"

We feel that consideration should be given the quoted portion of this statute by virtue of the possibility of some contention being made that a Housing Authority is a "political subdivision." The term "political subdivision" has been defined in Section 15, Article X of the Constitution of Missouri in the following language:

"The term 'other political subdivision,' as used in this article, shall be construed to include townships, cities, towns, villages, school, road, drainage, sewer and levee districts and any other public subdivision, public corporation or public quasi-corporation having the power to tax."

The constitutional provision quoted forms a portion of Article X relating to "taxation" and we therefore think it persuasive in arriving at the proper definition of the term "political subdivision" as used in statutes relating to that subject matter. Under opinions dated August 9, 1946, and May 1, 1953, delivered to G. H. Bates and M. E. Morris, respectively, this office has held that the St. Louis Housing Authority is not a "political subdivision" of the state within the meaning of the Sales Tax Law. We follow these holdings in the present opinion.

From the foregoing we reach the conclusion that interest received upon the bonds of a Housing Authority is not interest received upon an obligation of a political subdivision of the state of Missouri.

Honorable Samuel B. Murphy

Further examination of the municipal housing act does not indicate that exemption has been extended to the income derived from such bonds with respect to the Missouri intangible personal property tax. In this regard we direct your attention to Section 146.010, RSMo 1953 Cumulative Supplement reading in part as follows:

"1. 'Intangible personal property' means moneys on deposit; bonds, except those which under the constitution or laws of the United States may not be made the subject of a property tax by the state of Missouri; certificates of indebtedness, other than capital notes issued by banks or trust companies; notes; debentures; annuities (except all annuity and pension payments paid to or received by any beneficiary under any law of the United States of America whereby funds are deducted from earnings of federal employees to be paid into a pension or annuity fund created and administered under a law of the United States of America, except also all annuity and pension payments paid to or received by any beneficiary under any law of the state of Missouri whereby funds are deducted from earnings of employees of the state of Missouri, or any political subdivision of the state of Missouri, to be paid into a pension or annuity fund created and administered under a law of the state of Missouri); accounts receivable; conditional sales contracts, which have incorporated therein promises to pay; and real estate and chattel mortgages." (Emphasis ours.)

Examination of the federal and state constitutions does not disclose any inhibition upon the power of the state of Missouri to subject such bonds to a property tax.

#### CONCLUSION

In the premises we are of the opinion that the income derived from bonds of the St. Louis Housing Authority is

Honorable Samuel B. Murphy

subject to Missouri income tax.

We are further of the opinion that the bonds of the St. Louis Housing Authority are subject to the Missouri intangible personal property tax, such taxes to be measured upon the yield derived therefrom.

The foregoing opinion, which I hereby approve, was prepared by my assistant, Will F. Berry, Jr.

Very truly yours,

JOHN M. DALTON  
Attorney General

Enclosures- G. H. Bates - 8-9-46  
M. E. Morris- 5-1-53

WFB:vlw