of the institutions and other like matters as now provided by law. They are the responsible agency to carry out the directions of the State Department of Public Welfare in its supervisory authority, except as to the particular matters hereinbefore noted wherein the Department of Public Welfare is the direct administrator.

I should call your attention also to another power formerly belonging to the several boards which no longer belongs to them, and that is the power of appointment of the superintendent or warden. This power was not taken away from the several boards by the 1936 Welfare Act, but by chapter 4 of the Acts of 1933.

I trust that this may serve your purpose, but if more detailed information is desired and specific questions are asked as to any particular power heretofore belonging to any particular board, I shall be glad to give the matter further consideration by applying the principles herein stated to that particular situation.

TAX COMMISSIONERS, STATE BOARD OF: Taxation of building and loan association. Intangibles tax—method of computing tax due from building and loan associations. Home Owners' Loan Bonds, whether investment in same may be deducted in establishing tax basis of building and loan association.

February 17, 1937.

Hon. Gaylord S. Morton,
Commissioner,
State Board of Tax Commissioners,
Indianapolis, Indiana.

Dear Sir:

I have before me your letter in which you ask for an official opinion as to whether a building and loan association, in computing and paying its tax liability under chapter 82 of the Acts of 1933 and as subsequently amended in 1935, may deduct the amount of funds invested by the association in bonds issued by the Home Owners' Loan Corporation.

Section 5 of the above Act, as amended in 1935, provides as follows:

"Sec. 5. The amount of such excise tax hereby imposed against each such association shall be twenty-five cents per annum on each one hundred dollars of the paid-in value of its shares of capital stock, issued and outstanding, and twenty-five cents per annum on each one hundred dollars of the surplus of such association, after deducting from the total amount of such paid-in capital stock and surplus the amount of the assessed value of all real estate and tangible personal property owned by such association and subject to taxation and the value of the paid-up or paid-in investment shares of non-resident share holders, and all sheriff's certificates and the amount of any loan secured by a pledge of prepaid, paid-up or running investment stock of such association: *Provided,* That not more than the balance due on real estate sold on contract shall be deducted, which in no event shall be greater than the amount invested in said real estate by such association."

Acts of 1935, p. 1293.

The above section provides the method of computing the tax liability in such cases and enumerates the only deductions which may be made in making the computation. It should be remembered in this connection that this tax is not upon the securities themselves in which the building and loan association may have some of its funds invested. It is an excise tax upon the association which is expressly declared to be "for the privilege of exercising its franchise and transacting its business."

Acts of 1933, p. 541.

Many times in the Act it is thus referred to and the character of the tax has thus been described by the Supreme Court of Indiana.

Lutz v. Arnold, 193 N. E. 840 (Sup. Ct. of Ind.).

In my opinion, therefore, there is no authority for the deduction of the amount of the association's funds invested in Home Owners' Loan Corporation bonds.