

all amounts in excess of the said \$100,000 and up to and including the sum of \$500,000, three times the primary rates: Upon all amounts in excess of the said \$500,000 and up to and including the sum of \$1,000,000, four times the primary rates: Upon all amounts in excess of the said \$1,000,000, five times the primary rates.

This short lived Statute had its value. It represented the unwise greed of the legislature, and exemplified all the worst features of tax legislation of this character. It overlooked the fact that domicile is always a matter of choice, and that wealth soon leaves a domicile where it is subjected to taxation which it deems excessive. The Statute was designed to increase the State's revenue, which, from inheritance taxes, then amounted to eight and one half million dollars. The loss in revenue the first year of its enactment was two million dollars. Four hundred million dollars of capital were forthwith withdrawn from investment in the State, and five thousand seven hundred safe deposit boxes were hurriedly emptied and surrendered. The New York Chamber of Commerce was moved to formally advocate the repeal of the obnoxious law. Other results were, that owners of large capital organized incorporations to act as holding companies. Cases were known where legatees formally renounced their legacies in order to escape the heavy tax, being subsequently compensated out of the estate.

So well recognized were the evils brought about by this unwise Statute, that in July, 1911, it was radically modified by the Harte Act (N. Y. Laws 1911, Ch. 732), which reduced the maximum rate of taxation from 25 per cent. to 8 per cent., and on direct bequests from 5 per cent. to 4 per cent.; and increased the exemptions five-fold. The new law exempted bequests to direct heirs and near relatives up to \$5,000 and bequests to collaterals up to \$1,000. The old rate of one per cent. to direct heirs and five per cent. to collateral relatives was restored, and was not increased unless the property exceeded \$50,000; on any amount above that sum up to \$250,000 the rates were two per