

This Day in History... September 2, 1871

Proprietary Stamps

On September 2, 1871, the first Proprietary stamps with their own Scott designation (RB) were issued.

America issued its first Revenue stamps in 1862 to help fund the Civil War. The first issue included 25 different types of stamps for various uses. Among these were stamps for use on proprietary articles. These proprietary items were consumer goods, including medicines, matches, perfumes, playing cards, canned foods, and more. Between 1862 and 1871, there were eight proprietary stamps created as part of this initial Revenue issue.



From the first issue of Revenues in 1862.

When these Revenue stamps were first issued, it was required that each type of stamp was used on the correct type of item – playing card stamps on playing card packs, contract stamps on contracts, Proprietary stamps on proprietary items, etc. However, by the end of that first year, it was increasingly difficult to keep stocks of all the various stamps on hand, so the rules were loosened and some stamps could be used on items they were not issued for. The notable exception to the new rule was Proprietary Stamps.

The fees for Proprietary stamps were laid out in Schedule C of the 1862 Tax Act. By that act, the stamp fees were based on the retail price of the proprietary items. The fee was one cent for every twenty-five cents of the retail price. When the stamps were used, they had to be canceled in writing or stamped with the initials of the proprietor of the item being sold.

While Proprietary stamps were most commonly used on medicines, they were not needed on all medicines. They were issued specifically for medicines whose formulas were secret, so medicines with established formulas were exempt. Additionally, proprietary medicines given to the poor were also exempt from the tax.

In 1871, to make stamp production and accounting easier, the government established two separate classes of stamps – documentary and proprietary. Documentary stamps, which paid the fees on a wide variety of documents, would continue using the R-numbers already established, while the new Proprietary stamps would be RB. The new issue of Proprietary stamps was approved on May 6, 1871, and the first stamps were issued on September 2, 1871.

In 1871, James M. Wilcox received a patent for an “Improvement in Paper for Bank Notes, Bonds, etc.” His patent was for a special kind of “Chameleon” paper that was embedded with blue and red silk fibers. These fibers were sensitive to either acids or alkaline. This was conceived as a way to prevent cancellations from being removed and stamps reused. The Proprietary stamps of 1871-75 used this chameleon paper.

Of the nine stamps produced for the Series of 1875-81 proprietary issues, seven of them were rouletted. This rouletting is estimated to have taken place in 1880 and 1881 when the Bureau of Engraving and Printing (BEP) was taking over work from the American Bank Note Company. In the process of rouletting, the stamp paper is pierced in a series of shortcuts without any paper being removed. The number of cuts in a two-centimeter length tells the gauge of the roulette. In the case of these Proprietary stamps, the rouletting is six cuts per two-centimeter length.



Produced in 1873

On July 1, 1883, the proprietary tax was repealed after more than 20 years in use. However, the tax was revived in 1898 to help pay for the Spanish American War. These stamps were most widely used on patent medicines. Most of the stamps were issued in fractional denominations for the patent medicine tax. Though the war with Spain ended after just three months (in August 1898), the proprietary tax remained in effect until July 1, 1902.

The outbreak of World War I in Europe in the summer of 1914 had a direct effect on America's economy. The US was losing revenue through the loss of customs receipts and needed to make up the difference. So on October 22, 1914, Congress passed “An act to increase internal revenue and for other purposes.” It was also called the Emergency Revenue Law of October 22, 1914. The law re-instated a number of taxes and called for the return of Proprietary stamps at the same rates instituted in 1898. As the war went on the tax changed to two percent of the price of proprietary medicines and other goods. The use of Proprietary stamps was discontinued in 1919.



1898 stamp picturing the USS Maine

An interesting side story to these stamps is Private Die Proprietary stamps. These stamps were created during and after the Civil War for the same purpose as the regular Proprietary stamps... but the manufacturers produced these stamps. The new law had permitted them to create their own stamps at a discount of 5% to 10%. It also allowed them to advertise their products right on the stamps.



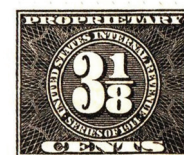
Stamp from the first issue of 1871 Proprietary stamps.



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From the 1875 issue



From the 1914 issue

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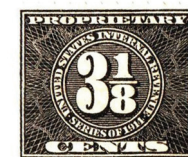
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