

TAXATION: Tangible personal property owned by Reconstruction Finance Corporation is not subject to taxation.

November 19, 1947



Mr. Clarence Evans, Chairman  
State Tax Commission  
Department of Revenue  
Jefferson City, Missouri

Dear Sir:

This is in answer to your letter of October 18, 1947, in which you requested an opinion of this department. Said letter reads as follows:

"The State Tax Commission would be greatly pleased to have your opinion as to whether or not the tangible personal property belonging to the Reconstruction Finance Corporation is exempt from taxation in Missouri.

"The Reconstruction Finance Corporation claims exemption from all taxation 'by reason of Acts of Congress of the United States creating Reconstruction Finance Corporation (U.S.C.A. Title 15, Section 10) or extending its existence (Chapter 166, Public Law 132, 80th Congress, First Session, Approved June 30, 1947, Effective, June 30, 1947) which acts of Congress define the limitations within which the property owned by Reconstruction Finance Corporation may be subjected to taxation.' They also refer as ready reference to Section 610, U.S.C.A., Title 15."

The Reconstruction Finance Corporation was created by act of Congress, Act January 22, 1932, Chapter 8, Section 1, 47 Stat. 5, Title 15, U.S.C.A., Section 601, Act June 30, 1947, Chapter 166, Title I, Section 1, Title 15, U.S.C.A., Section 621.

Section 8 of the Reconstruction Finance Corporation Act of 1947 contains the following provision regarding exemption from taxation:

"The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now

or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed: Provided, That the special assessment and taxation of real property as authorized herein shall not include the taxation as real property of possessory interests, pipe lines, power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes) shall be construed to be applicable not only with respect to the Corporation but also with respect to any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Corporation. Such exemptions shall also be construed to be applicable to loans made, and personal property owned by the Corporation or such other corporations, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the law of such State to be personal property for taxation purposes. Notwithstanding any other provision of law or any privilege or consent to tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, acquired prior to July 1, 1947, by the Corporation, and the dividends or interest derived therefrom by the Corporation, shall not, so long as the Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter

imposed, levied, or assessed, and whether for a past, present, or future taxing period." Title 15, U.S.C.A., Section 627.

The Reconstruction Finance Corporation is an instrumentality of the Government of the United States. Reconstruction Finance Corporation v. J. G. Menihan, 312 U.S. 81, 61 S.C. 485, 85 L. Ed. 595. As such, property owned by it is subject to state and local taxation only to the extent which Congress has expressly permitted. Reconstruction Finance Corporation v. Beaver County, 328 U.S. 204, 70 L. Ed. 1172; U. S. v. Allegheny County, 322 U.S. 174, 88 L. Ed. 1209. Congress has consented that real estate belonging to the Reconstruction Finance Corporation shall be subject to state and local taxation, but has limited what may be taxed as real estate. Congress has expressly extended the exemption from taxation to cover personal property owned by the corporation. In view of this exemption, such property is not subject to taxation by the State of Missouri or its political subdivisions. The provision consenting to taxation of the buildings which may be classified as personalty by state law is of no importance here because, by statutory definition, buildings are classified as real estate. Laws of Missouri, 1945, page 1799, Section 3.

#### CONCLUSION

Congress having expressly exempted personal property of the Reconstruction Finance Corporation from taxation, tangible personal property owned by it is not subject to taxation by the State of Missouri or its political subdivisions.

Respectfully submitted,

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APPROVED:

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J. E. TAYLOR  
Attorney General

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