

## Opinion No. 32-507

September 1, 1932

**BY:** E. K. Neumann, Attorney General

**TO:** Honorable James L. Dougherty. Counsel, Reconstruction Finance Corporation, Washington, D. C.

{\*175} Your letter of August 27th, 1932, addressed to the Secretary of State of the State of New Mexico, has been referred to this office for attention.

You desire to incorporate certain credit corporations authorized under the Emergency Relief and Construction Act of 1932, under the laws of the State of Delaware, and information is desired as to whether such corporations upon doing business in this state will be exempted from franchise and privilege taxes levied on foreign corporations.

The Reconstruction Finance Corporation Act in the enacting clause provides as follows:

"The principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors."

It is provided in Section 10 of the Reconstruction Finance Corporation Act that the corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States . . . or by any state, county, municipality or local taxing authority.

The Emergency Relief and Construction Act was enacted for the purpose of broadening the powers of {\*176} the Reconstruction Finance Corporation and authorizes the creation of regional credit corporations in the various Federal land-bank districts.

Section 2 of the Reconstruction Finance Corporation Act makes an appropriation of \$ 500,000,000, for the purpose of making payments upon subscriptions of stock which is subscribed by the United States, and it is provided that \$ 50,000,000 of the amount so subscribed shall be allocated and made available to the Secretary of Agriculture, which sum shall be expended by that official as prescribed in the Act.

By further reference to paragraph "e" Section 201 of the Emergency Relief and Construction Act of 1932, we discover that the regional credit corporations are to have a paid-up capital of not less than \$ 3,000,000, to be subscribed for by the unexpended balance in the amounts allocated and made available to the Secretary of Agriculture as mentioned in our preceeding paragraph.

We also find in said paragraph "e" that loans and advances are to be made subject to the approval of the Reconstruction Finance Corporation; and that the regional credit

corporations shall be managed by officers and agents appointed by the Reconstruction Finance Corporation and under such rules and regulations as prescribed by its board of directors.

Taking into consideration both of these Acts together, and knowing them to be relief measures, it would be our opinion that in order to arrive at the proper construction and find the intent of these measures, that the provisions of the one Act should be read in connection with the provisions of the other Act, and, it would appear therefore that the regional credit corporation, created and established by the Reconstruction Finance Corporation, for the purpose mentioned herein, which are the same or similar to those of the Reconstruction Finance Corporation and such regional credit corporation being in fact managed and directed by the Reconstruction Finance Corporation, that such regional credit corporation, is in fact an agency of the Reconstruction Corporation.

It is, therefore, the opinion of this office that the regional credit corporation, created and established by the Reconstruction Corporation being in fact an agency of such latter corporation, would be entitled to all rights of exemption as allowed to such Reconstruction Finance Corporation.

By Frank H. Patton,

Asst. Attorney General