

**Opinion No. 44-4487**

March 23, 1944

**BY:** EDWARD P. CHASE, Attorney General

**TO:** State Corporation Commission, Franchise Tax Department, Santa Fe, New Mexico.  
Attention: Don R. Casados

Re: Colonial Mica Corporation

**OPINION**

We are in receipt of your letter of March 9, 1944, and the enclosed instruments concerning the above styled matter.

In view of these instruments you ask our opinion as to whether or not the Colonial Mica Corporation is subject to our franchise tax.

The Metals Reserve Company was organized as an agency of the Reconstruction Finance Corporation to carry out the government's war program with respect to strategic materials. The letter of agreement between Metals Reserve Company and the Colonial Mica Corporation discloses that the Colonial Mica Corporation was organized solely for the purpose of acting as an agent of the Metals Reserve Company. This agreement also discloses that the Colonial Mica Corporation is financed solely by the Metals Reserve Company and that any profit made by it, or assets acquired, are to be turned over to the Metals Reserve Company.

In view of this situation your attention is called to Title 15, Section 610, U.S.C.A., which was enacted as 55 Stat. 248, Section 3, which provides, in part, as follows:

"The corporation (Reconstruction Finance Corporation), **including its franchise, its capital, reserves and surplus, and its income**, shall be exempt from all taxation now or hereafter imposed by \* \* \* any state \* \* \* except that real property of the corporation 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. The exemptions provided for in the preceding sentence with respect to taxation shall be construed to apply not only with respect to the Reconstruction Finance Corporation but also with respect to \* \* \* the Metals Reserve Company \* \* \* and any other corporation heretofore or hereafter organized or created by the Reconstruction Finance Corporation under Section 606b of this title, as amended to aid the government of the United States in its national defense program."

Inasmuch as the Colonial Mica Corporation was organized and is operated with R.F.C. funds, through transfers made by the Metals Reserve Company, and since the Colonial Mica Corporation was organized pursuant to the authority granted in Section 606b, it is

my opinion that the Colonial Mica Corporation is not subject to the New Mexico franchise tax.

Enclosed please find the instruments forwarded to us with your letter of March 9th.

By ROBERT W. WARD,

Asst. Atty. General