



DEPARTMENT OF THE NAVY
COMMANDER NAVY INSTALLATIONS COMMAND
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WASHINGTON NAVY YARD DC 20374-5140

June 3, 2020

MEMORANDUM FOR STATE AND LOCAL LEVEL DEPARTMENTS OF TAXATION

SUBJECT: TAX EXEMPTION CERTIFICATE

This memorandum certifies that Commander, Navy Installations Command (CNIC) is a component of the Department of the Navy and the Department of Defense of the Executive Branch of the United States Government. As such, CNIC enjoys all of the sovereign immunities of the federal government, including immunity from all state and local taxation.

These immunities extend to CNIC's Fleet and Family Readiness (FFR) Division, which is responsible for the following programs: Navy Morale, Welfare, and Recreation programs (including Child and Youth Programs); Navy Gateway Inns and Suites; and Navy Fisher Houses.

These programs are Nonappropriated Funds Instrumentalities (NAFIs) of the federal government, performing essential government functions on a worldwide basis. As NAFIs of the federal government, they themselves enjoy all governmental immunities, including immunity from all state and local taxation. See, e.g., Standard Oil Company of California v. Johnson, 316 U.S. 481 (1942); United States v. States Tax Commission of Mississippi, 421 U.S. 599 (1975). This immunity from taxation, to include property tax, is founded in federal law and is not dependent upon recognition by the individual states. Consequently, individual state exemption certificate requirements do not apply to sales, purchases, or assets of these programs.

Finally, all tangible personal property and services purchased by CNIC's FFR Division or by CNIC Region nonappropriated fund activities are either for consumption by the aforementioned NAFIs or their authorized patrons and are not subject to taxation by states or localities.

Please direct any questions to Mr. Jon Jeffreys, my assistant counsel at jon.jeffreys@navy.mil or (901) 874-6626.

E. J. CANNON
By direction