

July 18, 1996
Judy Meyers
Coast-Tel FCU
45 West Alisal Street
P.O. Box 868
Salinas, CA 93902-0868

Re: Request for Clarification of Tax Exempt Status (Your May 30, 1996, Letter)

Dear Ms. Meyers:

You have asked whether the Federal Credit Union Act ("FCU Act") exempts Coast-Tel FCU ("FCU") from the City of Salinas' ("City") annual assessment. According to the City, the California Streets and Highway Code, Division 18, Part 6 authorizes the assessment to pay for parking spaces and road improvements.

Analysis

Section 122 of the FCU Act, 12 U.S.C. §1768, exempts FCUs from all federal, state and local taxes except for nondiscriminatory taxes on real property and tangible personal property. However, the City contends that the FCU is subject to the assessment because it is not a tax on the general population. Instead, the assessment pays for the special benefits the City provides to the FCU.

While we agree that an "assessment" differs from a "tax," the power to levy an assessment comes from the local government's taxing authority. Therefore, the FCU Act may exempt FCUs from certain assessments. Because we have only the limited information you provided, we are unable to determine whether the FCU Act exempts the FCU from the assessment. More importantly, any opinion from this office would not prevent the City from levying the assessment. We recommend that you contact your state league for assistance in locating legal counsel to advise you.

Sincerely,

Richard S. Schulman
Associate General Counsel

GC/JSM:bhs
SSIC 3500
96-0629