



STATE OF CALIFORNIA

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April 7, 1989

CINDY RAMBO
Executive Director

No. 89/33

TO COUNTY ASSESSORS:

UNITED STATES POSTAL SERVICE PROPERTY

We have had several inquiries recently as to the taxability of property owned by the United States Postal Service. The purpose of this letter is to clarify any misunderstanding in this area.

Section 201 of Title 39 of the United States Code provides, in part, that the Postal Service is "...an independent establishment of the executive branch of the government of the United States...." Thus, as an agency of the United States, the Postal Service is not subject to any form of state or local taxation in the absence of express congressional consent. It follows that any property owned by the Postal Service is immune from local property taxation.

It should be noted, however, that privately owned property which is leased to the Postal Service does not enjoy immunity from local property taxation. The tax-exempt status of the lessee does not qualify the property of a private lessor for exemption. This is true even though the property may be subject to reappraisal because a "change in ownership" for purposes of Proposition 13 has occurred. For example, if the Postal Service enters into an agreement with a private party to lease real property for a term of 35 years or more (including renewal options), the leased property is considered to have changed ownership for property tax purposes, is subject to reappraisal, but should be assessed to the private lessor. Any questions on this subject should be addressed to our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:wpc
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