This petition involves three issues: sales of aircraft to the Civil Air Patrol (CAP); out-of-state purchases of a periodical; and a penalty.

Property Tax Counsel Eric Eisenlauer has recently considered whether the CAP is a federal instrumentality exempt from state taxes. He concluded it is an exempt federal instrumentality. A copy of his opinion is attached. We have reexamined this issue and conclude that for purposes of uniformity it is appropriate for the business taxes unit to also treat the CAP as an exempt federal instrumentality. We therefore recommend that taxpayer’s petition be granted with respect to its sales to the CAP and the penalty assessed based on the tax assessed on those sales.

DHL:ss
Attach.